

Legislation Text

File #: 2022-4945, **Version:** 1

..Title

Conceptual Economic Development Incentive Request for Valle Vista Shopping Center - Community Improvement District; LS Valle Vista 2018, LLC, applicant

Issue/Request:

This is a conceptual presentation pursuant to the City's Economic Development Incentive Policy for the request by LS Valle Vista 2018, LLC ("Developer"), for the use of a community improvement district to provide renovation and improvements to the Valle Vista Shopping Center located at 600 NE 291 Highway.

The Developer proposes to use a community improvement district (CID) as the requested incentive which would impose a 1% sales tax for up to 27 years, which the maximum duration allowed by the CID Act. Developer projects that the sales tax revenues in the first year of the CID will be about \$150,000/year, which represents \$15 million in annual taxable sales. Developer projects that the total net present value of the reimbursement will be about \$2.49 million.

Key Issues:

Evaluation of a request for a CID district to provide reimbursement to Developer for certain qualified redevelopment costs associated with the shopping center improvement work. Developer's proposed reimbursable costs include all shopping center renovation costs except for the purchase of land from the Missouri Department of Transportation, which are detailed in the attached project budget.

Proposed City Council Motion:

No motion requested as this is only a conceptual presentation. The Developer is seeking the City Council's feedback pursuant to the City's Economic Development Incentive Policy.

Background:

Developer is proposing to undertake remodeling, updates and improvements to the Valle Vista shopping center. The CID area is about 3.55 acres and would extent to the western edge of the Highway 291 right-of-way. Data for the proposed request (rounded to the thousands):

Total Project Costs:

\$14,900,000

Total Requested Potential Reimbursement:

\$5,730,000

Total Projected Actual Reimbursement:

\$5,302,000 over 27 years based on sales tax projections

\$2,491,000 net present value of reimbursement at 5.75% discount rate

Reimbursement as a Percentage of Total Project Costs:

16.7% (using net present value calculation above)

Impact/Analysis:

The CID would impose a 1% sales tax over the shopping center which will last for 27 years, or until the reimbursable project costs are paid in full.

Timeline:

Developer plans to start with the project in 2022.

For the Developer

Mitch DeCarlo, Block & Company

Christine Bushyhead, Bushyhead Law Firm

For City Staff

Mark Dunning, Assistant City Manager

David Bushek, Chief Counsel of Economic Development and Planning

Not applicable.