

CREVE COEUR CBD / DOWNTOWN AREA

IMPLEMENTATION STRATEGY

DRAFT REPORT

PREPARED FOR:
CITY OF CREVE COEUR

September 14, 2006

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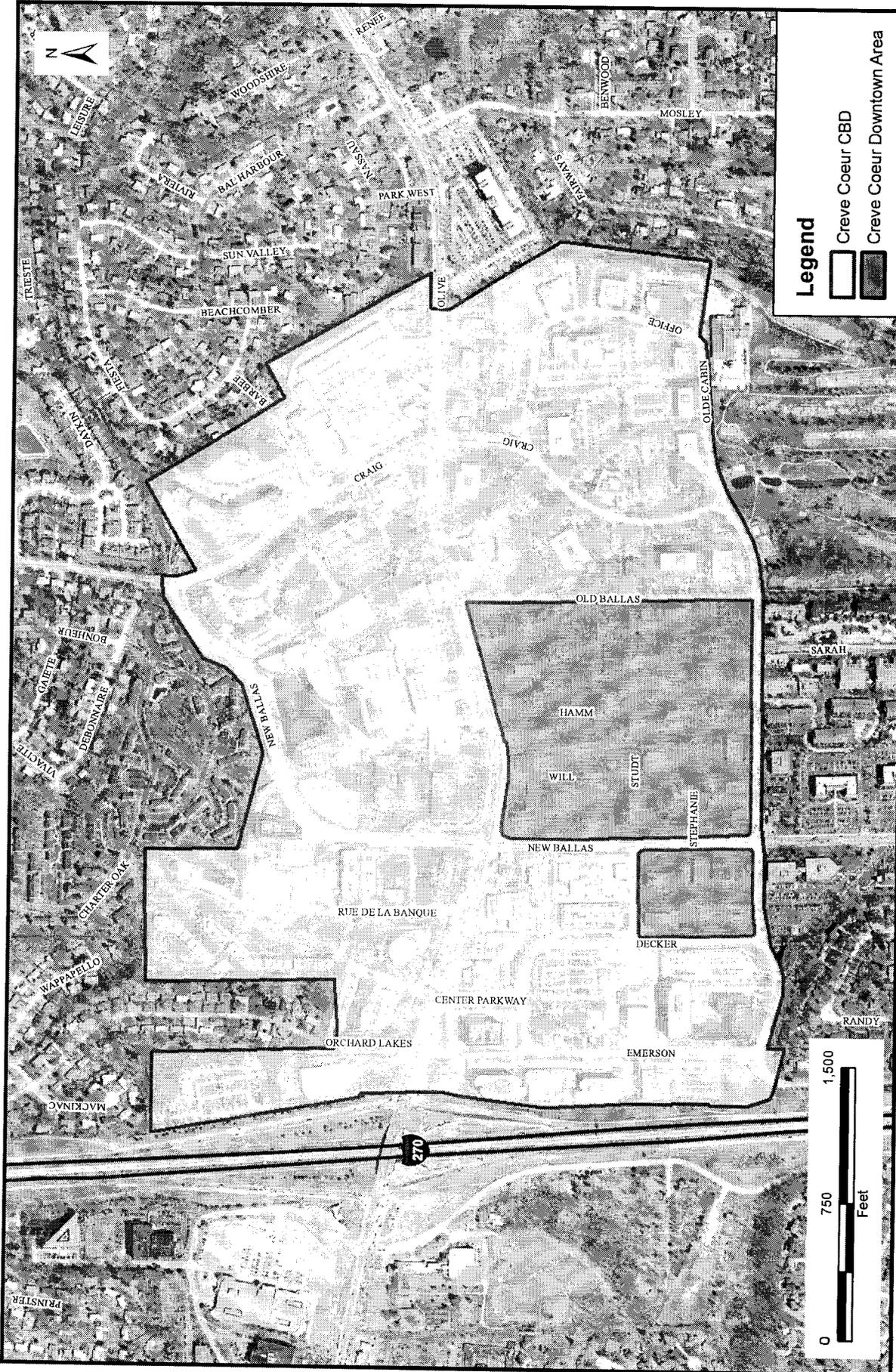
INTRODUCTION

For many decades there has been a desire expressed in the plans for the City of Creve Coeur to create an identifiable “downtown” as the heart of the city. The 2002 Creve Coeur Comprehensive Plan reiterated this intent when it stated that, “Creve Coeur does not have a downtown. There is no focal point to the community, and it therefore lacks a critical element of community identity. Having a pedestrian-friendly area where business, residents, government uses, and parks, coincided in a mixed-use environment would be a source of pride and identity to Creve Coeur.”

To begin to address this issue, a study, known as the *Central Business District (CBD) Land Use Plan: The Framework for a Downtown Creve Coeur* (the CBD Plan), was completed earlier this year. The CBD Plan made seven key recommendations designed to foster the creation of a vital Central Business District, as well as a dense mixed-use Downtown Area for Creve Coeur (See aerial on next page for boundaries of CBD and Downtown Area). The recommendations are summarized below:

1. Relieve traffic congestion by providing an improved street grid for the CBD and by directing traffic away from the Olive Boulevard/New Ballas Road intersection.
2. Incorporate existing and new residential uses and services into a mixed-use CBD.
3. Provide a walkable and bikeable community by designing pedestrian-friendly streets and encouraging pedestrian and bicycle activity in the CBD.
4. Create a compact mixed-use “downtown area” as the symbolic heart of the CBD, that incorporates a comprehensive parking strategy.
5. Integrate open space, including a major public area for the enjoyment of the general public, and linkages to adjacent public facilities and open spaces into the CBD.
6. Utilize a mix of uses in the CBD to accommodate flexibility in varying economic cycles and to enhance revenue generation for the City of Creve Coeur.
7. Establish design guidelines and development standards for future development in the CBD.

The CBD Plan also expressed a need to “establish a financing mechanism for development incentives and infrastructure enhancements”. The plan went on to state that “the incentives can be used for infrastructure, including streets, sidewalks, and streetscape enhancements and for public parking facilities”. It mentioned that, “of the programs available, the city should explore the creation of a Transportation Development District (TDD), a Community Improvement District (CID), or a Tax Increment Financing (TIF) district”. Therefore, it is the intent of this study to look at the potential costs associated with possible infrastructure enhancements to the CBD, and the Downtown Area in particular, that could help realize the type of CBD envisioned in the CBD Plan and the potential tools to help fund these improvements.



Legend

- Creve Coeur CBD
- Creve Coeur Downtown Area



CBD AND DOWNTOWN AREA
 Creve Coeur CBD Implementation
 Creve Coeur, Missouri

DEVELOPMENT STRATEGIES
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SUMMARY OF KEY FINDINGS

1. Potential public improvements to help implement the recommendations of the CBD Plan (new or expanded street rights-of-way with associated streetscape improvements, burying power lines on selective streets, a major public open space for civic activities, and gateway features to mark the entry to the CBD) could cost up to \$15.5 million, exclusive of any rights-of-way acquisition costs and parking garages. These estimates assume the maximum right-of-way that would be required for streets and a high quality level of streetscape improvements.
2. The most promising source to help pay for these public improvements would be the passage of a ½ cent local economic development sales tax. It is projected that this city-wide tax would generate in excess of \$2 million per year, which could be used on an incremental (pay-as-you-go) basis or as the backing for a 20-year bond of roughly \$18.8 to 20.4 million, depending on interest rates and cost of issuance. The use of the economic development revenues is fairly flexible compared to other funding vehicles and can be used for land acquisition, administrative costs and marketing, as well as capital improvements.
3. Other funding mechanisms such as a Transportation Development District (TDD), Community Improvement District (CID), or Tax Increment Financing District (TIF) have certain limitations to application on a CBD-wide basis, and may be more appropriate for specific project areas.
4. To help catalyze additional development in the CBD and to initiate the process of creating a core Downtown Area for the CBD, it is suggested that the initial focus for public improvements be in the area bounded by Olive Boulevard on the north, Old Ballas Road on the east, Studt Road on the south, and New Ballas Road on the east (Phase 1 area). Potential public improvements for this area, which would include a new civic space or plaza, are estimated to cost in the range of \$7.3 million to \$9.3 million, exclusive of any acquisition costs for rights-of-way or parking garages. The local economic development sales tax discussed above could help fund these improvements. It is also possible that an umbrella TIF district could be used to help fund some of the public improvements, assuming all or a selected area of the Downtown Area could qualify as a “conservation area”, which has yet to be determined.
5. The CBD Plan recommended centralized common, parking facilities, potentially in garages, as a means of enabling higher density pedestrian-friendly development, particularly in the Downtown Area of the CBD. The size of such garages would naturally vary depending on the location and intensity of surrounding development. It is reasonable to assume that an 800-space garage could cost roughly \$10,000,000, exclusive of land acquisition costs. As discussed in greater detail in the following section, these garages could be privately funded, publicly funded, or some form of public/private partnership, depending on the particular circumstances.
6. A variety of other smaller redevelopment opportunities in the CBD are possible. They are described in Appendix A. It is possible that some of these smaller areas that are adjacent to the Phase 1 could become part of a Phase 1 TIF redevelopment area, or could develop independently.

POTENTIAL PUBLIC IMPROVEMENTS AND COST ESTIMATE

The construction of a series of public improvements is desirable in order to facilitate the vision for the Creve Coeur CBD and Downtown Area as delineated in the recently completed *Central Business District (CBD) Land Use Plan: The Framework for a Downtown Creve Coeur* study. These improvements include:

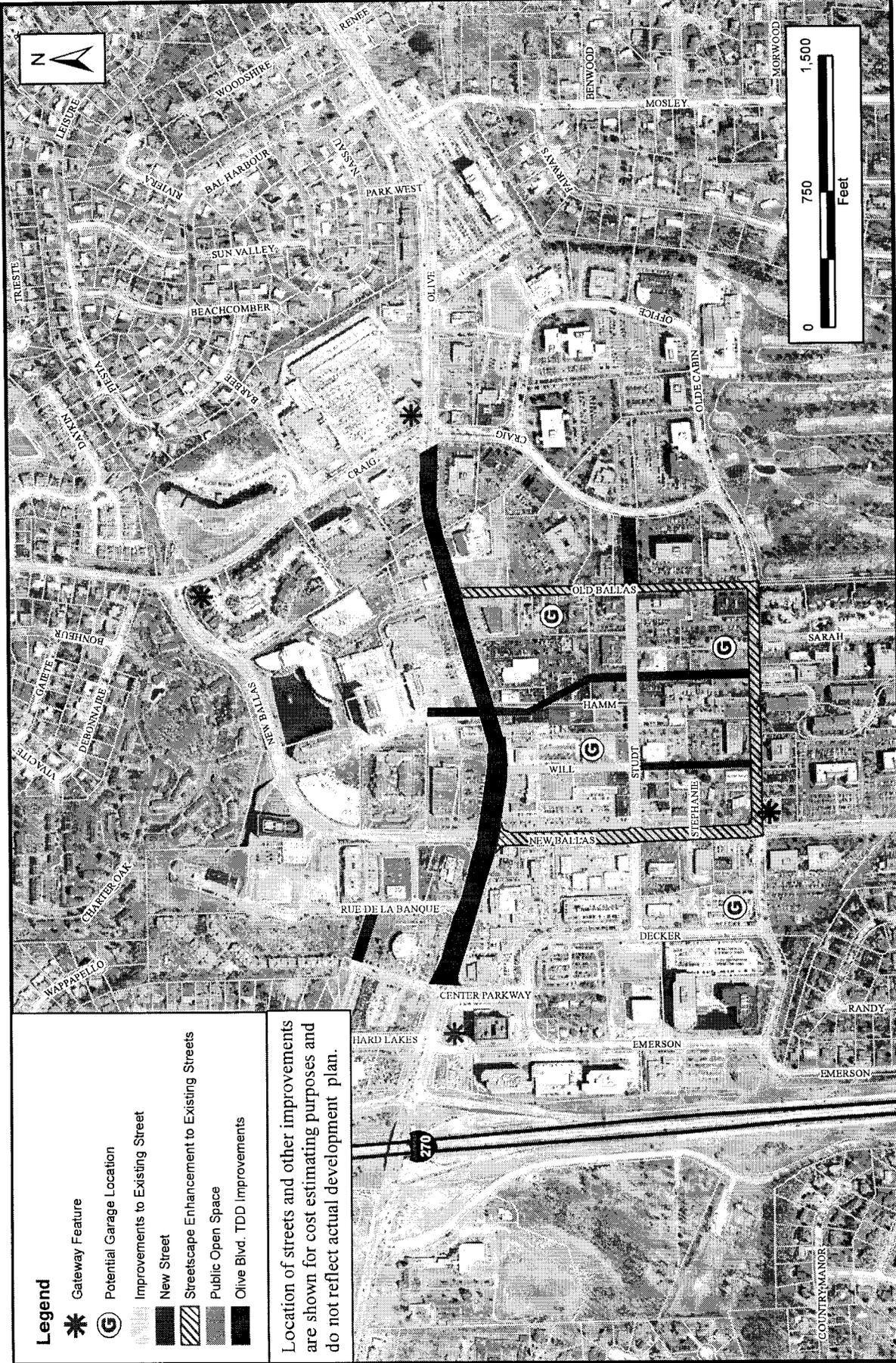
1. New or improved streets, with sidewalks, lighting, landscaping, and streetscape furniture.
2. A new, centrally located public open space within the Downtown Area to accommodate civic or community activities, such as an outdoor concert or a farmer's market.
3. Gateway features (such as signage, artwork, fountains, or special lighting) designed to signify the entrance to the Creve Coeur CBD.
4. The burying of power lines along selected streets.
5. The construction of parking garages in the Downtown Area that could serve multiple users from central locations.

The potential improvements and an estimate of their associated costs are discussed below.

New or Improved Streets

Many of the streets in the Downtown Area have insufficient rights-of-way to support the type development that could be anticipated, or to create the desired streetscape image that should be present in a downtown. In other cases, additional streets are desirable to create the street grid discussed in the recent CBD Plan. This type grid will help disperse traffic throughout the CBD and Downtown Area and help to relieve traffic congestion on Olive Boulevard. The proposed street enhancements, ranked in order of desired construction, are:

1. **Hamm Avenue Expansion or Relocation** -- The CBD Plan proposes a major street in the heart of the Downtown Area to connect Olive Blvd. to Studt Ave. midway between New Ballas Road and Old Ballas Road. The proposed right-of-way is to incorporate one traffic lane in each direction, plus parking lanes and a median, and a 15-foot area on both sides of the street to accommodate a sidewalk, planting, lighting and streetscape amenities. One approach to providing this street is to utilize the Hamm Ave. alignment (Hamm Ave. is a private street with no dedicated public right-of-way). However, the current pavement is only 16 feet wide at locations along the alignment and it is estimated that the new right-of-way could require up to 87 feet, assuming a 21-foot median. Another approach would be to provide a new right-of-way that would run from approximately the current Hamm Ave and Olive Blvd. intersection to connect with a new road south of Studt Ave that would be located to the east of the Old Ballas Village condominiums.



Legend

- Gateway Feature
- Potential Garage Location
- Improvements to Existing Street
- New Street
- Streetscape Enhancement to Existing Streets
- Public Open Space
- Olive Blvd. TDD Improvements

Location of streets and other improvements are shown for cost estimating purposes and do not reflect actual development plan.

DEVELOPMENT STRATEGIES
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POTENTIAL ROAD AND STREETScape ENHANCEMENTS

Creve Coeur CBD Implementation
 Creve Coeur, Missouri

September 2006

It is estimated that it will cost approximately \$1.5 million to construct this road, exclusive of right-of-way acquisition cost. Depending on the timing of development, it could be anticipated that a portion of the right-of-way could be donated as part of any new development.

2. **Will Avenue Expansion** – Will Avenue runs between Olive Blvd. and Studt Ave in a 40-foot right-of-way. It is proposed that his right-of-way be expanded to approximately 47 feet in order to accommodate one traffic lane in each direction with a 10-foot area on both sides of the pavement for sidewalk, planting lighting and streetscape amenities.

It is estimated that it will cost approximately \$0.7 million to construct this road, exclusive of right-of-way acquisition cost. Depending on the timing of development, it could be anticipated that a portion of the right-of-way could be donated as part of any new development.

3. **Studt Avenue Expansion** – Studt Ave. runs between New Ballas Rd. and Old Ballas Rd. in a 30-foot right-of-way. It is proposed that this right-of-way be expanded to up to 64 feet in order to accommodate one traffic lane in each direction, parking lanes, and a 15-foot area on both sides of the pavement for sidewalk, planting, lighting and streetscape amenities.

It is estimated that it will cost approximately \$2.9 million to construct this road, exclusive of right-of-way acquisition costs. Depending on the timing of development, it could be anticipated that a portion of the right-of-way could be donated as part of any new development.

The cost to bury currently above ground power lines along Studt Ave. is estimated to be between \$260,000 and \$520,000 , based on estimates from electrical contractors and Ameren UE of \$200 to \$400 per lineal foot.

4. **New Studt Avenue Extension to Old Ballas** – As discussed in the CBD Plan, the enhancement to the circulation grid for downtown could include a new street between Studt Ave. and Old Ballas Road to be located to the east of the Old Ballas Village condominiums. It is proposed that this new right-of-way could be up to 44 feet wide in order to accommodate one traffic lane in each direction, and a 10-foot area on both sides of the pavement for sidewalk, planting, lighting and streetscape amenities.

The cost of this roadway link is about \$.75 million for construction, exclusive of any right-of-way acquisition costs. Depending on the timing of development, it could be anticipated that a portion of the right-of-way could be donated as part of any new development.

5. **New Will Avenue Extension to Old Ballas** -- To further enhance the proposed grid system of streets, a new street could be constructed between Studt Avenue and Old Ballas Road that would essentially extend the Will Avenue alignment to the south. It is proposed that this new right-of-way could be up to 47 feet wide in order to accommodate one traffic lane in each direction, and a 10-foot area on both sides of the pavement for sidewalk, planting, lighting and streetscape amenities.

The cost of this roadway link is about \$.60 million for construction, exclusive of any right-of-way acquisition costs. Depending on the timing of development, it could be anticipated that a portion of the right-of-way could be donated as part of any new development.

6. **Stude Avenue Extension** – The CBD Plan also proposed an extension of the Stude Avenue road alignment in order to create a connection between Old Ballas Road and Craig Road in the Executive Office Park. This new road will help expand and enhance the circulation grid for the Downtown Area as new development increases and will provide an alternative way for traffic to avoid the congested Olive Blvd. and New Ballas Rd. intersection. It is proposed that this new right-of-way could be up to 64 feet wide in order to accommodate one traffic lane in each direction, parking lanes, and a 15-foot area on both sides of the pavement for sidewalk, planting, lighting and streetscape amenities. The most logical route is through the Miller Building property.

It is estimated that it will cost approximately \$0.5 million to construct this road, plus the cost of needed right-of-way.

It is important to note that some or much of the cost of these improvements could be shared with developers depending on the type, scale, and timing of development.

Streetscape Enhancements for Existing Streets

It is also desirable to enhance the streetscape as associated with major streets in the Downtown Area even where no major changes to the street width or alignment are anticipated. These streets would include New Ballas Rd between Olive Blvd. and Old Ballas Rd. and the legs of Old Ballas Rd. between Olive Blvd. and New Ballas Rd. These streets should receive new sidewalks, lighting, landscaping, and street furniture in keeping with the widened or new streets described in the previous section. In addition, the power lines should be buried along these streets. The estimated costs of making these improvements are as follows:

1. **Old Ballas Rd (north-south leg)** – It is estimated that to make the streetscape improvements described above could cost approximately \$1.3 million. Burying the power cables is estimated to add between \$320,000 and \$640,000.
2. **Old Ballas Rd (east-west leg)** – It is estimated that to make the streetscape improvements described above could cost approximately \$1.05 million. Burying the power cables would add between \$260,000 and \$520,000.
3. **New Ballas Rd** – It is estimated that to make the streetscape improvements described above between Olive Blvd. and Old Ballas Road could cost approximately \$1.35 million and burying the power cables would cost between \$280,000 and \$560,000.

A portion of the costs of these improvements could be shared with developers depending on the location, type, scale, and timing of development.

Central Public Space

As part of the new Downtown Area for Creve Coeur, the CBD Plan calls for the provision of “publicly accessible open space of sufficient size (approximately a quarter of a city block or $\frac{3}{4}$ acre) to provide a community focal point and accommodate civic and community activities. It is assumed that this civic space would most likely be incorporated as part of the future uses for Phase 1 of the Downtown Area. Much of the space could be constructed with paving materials to accommodate a variety of activities. This space would also have special lighting, landscaping and associated irrigation, site furnishings, and a special feature such as a fountain.

It is estimated that this public space would cost approximately \$2.2 million to construct, exclusive of site acquisition costs. Acquisition cost will depend on the specific site that is selected.

Depending on the location of the central public space, the adjacent private uses, and timing of development, a portion of the cost of acquiring and constructing the public space could become a public private venture.

Gateway Features

The CBD Plan calls for the addition of “gateway” features to help define the entry to the CBD and to enhance its overall image. The gateways could include such things as signage, special lighting, sculpture, water features, and special landscaping. The following locations have been identified as logical sites for the gateways.

1. The southeast corner of Olive Blvd. and Emerson Rd.
2. The southeast corner of New Ballas Rd. and Old Ballas Rd.
3. The northeast corner of Olive Blvd. and Craig Rd.

In addition, the southwest corner of New Ballas Rd. and Craig Rd. could be a possible fourth entry demarking the CBD for drivers traveling south on Craig Rd. from Maryland Heights and Westport.

No specific designs have been created for the gateway features. A budget estimate of a “reasonable” cost for each gateway would be \$135,000 to \$175,000.

Parking Garages

The CBD Plan recommends that parking garages be constructed “as infrastructure to serve variety and density of land uses and discourage surface parking lots”. In the interest of fostering integrated, pedestrian-friendly development in Downtown Area, four possible locations are identified. These locations are bounded by:

1. Olive Blvd., Old Ballas Rd., Studt Ave., and Hamm Ave.
2. Olive Blvd., Hamm Ave., Studt Ave, and New Ballas Rd.

3. Studt Ave., New Ballas Rd., Old Ballas Rd., and Decker Lane.
4. Studt Ave., the north-south leg of Old Ballas Rd., the east-west leg of Old Ballas Rd., and the Old Ballas Village condominiums. Given the potential for new development in this area this garage could be anticipated to be smaller than the other three.

The number of spaces in each garage will vary depending on the type and quantity of development to be supported. A budget of \$12,500 per space for above ground parking is useful for estimating purposes. Therefore, an 800-space garage would cost approximately \$10,000,000 plus the cost of the site.

There are a variety of ways that the construction of garages could be funded. Depending on the exact location of these garages and the timing of development the cost of constructing these garages could be borne by a developer. This is typically how the garages in the CBD have been funded to date.

Alternatively, in order to catalyze the type and density of development desired in the CBD and the Downtown Area in particular, a garage could be constructed by the City of Creve Coeur and operated as a public garage.

The garages could also be funded through various forms of public/private partnerships involving the construction and the subsequent lease of parking spaces on the part a developer and/or the City of Creve Coeur.

The appropriateness of any of the respective approaches to the funding of garages will depend on the specific circumstances at the time of construction.

Public Improvements Cost Estimate Summary

The following table summarizes the potential costs associated with the public improvements that are described above. Appendix B provides additional detail regarding the estimated costs of improvements.

CREVE COEUR CBD IMPLEMENTATION

Summary of Estimated Construction Costs for Roads, Streetscape Improvements and Garages

DESCRIPTION OF IMPROVEMENT	ESTIMATED COST (1)
NEW AND IMPROVED ROADS	
Hamm Avenue between Studt and Olive	\$1,500,000
Studt Road between New Ballas and Old Ballas	\$2,900,000
Studt Road Extension between Old Ballas and Craig	\$500,000
New Road between Studt and Old Ballas	\$750,000
Will Avenue Expansion between Studt and Olive	\$700,000
Will Avenue Extension between Studt and Old Ballas	\$600,000
SUBTOTAL	\$6,950,000
OTHER STREETSCAPE IMPROVEMENTS	
Major Public Open Space (3/4 acres for civic activities)	\$2,200,000
Gateway Feature -- New Ballas at Old Ballas	\$150,000
Gateway Feature -- Olive at Center Parkway	\$150,000
Gateway Feature -- Olive at Old Ballas	\$150,000
Gateway Feature -- Craig at New Ballas	\$150,000
Old Ballas Streetscape (north-south leg)	\$1,300,000
Old Ballas Streetscape (east-west leg)	\$1,000,000
New Ballas Streetscape	\$1,200,000
SUBTOTAL	\$6,300,000
BURY POWER LINES	
New Ballas (1,400 LF)	\$280,000 -- \$560,000
Studt (1,300 LF)	\$260,000 -- \$520,000
Old Ballas Road -- East/West (1300 LF)	\$260,000 -- \$520,000
Old Ballas Road -- North/South (1,600 LF)	\$320,000 -- \$640,000
SUBTOTAL	\$1,120,000 -- \$2,240,000
TOTAL WITHOUT GARAGES	\$14,370,000 -- \$15,490,000
NEW PARKING GARAGES (Exclusive of land acquisition cost)	
New Ballas to Hamm, Hamm to Old Ballas, New Ballas to Old Ballas, and New Ballas to Decker	\$40,000,000

(1) Exclusive of acquisition costs

POTENTIAL REVENUE SOURCES TO FUND PUBLIC IMPROVEMENTS

There are three potential types of revenue sources that could help fund the public improvements that have been outlined for the CBD and Downtown Area. They are:

1. **Existing or new taxes collected by the City of Creve Coeur** that are used to pay for improvements in the CBD and Downtown Area. The primary example would be the “Local Option Economic Development Sales Tax Trust Fund”. General Obligation bonds, a new “parks and stormwater “ tax, or the “local option” tax are other potential sources of revenue.
2. **Self funding districts** where self-imposed taxes are used to fund public improvements with the prime examples being Transportation Development Districts (TDDs) and Community Improvement Districts (CIDs).
3. **Redirection of new taxes within a district** with the primary examples being Tax Increment Financing (TIF), a local sales tax rebate agreement, or real property tax abatement under a Chapter 353 Redevelopment Plan.

The implications of utilizing these potential revenue sources to help fund public improvements to CBD and Downtown Area of Creve Coeur are discussed below.

City-Wide Sales Tax Options

1. **Local Option Economic Development Sales Tax Trust Fund** -- Several years ago the Missouri legislature enacted Section 67.1305 RSMo, which permits cities like Creve Coeur to enact, with majority voter approval, a new sales tax of up to 1/2% for the purpose of carrying out economic development plans and projects in designated areas of a city. The taxes that are collected can be used for a variety of purposes including retail development in a downtown area, administrative expenses (up to 25% of revenue generated), marketing, professional expenses, and job training. In addition, at least 20% of the revenues generated must be used for projects directly related to long-term economic development, including land acquisition, infrastructure for business and industrial parks, street extension, public facilities directly related to economic development and job creation, and providing matching dollars for state or federal grants relating to such long-term projects.

An economic development tax board is responsible for overseeing and approving any economic development plans and projects. The board is to be composed of one school district representative, three city representatives and one county representative. Their recommendations are forwarded to the governing body (City Council) which makes the final decision to approve or disapprove a plan or project.

The staff of the City of Creve Coeur indicates that a ½% sales tax would currently generate approximately \$2 million a year. These funds could be used to help fund projects in the CBD and Downtown Area on a pay-as-you-go basis or would represent approximately \$18.8 to 20.4 million dollars in new bonding capacity, assuming a 20-year life and a 1.25 debt coverage ratio.

Since this legislation is relatively new there are only four municipalities in St. Louis County that have approved a Local Option Economic Development Sales Tax. They are Edmondson, St. Ann, Woodson Terrace, and University City, which just passed a ¼ cent sales tax in August.

- 2. Other City-Wide Sales Taxes** – It is possible that Creve Coeur could approve a ½ cent “parks and stormwater” tax. Forty-eight municipalities in St. Louis County have passed a parks and stormwater tax. This tax could help pay for the central public open space in the Downtown Area. It could generate the same level of revenues as the economic development tax discussed above. However, given the use restrictions on this tax, it is questionable if it should be adopted to assist development only in the CBD. It would be more logical to develop the central public open space as part of a larger proposal to fund an array of parks and stormwater improvements within the City of Creve Coeur, if such a program is needed and desirable.

The City of Creve Coeur currently has not approved a ¼ cent local option sales tax (33 municipalities in St. Louis County have passed a ¼ cent local option sales tax). The revenues from this tax could be used as an additional source of funding for public improvements. However, 12.5% of the revenues collected must go into the county-wide revenue pool and this tax would clearly not generate as much funds as the local option economic development sales tax approach.

Self Funded Districts

- 1. Transportation Development District (TDD)** -- Pursuant to Sections 238.200 to 238.275 of the RSMo, as amended, a transportation development district may be created to “fund, promote, plan, design, construct, improve, maintain and operate” one or more transportation projects. As it relates to the Creve Coeur CBD, these projects can include any street, road, highway, access road, intersection, signing, signalization, parking lot, garage, shelter, rest area, and any similar or related improvement or infrastructure.

When created, a TDD becomes a separate political subdivision of the State with its own board of directors that is not directly controlled by the City. A district is established by filing a petition in the circuit court of St. Louis County. The petition can be brought to the court in three ways: (1) by not less than 50 registered voters residing within the proposed district, (2) by the owners of record of all real property located within the proposed district, provided that there are no persons eligible to be registered voters residing in the proposed district, or (3) by approval of a local governing body or transportation authority.

The power of condemnation may be exercised by the District to implement transportation improvements.

Typically a sales tax of up to 1% is imposed on all retail sales made within the district. However, with the approval of qualified voters in the district, special assessments may be imposed or a property tax, not to exceed \$.10 per \$100 assessed valuation may be imposed.



Legend

- Parcels within Olive Blvd TDD
- Creve Coeur CBD

PROPERTY IN THE EXISTING OLIVE BOULEVARD TDD
 Creve Coeur CBD Implementation
 Creve Coeur, Missouri

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The district may issue financial obligations for a maximum of 40 years. However, 25 to 30 years is a more typical range for the bonds.

In 2004 the Olive Boulevard Transportation Development District was established for significant portions of the Creve Coeur CBD to the north and south of Olive Blvd. (see Olive Boulevard Transportation Development District map). The 25-year TDD is projected to support approximately \$5 million of improvements focused largely on enhancements to Olive Blvd. between Craig Road and Fountain Park. The TDD utilizes a ½% sales tax.

The existing TDD encompasses the significant majority of sales tax generating businesses in the CBD. Although a new TDD could be created that would overlay the existing district or creates an adjoining district, it would seem more appropriate to utilize provisions for the more flexible Community Improvement District discussed below.

In addition to Creve Coeur, TDDs have been used in a number of communities, often in association with TIF projects. The City of Brentwood has used a TDD to construct a Metrolink overpass and to make improvements to both Eager Rd. on the south frontage of I-64 and Strassner Road between Hanley Road and Brentwood Blvd. The City of Richmond Heights utilized a TDD to support the ongoing development of The Boulevard across from The Galleria.

- 2. Community Improvement District (CID)** -- The authority to create a Community Improvement District (CID) is provided in Sections 67.1401 to 67.1571 RSMo. In many respects a CID is like a TDD. It is a separate legal entity that is created by a city following the submission of a petition by the property owners in the proposed district. The petition must be signed by property owners who collectively own at least 50% of the assessed value of the real property within the proposed district, and include more than 50% of the individual owners of real property within the proposed district.

A CID can fund a much wider array of public improvements than a TDD and can also support various public services. Like a TDD a CID can pay for sidewalks, streets, alleys, traffic signs and signals, parking lots, garages or other facilities. A CID can also pay for utilities and other site improvements, parks, lawns, trees and any other landscape, pedestrian or shopping malls and plazas, and any other useful, necessary or desired improvement.

In addition, if an area has been declared "blighted", the costs of acquiring, demolishing, renovating and rehabilitating structures on the site can be included.

The types of public services a CID can support include providing or contracting for cleaning, maintenance and other services to public and private property; providing or contracting for security personnel, equipment or facilities for the protection of property and persons; providing refuse collection and disposal services; promoting tourism, recreational or cultural activities or special events; promoting business activity, development and retention, and contracting for or conducting economic, planning, marketing or other studies.

Typically a sales tax of up to 1% is imposed to fund the CID improvements and/or services. In addition special assessments can be imposed and an added real property tax can be imposed. Unlike a TDD, there is no limit on the amount of additional real property taxes that may be imposed.

A CID district may issue financial obligations for a period not to exceed 20 years. It is estimated that a CID imposing a 1% sales tax would generate a current bonding capacity of roughly \$12.5 to \$13.5 million. If an assessment of \$1.00 per \$100 assessed value were imposed, rather than a sales tax, it is estimated that a bonding capacity of between \$12.5 to \$13.7 million could be achieved. See Appendix C for additional detail.

CIDs have been used in a number of communities for a variety of projects. They have been used for a range of improvements, as well as marketing and security purposes in Downtown St. Louis and Springfield, Missouri, in the South Grand commercial district, for a number of projects in Crestwood, and the Plaza on the Boulevard in Jennings.

Redirection of New Incremental District Taxes

1. **Tax Increment Financing** – The authority to create a Tax Increment Financing (TIF) District is provided in Sections 99.800 to 99.865 RSMo cited as the “Real Property Tax Increment Allocation Redevelopment Act” (the TIF Act). As implied by the name, the TIF Act provides a mechanism for capturing any new increment of real estate taxes (up to 100%) and any new sales or utility taxes (up to 50%) and then redirecting those revenues toward the costs of a project, or projects, within a designated TIF district. However, before a municipality may utilize tax increment financing, it must go through a process of establishing a TIF commission, which must hold a public hearing, and adopting an ordinance approving a redevelopment plan, a redevelopment project and a redevelopment area.

It is important to note that before TIF can be utilized the “redevelopment area” must be found to be a “blighted area”, a “conservation area”, or an “economic development area”. The TIF Act defines each of these areas as follows:

- “*Blighted area*”, an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.
- “*Conservation area*”, any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become

a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area shall meet at least three of the factors provided in this subdivision for projects approved on or after December 23, 1997.

- “*Economic development area*”, any area or portion of an area located within the territorial limits of a municipality, which does not meet the requirements of (a blighted area or a conservation area), and in which the governing body of the municipality finds that redevelopment will not be solely used for development of commercial businesses which unfairly compete in the local economy and is in the public interest because it will: (a) discourage commerce, industry or manufacturing from moving their operations to another state; or (b) result in increased employment in the municipality; or (c) result in preservation or enhancement of the tax base of the municipality.

It is also important to note that the state constitutionality of TIF financing for an “economic development area” remains uncertain at this time, making its use questionable without the full financial backing of the municipality.

Another issue that must be addressed is that a redevelopment area must include only “those parcels of real property and improvements thereon directly and substantially benefited by the proposed redevelopment project improvements.” Given this criterion and the above stated definitions, it is questionable if portions of the entire Creve Coeur CBD would qualify for the use of TIF. Rather, TIF might be used for selected projects as it was for City Place, or as an umbrella TIF for specific sub areas.

TIF has been used for many projects throughout the St. Louis region, such as The Boulevard in Richmond Heights and a number of projects in Downtown St. Louis. Use of TIF districts has been more limited. The Grand Center TIF District in Midtown St. Louis anticipates making approximately \$100 million of TIF related improvements. The Delmar East TIF District, which runs for several blocks between Skinker Blvd. and the former Wabash Station, is another example of a TIF umbrella district.

2. **Sales Tax Rebate Agreement** – Section 70.220 RSMo authorizes any municipality or political subdivision to contract with another political subdivision, private person or firm for the “planning, development, construction, acquisition or operation of any public improvement or facility”. Under this approach a municipality typically agrees to reimburse a developer or owner for the cost of public improvements from the incremental sales taxes generated from a retail project. Generally the sales taxes involved are only those of the municipality, unless other taxing jurisdictions agree to participate, and there is an agreed-upon interest rate to be paid to the developer, as well as the developer agreeing to rely

on the incremental taxes for repayment. Also, under this approach, a municipality's obligation can only be from year-to-year and must therefore be subject to annual appropriation by the municipality.

While this approach is relatively easy to implement, simply requiring a vote of the governing body of a municipality, its revenue generation is obviously more limited due to the requirement of annual reapproval by the local governing body and may require payment of prevailing wages, payment and performance bonds, and indemnification of the governing body by the developer.

If a sales tax rebate were to be employed it would logically be undertaken on a specific project basis rather than as a district.

- 3. Chapter 353 Tax Abatement** -- Under Chapter 353 RSMo, real property tax abatement is available to an Urban Redevelopment Corporation, for up to 25 years provided the area is found to be a "blighted area". Typically, up to 100% of the incremental increase in property taxes is abated for the first 10 years and up to 50% of the increase in real property taxes are abated for the next 15 years.

In the case of Creve Coeur, the use of 353 tax abatement is generally less attractive for several reasons. First, in order to become a 353 redevelopment area, the property in question must be declared to be "blighted". The definition of blight under Chapter 353 is essentially the same as the definition of a blighted area for TIF. Given the existing development in the CBD and Downtown Area, obtaining this designation is clearly more difficult than obtaining a "conservation area" designation under TIF legislation.

Second, tax abatement is limited to real property and only a maximum of 50% beyond 10 years, while under TIF legislation real property taxes can be abated at 100% for up to 23 years and in addition up to 50% of the sales and utility taxes can be abated for the same period. Thus, more revenue for improvements can be generated from a TIF.

IMPLEMENTATION STRATEGY

A two-pronged approach to the future development of the Creve Coeur Downtown Area and CBD appears most promising, given the range of proposed public improvements sought (with their associated costs) and the potential revenue sources available to help pay for at least a portion of these costs.

Local Economic Development Sales Tax -- The first step would be to seek the voters' approval to impose a ½ cent city-wide economic development sales tax. Such a tax would generate in excess of \$2 million per year which could be used for incremental improvements on a pay-as-you-go basis or as a revenue stream to retire a bond issue to pay for proposed public infrastructure improvements. It is estimated that a 20-year revenue stream from such a tax would be sufficient to support \$20 million in bond proceeds. (It should be noted that, although an estimate was made for a 20-year revenue stream, an economic development sales tax does not have a cap on the number of years that it can be used like a TDD or CID does.)

An economic development tax has the added advantage that it can be employed to fund “soft costs”, such as marketing and management, as well as capital improvements anywhere within the CBD.

Finally, an economic development tax can be a source of revenue for Creve Coeur that is not dependant on the revenues from the construction of specific development project or a specific district. As a result, these revenues can be used as a catalyst or “pump-primer” to create an environment that will foster and encourage new development.

Focus on Downtown Area -- The second step would be to focus the initial public improvements and redevelopment efforts on the Downtown Area of the Creve Coeur CBD. This is an area generally bounded by Olive Boulevard on the north, Old Ballas Road on the east and south, and New Ballas Road and Decker Lane to the west. Redevelopment areas adjacent to this core could be incorporated into the strategic planning and revenue support for this area.

Although it will be necessary to remain flexible to respond to market demand and developer interest, the greatest redevelopment potential resides in an area bounded by Olive Blvd. on the north, Old Ballas Road to the east, Studt Road to the south and New Ballas Road to the west. The public improvements that have been identified for this area are estimated to cost between \$7.3 and \$9.3 million, itemized as follows:

• Hamm Avenue between Studt and Olive	\$ 1,500,000
• Will Avenue between Studt and Olive	\$ 700,000
• Studt Road between Old Ballas and New Ballas	\$ 2,900,000
• Major public open space	<u>\$ 2,200,000</u>
	Subtotal
	\$ 7,300,000
• Old Ballas and New Ballas perimeter enhancements	<u>\$ 2,000,000</u>
	Total
	\$ 9,300,000

Constructing the streetscape improvements and burying power lines for the portions of Old Ballas Road and New Ballas Road that would form the edges of this Phase 1 area could add approximately \$2,000,000 to the cost.

The CBD Plan also discussed the importance of providing centralized parking for the Downtown Area. If a garage is constructed as part of the development of this area it could cost approximately \$10,000,000 to construct, plus site acquisition costs. However, it is reasonable to assume that a significant portion of the cost of construction, as well as acquisition, can be covered by parking fees.

These improvements could be funded from the economic development tax discussed above. Depending on the timing, type, and density of development, it could be anticipated that developers could pay some portion of these costs. The level of potential financial participation will depend on the specifics of the project.

It is also possible to consider a CID or a TDD for this area. A CID would provide more flexibility in the type of improvements and uses it could fund. Assuming a ½% CID sales tax for 100,000 square feet of retail space with an average sales of \$200 per square foot, it is estimated that a bond of approximately \$670,000 could be supported.

Increasing the tax to 1% would double the amount to approximately \$1,350,000. As an alternative, an increase in the property tax of \$1.00 per \$100 assessed value could be imposed. It is estimated that this approach would produce a bonding capacity of roughly \$1.6 million. Thus, while a CID could be useful in providing an additional source of revenue to fund public improvements, it would clearly be insufficient to fund the scope and quality of public improvements envisioned by the CBD Plan. In addition, approval by existing property owners would be required to establish the district. Further complicating the situation is the fact that more than half of the potential Phase 1 area is already included in the Olive Boulevard TDD district.

Another approach would be to consider a TIF district for the Phase 1 area. However, in order to establish a TIF district the area must be first classified as a “blighted area”, a “conservation” area, or an “economic development” area. This option would need careful analysis, which is beyond the scope of this study. Assuming the area would not be found to be “blighted” and given there is a constitutional question regarding the use of the “economic development” designation, this leaves designation as a “conservation area” as the only possible option. If a TIF district could be established for the Phase 1 area, it is estimated that it could generate roughly \$ 12.4 million in bonding capacity . The amount of bonding capacity is significantly higher under this approach since all of the 100% of the incremental real property taxes can be captured along with 50% of most of the sales taxes. This approach has another advantage in that it can be adopted by a vote of the governing body. Funds can also be collected on a district-wide basis (an umbrella TIF) and then allocated to specific identified projects as needed. Thus, this approach could cover the anticipated public improvement costs associated with the Phase 1 area. However, this approach assumes that significant new development will occur throughout the Phase 1 area in the relatively near future, which may not occur without the “priming of the pump” for development which the local economic development tax provides. It is also important to remember that the ability to create a TIF district at this location is dependant on the ability to classify the area as a “conservation area”, which has yet to be verified.