Legislation Text

File #: 2020-3875, **Version:** 1

Public Hearing: Chapel Ridge Community Improvement District

Issue/Request:
Public hearing to consider approval of the Chapel Ridge Community Improvement District which includes the primary commercial areas of the Chapel Ridge Shopping Center, including the Price Chopper grocery store, which would impose a new 1% sales tax with a maximum duration of 25 years in order to fund rehabilitation and reconstruction work within the boundaries of the District. The City Council reviewed this CID during the applicant's conceptual presentation on December 1, 2020.

Key Issues:
Approval of a new CID which would impose a 1% sales tax within the boundaries of the proposed CID to fund rehabilitation and redevelopment costs.

Background:
Cadence Commercial Real Estate ("Developer"), through its subsidiary entity which owns the property within the proposed CID area (Enterprises Lakewood, LLC), have filed a Petition for the formation of a new CID over the main portion of the Chapel Ridge Shopping Center. The applicant gave a conceptual presentation to the City Council on this proposed CID on December 1, 2020. The CID would impose a new 1% sale tax on the commercial retail businesses in the CID area.

The CID is proposed to fund the following rehabilitation and reconstruction improvements and associated soft costs in the combined total of about $4 million in principal costs over the life of the CID:

- Grocery expansion and addition of a deli patio
- Building façade improvements
- Sidewalk and curb replacement
- Sealcoating, re-striping and repair of parking lots and drive aisles within the District
- Signage repair and improvements
- Landscaping improvements
- Lighting improvements.

Developer estimates that the CID will generate about $360,000 in sales tax revenues in the first year of the CID, and increasing each year due to sales growth. Developer estimates that this will generate sufficient funds during the life of the CID to fund all projected costs.

The ordinance also approves a cooperative agreement for implementation of the CID. The cooperative agreement contains the following safeguards and protections for the City:

- The City Finance Department would receive the CID revenues from the Department of Revenue and disburse the revenues pursuant to the terms of the agreement. The City will receive a portion of the CID revenues as reimbursement for this for this administrative work.

- Reimbursable project costs which are incurred by the Developer or other private parties will be reviewed and approved by City staff and the District prior to reimbursement from District revenues.

- The CID will be a political subdivision of the state and must follow all applicable laws such as the Sunshine Law and annual budgeting laws.

The sales tax would go into effect after the approval of a ballot measure in an election that will be conducted by the Jackson County Election Authority among the property owners in the CID area. The CID sales tax would be in addition to the other sales taxes already in effect in the shopping center area, which includes local sales taxes imposed by the City, County and Zoo District.

Impact/Analysis:
This CID would impose a new 1% sales tax that would be in addition to the existing sales taxes, which would create the following total sales tax rate in the CID area:

4.225% - State
2.250% - City
1.250% - County
0.125% - Zoo District
1.000% - CID
8.850% - Total

This request presents no direct impact to City general revenues. This will result in up to 25 years of additional 1% sales tax to fund rehabilitation improvements in the CID area.

Timeline:
Developer would conduct the sales tax election in early 2021 and begin implementation of the rehabilitation project in 2021.

Curt Peterson, Polsinelli Law Firm
Trip Ross, Cadence Commercial Real Estate
David Bushek, Chief Counsel of Economic Development & Planning
Mark Dunning, Assistant City Manager

Recommendation: Staff recommends approval of the petition.

Committee Recommendation: Not applicable.