

MINUTES OF THE REGULAR MEETING
OF THE BUSINESS DEVELOPMENT COMMITTEE
OF THE CITY OF SUNSET HILLS, MISSOURI
HELD ON WEDNESDAY, MARCH 26, 2008

BE IT REMEMBERED that the Business Development Committee of the City of Sunset Hills, Missouri met in regular session at City Hall Quarters, 3939 S. Lindbergh Blvd., in said City on Wednesday, March 26, 2008. The meeting convened at 7:02 p.m.

ROLL CALL

Present:	John Basler	-Member
	Kerry Borawski	-Member
	John Littlefield	-Member
	Douglas McGuire	-Member
	Rodney Stecher	-Member
	Laura Rider	-Ex Officio Member
Absent:	Don Darr	-Chairman
	Dan Merlo	-Member

APPROVAL OF MINUTES

Copies of the Minutes of the January 23, 2008 Business Development Committee meeting were distributed to the members for their review. Alderman Littlefield made a motion to approve the Minutes as submitted. Mr. Basler seconded the motion, and it was unanimously approved.

PRESENTATION BY ROBERT BALLSRUD, GILMORE & BELL, ON COMMUNITY IMPROVEMENT DISTRICTS

Mr. Robert Ballsrud of Gilmore & Bell was present and stated that he was primarily requested to speak about Community Improvement Districts (CID); however, he is flexible to answer specific questions regarding other topics.

Mr. Ballsrud stated that there are Economic Development Tools available to municipalities to fund types of projects including CID. Last year the Missouri Legislature passed an amendment to the Tax Increment Financing Law that became effective January 1, 2008 which creates inconsistencies and uncertainties. The amendment applies to St. Louis County, St. Charles County and Jefferson County. He also explained that there are five cities that formed a lawsuit against the Missouri Legislature. Mr. Ballsrud stated that at least for the foreseeable future, TIF is not a viable Economic Development Tool in Sunset Hills.

Alderman Littlefield stated that TIF is very often a misunderstood tool that is used today because cities do not have the funding necessary for infrastructure for development to come into the city. He then asked Mr. Ballsrud to briefly explain the use of TIF.

Mr. Ballsrud stated that TIF is often used to alleviate a blighted condition. Recently, the city briefly considered the use of TIF for the redevelopment of the Viking/Holiday Inn Hotel. The planning firm that was hired by the city to do the analysis determined that it was not yet blighted but was moving in that direction. Under the TIF Statute, this is called a conservation area. TIF is a way for a municipality to capture 100% of an increase in property taxes and to capture 50% of the increase in sales and utility taxes and to use the monies that are captured to pay for the extraordinary costs of remediating the blight. An example of extraordinary costs would be asbestos abatement. He further explained that if the property is considered to be blighted or moving in that direction because of the deterioration of the building; examples would be that it may result in a fire hazard or increased crime.

It was pointed out that Sunset Hills has had two very successful uses of TIF for redevelopment. Mr. Ballsrud stated that cities generally hire a planning consultant. Sunset Hills has used the services of PGAV for many years. There was lengthy discussion regarding TIF.

Alderman Littlefield stated the McEagle Development and the development by AJ Borzillo, Inc. at S. Lindbergh Blvd. and Eddie and Park Road did not use TIF for development. Mr. Ballsrud reiterated that there are statutes that need to be met in order for TIF to be utilized.

Mr. Ballsrud stated a developer may propose a development that includes the use of the tool, Transportation Development District (TDD). Often times a TDD is overlaid on top of a TIF; however, the types of projects that are eligible have to be transportation related such as road improvements, sidewalks, signalization or parking garages. A TDD would impose a new sales tax, which would be 1%. There are occasions where a TDD tool is used without TIF.

Mr. Ballsrud stated that Community Improvement Districts (CID) is generally formed as a political subdivision. It is not an entity of the city or it can be formed as a not-for-profit corporation but if it is formed as this type of a corporation it only has the authority under state law to levy a special assessment against properties which is not typically the preferred way to raise funds. He added that he is not aware of any CID's that have been formed as a not-for-profit corporation.

Mr. Ballsrud stated that as a political subdivision, there is the authority to impose up a 1¢ sales tax; a property tax of up to 10¢ per \$100 of assessed valuation; there could be a special assessment levied. There is more flexibility in utilizing a CID than a TIF. However, the process for forming a CID takes city approval. The formation is by petition filed to the city, the city holds a public hearing and ultimately passes an ordinance approving the formation of a CID. From that point forward, the CID is a separate political subdivision. The funds collected from a CID have to be used inside the CID that was approved. Mr. Ballsrud added that the property owners and business owners who have to sign the petition have to be convinced why the additional sales tax would be in their best interest. Mr. Ballsrud further stated that the use of TDD and CID have not been controversial in Missouri.

After general discussion, the members thanked Mr. Ballsrud for attending the meeting. Mr. Ballsrud left the meeting.

Mr. Basler stated that he presented the Board of Aldermen a synopsis of the discussions of the Business Development Committee at their February 12, 2008 meeting.

The members determined to discuss the direction of the committee at their next meeting which will be held on Wednesday, April 23, 2008.

ADJOURNMENT

Mr. Basler made a motion to adjourn the meeting at 8:35 p.m. Alderman McGuire seconded the motion, and it was unanimously approved.

Recording Secretary,

Laurie Govreau

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UNAPPROVED