MINUTES OF THE PLANNING AND ZONING COMMISSION

DATE: April 18, 2013
TIME: 6:30 pm

The regular meeting and public hearing of the Planning and Zoning Commission was held on the above date and time in City Council Chambers, third floor of City Hall with the following members and staff in attendance: Matt Edwards (Chair); Jay McClelland, Jim Hansen, Shelby Lawhon, Gabrielle White; Bob Hosmer, Principal Planner; Nancy Yendes, City Attorney; Mary Lilly Smith, Economic Development Director. Absent: Baird, Coltrin, and Ray.

ROLL CALL:

APPROVAL OF MINUTES: The minutes of April 4, 2013, were approved unanimously.

COMMUNICATIONS: None

OTHER BUSINESS:

1. Springfield Plaza TIF Redevelopment Plan — City of Springfield
   (3800 block East Sunshine s/s)

Ms. Mary Lilly Smith commented she would review what Tax Increment Financing is and the Planning and the role of Commission in reviewing the Redevelopment Plan for consistency with the Comprehensive Plan. Ms. Smith said Tax Increment Financing is authorized by State Law and Springfield City Code. It provides for the redirection of incremental increases in Sales and Property Tax Revenues resulting from a redevelopment project to be used for approved project related costs, infrastructure, and capital improvements. State law allows for the capture of 100% of the incremental increases in property taxes and 50% of the incremental increases in sales and utility taxes. There is a provision in the law that states that the plan can declare a surplus, so we don't have to capture 100% of the incremental increase in the property taxes or 50% of the incremental increase in sales taxes; part of that can be surpulussed and go back through to the taxing jurisdictions. Those capture taxes are transferred into a City Administered Special Allocation Fund. The funds come to the City and the City disperses those as outlined in the TIF Plan.

A TIF Redevelopment Plan outlines the general description of the project; estimated redevelopment project costs; anticipates source of funds to pay the costs; provides evidence of commitment to finance the project costs; it includes the most recent equalized assessed value and the estimated assessed value after redevelopment as well as the proposed land uses in the redevelopment area.

Ms. Smith outlined the process of a TIF with a Blight Study and Redevelopment Plan. Proposals were solicited for the redevelopment projects; public hearing notices per state law. The TIF Commission met on March 4, 2013, and recommended approval to City Council. The Land Clearance for Redevelopment Authority, which is the body that reviews blight studies and grants property tax abatement, reviewed the blight study at their April 2nd, 2013 meeting. Tonight, the Planning and Zoning Commission will evaluate the Redevelopment Plan for consistency with the Comprehensive Plan. Monday night a public hearing was held to hear the full package; the blight designation, Redevelopment Plan and redevelopment agreement that enforce those items in the redevelopment plan and project proposals.

Ms. Smith reviewed the Springfield Plaza Redevelopment Area location at the intersection of West Bypass and West Sunshine Street; it wraps around a Walmart Super Center, which is not part of the TIF area. It is a little under 100 acres and is currently vacant land and is zoned Highway Commercial District with Conditional Overlay District No. 1. It is located within the City of Springfield and the Republic R-III School District and the TIF Redevelopment Plan includes a blight report that demonstrates the redevelopment area qualifies for TIF as a blighted area.

Ms. Smith said the plan proposes to redevelop the vacant Area into a 432,500 square foot retail and office mixed-use development which will occur in two different phases or Redevelopment Project Areas. RPA-1 (phase one) will occur over the northern one-third (35.5 acres) of the Redevelopment Area and will result in the construction of approximately 182,500 square feet of commercial retail space. RPA-2 (phase 2) will occur over the remaining southern two-thirds of the Redevelopment Area (approximately 61.8 acres) and will result in the construction of commercial uses including approximately 250,000 square feet of office space. The total construction cost for both RPAs is estimated to be approximately $78.5 million. Of that amount, approximately $9.58 million will go towards the construction of public improvements in and around the Redevelopment Area. These improvements will be funded by the TIF. They include, but are not limited to the following:

- Off-site Intersections Improvements
- On-site Road Construction
- Utilities, detention and site improvements
- Professional fees and services
- Financing Costs

Ms. Smith stated that looking at the findings, the Springfield Area Land Use Plan designates this area for medium intensity retail, office, or housing. It indicated that a variety of commercial and/or mid-or high-density housing may be appropriate at major intersections along certain road corridors. It also identifies the HC, Highway Commercial District as an appropriate zoning district of this land use designation. The Growth Management and Land Use Plan identify this as a significant activity center because of its location and traffic volume on West Sunshine and West Bypass. The Commercial Land Use Guidelines suggest that proposed redevelopment should be served by major roads that have adequate capacity and should provide access at locations that do not contribute to congestion at major intersections. West Sunshine and West Bypass are major roads and the development itself will address not only the transportation needs it creates, but it will also correct some problems that we currently have at West Sunshine and West Bypass. The Major Thoroughfare Plan identifies West Seminole Street and South Zimmer Avenue as future streets that should be extended through the Redevelopment Area. Implementation of the Redevelopment Plan will result in the extension of streets in accordance with this Plan. Ms. Smith said she would answer any questions, adding the developer's representatives are present.

Mr. Edwards asked who the TIF Commission is.

Ms. Smith commented that State Statutes gives guidance to who has to be represented on the TIF Commission. It is an eleven (11) member Board; there are two representatives that are appointed by the affected School District, so Republic School District tells them who they want on the Commission; in this case it is Chance Wistrom and a Board member, Ed Cantrell. Greene County Commission has authority to appointment two members, so Presiding Commissioner Jim Viebrock and Commissioner Harold Bensch served on the Commission. Then all other taxing jurisdictions have the authority to appoint a representative in any manner they want to at this point. Those taxing jurisdictions include areas such as OTC, Senior Services, Sheltered Workshop; all the people who have property taxes and that representative is Rob Rector from OTC. The Mayor has authority to appoint six (6) people, and the Code says that of those six (6), one will be a member of the City Council, and that is Jerry Compton. One will be a representative from the Library and that is Regina Cooper and the remaining people are Brian Fogle, Tim Rosenbury, Ron Holly, and Jeff Schrag.

Mr. Edwards commented that this is not a standing Commission, but is appointed per case.

Ms. Smith noted that State Statute says that the governing body has the authority to either appoint the Commission to serve for a specific period or to appoint the TIF Commission to serve only for the duration of a particular project. What the City has chosen to do is the Mayoral appointments are appointed for a four year term. As each project comes up, we request new appointments and that provides the opportunity for those taxing jurisdictions to cycle through a new representative.

Mr. Edwards asked for clarification about Commission’s role in the review process, asking if the area has already been blighted.

Ms. Smith said LCRA has recommended the area be blighted. State Statute gives authority to the TIF Commission to make recommendations to City Council and Council makes findings of blight and approves the plan; it doesn’t assign a role to LCRA or Planning Commission, but our adopted Economic Development Incentives Policies says that we will take very blight qualification study to LCRA and we will take all plans to Planning & Zoning Commission for recommendation on consistency to the Comprehensive Plan because you are the experts on that.

Mr. McClelland asked if the excess money brought through the TIF stays within the project; RPA-1 and RPA-2, and how many TIF projects there are in Springfield.

Ms. Smith said it stays within the TIF boundary; it has to stay within the projects identified in the TIF Plan. There have been two (2) TIF projects. City Council has approved three (3) to date of the TIF Statute. A TIF was approved for Target, but was never executed. In 2009 it was taken to Council and terminated. In 2001 there was a TIF for the Jordan Valley Park and the proceeds from that TIF go towards the Expo Center debt. The City of Springfield owns the Expo Center so TIF revenues go to that. The third TIF was Commercial Street, in 2008 and the revenue there goes for streetscape improvements, additional parking, and things of that sort. It has been a slow go on that one, but that is what the money has been targeted for. This is the third TIF, and the first time the City has done a TIF that has involved public improvements in a private development.

Mr. Lawhon asked how vacant land can be declared blighted.

Ms. Smith explained that the TIF Statute defines blight; there are a number of defining factors of blight. The City hired an expert consulting firm, PGAV from St. Louis, to prepare the Blight Study. Some things that are considered blighted are deterioration of site improvements, there are some old road beds through the area; old foundations; obsolete platting is considered a blighting factor so the fact that you have 100 acres with no roads in it is a sign of obsolete platting because there is not development there. Unsafe or unsanitary conditions; there is evidence of dumping on the land. There is debris from a prior demolition. There is some exposed electrical wiring that is live on the land. The blight study identifies a number of blighting factors that qualify it under State Statute.

Mr. Hansen asked for an explanation of the surplus of funds.

Ms. Smith stated that they can agree contractually with the developer that the TIF is not going to capture 100% of the incremental increase of property taxes. What happens in the process is that 100% of the property taxes come into the City, the Special Allocation Fund, and then we disperse whatever that mandatory declaration is back out to the taxing jurisdictions per their percentage they are owed. In the case of the Springfield Plaza TIF, the agreement we have arrived at with the developer is that the TIF will capture 75% of the incremental increase of the property taxes; 25% will flow back out to the taxing jurisdictions; so we will capture 75% of property taxes, 50 % of sales taxes and the remainder goes back to the taxing jurisdictions.

Mr. Young commented that the length of this TIF has been shortened to eighteen (18) years asking how the timing to the phases will work.

Ms. Smith stated that the way the TIF works is that the day the plan is approved, they are not going to be generating income, because it is going to be a vacant field the day it is approved. You have to build the public improvements and the vertical improvements. TIF statutes say you have to activate an area, so they will activate the areas at different times in order to start capturing the revenue. They will be activated to maximize your period of capture so you have a building constructed with someone there to generate sales taxes and property taxes. The statute says you have ten (10) years from the date it is approved to activate. So the worst case scenario is that the proposal is approved and we have another economic downturn and nothing happens; they don't start their project for several years, the eighteen (18) years starts from the date you activate your project. We have written into the agreement that if there is no activity in five (5) years, we will sit down with the developer and talk. Council will have the opportunity to inquire what that status of the project is, is it likely they are going to commence construction or do we need to review the TIF itself.

Mr. Hansen asked how the initial infrastructure is paid for if there are not taxes coming in.

Ms. Smith said the developers pay for it and is reimbursed as revenue comes into the Special Allocation Fund. The developer, through his own funds or private funds, builds the public infrastructure, builds the stores, office buildings and such and as revenue starts to come in the fund, as they finish their work, they will submit bills to the City, they will be certified and funds will be dispersed.

Mr. Edwards stated that part of the TIF agreement was that the developer has to have a surety of financing in place when they enter the agreement with the City.

Ms. Smith said that is correct.

Ms. White asked about the Informational Statement for Business Concerns for other nonresidential establishments if they are being affected in any way and wondering what effect there is on any of the surrounding properties. From the pictures presented, it doesn't look like there is anything, but if this is included, the question is what sort of notice and what has gone on to those people who are affected that haven't been in front of Commission.

Ms. Smith said there are no residents, tenants, no businesses in the TIF area, but the statute requires a relocation plan be included.

Mr. Jeff Childs stated he is representing the Springfield Plaza Development and is available for questions.

Mr. Hansen asked Mr. Childs about the previous question of blighting vacant land. It looks to be prime building land.

Mr. Childs said the land is an excellent location for the development they are proposing, but they did not make the finding of blight. The Blight Study was provided by PGAV which was done at the request of the City. Mr. Childs stated they paid for the process, but they did not have a direct influence on the process.

Mr. Hansen commented that it was the City pushing the Blight and not the developers.

Mr. Childs stated there had to be a finding of blight for them to quality of the TIF.

Mr. Hansen commented that Mr. Childs sought the TIF to finance the development.

Mr. Childs stated they went to the City and presented a plan proposing what they felt they could do with the property. They can't get it done based on the current economic financing situation asking what options might be available through the City. That's when the process of the TIF came about, what it means to the developer and the City. Mr. Childs stated that all the fees associated with the process have been financed by the developer, not the City. He stated he doesn't have the exact figures, but it is in excess of $100,000, which it takes to get to the point where they are at today. Mr. Childs commented that he is a co-owner with Tom Rankin. The property is owned by Springfield Plaza Real Estate Inc.

Mr. Edwards stated he would direct his comment to Staff relative the blight issue. Commission is dealing with a different technical definition of blight than what they normally deal with in an abatement issue, for example. By the State Statute the area can be declared blighted for a lack of infrastructure or a lack of modern infrastructure, is that correct.

Ms. Yendes said that is correct in that this is different than a normal tax abatement but also economic under-utilization. When you take a look at that piece of property at that intersection and it hasn't developed while looking at the surrounding area, and if you look at the study, it will point to the economic under-utilization of that 100 acre tract. You would normally think that would have already been developed. So that is added as a part of the blight in the TIF.

Mr. Edward stated that the TIF Commission has deemed that this particular project does fall within that category of blight in this particular instance.

Ms. Yendes commented that the TIF Commission made their recommendation to Council that this property met the TIF statute.

Mr. McClelland asked Mr. Childs about improvement to a location at the corner of Sunshine and West Bypass that does not appear to be included in the TIF.

Mr. Childs stated that the TIF area is more than what you see on the map. It does include improvements at West Bypass and West Sunshine. It does go down the right-of-way per-se so from an engineering standpoint, are failing. Through the process of potential development of this property those items have to be fixed.

Mr. Young expressed concern about the potential of a conflict of interest as the TIF Commission voted to blight this area and each of them will receive a benefit from this project, so why not vote for it; is that a fair assessment.

Mr. Childs said they hope everyone makes money from the development. That is the whole point of developing the property. Mr. Childs said they had nothing to do with the TIF Commission decision as a developer.

Mr. Young commented on the earlier question of how this piece of property could be being blighted after looking at the photographs. There are hundreds of acres that could be blighted using those criteria. To have property deemed blighted by people who are going to benefit from the designation seems odd.

Mr. Childs clarified that the City had the blight study done and not on behalf of the developer.

Mr. Edwards commented that he believes that the State Legislature created these tools at the disposal of municipalities for this very purpose.

Mr. Lawhon asked Mr. Childs what they plan on doing with the land and if Council approves the TIF, how soon a shovel would go in the ground.

Mr. Childs said the basic outline presented by Ms. Smith for roughly 182,000 feet of retail space, which lays out in RPA-1 which would front along Sunshine. The balance of the property we allocated towards office use. Mr. Childs said they would hope to begin as soon as possible, but that won't happen if the plan is not approved. There has been much time spent on this project and all the parties involved are Springfield residents who care deeply for the City. This project has seen a lot of positives from the retail community, national retailers, some of whom are already here in Springfield and have done really well. As you are aware, Springfield is a great retail market so they want to expand that retail base from the good experiences they have had. All those things have to be aligned to get this process started.

Mr. Hansen stated he can see the benefits of making the infrastructure improvements in the surrounding area, but unable to understand why the taxpayers would want to pay for Mr. Childs to develop his project.

Mr. Childs stated that as a tax payer himself he wants to see the development happen.

Mr. Hansen stated that Mr. Childs is sort of slanted.

Mr. Childs said that he is also a citizen here as well and from the standpoint of getting more development in the City of Springfield in order people to take the financial risk involved in $70 to $80 million dollars, there has to be some risk to all concerned. Many of the streets you have seen in this plan are on the Major Thoroughfare Plan for the City of Springfield, but those are the requirements put on them in the zoning and platting of the property. Furthermore, the Zimmer connection with that improvement and the stop light improvement were not a requirement of the development. That was an effort on their part to help make the process improve for the whole community and those are roughly $750,000 to $1,000,000 worth of improvements they are financing upfront, if you want to say, on behalf of the tax payer. Neither the City nor the County is on the line for any money. We have spent the money and we have to secure the financing in order to put the initial improvements in to West Bypass and Zimmer that are dictated by the platting process, water detention and such have to be funded by private financing.

Ms. Smith wanted to address the question of what's in this for the City; they were interested in assisting the developer on this project because we believe southwest Springfield is under served area in terms of retail activity. We think there is a great market out there and we think that because we have listened to a lot of retailers, site selections folks who say if we are going to do a second store, we are going to do it away from the hub of Battlefield and Glenstone. We believe we may be experiencing some retail leakage; there may be people traveling to Republic to go to Lowe's or somewhere else to do their shopping and we want to keep those retail dollars in Springfield, so we have an interest in expanding our retail market in the southwest part of town. As Mr. Childs stated, they came to the City asking how they could jump start this project. It looked like it was a go in early 2007, but since then it has not worked. This is a good way to accomplish that to get the property ready for development. Regarding the blight study, the City engaged PGAV to do the blight qualification study before they began any of the TIF planning because the City wanted to be confident that the area met the statutory requirements for blight. Economic under-utilization is a factor when looking at blight according to the TIF act.

Mr. Hansen stated that if this was generating revenue for the City, that would be a great development, but it appears to be sliding the same dollars around. As for bringing any new money into the community, he said he does not see this project doing that.

Ms. Smith stated that as we try to bring new office users to the Springfield area we may have vacant office space here, but we have a true lack of new class "A" office space with an appropriate foot print. There is a market for new office space. Retailers are not going to build a second store and just divide the sales they are having at one store into two. They will only build a second store if they believe they can increase their profits in the community. We believe there will be an economic benefit to the City in terms of sales tax dollars and property tax dollars and we support that and believe that will occur if this property is developed. The matter that is before Commission tonight is if this plan is consistent with the Comprehensive Plan; does this meet the goals of the Comprehensive Plan in terms of land use, developing an activity center, and meeting the Major Thoroughfare Guidelines.

Mr. Childs commented that the whole point of this is to grow the market and develop this part of Springfield. We feel like there is a need for it long term and we are taking the risk up front to make it happen. The concerns you have expressed are valid concerns we have heard before and hopefully we have addressed those concerns and answered your questions.

Mr. Edwards closed the public hearing.

Mr. McClelland stated he believes this project is one of the first steps in the Sunshine Corridor Project that is going to take place over a period of time and said he will be voting in the affirmative on this project.
Mr. Lawhon commented that they are to discuss conformance with the Comprehensive Plan adding he finds it really interesting that Commission has spent 95% of the time talking about money. He believes that speaks well for Commission because it shows we are concerned about the tax payer's pocket book. Mr.

Lawhon said he believes the City's pocketbook is well protected and great potential for that pocketbook to grow, adding it is a great project in a needed area and is all for voting in the affirmative as well.

Mr. Young expressed that this area is need of something like this and the Walmart isn't enough. He feels this area is waiting to grown this may be something to spur it on. Mr. Young believes it conforms to the Comprehensive Plan and that it is a good thing and will be voting for it tonight.

Mr. Edwards said that for the last several years they have looked at what they call the West Sunshine corridor and the City's plans to improve retail and consumer functionality along this corridor. He said he sees that fitting in here and goes along with what he sees as fitting in with what Commission has been asked to look at which is the Comprehensive Plan and how this fits with that plan. Mr. Edwards stated that having served on the Growth Management and Land Use Committee; they had a lot of citizen input on this particular topic and even in this particular area. We found that the citizens wanted these services in this area to push out towards Republic to capture an opportunity for development. The citizens wanted to see public/private partnerships to spur development and for municipalities to work together; for Springfield and Republic to work together needs to be recognized that that is a big deal. Mr. Edwards said he will be voting in the affirmative.

Mr. Hansen commented that the designation of blight is a pretty thin excuse; if this were for industrial use or tourist attraction, something that would bring new wealth and new revenue into the City he could see the tax payer helping to finance it. Mr. Hansen said he feels that a lot of communities in the last ten (10) years have abated themselves into insolvency and feels strongly that they cannot keep growing the community with retail alone. There are people who are paid by taxes, departments that are ran by taxes, and those departments service the people of the community and they can't do it without taxes. Mr. Hansen said he will vote against this issue because this property looks like a good place to develop and they can develop without tax payer's subsidies.

Ms. White commented that she feels they need to look at why Commission is here tonight and that is a very narrow question. While respecting Mr. Hansen's opinion and concur with some of his thoughts, we are here to decide if this conforms to the Comprehensive Plan; she believes that it does and will be voting in the affirmative.

Mr. McClelland motioned to recommend approval to City Council the Springfield Plaza TIF Redevelopment Plan. Mr. Hansen seconded the motion. The motion carried as follows: Ayes: Edwards, McClelland, Lawhon, Young, and White. Nays: Hansen. Abstain: None. Absent: Baird, Coltrin, and Ray.

There being no further business, the meeting was adjourned at approximately 7:40 p.m.

Bob Hosmer, AICP
Principal Planner