



Southeast Missouri
**REGIONAL PLANNING & ECONOMIC
DEVELOPMENT COMMISSION**

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December 17, 2014

City of Farmington
110 W. Columbia
Farmington, Missouri 63640

Farmington TIF Commission
110 W. Columbia
Farmington, Missouri 63640

RE: Cost/Benefit Analysis
Farmington Rural King TIF District

Ladies and Gentlemen:

It is a requirement of the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo. that a cost/benefit analysis showing the economic impact of the Redevelopment Plan on each taxing district, which is at least partially within the boundaries of the Redevelopment Area, be performed prior to adoption of tax increment financing. The analysis must show the impact on the economy if the project is not built and the impact if the project is built pursuant to the Redevelopment Plan under consideration. The cost/benefit analysis must include a fiscal impact study on every affected political subdivision and also contain sufficient information to enable the TIF Commission to evaluate whether the project as proposed is financially feasible.

The following pages present the cost/benefit analysis that has been completed by the Southeast Missouri Regional Planning and Economic Development Commission. The analysis that is presented is intended solely to comply with the requirements of Section 99.810.1 (5) of the Missouri Revised Statutes and should not be used for any other purposes.

Sincerely,

Chauncy Buchheit
Executive Director

CB/rp

**FARMINGTON RURAL KING TAX INCREMENT FINANCING
DISTRICT**

FARMINGTON, MISSOURI

COST / BENEFIT ANALYSIS

**COST / BENEFIT ANALYSIS
OF FARMINGTON RURAL KING TAX INCREMENT FINANCING DISTRICT
FARMINGTON, MISSOURI**

**Section 1
Summary of TIF**

The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo. (the "TIF Act") requires "a cost-benefit analysis showing the economic impact of the plan on each taxing district which is at least partially within the boundaries of the redevelopment area." This analysis relates to the proposed redevelopment area identified in the Redevelopment Plan for the Rural King Tax Increment Financing District (the "Plan"). Pursuant to Section 99.810.1(5) of the TIF Act, this analysis shows the impact on the economy if the redevelopment project proposed by the Plan (the "Redevelopment Project") is not built and is built pursuant to the Plan, a fiscal impact study on every affected political subdivision, and sufficient information from the developers for the Rural King Tax Increment Financing Commission (the "TIF Commission") to evaluate whether the Redevelopment Project is financially feasible.

The TIF Act enables the City to finance the Redevelopment Project through the "capture" of certain incremental increases in real property and economic activity taxes generated by development in the redevelopment area described in the Plan (the "Redevelopment Area"). The captured revenues include incremental increases in real property taxes resulting from increases in the assessed valuation of the Redevelopment Area, referred to in the TIF Act as Payments in Lieu of Taxes ("PILOTs"), and fifty percent (50%) of the incremental increases of taxes generated by economic activities, such as sales and utility taxes, referred to in the TIF Act as Economic Activity Taxes ("EATs" and collectively with PILOTs, "TIF Revenues").

Certain tax revenues are not affected by the implementation of tax increment financing, including state property tax, the commercial surcharge, personal property taxes and the state sales tax.

**Section 2
Impact on the Economy if the Project Is not Built**

The Redevelopment Area currently has no active development. Unless the proposed improvements included in the Redevelopment Project are put in place and the conditions described in the Plan are cured, very little, if any further development is anticipated within the Redevelopment Area.

The current assessed value of the whole Redevelopment Area is \$360,110. Base sales in the Redevelopment Area are estimated to be \$0. Other than inflationary increases to the assessed values of current properties, no future growth in tax revenues is anticipated within the entire Redevelopment Area if the Redevelopment Project is not completed in

accordance with the Redevelopment Plan. Exhibit 2 illustrates the estimated tax revenues for each applicable taxing jurisdiction if the Redevelopment Project is not built.

Section 3

Impact on the Economy if the Project is Built

The following exhibits present the tax impact on the affected taxing jurisdictions of each taxing district within the boundaries of the Redevelopment Area if the project is built.

Exhibit 1 summarizes the commercial real property and sales tax revenues over a 23-year period for each of the impacted taxing jurisdictions. Exhibit 1 shows the PILOTS captured by tax increment financing equal to \$0 over the 23-year period because all PILOTS are anticipated to be declared as surplus under the TIF Act and returned to the applicable taxing districts. A total of \$3,739,281 in real property tax revenues is projected to be paid over the 23-year life of the TIF District to the various taxing districts. The numbers presented in Exhibit 1 were derived from anticipated development of \$7,500,000 of real property improvements over the life of the TIF. A 2% inflation multiplier was added to each reassessment year's real property value. No personal property taxes have been computed, since personal property taxes are not subject to capture by the TIF. Exhibit 1 also shows the revenue generated from new economic activity taxes within the Redevelopment Area and subsequent capture by the TIF of 50% of the new sales tax revenue.

Exhibit 3 shows the estimated annual tax revenue from the commercial real property if the Redevelopment Project could be constructed without TIF. Exhibit 4 shows the amount of such commercial real property tax revenues that would be captured by TIF (i.e., the PILOTS). Exhibit 5 shows the calculation of increased economic activity taxes generated with increased retail sales and utility taxes within the Redevelopment Area. Exhibit 6 presents the data used to make the assumptions presented in the exhibits. Exhibit 7 presents the projected revenue going into the Special Allocation Fund, out of which payments will be made to support eligible redevelopment project costs that will make the project development feasible. Exhibit 7 shows a total of \$7,188,512 going into the Special Allocation Fund, which will be adequate to support the proposed projects.

Summary of Key Assumptions

The analysis presented in this report is based on information provided by the St. Francois County Assessor's office and the City of Farmington. The analysis provides projections and estimates using the following assumptions:

General

- 100% of new incremental real estate taxes, excluding the commercial surtax, will be captured by the TIF and declared surplus on an annual basis and subsequently passed through to the individual taxing jurisdictions.
- The assessment ratio and tax rates from 2014 were used, and they were held constant through the 23 years of the TIF.
- 0% of the commercial surtax will be captured by the TIF.
- 50% of new economic activity taxes associated with increased sales and new utility taxes will be captured by the TIF and paid into a Special Allocation Fund.

Tax Calculation

- Commercial real property taxes are calculated using the following formula:

Assessed value times tax rate divided by \$100

- The applicable tax rate for properties within the Redevelopment Area is \$5.6967 per \$100 assessed value, which includes a \$0.20 commercial surtax and a \$0.03 State of Missouri tax per \$100 for real property. The sales tax rate in Exhibit 5 is a total of 2% for the City of Farmington; 2.125% for St. Francois County; and 4.225% for the State of Missouri.

Calculation of Assessed Value

- Assessed value for investment in commercial real property is calculated using the following formula:

Cost times Assessment Ratio

- An assessment ratio of 0.32 was applied to investment in commercial real property to arrive at the assessed value.
- An inflation factor of 2% was added to real property for each reassessment period during the 23 years being presented (i.e., every odd numbered year).

- Exhibit 6 presents the data used in completing the cost/benefit analysis.
- The calculation for economic activity taxes and impact upon the taxing jurisdictions that collect sales taxes was made with the assumption that no increase in sales and that no increase in utility taxes will occur within the TIF District without the proposed improvements. The calculation of the economic activity taxes with TIF was completed to show the impact of 50% capture of increased sales and utility tax on the City of Farmington and 50% capture of increased sales tax on St. Francois County, as well as the impact to the state from the sales tax generated within the Redevelopment Area. A 1% annual inflation factor was included.

TITLE: Redevelopment Plan for the Rural King Tax Increment Financing District, Farmington, Missouri, 2015

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ABSTRACT:

The purpose of this planning document is to provide a Redevelopment Plan for a Redevelopment Project Area in the City of Farmington in the general vicinity of Highway 67, Maple Street and Woodlawn Drive

**REDEVELOPMENT PLAN FOR THE
RURAL KING TAX INCREMENT FINANCING DISTRICT**

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- I. Real Property Tax Increment Allocation Redevelopment Act
- II. Legal Description of Redevelopment Area
- III. Evidence of Financial Commitment

I. THE RURAL KING REDEVELOPMENT AREA PLAN SUMMARY

The following is a plan (this “Redevelopment Plan” or “Plan”) proposed by the City of Farmington, Missouri (the “City”) for redevelopment of approximately 27 acres, inclusive of rights-of-way, generally located along the west side of Highway 67 south of Maple Street and north and east of Woodlawn Drive (as legally described in Attachment II, the “Redevelopment Area”). The Redevelopment Area contains two property parcels, with one parcel split by the exit and entry ramps to U.S. 67.

A map of the Redevelopment Area is included as Exhibit B and a legal description by the Assessor’s parcel numbers of the Redevelopment Area is included in Attachment II. Parcel numbers shown on Exhibit B are repeated on Exhibit G along with a detailed property ownership listing.

The proposed Redevelopment Area qualifies as a “blighted area” under Missouri’s Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Missouri Revised Statutes (the “Act”), by defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, outdated platting, and conditions, including an inadequate and unsafe water supply, that endangers life and property. These blighting conditions retard the growth of the Redevelopment Area as a whole, constitute an economic liability and constitute a threat to the public health and safety of the Redevelopment Area in its present condition and use. The blighting conditions of the Redevelopment Area are more fully discussed in Section III of this Redevelopment Plan.

This Redevelopment Plan proposes activities (collectively, the “Redevelopment Project”) to alleviate the existing conditions. The Redevelopment Project is expected to result in the development of a major commercial area within the Redevelopment Area. The proposed Redevelopment Project includes the following elements:

- Site improvements and rock removal
- Demolition
- Sanitary sewers
- Storm sewers
- Water system improvements
- Traffic signalization
- Streets

- Electrical improvements
- Property acquisition
- Commercial development including land, building, site work, utilities and storm drainage and detention
- Professional fees including engineering, legal, planning and administration.

The total cost of the Redevelopment Projects is estimated to be \$12,000,000. This includes the costs of property acquisition, sanitary sewers, storm sewers, water improvements, electric improvements, and private construction, as well as professional fees. This Redevelopment Plan proposes to fund a portion of the redevelopment project costs with tax increment financing revenues as such revenues are generated (“Pay-As-You-Go TIF”) and/or from the proceeds of obligations secured by tax increment financing revenues (the “TIF Obligations” and together with Pay-As-You-Go TIF, the “TIF Assistance”). Total TIF Assistance will not exceed \$7,000,000 (plus the cost of issuance, debt service reserve, accrued interest and capitalized interest).

The City intends to declare as surplus an amount equal to the PILOTs associated with any increased development within the Redevelopment Area. This surplus shall be declared annually and passed through to each taxing jurisdiction in a percent equal to the jurisdiction’s tax rate divided by the overall tax rate for all taxing jurisdictions that assess taxes within the Redevelopment Area. In addition, all incremental PILOTs and EATs attributable to any emergency services district established pursuant to Chapter 190 or 321 RSMo., shall be distributed to such district. The stated amount of TIF Assistance does not include any payments in lieu of taxes that may be paid to taxing districts pursuant to the Act.

This Redevelopment Plan allocates payments-in-lieu of real estate taxes (“PILOTs”) and a portion of local sales and utility tax revenues generated by economic activities (“EATs”) within the Redevelopment Area to provide the TIF Assistance.

The Redevelopment Project will be completed within 23 years following its adoption by ordinance. The term of any TIF Obligations issued and the collection of EATs and PILOTs will also be limited to the same 23-year period. The financing aspects of the Redevelopment Plan are discussed in more detail in Section IV.

II. OVERVIEW OF TAX INCREMENT FINANCING STATUTES

The Act enables cities or counties to finance certain redevelopment project costs with the revenue generated from PILOTs and EATs. The theory of tax increment financing (“TIF”) is that by attracting new, private developments, the assessed valuation in the Redevelopment Area should increase, generating more than enough new tax revenues to retire obligations issued to finance certain redevelopment project costs. When TIF is adopted, taxing districts continue to receive real property taxes based on the assessed valuation of property in the Redevelopment Area before the TIF was adopted (the “Initial EAV”). Any real property taxes attributable to the increase in the current assessed value above the Initial EAV during the 23-year term of the TIF is deposited in the TIF’s special allocation fund. Additionally, 50% of EATs generated by new economic activities in the Redevelopment Area (i.e., increased sales and utility tax revenues above the level of such revenues prior to the adoption of the TIF) are also deposited in the special allocation fund. The money placed in the special allocation fund is then used to directly pay certain redevelopment project costs, or to retire TIF Obligations issued to finance project costs.

The Act provides for use of tax increment financing to pay all reasonable and necessary costs incurred or incidental to a redevelopment project. Such costs include, but are not limited to:

- a. Costs of studies, surveys, plans and specifications;
- b. Initial professional service costs including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services;
- c. Property assembly costs including, but not limited to, acquisition of land and other property, real or personal, demolition of buildings, and the clearing and grading of land;
- d. Costs of rehabilitation, reconstruction, repair, or remodeling of existing buildings and fixtures;
- e. The initial costs for an economic development area;
- f. Costs of construction of public works or improvements;
- g. Financing costs, such as capitalized interest, underwriting expenses, and bond printing;
- h. All or a portion of a taxing district’s capital costs resulting from the redevelopment project;

- i. Relocation costs;
- j. Payments in lieu of taxes.

The Act provides for tax increment financing to finance improvements in a blighted area, a conservation area, or an economic development area.

“Blighted area” is defined as:

“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 of its present condition and use;”

“Conservation area” is defined as:

“any improved area within the boundaries of a redevelopment project 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: i.e., 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 a least three of the factors provided in this subdivision.”

“Economic development area” is defined as:

“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 the 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;

The area in which tax increment financing is used is known as a

“redevelopment area”. The redevelopment area must contain only “those parcels of real property and improvements thereon directly and substantially benefitted by the proposed redevelopment project improvements.” (Section 99.820.1(1) RSMo.)

Prior to adopting tax increment financing, the City must appoint a TIF Commission and prepare a redevelopment plan. The purpose of the Plan is to set forth in writing the program to be undertaken to address redevelopment issues. The Plan must include:

- a. Estimated redevelopment project costs;
- b. The anticipated sources of funds to pay the costs;
- c. Evidence of commitments to finance the project costs;
- d. The anticipated type and terms of the sources of funds to pay costs;
- e. The anticipated type and terms of the obligations to be issued;
- f. The most recent equalized assessed valuation of the project area;
- g. An estimate of the equalized assessed valuation after redevelopment; and
- h. The general use of the land to apply in the redevelopment project area.

Prior to adoption of a redevelopment plan, designation of a redevelopment area and approval of a redevelopment project, the TIF Commission must hold a public hearing to hear comments on the plan, the redevelopment area and the redevelopment project.

Before adopting a redevelopment plan, the Act requires the governing body of the municipality considering the redevelopment plan to make the following findings:

- (1) The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. Such a finding shall include, but not be limited to, a detailed description of the factors that qualify the redevelopment area or project pursuant to this subdivision and an affidavit, signed by the developer or developers and submitted with the redevelopment plan, attesting that the provisions of this subdivision have been met;
- (2) The redevelopment plan conforms to the comprehensive plan for the development of the municipality as a whole;
- (3) The estimated dates, which shall not be more than twenty-three years from the adoption of the ordinance approving a redevelopment project within a redevelopment area, of completion of any redevelopment project and retirement of obligations incurred to finance redevelopment project costs have been stated, provided that no ordinance approving a redevelopment project

shall be adopted later than ten years from the adoption of the ordinance approving the redevelopment plan under which such project is authorized and provided that no property for a redevelopment project shall be acquired by eminent domain later than five years from the adoption of the ordinance approving such redevelopment project;

- (4) A plan has been developed for relocation assistance for businesses and residences;
- (5) A cost-benefit analysis showing the economic impact of the plan on each taxing district which is at least partially within the boundaries of the redevelopment area. The analysis shall show the impact on the economy if the project is not built, and is built pursuant to the redevelopment plan under consideration. The cost-benefit analysis shall include a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the commission established in section 99.820 to evaluate whether the project as proposed is financially feasible; and
- (6) A finding that the plan does not include the initial development or redevelopment of any gambling establishment, provided however, that this subdivision shall be applicable only to a redevelopment plan adopted for a redevelopment area designated by ordinance after December 23, 1997.

III. REDEVELOPMENT PLAN

A. Description of Redevelopment Area.

The proposed Redevelopment Area as a whole consists of approximately 12 acres of private property and 15 acres of streets and rights-of-way. The Redevelopment Project to be undertaken within the Redevelopment Area detailed under Subsection E "Redevelopment Project Activities" of this Section of the Redevelopment Plan. The following information, consisting of the description of the Redevelopment Area, existing conditions, findings and the Redevelopment Plan Objectives, relate to the Redevelopment Area as a whole.

The Redevelopment Area consists of mostly vacant land, a vacated building, streets and rights-of-way. The Redevelopment Area lies west of U.S. 67 between Maple Street and Woodlawn Drive and entry and exit ramps to U.S. 67. Approximately three tenths of one acre lies south of the U.S. 67 southbound entry ramp. The land use in the overall area includes vacant land, a vacated building and public rights-of-way.

Exhibit A presents the general location of the Redevelopment Area in relation to

the City. Exhibit B depicts the actual boundaries of the Redevelopment Area and parcel numbers relating to Exhibit G, which shows the property ownership within the Redevelopment Area. Exhibit C depicts the current zoning. The proposed Redevelopment Project is in compliance with the existing commercial zoning designation.

B. Existing Conditions.

Exhibit D presents the present land use within the Redevelopment Area. The proposed Redevelopment Area consists of 2 parcels, with one of the parcels split by the interchange at U.S. 67 and Woodlawn Drive. One parcel is vacant and an abandoned church is on the second parcel. The following table describes each parcel in the Redevelopment Area:

Parcel	Description of Use
1	Vacant lot
2	Abandoned church building on northern section and City lift station on southern section

C. Blight Area Analysis.

The proposed Redevelopment Area qualifies as a “blighted area,” as defined in the Act. Numerous conditions contribute to the finding of overall blight in the area. The blighting factors and conditions present in the Redevelopment Area include:

1. **Defective and Inadequate Street Layout.** The current orientation of the Redevelopment Area exhibits defective and inadequate street layout. Current roads do not allow for the smooth flow of traffic through the Redevelopment Area. In order for the area to develop, streets and access points along with traffic control will need to be constructed throughout the Redevelopment Area.
2. **Unsanitary and Unsafe Conditions.** The area in its present condition contains unsanitary and unsafe conditions. A lack of adequate water supply and water

distribution facilities constitutes a dangerous condition due to lack of fire fighting capability in event of a major fire. Lack of sanitary sewer service on site is detrimental to development.

3. **Deterioration of site improvements.** The Redevelopment Area is primarily vacant property. A former church is located on Parcel 2. This building is vacant and has been severely vandalized. Windows and siding have been broken. Interior drywall has been nearly destroyed. Drug paraphernalia has been found in the vacated building.
4. **Improper subdivision or obsolete platting.** The current subdivision of the Redevelopment Area is improper and obsolete for its current zoning commercial zoning designation. Parcel 2 is intersected by the Highway 67 entrance ramp. Additionally, both Parcel 1 and Parcel 2 will need to be subdivided into smaller lots with meaningful street access properly platted in order for development to occur.
5. **Conditions which endanger life of property by fire or other causes.** A large portion of the area is not served by municipal utilities. A considerable amount of rock outcrops at the surface and cover over the bedrock averages less than 48 inches. The depth of the rock greatly increases the costs of bringing water and sanitary sewer utilities to the Redevelopment Area. The area's inadequate water supply and water distribution systems endanger both life and property. The fire department's response time within the Redevelopment Area are not satisfactory. As a result, fire fighting capabilities are severely limited, endangering life and property in the area. Properly sized water lines and fire hydrants, capable of accommodating a pumper truck, will be needed to remedy this condition.

The combination of factors discussed above constitutes a menace to the public health, safety, morals or welfare in the Redevelopment Area's present condition and use. In addition, the continued decline of the Redevelopment Area will threaten the economic potential of both the City and the surrounding area. Without comprehensive rehabilitation and redevelopment of the area, its physical condition will continue to deteriorate. Due to the physical deterioration of the Redevelopment Area and the other factors described above, the Redevelopment Area has become a financial burden and economic liability to the City because it has failed to generate tax revenue and economic

activity commensurate with its commercial zoning designation. The Redevelopment Area will not develop without substantial public investment to cure these blighted conditions.

D. Affidavit.

Exhibit J includes an affidavit attesting that the Redevelopment Area is a “blighted area” as defined in Section 99.805, RSMo. This affidavit satisfies Section 99.810.1(1), RSMo by providing affirmation that redevelopment of the Redevelopment Area would not occur but for tax increment financing.

E. Redevelopment Plan Objectives.

The following objectives are proposed for the Redevelopment Area:

1. Eliminate and/or reduce the blighting conditions and under utilization factors that qualify the Redevelopment Area as a blighted area under the terms of the Act;
2. Prevent the reoccurrences of previous identified conditions;
3. Enhance the tax base of the City and the County;
4. Enhance the tax base of other taxing districts whose jurisdictions encompass the Redevelopment Area;
5. Expand opportunities for new residential and commercial development, which will support and encourage major development activities on properties both within and adjacent to the Redevelopment Area;
6. Provide an implementation mechanism that will accelerate the achievements of those objectives and compliment other community and economic development tools and programs.

F. Redevelopment Project Activities.

1. Project Activities:

The map of future land uses to be created through the implementation of the Redevelopment Project is attached as Exhibit E. The components of the Redevelopment Project include:

- Site improvements and rock removal

- Construction of roads and streets
- Water improvements
- Storm water improvements, including detention
- Sewer improvements
- Electric improvements
- Property acquisition
- Commercial development
- Planning, legal and administration
- Engineering and architectural services
- Contingencies

A portion of the redevelopment project activities will be eligible to be paid from the TIF Assistance. It is the intent of this Redevelopment Plan to limit the TIF Assistance to the extraordinary costs associated with the Redevelopment Project. Some property acquisition is intended to be associated with the Redevelopment Project.

2. Redevelopment Schedule:

The estimated dates for implementation of this Redevelopment Plan are as follows:

FARMINGTON, MISSOURI RURAL KING TAX INCREMENT REDEVELOPMENT PROJECT

Tentative Schedule of Events

<u>Date</u>	<u>Event</u>	<u>Responsible Party</u>
November 14, 2014	Mail Notice to taxing districts regarding appointments to TIF Commission	City
December 3, 2014	Distribute initial drafts of Redevelopment Plan, Amendment to existing Redevelopment Plan, Blight Study and Cost-Benefit Analysis	SEMORPC
December 10, 2014	Comments due on initial drafts of Redevelopment Plan, Amendment to existing Redevelopment Plan, Blight Study and Cost-Benefit Analysis	All
December 12, 2014	Distribute revised drafts of Redevelopment Plan, Amendment to existing Redevelopment Plan, Blight Study and Cost-Benefit Analysis	SEMORPC

<u>Date</u>	<u>Event</u>	<u>Responsible Party</u>
December 18, 2014	Comments due on revised drafts of Redevelopment Plan, Amendment to existing Redevelopment Plan, Blight Study and Cost-Benefit Analysis	All
December 22, 2014	Finalize Redevelopment Plan, Amendment to existing Redevelopment Plan, Blight Study and Cost-Benefit Analysis and distribute to TIF Commission	City SEMORPC
January 6, 2015	TIF Commission Meeting <ul style="list-style-type: none"> • Administrative Actions • Overview of Project and Requested TIF Assistance • Set Public Hearing Date 	All
January 7, 2015	Mail Hearing Notice to Taxing Districts and Dept. of Economic Development (written notice by certified mail, not less than 45 days prior to public hearing)	City
January 7, 2015	Mail TIF Hearing Notice to "Persons In Whose Name Taxes Were Paid" (written notice by certified mail, not less than 10 days prior to public hearing)	City
January 23, 2015	Distribute initial draft of the Redevelopment Agreement	G&B
February 2, 2015	Publish TIF Hearing Notice (published in a "newspaper of general circulation" not more than 30 days before the public hearing)	City
February 6, 2015	Comments due on initial draft of Redevelopment Agreement	All

<u>Date</u>	<u>Event</u>	<u>Responsible Party</u>
February 10, 2015	Distribute revised draft of the Redevelopment Agreement	G&B
February 16, 2015	Publish TIF Hearing Notice (published in a "newspaper of general circulation" not more than 10 days before the public hearing)	City
February 18, 2015	Post Notice of TIF Commission Meeting (at least 4 days, excluding weekends and holidays, prior to TIF Commission Meeting)	City
February 20, 2015	Comments due on revised draft of the Redevelopment Agreement	All
February 24, 2015	TIF Commission Meeting <ul style="list-style-type: none"> • Public Hearing on Redevelopment Plan and Redevelopment Project • Recommendation to City Council 	All
March 5, 2015	Finalize Redevelopment Agreement	All
March 6, 2015	Distribute Documents to Council (will include Redevelopment Plan, Blight Study, Cost-Benefit Analysis, Amendment to existing Redevelopment Plan, Redevelopment Agreement, Authorizing Ordinances, and TIF Commission Resolution)	City
March 12, 2015	City Council Meeting (within 14 to 90 days from the completion of the public hearing) <ul style="list-style-type: none"> • First reading of Ordinance approving the Amendment to existing Redevelopment Plan • First reading of Ordinance approving the Redevelopment Plan and Redevelopment Project • First reading of Ordinance approving the Redevelopment Agreement 	All
March 23, 2015	City Council Meeting <ul style="list-style-type: none"> • Second reading and final passage of Ordinance approving the Amendment to existing Redevelopment Plan • Second reading and final passage of Ordinance approving the Redevelopment Plan and Redevelopment Project • Second reading and final passage of Ordinance approving the Redevelopment Agreement 	All

The assessor will certify the Initial EAV for the Redevelopment Area after approval of the Redevelopment Plan and Redevelopment Project. The Redevelopment Project will be completed within 23 years from its approval. The maximum term for TIF Obligations and the collection of PILOTs and EATs will be subject to the same 23-year period.

3. Land Acquisition and Disposition:

The developer will acquire all property necessary for the Redevelopment Project. The City intends for all property to be acquired through negotiated agreements.

4. Relocation Assistance Plan:

The City does not anticipate relocating any individual or any enterprise from within the Redevelopment Area. However, the City has adopted an ordinance that conforms to State requirements for the relocation of any business or individual resident displaced by the implementation of the Plan, if in case any relocation does occur.

Exhibit K includes a copy of the ordinance that was adopted by the City as a relocation plan for a Redevelopment Project pursuant to the Act. The relocation requirements of the ordinance in Exhibit K are hereby incorporated herein by reference as a Relocation Plan for this Redevelopment Plan.

IV. FINANCING PLAN

A. Estimated Redevelopment Project Costs.

Redevelopment Project Costs are defined as a sum total of all reasonable and necessary costs incurred in implementing the Redevelopment Plan. Considerable and immediate commercial development is anticipated throughout the Redevelopment Area.

Improvements within the Redevelopment Area include construction of a retail center, additional roads and streets, traffic signals, water and sewer improvements, storm

water improvements, and site improvements, including rock removal. The following table shows the anticipated redevelopment costs to be financed with TIF funds. Funding may shift within the following categories and the costs actually financed by TIF. Obligations may vary from those outlined in this table depending on conditions and proposals at the time of development. However, it is the intent of this Redevelopment Plan to limit the total TIF Assistance to \$7,000,000 (plus the cost of issuance, debt service reserve, accrued interest and capitalized interest).

**ANTICIPATED REDEVELOPMENT PROJECT COSTS TO BE PAID FROM
TIF REVENUES**

ACTIVITY	AMOUNT
Site improvements and rock removal	400,000
Demolition	50,000
Sanitary sewers	150,000
Storm sewers and detention	200,000
Water system improvements	150,000
Traffic signals	350,000
Street construction and improvements	500,000
Property acquisition	600,000
Utilities	50,000
City Bray Road improvements	2,000,000
City water and sewer improvements	1,000,000
City electrical improvements	500,000
City ROW and land acquisition	500,000
Engineering/Architectural	200,000
Planning, Legal and Admin.	100,000

Contingencies	250,000
Total	7,000,000

B. Source of Redevelopment Project Funds.

1. Funding of Public Redevelopment Activities

The City will use the TIF Assistance to pay for or reimburse the developer for certain redevelopment project costs allowed under the Act. The TIF Obligations may be issued in multiple series as the individual projects begin. TIF Obligations shall not exceed \$7,000,000 plus the cost of issuance, debt service reserve, accrued interest and capitalized interest. TIF revenues may pay for all of the activities listed in the immediately preceding table, without regard to the corresponding amount listed for such activity so long as the total amount for all activities does not exceed the maximum amount permitted by this Redevelopment Plan.

a. PILOTS.

Most Recent Assessed Valuation. The most recent total equalized assessed valuation for the entire Redevelopment Area, according to the St. Francois County Assessor's office, is \$360,110 as of December 15, 2014. Exhibit G gives a detailed listing of the individual property parcels along with an assessed value of each parcel. The combined tax levy for calendar year 2014 is \$5.4667 per \$100 of assessed valuation. The above tax levy does not include the \$0.03 State of Missouri tax or the \$0.20 commercial surcharge, which are not captured by TIF.

Anticipated Assessed Valuation and PILOTs. During the first year of redevelopment, no increase in assessed valuation is anticipated.

Exhibit H indicates the anticipated future assessment and tax levy within the Redevelopment Area, and further shows the current assessment and tax levy. For purposes of this Plan, the tax levies, both on real property and on sales tax, has remained the same as the current level of \$5.4667 per \$100 assessed valuation on property and at 4.125% for the combined total sales tax rate for City and County sales.

It is anticipated that the construction of the Redevelopment Project will begin immediately after approval of the Redevelopment Plan and execution of a mutually agreeable redevelopment agreement between the City and the developer. In order to project the anticipated PILOTs and EATs available for redevelopment activities, a cost-benefit analysis was run for each impacted taxing entity. This cost-benefit analysis also includes information concerning the financial feasibility of the Redevelopment Project.

The different types of development impact the individual taxing entities in different ways. Specifically, residential development has the greatest cost impact toward the school system, and commercial and industrial development has a significant cost impact toward the City and County, which provide road and bridge maintenance.

The City intends to declare as surplus an amount equal to the PILOTs associated with any increased development within the Redevelopment Area. This surplus shall be declared annually and passed through to each taxing jurisdiction in a percent equal to the jurisdiction's tax rate divided by the overall tax rate for all taxing jurisdictions that assess taxes within the Redevelopment Area.

In addition, all incremental PILOTs and EATS attributable to any emergency services district established pursuant to Chapter 190 or 321 RSMo., shall be distributed to such district.

Several factors were examined in completing the cost-benefit analysis. One of the primary factors involved included the anticipated increase in assessed value for personal property associated with each type of development. All of the personal property taxes will continue to be collected by the individual taxing entities, as will the commercial surtax.

Exhibit H depicts the anticipated assessed valuation and PILOTs once the Redevelopment Project is complete. The estimated assessed valuation 23 years after activating the Redevelopment Area, after completion of the Redevelopment Project and expiration of TIF, is \$3,328,605.

b. Other Local Taxes.

Sales tax. Pursuant to the Act, 50% of the total additional revenue from taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within Redevelopment Area in the calendar year prior to the adoption of the Redevelopment Project, shall be allocated to the special allocation fund. EATs within the Redevelopment Area from the City include 1¢ for general revenue, 1/4¢ transportation tax, 1/4¢ storm water/parks and 1/2¢ capital improvement. EATs from the County include the 1/2¢ general

revenue, 1/4¢ transportation improvements, two 1/4¢ law enforcement taxes, and 3/8¢ for 911. The Ambulance District tax is 1/2¢. The combined City and County sales tax is 4.125%. State of Missouri sales taxes are not captured by TIF. Other EATs include franchise fees on utilities such as electric, gas and cable TV. For purposes of this financing plan, the only EATs being projected in Exhibit I for the special allocation fund revenues are sales taxes being imposed by the City and the County. It is anticipated that substantial increases in the sales tax collections within the Redevelopment Area will occur. The projection in Exhibit I for sales tax revenues has been derived from projecting the annual sales from businesses that will be locating within the Redevelopment Area.

As projects develop, additional projections will be made in order to support the issuance of TIF Obligations.

c. Nature and Term of TIF Obligations.

It is anticipated the developer will finance the improvements to be made and will be reimbursed for those expenses as revenue is generated or from the proceeds of TIF Obligations. The City may sell TIF Obligations directly to finance costs of the redevelopment projects or the City may issue notes to reimburse a private developer for eligible redevelopment project costs.

A portion of the TIF Obligations, when issued, are expected to be tax-exempt and secured with revenues pledged from the special allocation fund (subject to annual appropriation, EATs). The issuance date of the first series of TIF Obligations is projected to be July 2015. The term of the TIF Obligations will be for up to a maximum of 23 years from approval of the Redevelopment Project.

Exhibits H and I summarize the anticipated PILOTs and other local tax revenues to be realized as a result of activities in the Redevelopment Area. These revenues will be deposited into the special allocation fund and will be made available to retire the TIF Obligations.

V. EVIDENCE OF COMMITMENTS TO FINANCE COSTS

Attachment III contains a letter from xxxx indicating a commitment to finance the Redevelopment Projects using the proceeds from TIF Obligations and other available funds.

VI. COMPREHENSIVE PLAN

The City of Farmington's Comprehensive Plan supports the proposed development. Specifically, the comprehensive plan, discusses tax increment financing as a mechanism for financing municipal projects. The comprehensive plan also indicates commercial development within the Redevelopment Area.

VII. AMENDMENTS TO THE REDEVELOPMENT PLAN

The Redevelopment Plan and project activities may be amended pursuant to the Section 99.825 of the Act.

VIII. FINDINGS

The following findings have been established:

1. The Redevelopment Area on the whole is a blighted area and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. Supporting features for determination of a blighted area are found in the plan under Section III, C. Blight Analysis. Affidavits attesting to the condition of the Redevelopment Area as a blighted area and to the fact that redevelopment would not occur but for TIF are attached to the Plan in Exhibit L.
2. The Redevelopment Plan conforms to the comprehensive plan for the development of the municipality as a whole. This determination is further delineated in Section VI, Comprehensive Plan section of this Plan.
3. The estimated date for completion of the Redevelopment Project is prior to 23 years from the date of the ordinance approving the Redevelopment Project. The redevelopment schedule is laid out in Section III, F., 2.
4. A plan has been developed for relocation assistance for businesses and residents. Exhibit K contains the City's ordinance providing for relocation assistance.

5. A cost-benefit analysis showing the economic impact of the Redevelopment Plan on each taxing district which is at least partially within the boundaries of the Redevelopment Area has been completed. The cost-benefit analysis shows the impact on the economy if the Redevelopment Project is not built, and is built pursuant to this Redevelopment Plan. The cost-benefit analysis includes a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the City to evaluate whether the Redevelopment Project, as proposed, is financially feasible.
6. The Plan does not include the initial development or redevelopment of any gambling establishment.