

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

SEPTEMBER 13, 2010

Item 11, File #100549

File Number 100549 is a resolution authorizing the transfer and expenditure of \$240,000 from the Development Fund capital account for site preparation at the Bishop's Creek redevelopment project.

Background

1. On December 16, 2008, the Common Council adopted File No. 081070, a resolution creating Tax Incremental District No. 72 (Bishop's Creek), approving a project plan, development agreements and a cooperation agreement for this district, and authorizing expenditures for the district. TID No. 72 encompasses 65.6 acres in an area roughly bounded by 32nd and 38th Streets, Hampton Avenue and Congress Street. It includes the 5.2-acre former Kaiser Tannery site at 32nd and Hampton, which has been the focus of redevelopment efforts in the TID (building demolition, site remediation and construction of new affordable housing units).

2. The adopted project plan for the Bishop's Creek TID calls for tax incremental financing to fund the following activities and programs:

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| a. Installation of a new storm sewer in 32 nd Street to serve new development | \$150,000 |
| b. Financial assistance for demolition and remediation of the former Kaiser Tannery site on 32 nd and Hampton | \$335,000 |
| c. Financial assistance for construction of 55 units on new affordable housing on the Tannery site
City parking lots and at strategic locations | \$650,000 |
| d. Establishment of a forgivable loan pool for rehabilitation of existing homes located in the TID | \$300,000 |

	<u>Administration</u>	<u>\$150,000</u>
TOTAL PROJECT COSTS		\$1,585,000

3. Bishop's Creek Community Development Corporation, the organization carrying out the sewer improvement project and the demolition and site remediation components of the project plan, now anticipates extraordinary site preparation costs far in excess of the \$335,000 provided by the TID.

4. The DCD Development Fund provides capital funding to complement and support a wide variety of private economic development projects and activities to encourage growth of the City's tax base. The Development Fund has been used to support façade improvement grants and loans, streetscaping projects, RiverWalk development, job training loans/grants and brownfield clean-up projects. In 2009, \$550,000 was appropriated from the Development Fund for brownfields redevelopment.
6. The 2008 and 2009 City budgets each provided \$1.8 million for the Development Fund. The adopted 2010 Budget includes \$1,050,000.

Discussion

1. This resolution directs the City Comptroller to transfer \$240,000 from the Development Fund parent capital account to a project subaccount for funding site preparation and improvements in the Bishop's Creek redevelopment project area.
2. The amount of this appropriation -- \$240,000 -- is based on a detailed cost estimate submitted by B.B. Service Co. (\$241,200).
3. Use of these funds for development site remediation and preparation is consistent with the purpose and past use of the Development Fund.
4. The resolution also authorizes the Commissioner of City Development to enter into a cooperation agreement with Bishop's Creek Community Development Corporation to carry out the site work funded by this appropriation.

Fiscal Impact

1. The current balance in the Development Fund is \$1,373,637.
2. This resolution authorizes a fund transfer and expenditures totaling \$240,000, which will reduce the balance in the Development Fund to \$1,133,637.

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