



Agenda Item:

028

COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 5/3/04
211

Communication No.: 04-

Agenda Item Type: Resolution

Roll Call No.: 04-

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

This action will set Date of Hearing and Authorize Various Related Actions on the Adoption of Fleur Drive Commercial Urban Renewal Area

SYNOPSIS—

This action sets the date of public hearing for June 7, 2004 on the creation of a new urban renewal area and tax increment district. This proposed 38-acre urban renewal area is located on the east side of Fleur Drive extending from Mc Kinley Avenue northward to approximately Stanton Avenue and includes the former Target store property.

The roll call also directs related actions be undertaken including the required tax increment consultation meeting, publication of the public hearing notice and referral to Plan & Zoning Commission for its review and recommendation of conformance of the proposed urban renewal plan's land uses with the City's Comprehensive Plan. The roll call also directs the Urban Design Review Board to review the proposed plan and make its recommendation to the Council.

FISCAL IMPACT—

The tax increment district for this area will be on a cash-available basis with the amount of tax increment funding available based on property tax revenues produced by new development and the specific developer agreement that must be approved by the City Council.

Initial projections, based on the developer's plans, show an increase of \$5-7 million in new commercial development within the next 3 years. Based on the preliminary proposed developer agreement, the City will receive about \$530,00 in net new property tax revenues over the next ten years.

RECOMMENDATION—

Approval

BACKGROUND—

History

In April 2003, the Council directed staff to explore the creation of a Fleur Dr. urban renewal area with tax increment financing as a 'pilot' project for retail/commercial-oriented areas experiencing decreased tax base due to economic obsolescence and overall deterioration. The purpose of designating this retail/commercial nodes as urban renewal areas is to encourage retail and commercial development. The concurrent designation of this area as a tax increment financing (TIF) area provides a source of funding.

The Fleur Dr. Commercial Urban Renewal Area Project

The City had previously participated in the Fleur Gateway study that identified the need to retain and improve commercial/retail areas along Fleur Drive. One of the major recommendations of the Study was designating a portion of the Fleur Drive area as an urban renewal area and tax increment district.

The proposed urban renewal area/tax increment district includes the vacant building that housed the former Target store. This building and some of the surrounding buildings are not marketable for current commercial space needs and require undergo substantial investment if the area is to be rejuvenated.

The major property owner in this area— Michael Coppola (Raccoon Valley Investment Company, L.C. /4521 Fleur Dr.) – has indicated he will pursue redevelopment of the long-vacant former Target store property in conjunction with adjoining properties using the TIF assistance. A developer agreement for use of the TIF with Mr. Coppola is required.

The urban plan and tax increment designation will extend until June 30, 2025.

Preliminary Terms of Agreement

TIF is a key incentive to the redevelopment of this area. It is anticipated the proposed development agreement will be brought to Council when the public hearing on the urban renewal plan is held on June 7, 2004. The developer agreement provides for certain basic design standards (good quality exterior materials and architectural detailing) that must be met by all projects requesting TIF assistance.

Use of the tax increment proceeds will be on a cash-available basis, with the developer receiving a portion (see table below) of the new tax revenues created by his new development. Tax abatement for commercial projects is *not* available in this area.

Years 1-3	100%
Years 4-10	75%
Years 11-15	50%
Years 16-20	0%

This proposed schedule requires the developer to have all projects in place by the end of 2009 in order to receive the full TIF payments over the 15-year period.

Location

