

MEMORANDUM

Re: Olive Corridor TIF RPA 1 Fiscal Impact Summary
Date: May 15, 2018
To: Scott Hafertepe
From: Andy Struckhoff
CC: Gregory Rose, Rosalind Williams
Mark Grimm, John Mulligan

PURPOSE OF THIS MEMORANDUM

The purpose of this memorandum is to describe the requested fiscal impact summary's operational assumptions:

Personal Property:

1. The current assessed value of personal property within RPA 1 is estimated to be approximately \$575,820. This figure represents the County's assessed value on personal property for commercial businesses and residences within RPA 1.
2. The assessed value of personal property associated with the redevelopment project is estimated to be approximately \$2,344,000. This figure represents an estimate of the County's assessed value on personal property for commercial businesses and residences to be constructed within RPA 1 as proposed by the developer.
3. Personal property values and taxes are held constant for the time period covered by this analysis. In reality, personal property values will fluctuate over time as property depreciates and is replaced. The County's assessment schedule reflects this as well. In an effort to simplify the revenue projection, and to be conservative, we have used a discounted average value, based on personal property values for similar property classes, for our personal property assessment calculation.

Real Property:

1. Currently, the School District of University City ("SDUC") receives approximately \$333,300 in ad valorem taxes from all real property within RPA 1. Should TIF be implemented, the SDUC would receive, annually, approximately this amount for the duration of the TIF period. Should TIF not be implemented, the Cost/Benefit Analysis estimates that the SDUC would experience some growth in property tax collections from RPA and that such growth would average approximately 1% annually.
2. The Developer has proposed to pay to the SDUC an annual amount (the "Developer's Contribution") such that when combined with the statutory tax payments during the term of tax increment financing, the SDUC receives a total amount (property taxes plus Developer's Contribution) equivalent to property taxes increasing at a rate of 1% annually.

Commercial Surcharge:

1. The commercial surcharge is an ad valorem tax imposed upon commercial real estate. In St. Louis County, the commercial surcharge is \$1.70/\$100 of assessed valuation. Commercial surcharge tax collections are not subject to capture by tax increment financing. Should the

MEMORANDUM

project be implemented, this tax source would create approximately \$2,000 in additional revenue to SDUC annually.

If tax increment financing is approved this summer, then tax increment financing within RPA 1 could run until the summer of 2041.

The following table is based on information contained in the Cost/Benefit Analysis (“CBA”) submitted in conjunction with Redevelopment Project Area One of the Olive Boulevard Commercial Corridor and Residential Conservation Redevelopment Plan (the “Plan”). The CBA is currently undergoing revisions as the development program is refined; this may result in changes to the estimates included herein.

This Memorandum and the financial projections contained herein are based on assumptions, projections, and information provided by the developer and various other sources considered reliable. The tax revenue projections contained in this report represent prospective information, opinions, and estimates regarding a development project that is not yet constructed. These projections are not provided as predictions or assurances that a certain level of performance will be achieved or that certain events will occur. The actual results will vary from the projections described herein and the variations may be material. Because the future is uncertain, there is risk associated with achieving the results projected. PGAV Planners assumes no responsibility for any degree of risk involved.

This report and the information included herein are intended for the purposes of providing a preliminary concept of the performance of this potential project for use by the City and SCUD, and should not be used for other purposes. Neither this document nor its contents may be referred to or quoted, in whole or in part, without prior review and written approval by PGAV Planners regarding any representation therein with respect to PGAV Planners’ organization and work product.