

**AN ORDINANCE ACCEPTING THE RECOMMENDATIONS OF THE TAX INCREMENT FINANCING COMMISSION AND AUTHORIZING THE FIRST AMENDMENT TO THE NORTHGATE VILLAGE TAX INCREMENT FINANCING PLAN.**

**WHEREAS**, the Tax Increment Financing Commission of North Kansas City, Missouri (the "Commission"), was created pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, 1986, as amended (the "Act"), and by Ordinance No. 6674 of the City Council of North Kansas City, Missouri, adopted on May 14, 1996; and

**WHEREAS**, the Northgate Village Tax Increment Financing Plan (the "Plan") was approved by the Commission, and submitted to the City Council for consideration through Commission Resolution 99-4 on December 1<sup>st</sup>, 1999; and

**WHEREAS**, the City Council accepted the recommendations of the Commission and approved the Plan, and designated the redevelopment area through Ordinance 7178 on February 1<sup>st</sup>, 2000; and

**WHEREAS**, now that the project has been in various stages of implementation since the adoption of the Plan; and

**WHEREAS**, during the course of the implementation of the Plan, the Re-developer is seeking to construct an additional phase of senior apartments (The Gardens) in lieu of a small portion of the conventional/market rate apartments (CityView); and

**WHEREAS**, proceedings have been initiated requesting consideration of the amendment of the Plan in order to evidence the change in the number and location of Senior Apartments (in lieu of a number of "City View Apartments") to be located on Lot 2A (and to provide the consent of the City to increase the percentage of new affordable senior units on that Lot 2A (only) from a maximum of sixty percent (60%) to a maximum of sixty-five percent (65%); and

**WHEREAS**, during the course of the implementation of the Plan, the estimated project costs incurred by the City are projected to increase from the original estimate of \$19,370,868 as noted in Exhibit 10 of the Plan to a revised estimate of \$28,240,995 and the estimated project costs incurred by the Redeveloper or others have increased from \$62,939,476 to \$104,036,564; and

**WHEREAS**, during the course of the implementation of the Plan, estimated Plan proceeds are projected to increase from the original estimate of \$15,458,550 as noted in Exhibit 7 of the Plan to a revised estimate of \$26,537,256 and those estimated Plan proceeds (but not in excess of the costs actually incurred by the City) are the estimated amount for

which the City will be reimbursing itself (which amount is calculated without the incurrence or payment of any interest on the amounts); and

**WHEREAS**, proceedings have been initiated requesting consideration of the amendment of the Plan in order to evidence the change in the number and location of Senior Apartments (in lieu of a number of “City View Apartments”) to be located on Lot 2A, and, in order to reflect the revised and updated estimates of both the proceeds from TIF (exhibit 7); the estimated project expenses which are to be reimbursed (exhibit 10); and

**WHEREAS**, pursuant to the Real Property Tax Increment Financing Laws of the State of Missouri and By-Laws of the Board of Commissioners, the Board of Commissioners caused the affected school, county and other taxing districts to be notified of their right to designate representatives to sit as members of the Commission for the purpose of conducting a public hearing and making recommendations with respect to the Plan to the City Council of North Kansas City, Missouri; and

**WHEREAS**, the affected school district designated two representatives (*Mr. Terry Stone* and *Mr. Paul Harrell*), the affected county designated two representatives (*Ms. Pamela Mason*, and *Mr. Larry Larson*), and the other affected taxing districts designated one representative (*Ms. Freddie Nichols*); for consideration of the amendment of the Plan and other matters pursuant to Missouri laws; and

**WHEREAS**, in accordance with procedures established by § 99.805 et seq. of the Revised Statutes of Missouri, notice was given by certified mail to the applicable taxing districts on May 10, 2012; further that notice was given to each property owner within the redevelopment area by certified mail on June 15, 2012; and further that notice was given by publication in *The Kansas City Star* Monday, May 28, 2012, and Monday June 18, 2012, a newspaper having a general circulation in the City of North Kansas City, Missouri, that a public hearing of the Tax Increment Financing Commission would take place on the 27th day of June, 2012, at 6:00 p.m.; and

**WHEREAS**, on the 27th day of June, 2012, at 6:00 p.m. the Tax Increment Financing Commission of North Kansas City, Missouri did conduct said public hearing at which all interested persons and taxing districts affected by the Plan were afforded an opportunity to file comments, written objections, protests and be heard orally; and

**WHEREAS**, the above described amendments to the Northgate Village Tax Increment Financing Plan were presented to the Commission for consideration; and

**WHEREAS**, the Commission closed the public hearing on June 27, 2012; and

**WHEREAS**, through Resolution 2012-1, the Commission unanimously recommended to the Mayor and City Council that the Northgate Village Tax Increment Financing Plan be amended to reflect the approval of the additional phase of senior apartments in the area previously designated for conventional/market rate apartments, and

recognizing further that 65% of the additional phase of senior apartments will be designated as affordable rate units according to the Missouri Housing Development Commission; and

**WHEREAS**, through Resolution 2012-2, a majority of the Commission recommended to the Mayor and City Council that the Northgate Village Tax Increment Financing Plan be amended and updated to reflect:

- a. The amendment of Plan Exhibit 7 as indicated as Exhibit A to this ordinance.
- b. The amendment of Plan Exhibit 10 as indicated as Exhibit B to this ordinance.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH KANSAS CITY, AS FOLLOWS:**

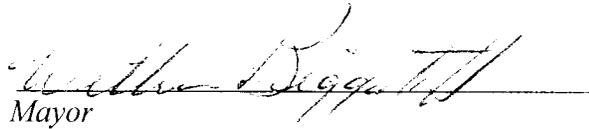
**Section 1.** All previously approved findings and provisions of the Plan (including the statutory findings required for the adoption of the Plan) recommended by Commission Resolution 99 – 4 and approved and authorized by Council Ordinance 7178 are hereby ratified and remain in full force and effect,

**Section 2.** That the Northgate Village Tax Increment Financing Plan is amended to reflect:

- a. the approval of an additional phase of senior apartments in an area previously designated for conventional/market rate apartments.
- b. the amendment of Plan Exhibit 7 as indicated as exhibit A to this ordinance.
- c. the amendment of Plan Exhibit 10 as indicated as exhibit B to this ordinance.

**Section 3.** This ordinance shall be in full force and effect immediately after its passage by the City Council and approval by the Mayor.

**PASSED** this 21<sup>st</sup> day of August, 2012.

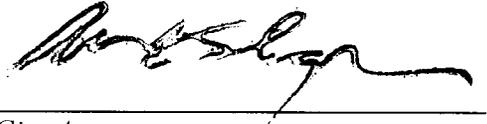
  
\_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk

**APPROVED** this 21st day of August, 2012.

  
\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:



City Attorney



City Counselor

**EXHIBIT A**

**North Kansas City TIF Plan**

**Exhibit 7 - amended**

**Cost Benefit Analysis**

**Amended June, 2012**

COST BENEFIT ANALYSIS

NORTHGATE VILLAGE TIF PLAN

NORTH KANSAS CITY, MISSOURI

JUNE 13, 2012

## I. Introduction

The purpose of this study is to illustrate the current financial position of the Northgate Village Tax Increment Financing Plan related to the estimated tax increment financing (TIF) revenue projections and the cost benefit to the taxing districts in relation to real property taxes (excluding the Inventory Replacement Tax) and captured retail sales taxes.

Northgate Village Tax Increment Financing Plan dated November 15, 1999, was adopted by the City Council in December 1999 (the "TIF Plan"). The Plan contained 15 project areas. All 15 project areas have been timely activated throughout the initial 10 years of the TIF Plan as required by RSMo §99.810. The project areas were activated as follows:

PROJECT I Ruby Tuesday / Seniors Phase 1	2004
PROJECT II Residential Mix	2004
PROJECT III Residential Mix	2005
PROJECT IV City View, Phase 1 (part 1)	2005
PROJECT V Residential Mix	2006
PROJECT VI Residential Patio Homes & SF	2007
PROJECT VII Seniors Phase 2	2007
PROJECT VIII Residential Patio Homes & SF	2008
PROJECT IX Residential, Patio Homes	2009
PROJECT X Residential Town Homes & SF	2009
PROJECT XI Residential Town Homes & SF	2009
PROJECT XII Retail (owned by City)	2009
PROJECT XIII Retail Russell Stover	2009
PROJECT XIV City View Phase 1	2009
PROJECT XV City View Phase 2	2009

The attached Estimated TIF Revenue spreadsheet projects TIF revenues over the life of the TIF Plan from the first year of collection of TIF revenue from the first activated Project Areas (2004) to the final year of collection (2032) from the final Project Areas activated in 2009. Since each Project Area collects TIF Revenue for a period of 23 years and the last Project Areas were activated in year 10 of the TIF Plan, the Estimated TIF Revenue spreadsheet projects TIF revenue from the first year of collection of revenue which was Year 6 of the TIF Plan through Year 33 which will be the life of the Northgate Village TIF Plan.

The attached Cost Benefit Analysis projects the real property taxes (excluding the Inventory Replacement Taxes) and sales taxes which are projected to be received by the other Taxing Districts over the 33 years of the TIF Plan. In addition, the analysis projects what those same taxes would have been if the project had not been constructed. Since 1999 the total real property tax levy has increased from approximately \$5.66 per \$100 assessed valuation to approximately \$7.68. The assumption used in the projections is approximately \$7.67 for years 2006 through 2012 and approximately \$7.68 in 2012 forward to accommodate the

approved increase in the Library levy. The projections also take into consideration the approximately 3 year period in which North Kansas City owned the real property within the TIF Plan redevelopment area which would have rendered the real property tax exempt for that period of time.

Finally, the cost benefit analysis presented in the 1999 plan assumed an increase in assessed valuation of 3% every two years throughout the life of the TIF Plan. The attached spreadsheets use a more contemporary assumption of 1% annually. The increase in annual sales assumption in the 1999 document assumed a 1.5% increase in annual sales. The attached spreadsheets assume a 1% increase in annual sales.

## II. Estimated TIF Revenue Projections

The first three pages of the attached spreadsheet labeled Northgate Village Estimated TIF Revenue Projections provides information related to the assumptions upon which the revenue projections are based. It begins with an existing projects summary and then describes the projected new development including projected years for construction and when the real property and sales tax revenue collection will begin to flow from the new construction. The new development assumptions include the change in character of the proposed development in Project Area XII from entirely retail to retail and medical office. As development occurs over the remaining life of the TIF Plan this spreadsheet can be updated to reflect the actual outcomes.

## III. Cost Benefit Analysis

The assumptions used in the Cost Benefit Analysis spreadsheet are the same as those used in TIF Revenue Projections with some additions. Since the Costs Benefit Analysis is created to project the economic impact on the taxing districts during the life of the TIF Plan and not simply during the years of TIF Revenue collection the spreadsheet information spans years 1 through 33 of the TIF Plan. In addition there are two scenarios: Project with TIF and No Project. In the Project with TIF scenario the later TIF years 29 through 33 show a significant increase in assessed valuations because Projects Areas 1 through 8 complete their respective 23 years of TIF revenue collection and therefore all 100% of the real property taxes go to the taxing districts. In the No Project scenario we begin year one with the assessed value used in the 1999 TIF Plan projections for year 1, with continued private ownership, no development and a decrease in value at 1% per year as the real property and related infrastructure ages.

#### IV. Completion

After year 2032 all the Project Areas plans will be completed. In 2033, the entire projected assessed valuation of the real property of the TIF Plan will be subject to 100% distribution of real estate and sales tax to the taxing district. The assessed valuation at that time is projected to be approximately \$19,869,025, resulting in real property tax revenue for all jurisdictions of approximately \$2,170,830 annually. Of which \$1,758,305 is attributed to the North Kansas City School District on an annual basis and \$23,843 to Clay County. This is in contrast to the NO PROJECT scenario where the total real property tax revenue for all jurisdictions is \$124,586 of which \$67,161 is attributed to the North Kansas City School District and \$1,368 to Clay County. The projected annual sales, the sales tax revenue of which will be subject to 100% distribution, will be \$3,136,647. This is in contrast to the NO PROJECT scenario which has no retail sales.

Northgate Village  
ESTIMATED TIF REVENUE PROJECTIONS

<b>GROWTH RATES</b>													
ANNUAL GROWTH RATE PILOTS:													
	1%												
ANNUAL GROWTH RATE EATS:													
	1%												
<b>ESTIMATED SALES REDEVELOPMENT PROJECTS</b>		<b>ANNUAL SALES TOTAL</b>											
PROJECT I RETAIL SALES -2005 Onwards		1,500,000					Ruby Tuesday						
PROJECT II RETAIL SALES		0											
PROJECT III RETAIL SALES		0											
PROJECT IV RETAIL SALES		0											
PROJECT V RETAIL SALES		0											
PROJECT VI RETAIL SALES		0											
PROJECT VII RETAIL SALES		0											
PROJECT VIII RETAIL SALES		0											
PROJECT IX RETAIL SALES		0											
PROJECT X RETAIL SALES		0											
PROJECT XI RETAIL SALES		0											
PROJECT XII RETAIL SALES - 2015 Onwards		3,000,000					2 developed retail	Restaurant / Fast Food	50% sales 2015 / 50% 2016				
PROJECT XIII RETAIL SALES - 2014 Onwards		650,000					1 developed retail		100% sales 2014				
PROJECT XIV RETAIL SALES		0											
PROJECT XV RETAIL SALES		0											
<b>TOTAL ANNUAL SALES</b>		<b>5,150,000</b>											
<b>ASSESSED VALUES</b>													
<b>EXISTING PROJECTS - JUNE 2012</b>													
PROJECT I Ruby Tuesday / Seniors Phase 1							157,320	1,250,950	2004	2004	2005	2005	2005
PROJECT II Residential Mix							166,870	1,958,090	2004	2004	2005	2005	2005
PROJECT III Residential Mix							26,810	1,199,010	2005	2005	2006	2006	2006
PROJECT IV City View, Phase 1 (part 1)							736,800	2,156,880	2005	2005	2006	2006	2006
PROJECT V Residential Mix							187,780	1,320,510	2006	2006	2007	2007	2007
PROJECT VI Residential Patio Homes & SF							38,760	530,520	2007	2007	2008	2008	2008
PROJECT VII Seniors Phase 2							104,900	545,640	2007	2007	2008	2008	2008
PROJECT VIII Residential Patio Homes & SF							107,420	306,560	2008	2008	2009	2009	2009
PROJECT IX Residential, Patio Homes							43,900	74,540	2009	2009	2010	2010	2010
PROJECT X Residential Town Homes & SF							27,600	59,660	2009	2009	2010	2010	2010
PROJECT XI Residential Town Homes & SF							210,900	208,260	2009	2009	2010	2010	2010
PROJECT XII Retail (owned by City)							0	0	2009	2009	2010	2010	2010
PROJECT XIII Retail Russell Stover							83,100	83,100	2009	2009	2010	2010	2010
PROJECT XIV City View Phase 1							400	400	2009	2009	2010	2010	2010
PROJECT XV City View Phase 2							0	0	2009	2009	2010	2010	2010
<b>TOTAL</b>		<b>0</b>					<b>1,892,560</b>	<b>9,694,120</b>					



Northgate Village  
ESTIMATED TIF REVENUE PROJECTIONS

COUNTY LAW ENF TAX		0.1250%	SENIOR CITIZENS	0.0499	0.0499
ZOO TAX		0.1250%	HEALTH BOARD	0.1000	0.1000
Total Local Sales Tax	2.3750%	2.6250%	METRO COLLEGES	0.2335	0.2335
			NKC SCHOOL DISTRICT	5.8898	5.8898
			<b>Total Levy</b>	<b>7.58840</b>	<b>7.68840</b>
<b>Additional Assumption Detail</b>					
Residential Mix is Patio Homes, Single Family & Town Homes					
SF is single family residential					
TIF Plan Adopted on or about November 15, 1999					
First Project Activated in 2004					
Last Project Activated in 2009					
TIF Expires after 2032 Collection Year					
<b>Residential per Unit FMV - Assumptions</b>					
SF \$220,000					
Patio Homes \$180,000					
Town Homes \$180,000					
Garden Apts \$190,000					
Senior Housing \$8,500					

Northgate Village  
ESTIMATED TIF REVENUE PROJECTIONS

TIF Plan Year	INITIAL EQUALIZED ASSESSED VALUE	TOTAL EQUALIZED ASSESSED VALUE	INCREMENT	PILOT	CUMULATIVE PILOT
6	324,190	3,209,040	2,884,850	218,914	218,914
7	1,087,800	7,127,540	6,039,740	458,320	677,234
8	1,275,580	8,519,326	7,243,746	549,684	1,226,918
9	1,419,240	9,680,679	8,261,439	626,911	1,853,829
10	1,526,660	10,084,046	8,557,366	645,369	2,503,198
11	1,692,560	10,610,846	8,718,286	661,578	3,164,776
12	1,692,560	10,716,955	8,824,395	669,630	3,834,407
13	1,892,560	10,818,822	8,927,262	677,436	4,511,843
14	1,892,560	10,928,020	9,035,460	694,682	5,206,525
15	1,892,560	13,165,316	11,272,766	866,095	6,073,220
16	1,892,560	13,676,268	11,783,709	905,979	6,979,198
17	1,892,560	15,765,851	13,873,291	1,066,634	8,045,833
18	1,892,560	16,310,410	14,417,853	1,108,502	9,154,335
19	1,892,560	16,826,214	14,933,664	1,148,159	10,302,494
20	1,892,560	17,227,476	15,334,916	1,179,010	11,481,503
21	1,892,560	17,632,751	15,740,191	1,210,169	12,691,672
22	1,892,560	17,809,078	15,916,518	1,223,726	13,915,398
23	1,892,560	17,997,169	16,094,909	1,237,418	15,152,816
24	1,892,560	18,167,041	16,274,481	1,251,247	16,404,063
25	1,892,560	18,348,711	16,456,151	1,265,215	17,669,278
26	1,892,560	18,532,158	16,639,638	1,279,322	18,948,600
27	1,892,560	18,717,520	16,824,960	1,293,570	20,242,170
28	1,892,560	18,904,686	17,012,136	1,307,961	21,550,131
29	1,568,370	15,059,456	13,491,086	1,037,249	22,587,380
30	804,760	10,324,200	9,519,440	731,893	23,319,272
31	616,980	8,767,345	8,150,365	626,633	23,945,905
32	473,320	7,502,110	7,026,790	540,402	24,486,306
33	365,900	7,191,736	6,825,836	524,788	25,011,104
			TOTAL	25,011,104	
			6%	10,845,803	





Northgate Village  
COST-BENEFIT ANALYSIS  
SUMMARY

YEAR	TOTAL TAXES PROJECT WITH TIF	TOTAL TAXES NO PROJECT	ADDITIONAL ANNUAL BENEFIT OF TIF TO ALL TAXING DISTRICTS	ADDITIONAL ANNUAL BENEFIT OF TIF TO COUNTY	ADDITIONAL ANNUAL BENEFIT OF TIF TO SCHOOL DISTRICT
1	174,521	174,521	0	0	0
2	174,521	172,776	1,745	19	926
3	0	171,048	-171,048	-1,850	-90,795
4	0	169,337	-169,337	-1,831	-89,887
5	0	167,644	-167,644	-1,813	-88,989
6	174,521	165,968	8,553	93	4,540
7	192,333	164,308	28,025	6,673	5,421
8	192,512	162,665	29,847	6,766	6,293
9	192,691	161,038	31,653	6,840	7,157
10	192,873	159,428	33,445	6,925	8,012
11	228,529	157,834	70,695	7,393	27,687
12	228,714	156,255	72,459	7,478	28,525
13	230,891	154,693	76,199	8,559	29,354
14	227,883	150,799	77,084	8,656	30,175
15	236,625	149,291	87,334	12,003	30,988
16	276,299	147,798	128,500	27,133	31,793
17	276,994	146,321	130,674	27,414	32,590
18	277,696	144,857	132,839	27,698	33,379
19	278,406	143,409	134,997	27,984	34,160
20	279,122	141,975	137,147	28,272	34,933
21	279,845	140,565	139,290	28,563	35,698
22	280,576	139,149	141,427	28,857	36,456
23	281,314	137,758	143,556	29,154	37,206
24	282,059	136,380	145,679	29,453	37,948
25	282,812	135,016	147,796	29,755	38,684
26	283,573	133,666	149,906	30,059	39,411
27	284,341	132,330	152,011	30,366	40,132
28	285,116	131,006	154,110	30,676	40,845
29	686,890	129,696	557,193	35,393	257,716
30	1,060,632	128,399	932,232	39,805	459,465
31	1,220,496	127,115	1,093,381	41,871	545,906
32	1,351,959	125,844	1,226,114	43,627	617,024
33	1,376,172	124,586	1,251,587	44,209	630,316
<b>TOTAL:</b>	<b>\$11,790,916</b>	<b>\$4,883,467</b>	<b>\$6,907,449</b>	<b>\$646,190</b>	<b>\$2,893,070</b>
<b>NPV AT 6%</b>	<b>\$3,412,281</b>	<b>\$2,219,861</b>	<b>\$1,192,420</b>	<b>\$172,124</b>	<b>\$412,357</b>



Northgate Village  
 COST-BENEFIT ANALYSIS  
 PROJECT WITH TIF

YEAR	FOR FISHMEN LANDS IMP	EQUIVALENT ASSESSED VALUE	BASE SALES	ADDED SALES	REAL PROPERTY TAXES	CITY GENERAL 0.0025%	CITY PARK 0.0110%	CITY LIBRARY 0.0030%	CITY FISHMAN 0.0022%	COUNTY GENERAL 0.0012%	DISABILITIES 0.0110%	HEALTH 0.0060%	SENIOR 0.0040%	HEALTH BOARD 0.0030%	COLLEGE 0.0235%	SCHOOL 0.0588%	SALES TAXES	CITY GENERAL 1.000%	CITY TRANSPORT 0.500%	CITY GENERAL 0.500%	COUNTY GENERAL 0.150%	COUNTY JAIL 0.150%	COUNTY DISTRICT 0.170%	TOTAL TAXES
1	1,572,870	0	0	0	0	6,760	1,687	4,715	3,460	1,867	1,573	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	174,521
2	1,572,870	0	0	0	0	6,760	1,687	4,715	3,460	1,867	1,573	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	174,521
3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	1,572,870	3,225,040	0	0	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	174,521
6	1,572,870	6,516,326	0	750,000	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
7	1,572,870	6,680,679	0	755,576	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
8	1,572,870	6,845,032	0	761,131	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
9	1,572,870	7,009,385	0	766,686	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
10	1,572,870	7,173,738	0	772,241	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
11	1,572,870	7,338,091	0	777,796	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
12	1,572,870	7,502,444	0	783,351	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
13	1,572,870	7,666,797	0	788,906	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
14	1,572,870	7,831,150	0	794,461	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
15	1,572,870	7,995,503	0	800,016	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
16	1,572,870	8,159,856	0	805,571	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
17	1,572,870	8,324,209	0	811,126	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
18	1,572,870	8,488,562	0	816,681	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
19	1,572,870	8,652,915	0	822,236	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
20	1,572,870	8,817,268	0	827,791	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
21	1,572,870	8,981,621	0	833,346	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
22	1,572,870	9,145,974	0	838,901	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
23	1,572,870	9,310,327	0	844,456	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
24	1,572,870	9,474,680	0	850,011	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
25	1,572,870	9,639,033	0	855,566	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
26	1,572,870	9,803,386	0	861,121	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
27	1,572,870	9,967,739	0	866,676	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
28	1,572,870	10,132,092	0	872,231	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
29	1,572,870	10,296,445	0	877,786	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
30	1,572,870	10,460,798	0	883,341	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
31	1,572,870	10,625,151	0	888,896	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
32	1,572,870	10,789,504	0	894,451	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
33	1,572,870	10,953,857	0	900,006	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
34	1,572,870	11,118,210	0	905,561	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
35	1,572,870	11,282,563	0	911,116	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
36	1,572,870	11,446,916	0	916,671	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
37	1,572,870	11,611,269	0	922,226	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
38	1,572,870	11,775,622	0	927,781	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
39	1,572,870	11,940,000	0	933,336	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
40	1,572,870	12,104,380	0	938,891	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
41	1,572,870	12,268,760	0	944,446	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
42	1,572,870	12,433,140	0	950,001	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
43	1,572,870	12,597,520	0	955,556	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
44	1,572,870	12,761,900	0	961,111	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
45	1,572,870	12,926,280	0	966,666	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
46	1,572,870	13,090,660	0	972,221	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
47	1,572,870	13,255,040	0	977,776	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
48	1,572,870	13,419,420	0	983,331	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
49	1,572,870	13,583,800	0	988,886	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
50	1,572,870	13,748,180	0	994,441	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
51	1,572,870	13,912,560	0	1,000,000	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
52	1,572,870	14,076,940	0	1,005,555	0	6,760	1,687	4,719	3,460	1,867	1,873	15,147	7,849	1,573	38,727	92,839	0	0	0	0	0	0	0	182,333
53	1,572,870	14,241,3																						



**EXHIBIT B**

Exhibit 10 Revised June 2012

**ESTIMATED REDEVELOPMENT PROJECT COSTS**

**Northgate Apartments TIF Plan**

Revision 6.15.2012

<b>DEVELOPMENT COSTS</b>	<b>Original Budget Cost - City</b>	<b>Original Budget Cost - Developer &amp; Others</b>	<b>Amended Budget Cost - City</b>	<b>Amended Budget Cost - Developer &amp; Others</b>	<b>TIF Reimbursable Expense</b>
Land Acquisition	9,000,000		14,000,000		14,000,000
Resident Relocation	313,740		364,203		364,203
City Administrative & Legal Costs (1)	500,000		650,000		650,000
Building Demolition	1,957,121		3,047,991		3,047,991
Environmental Costs	0		28,475		28,475
Construction Management Fees	686,202		659,651		659,651
Essential Infrastructure (2)	5,523,130		8,100,000		8,100,000
Amenities (2)	1,390,675		1,390,675		1,390,675
<b>Developer &amp; Other</b>					
Townhouses		7,251,634		19,270,000	
Single Family		12,548,451		31,960,000	
Patio Homes		4,481,590		5,800,000	
Senior Apartments		10,904,355		12,835,954	
City View Apartments		24,949,452		23,953,446	
Commercial		1,795,002		9,208,172	
Additional Land Cost		1,008,992		1,008,992	
<b>TOTAL DEVELOPMENT COSTS</b>	<b>19,370,868</b>	<b>62,939,476</b>	<b>28,240,995</b>	<b>104,036,564</b>	<b>28,240,995</b>

(1) City Administrative & Legal to Date

(2) Some of these costs are yet to be incurred.

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## CITY OF NORTH KANSAS CITY MEMORANDUM

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**TO:** Mayor & City Council  
City Administrator

**FROM:** Michael B. Smith  
Assistant City Administrator

**DATE:** August 16, 2012

**RE:** Amendment of The Northgate Village TIF Plan

### **Background**

The Northgate Redevelopment project originated from the need to redevelop the area containing the former Northgate Village apartment complex. The then 666 unit, 50 year old apartment complex had deteriorated significantly. A plan was made to redevelop the property. The Northgate TIF Plan and Development Agreement were adopted on February 1<sup>st</sup>, 2000.

As a function of the plan and the agreement, the City took on a direct and extensive role in the Northgate project. The City took on the responsibility of acquiring the land, managing the former Northgate Apartments, relocating the residents, demolition of the apartments, installing the infrastructure, approving the development plans, selling the land to the developers, inspecting the construction, and administering the TIF plan.

With the City taking on the responsibility and the cost of the "pre-development activities" noted above, the City receives the TIF proceeds resulting from the project. The developers do not receive any of the proceeds from this TIF plan.

At this point, the City desires to amend the Northgate TIF Plan in two parts. First, to recognize a change to what was previously planned within the apartments project area. Second, to update the original 1999 estimates of expenditures and TIF proceeds (PILOTs & EATs).

### **Plan Amendment Part 1 - The Senior Apartments Phase 3 & Conventional Apartments Change**

As you are now well aware, we have already processed amendments to the Development Agreement, zoning, and re-platting resulting from this change. In

addition, at the last council meeting, the Council approved the sale of the two lots for both the Gardens and CityView projects. The last amendment necessary to fully authorize the change is this portion of the amendment to the TIF plan.

**Part 2 of Plan Amendment - Revised Estimates of TIF Proceeds & TIF Reimbursable Costs**

The second part of the amendment to the TIF Plan would be to update the estimates of TIF proceeds and estimate of TIF reimbursable project costs. Contained within the Plan are two exhibits relevant to this part of the amendment.

Exhibit 7 Amendment - Cost-Benefit Analysis, Estimated TIF Proceeds

Exhibit 7 is the lengthy cost-benefit analysis that shows the updated estimate of TIF proceeds throughout the life of the TIF plan. TIF proceeds are made up of two parts: Payment-In-Lieu-of Taxes (PILOTs) dealing with real estate taxes, and Economic Activity Taxes (EATs), which for our purposes are sales taxes. The essential point of the analysis are the revised estimates of TIF proceeds over the life of the TIF plan, which in this case is 33 years.

*Estimated TIF Proceeds*

	<b>1999 Adopted Plan</b>	<b>Estimated as of June 2012</b>
PILOT's	\$12,875,789	\$25,011,104
EAT's	\$2,582,761	\$1,526,152
Estimated TIF Proceeds	\$15,458,550	\$26,537,256

Exhibit 10 Amendment – Estimated Reimbursable Project Costs

Exhibit 10 of the adopted TIF plan identified the costs estimated to be funded by the City in carrying out its role in the TIF plan. The estimated total as noted in the original TIF plan was \$19,370,868. As of 2012, we now estimate the City's overall project cost to be \$28,240,995. The table below indicates how costs have changed over time.

	<b>TIF Plan - Exhibit 10- 11/12/99</b>	<b>As of June 2012</b>	<b>Estimated @ Completion</b>
Land Acquisition	\$9,000,000	\$14,000,000	\$14,000,000
Relocation of Residents Costs	\$313,740	\$364,203	\$364,203
TIF & Administrative Costs	\$500,000	\$533,003	\$650,000
Building Demolition	\$1,957,121	\$3,047,991	\$3,047,991
Environmental	\$0	\$28,475	\$28,475
Construction Management Fee	\$686,203	\$538,935	\$659,651
Essential Infrastructure	\$5,523,130	\$6,601,611	\$8,100,000
Amenities	\$1,390,675	\$945,389	\$1,390,675
	<b>\$19,370,869</b>	<b>\$26,059,607</b>	<b>\$28,240,995</b>

There are three primary reasons why the City's costs have increased since the adoption of the plan.

1. First and foremost was the final cost to purchase the property in 2000. As the TIF Plan was adopted prior to concluding the condemnation process, only an estimate of the cost could be used at that time. Further, it was prudent at that time to intentionally underestimate the cost so as not to weaken the City's position for the condemnation proceedings.
2. Second, the essential infrastructure amount increased by approximately \$2.5 million. The Development Agreement outlined a detailed budgeting process for the project. We continue to work within that budget methodology until infrastructure work is complete. The cost was further increased however due to the need to replace the water mains within the area and build a storm water detention system.
3. Third, demolition costs were \$1.1 million over the original estimate. In part, asbestos was found in locations previously inaccessible until demolition commenced.

### **Process of Amendment**

A public hearing is first conducted by the 11 member TIF Commission: 6 members from the city, 2 members from the county, 2 members from the school district, and 1 member that represents any other affected real estate taxing jurisdiction. The 11 member commission is required to conduct a public hearing and make a recommendation to the City Council as to the TIF plan amendments. Finally, the Council acts on amending the TIF Plan by ordinance.

The 11 member TIF commission held the public hearing on June 27<sup>th</sup> having followed all the notice requirements. After much discussion, the Commission

separated their recommendations on the two amendments. First, they unanimously recommended the first amendment, supporting an additional phase of senior apartments in an area previously designated for conventional market rate apartments.

Second, a majority (7 – 4) recommended the financial amendments (Exhibits 7 & 10) provided that representatives of the school district and city meet to see if there would be the possibility of negotiation within a 14 day period. A meeting was held with school district representatives on 7/26/12. Scheduling problems for both delayed our meeting from what was intended in the TIF commission's motion, but we did meet. In short, district representatives have been concerned that the original estimates were not "maximum reimbursements as is common in TIF projects in Kansas City.

At that meeting, district representatives suggested that they could be supportive of the cost reimbursement amendment if it were increased by \$5.0 million, rather than by the almost \$9.0 million increased amount indicated in Exhibit 10. This would equate to the additional cost of the property that resulted from the condemnation process. As city staff, without authorization from the Council, we could not commit to any particular outcome.

### **Conclusion**

At this point, the two amendments to the TIF Plan are now before the City Council for your consideration. The TIF statute requires the recommendation of the TIF Commission be provided to the City Council. An ordinance has been drafted for your consideration reflecting the recommendations of the TIF Commission.

You can choose to act on the TIF Commission recommendations ordinance or consider an alternative to the amendment if you wish. However, if you were to consider an alternative, additional notification to the taxing districts may be required before approving an alternative ordinance finalizing the amendment.

## Concluding Notes

1. With regard to the financial portion of the amendments, keep in mind all the figures are estimates. We won't know the final numbers until the TIF plan expires.
2. Taken together, the estimates of project costs and the estimate of TIF proceeds show that while the revised estimates have narrowed the gap between estimated project costs and estimated TIF proceeds current estimates still indicate a shortfall from the full reimbursement of the City's pre-development costs.

	1999 Adopted Plan	Estimated as of June 2012
Estimated Project Costs (Exhibit 10)	\$19,370,869	\$28,240,995
Estimated TIF Proceeds (Exhibit 7)		
PILOT's	\$12,875,789	\$25,011,104
EAT's	\$2,582,761	\$1,526,152
TIF Proceeds	\$15,458,550	\$26,537,256
Estimated Net TIF Reimbursement	(\$3,912,319)	(\$1,703,739)

In 1999, the City understood that it may not be able to recoup all of its pre-development expenses from TIF proceeds. However, it was seen as a long-term investment in the improvement of the City.

3. Actual TIF Proceeds as of June 2012

PILOT's	\$3,387,496
EAT's	<u>\$ 124,623</u>
Total	\$3,512,119
4. The 2012 update analysis suggests that:

Without the Northgate project, taxing jurisdictions are estimated to have received \$4.8 million over 33 years.

With the Northgate project, if completed according to current estimates, taxing jurisdictions are estimated to receive \$10.2 million over the life of the TIF plan (33 years)
5. About 65% of residential units are complete at this point. Just 1 commercial project – Ruby Tuesday.

## **TIF Notes In General**

PILOTs – *“the incremental increase in property taxes (the increment) above the property taxes generated by the property prior to redevelopment (the base).”*  
MMR, 5/2009

EATs – *“(50% of the) new Economic Activity Taxes generated from the redevelopment project through sales taxes, ...”* MMR, 5/2009

*Impacts to Taxpayers* - Neither the original TIF Plan, nor the amendment results in any additional tax impact to any taxpayer. Property owner’s tax payments will stay the same regardless of the presence of the TIF plan.

TIF does not abate property taxes – rather it re-directs them to TIF project costs.

TIF is limited to 23 years per TIF project. With Northgate, 15 TIF project areas were activated at different times over a 10 year period. Therefore, the overall TIF time frame in this case is 33 years.