



Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: June 3, 2019

Re: Somerset Village Development Agreement Amendment #1 and Intergovernmental Cooperation Agreement Authorization

Executive Summary

Approval of the attached ordinance will amend the March 2015 Development Agreement for Somerset Village and authorize the Interim City Manager to enter into an Intergovernmental Cooperation Agreement with St. Charles Road Development, LLC (SCRD) as contemplated in Exhibit F of the 2015 Development Agreement (Ord # 22373).

Discussion

Somerset Village is a mixed-use (commercial and residential) development located north of St. Charles Road and generally west of Battle Avenue in northeast Columbia. The development was annexed into the City and zoned a combination of R-1, C-P and O-P (now PD) in March 2015 by Ordinance #22373.

As a component of the annexation and permanent zoning, St. Charles Road Development, LLC (SCRD)(owner) entered into a comprehensive Development Agreement with the City of Columbia. The Development Agreement addresses on-site and off-site infrastructure needs, includes improvement triggers, development credits, and regional transportation funding strategies (i.e. the establishment of a TDD).

Since 2015, development of Somerset Village has been limited to single-family residential homes on Tract 1 of the overall project acreage. A recent 6.64 acre purchase contract between SCRDR and the University of Missouri at the southwest corner of Battle Avenue and St. Charles Road (Tract 4) has prompted the requested amendments to the Development Agreement.

The purpose of the amendments is to provide clarity regarding to the University's obligations to comply with the approved Development Agreement provisions and to establish procedures providing for the tracking and allocation transportation infrastructure credits to proposed construction within the overall Somerset Village development. The revisions are described below.

1. Creation of a new paragraph entitled "*Application of the Agreement to University of Missouri*". This paragraph acknowledges that the City recognizes the University considers itself exempt from the requirements of the City's Building and Zoning Codes and is also exempt from property or sales taxes. The proposed revision specifies the University will not be subject to the City's building and zoning regulations or processes with the exception of constructing a north-south access road through the property it



City of Columbia

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may purchase. The exception will only be in place on property the University owns and will terminate if the University were to transfer a portion of the property to a non-University entity.

2. Revision to the terms pertaining to the "Owner's Funding Obligation" to pay Building Permit Special Assessments to fund TDD projects. The revision provides clarification that the University shall not be required to obtain certificates of occupancy or pay TDD special assessment for any real property it may acquire within Somerset Village. The exemption; however, would terminate should the University transfer a portion of the property to a non-University entity.
3. Establishment of a credit tracking spreadsheet, credit allocation procedure, and affirmation of credit reduction. The 2015 Development Agreement provided SCRD with a transportation improvement credit of \$2,179,825 of which \$1,093,331.25 was allocated to the 209 single-family units located on tract 1 of the development. The Development Agreement; however, was ambiguous as to the procedure that would be used to allocate and track how the remaining credits (\$1,086,493.75) were to be applied future development within the other Development Tracts 2-5.

To address the issue of tracking the credits, this revision obligates SCRD to create a spreadsheet showing the current credit allocations and credit balance, within 10 days of amendment approval, and provide said spreadsheet to the City's Building and Site Development (BSD) Division. The spreadsheet shall be updated by the Owner or its designee with each subsequent building permit submission for development upon any tract within Somerset Village. The spreadsheet shall be used to ensure credits are being deducted as development progresses.

To address how credits will be calculated and allocated, the revision specifies that such calculation and allocation shall be based upon the total amount of each corresponding unit of measurement (i.e unit, square foot, student) shown in **Exhibit B** of the Development Agreement. Allocation of "partial" credits will not be permitted to proposed construction; however, a "partial" credit may be granted at the time proposed construction exceeds the available credit balance and the Owner or their designee pays the remaining balance of the special assessment. This provision guarantees that the reduction in credits is equal to the forgone special assessment revenue and that the City retains a method by which it can recapture remaining special assessment revenue once all credits are fully expended.

Finally, this revision affirms SCRD's proposal, presented in the attached correspondence, to allocate credits to off-set the special assessment revenue forgone for the University portion of Subject Property. The allocated credits would be at a rate of \$6.81 per square foot of the proposed MU construction on their portion of the Subject Property. The anticipated reduction in available transportation infrastructure credits would be no less than \$170, 250 and may be reduced more based on the final



square footage of the proposed medical facility as shown on the final architectural plans.

The proposed revisions to the 2015 Development Agreement have been prepared to address a unique opportunity to facilitate the sale of acreage within Somerset Village not contemplated when the agreement was originally executed. Additionally, the revisions address technical issues associated with the tracking and allocation of credits afforded to SCRD as part of the approved Development Agreement. Furthermore, the revisions enhance the opportunity for greater transparency in the administration of the agreement as a whole.

While revisions one and two would grant waiver of compliance with established UDC development requirements, the proposed user would be the University of Missouri and the revisions are narrowly tailored to the University's potential ownership of land within the Subject Property. Given the University's acknowledged exemption status from both City code and taxation, withholding approval of the requested revisions may impede the ability to accommodate quality development within Somerset Village and address broader community needs.

Revision three, while related to revisions one and two, are generally for the benefit of the City in its administration of the Development Agreement's provisions. Furthermore, revision three affirms SCRD's commitment to reduce its credit balance to off-set the loss of special assessment revenue associated with the portion of the Subject Property the University has under purchase contract.

Given that the City has acknowledged the University is not subject to the payment of the special assessments due to its exempt status, staff believes that SCRD's affirmation to reduce its available credit balance by an amount equal to the special assessment is an equitable exchange. Staff supports the construction of a medical center on the subject property as it may become the catalyst project for additional tax-contributing developments in the future.

In addition to the three Development Agreement revisions, the attached ordinance seeks to have the Interim City Manager provided authorization to execute the required Intergovernmental Cooperation Agreement (IGA) between the City and St. Charles Road Development, LLC.

The Intergovernmental Cooperation Agreement is necessary to ensure that sales taxes generated from sale tax-generating commercial business to be built in the future can be properly deposited for future transportation projects identified in the 2012 Traffic Study. The form of the attached Intergovernmental Cooperation Agreement is generally consistent with that shown in Exhibit F of the 2015 Development Agreement.

It should be noted that building permit fees and development charges are paid at the regular rate (other than for University-owned property) and nothing in the development agreement relieves the owner of that obligation.



Copies of the First Amendment to the Development Agreement, Intergovernmental Cooperation Agreement, and correspondence from the applicant are attached for review.

Fiscal Impact

Short-Term Impact: None. Infrastructure to serve the development is required to be installed by the owner pursuant to the 2015 Development Agreement.

Long-Term Impact: The costs of providing standard municipal services to a mixed-use development such as police, fire, trash collection, and infrastructure maintenance. This costs may be off-set by user fees, property taxes, and TDD revenues.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Infrastructure, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Land Use & Growth Management, Secondary Impact: Infrastructure, Tertiary Impact: Economic Development

Legislative History

Date	Action
3-2-15	Approved Annexation, Zoning, and Development Agreement for Somerset Village (Ord. #22373)

Suggested Council Action

Approve Amendment #1 to the 2015 Development Agreement for Somerset Village and authorize the Interim City Manager to execute the required Intergovernmental Cooperation Agreement (IGA) between the City of Columbia and St. Charles Road Development, LLC as required by the St. Charles Road Transportation Development District's establishment.