



Legislation Text

File #: 22-1466, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Pass the ordinance and schedule a public hearing for January 17, 2023 for the proposed Block 59 Business District

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: William J Novack, Director/City Engineer

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

On September 20, 2022 the City Council adopted a resolution expressing the City's intent to consider the designation of a Business District, impose a Business District tax, and induce development interest for portions of the Westridge Court Shopping Center and Heritage Square properties.

Brixmor Properties owns both Westridge Court and Heritage Square and has been assessing major changes to the sites. These two centers were originally built by separate developers whose business competition resulted in the poor layout that exists today. Their current plan seeks to capitalize on their location by removing many of the existing buildings and re-orienting the site with a central core surrounded by outlots along Route 59 and Aurora Avenue. This will require complete removal and relocation of the infrastructure that serves these centers, including the water, wastewater, electric, private utilities, parking lots and drives.

Brixmor is seeking City Council approval for the formation of a Business District. If approved, the City would be able to levy additional sales tax on the property for up to 23 years to help finance the relocation of the infrastructure and roadways within the development.

DISCUSSION:

1. The following steps must be taken to establish a Business District:
2. Adopt a resolution expressing the City's intent to consider a Business District
3. Have a draft Business District Plan prepared and schedule a public hearing
4. Conduct a public hearing to receive input on the plan
5. If the City Council wants to establish the Business District, then 14-90 days after the conclusion of the public hearing, it must pass ordinances that approve the Business District Plan and establish the Business District along with an ordinance that sets the percentage of Business District sales tax to be imposed
6. Approve a Redevelopment Agreement for the Business District site

Brixmor retained Kane McKenna and Associates (KMA) to assess whether the site meets the qualifications for a Business District and to provide the City with data and a plan regarding the eligibility. Attached is the Draft Business District plan which notes that the site meets the criteria needed to establish a Business District.

Brixmor is requesting consideration of setting a one percent Business District tax for this redevelopment. They are seeking to recover approximately \$13.4 million net present value dollars. Not knowing the length of time to recapture their \$13.4 million investment or what interest rates will be Brixmor is requesting a cap of \$18.7 million and the 23-year term. Collection of Business District taxes would cease when either the \$13.4 million plus interest is collected (up to a maximum of \$18.7 million), or after 23 years; whichever occurs first.

The attached ordinance affirms the City's intent to consider the Business District and sets a public hearing date of January 17, 2023. If approved, then notice will also be published twice in the newspapers in accordance with the state statutes.

FISCAL IMPACT:

There will be no impact to the City's budget.