

**TIF District/Project Status Report**  
**Fiscal Year Ending June 30, 2013**  
(Pursuant to WV Code 7-11B-15)

Municipality: City of Morgantown  
389 Spruce Street  
Morgantown, WV 26505

Contact: Jeff Mikorski, City Manager  
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District: District No. 1 - Falling Run Development  
Project: Project No.1 - The Square at Falling Run

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|--|---------------|
| 1) Aggregate amount and amount by source of revenue  |               |
| Property taxes - current   | \$ 91,541.05  |
| Property taxes - prior year  | 28,107.83     |
| Interest and penalties on taxes  | 671.74        |
| PILOT  | 120,000.00    |
| Interest on deposits   | <u>2.08</u>   |
|  | \$ 240,322.70 |
| 2) Amount and purpose of expenditures  | Attachment 1  |
| 3) Amount of any pledge of revenues, including principal and interest on any outstanding tax increment financing indebtedness:           | Attachment 2  |
| 4) Base-assessed value of the development/redevelopment project area:  | \$ 6,922,430  |
| 5) Assessed value for the current year of the taxable property having a tax situs in the development/redevelopment project area:         | \$ 14,721,117 |
| 6) Assessed value added to base-assessed value of the taxable property having a tax situs in the development/redevelopment project area: | \$ 7,798,687  |
| 7) Payments made in lieu of taxes received and expended:   | \$ 120,000    |
| 8) Contracts made incidental to the implementation and furtherance of a development/redevelopment project:                               | None          |
| 9) Copy of any development/redevelopment plan, including required findings and cost-benefit analysis:                                    | Attachment 3  |

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|--|---------------|
| 10) Cost of any property acquired, disposed of, rehabilitated, reconstructed, repaired, or remodeled:  | \$ 0          |
| 11) Number of parcels of land acquired by or through the initiation of eminent domain proceedings:   | None          |
| 12) Number and types of jobs projected by the project developer to be created, estimated annualized wages and benefits to be paid to persons filling those jobs: | Attachment 4  |
| 13) Number, type and duration of jobs created and annualized wages and benefits paid:  | Not Available |
| 14) Amount of disbursements from the tax increment financing fund during the most recently completed fiscal year:  | \$ 240,320.50 |
| 15) Annual statement showing payments made in lieu of taxes received and expended during the fiscal year:  | None          |
| 16) Status of the development/redevelopment project:   | Attachment 5  |
| 17) Amount of outstanding tax increment financing obligations:   | \$ 2,860,000  |
| 18) Additional information:  | None          |

I hereby certify that the information contained in this report, including all attachments, is true and accurate to the best of my knowledge.

9/24/13  
Date

  
Jeff Mikorski, City Manager

2) Amount and purpose of expenditures:

TIF FUND:

Transferred to Debt Service Fund	<u>\$ 240,320.50</u>
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SERIES 2007 A BOND FUNDS:

Debt Service - Interest	\$ 122,937.50
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Debt Service – Principal	\$ 140,000.00
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Administrative Fees	<u>\$ 3,006.25</u>
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	<u>\$ 265,943.75</u>
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- 3) Amount of any pledge of revenues, including principal and interest on any outstanding tax increment financing indebtedness:

**\$3,000,000 Tax Increment Revenue Bond, Series 2007 A:**

Issue date:	October 5, 2007
Interest Rate:	2.50%, per annum from 12/2/12 through 6/1/14 3.50%, per annum from 6/2/14 – 6/1/17 5.69%, per annum thereafter payable semi-annually
Maturity	June 1, 2033
Registered Owner:	First United Bank & Trust

SECTION II.

PROJECT INFORMATION

**A. DETAILED DESCRIPTION OF PROJECT**

The TIF District

The TIF District was created on December 16, 2003, through an ordinance adopted by the City to eliminate blight in an aging, decrepit portion of the city. The TIF District enwraps an area designated as blighted since the 1960 census. The boundaries of the amended TIF District would remain unchanged from the originally approved and established TIF District, being the 74-acres located in the Falling Run watershed lying roughly between State Route 705 (to the east) and University Avenue (to the west); Stewart Street (to the north) and College Avenue (to the south). The proposed amendment to the TIF District would reset the Base Assessed Value (the assessed value of the real and personal property within the TIF District) from July 1, 2002 to July 1, 2006. The amendment would extend the potential life of the TIF District by approximately four years and allow the City to fund additional needed public infrastructure within the TIF District. The Base Assessed Value as of July 1, 2002 was \$6,960,734, and as of July 1, 2006 was \$7,091,803 as provided by the County Assessor. Over the past three years, the Developer has worked diligently to iteratively refine the complex urban-infill development.

The Square at Falling Run ("SFR") Master Plan is the result of five years of cooperative and collaborative efforts between the municipality and the Developer coupled with attendant research, evaluation, studies, and iterative refinements. Nested centrally within the TIF District, The SFR Master Plan transforms approximately 30 contiguous acres of blighted properties and undeveloped parcels inside the city limits of Morgantown into a coordinated, self-contained, mixed-use, urban-infill community conforming to the architectural tenets of "new urbanism" and "smart growth." Coinciding with the City's enduring vision to establish high-density residential living close to the downtown WVU campus, the Master Plan delivers a full range of housing options to 2,100 new residents, a means to alleviate pressure from the area's growing population. The growing and geographically expanding population is the origin of the twin nemesis bedeviling the metropolitan area -- (1) urban sprawl -- unregulated, unplanned residential housing growth outside the city generating increased vehicular traffic demands as well as other service demands on inadequate infrastructure, and (2) urban blight -- persistent conversion of single-family owner-occupied dwellings to meet the voracious appetite of a highly transient population's demand for rental housing has caused, over time, growing tracts of dilapidated structures on unkempt lots -- insidiously undermining and then destroying the municipality's traditional neighborhoods.

With an anticipated total investment of \$300 million over a 10 year development period, The SFR Master Plan will create a cohesive community where new municipal residents will live, work, play, and study in a revitalized core of a formerly blighted area of Morgantown and thereby provide a model for future urban revitalization. The Master Plan includes approximately \$70 million in various proposed public infrastructure projects: a high-volume vehicular and pedestrian trunk line into the heart of the city, upgrades to existing roadways, enhance capacity storm water lines, upgraded water lines, new environmentally compliant sewer lines, pedestrian trails, enhanced vehicle parking facilities, and other utility upgrades.

The Master Plan includes \$230 million in private investment, of which a \$26 million residential facility is now under construction, a \$25 million adjacent residential complex is on the drawing boards, and a \$10 million parking structure is ready to be put under contract. The Master Plan calls for 200,000 sq ft of commercial space, 150,000 sq ft of retail space, 1092 units of residential housing, and 420,000 sq ft of structured parking space.

### **The TIF Project**

A TIF Project Plan was originally approved on December 16, 2003 to pay for a portion of the costs of the construction and equipping of a centrally located parking garage and related public infrastructure improvements (i.e., roads, water and sewer). Subsequent pre-construction studies and efforts have revealed the extent of the inadequate and dysfunctional 1930's-era infrastructure.

The City proposes to amend the current TIF Project Plan to develop certain projects (the "TIF Projects") within the TIF District, which projects may be constructed in several phases, and are expected to include all or some of the following: water lines, storm water culverts and facilities, sewer lines, road improvements, land and right-of-way acquisition, demolition and site preparation necessary for and incidental to the construction/installation of public improvements, pedestrian ways, other underground utilities, lighting and related infrastructure, and proper reimbursement of public infrastructure costs previously incurred as part of the original TIF Project Plan, together with costs of forming the TIF District and preparation of the TIF Project Plan. See Section II.C and Section II.D for additional detail.

### **Tax Increment Financing Obligations**

To finance the TIF Projects, the City proposes to issue tax increment revenue bonds or other obligations (the "TIF Obligations") in an amount **not to exceed \$12,000,000**, with maturities not to exceed 30 years from the date of the amendment of the TIF District. Such obligations may be issued from time to time in one or more series. Proceeds of the TIF Obligations are generally planned to be used to (i) finance a portion of the costs of the TIF Projects, including architectural, engineering, consulting, legal and other professional fees and expenses; (ii) fund reserves for the obligations; (iii) fund capitalized interest on the obligations, and (iv) pay costs of issuance of the obligations and related costs. To the extent that surplus tax increment funds are available, portions of the TIF Projects may be financed directly with such surplus. See Section II.E for more detailed financing information and Section II.G for additional information on the proposed TIF Obligations.

**D. ESTIMATED BREAKDOWN OF PROJECT COSTS\***

The Estimated Breakdowns of Project Costs below are anticipated to be fully financed from tax increment revenue bonds ("TIF Bonds") and from Pay-As-You-Go funds from the TIF Fund. See Section II.G – Tax Increment Obligations and Section II.E – Financing for more detailed information.

	<b>TOTAL*</b>	<u>Proposed Financing Method</u>
1. Capital Costs	\$ - 0 -	
2. Financing Costs	\$ 600,000	TIF Bonds
3. Professional Services	\$ 1,800,000	TIF Bonds
4. Related Real Property and Easements	\$ 950,000	TIF Bonds
5. Relocation Costs	\$ - 0 -	
6. Environmental Impact Studies	\$ 195,000	TIF Bonds
7. Public Information	\$ - 0 -	
8. Public Site & Infrastructure Improvements	\$ 6,447,330	TIF Bonds
9. TIF Bonds Capitalized Interest	\$ 987,980	TIF Bonds
10. TIF Bonds Reserve Funds	\$ 1,019,690	TIF Bonds
<b>Total Project Cost:</b>	<b>\$ 12,000,000</b>	

\*Notes to Items 1 through 10:

- 2) Estimated Financing Costs for the TIF Bonds as provided in Section II.G
- 3) Estimated Professional Services are costs incurred to establish the TIF District, the additional studies and analyses to iteratively refine and adapt the TIF Project Plan to realities imposed by the complexity of the urban infill project, and the on-going costs for the professionals executing the public portion of development within the TIF Project Plan. Estimated costs include: Contract Management of \$210,000 (Roadways, Sewer, Storm water, Water, Hard-scape); Design & Engineering of \$140,000 (Roadways, Sewer, Storm water, Water, Hard-scape); Market, Traffic, Environmental studies of \$290,000 (Robert Charles Lesser, Greenhome O'Mara, Allegheny, Lloyd French, CTL, Alpha Associates, Ecotune); Professional Consulting of \$650,000 (HKS, RTKL, SPPRE, Stainback & associates, Clark Construction, Turner Construction, Dominion Construction, Burt Hill, Potomac Professional Services); Legal Fees & Admin Costs of \$590,000 (Bowles Rice, Steptoe & Johnson, Spilman Thomas, Baker & Armistead).
- 4) Related Real Property and Easements acquisition estimate addresses the need for parcels and easements for replacing public infrastructure and providing for civic facilities or spaces within the Project Plan Area. Actual costs will be determined both by the needs of public entities (MUB, WVDOH, MPO, City, and Public Utilities) and by third party appraisals. A map is provided in Attachment 2 depicting potential real estate parcels and easements within the TIF District to be acquired for necessary upgrading of service lines or routes by MUB, WVDOH, MPO, the City, or publicly-regulated utilities (gas, electric, telephone, cable).
- 6) The primary orientation of the environmental work involves the Falling Run streambed. Actual costs are yet to be determined, but are estimated at \$195,000. A series of environmental studies and remediation efforts are an integral part of development in the TIF District. The primary environmental consideration relates to Falling Run, a 6,000 foot long streambed traversing the TIF District along its entire long axis. The agencies involved in the studies and remediation effort include The Army Corps of Engineers (Pittsburgh District Office), WVDNR, WVDEP, and MUB. Firms involved in the effort include, but are not limited to, Alpha Associates, CTL, and Ecotune
- 8) The estimated amount of \$6,447,330 may be as high as \$8,500,000 (see Section II.C for a breakdown of possible Public Improvement costs), if other cost items in the above chart (#2, #3, #4, #6, #9 and #10) are reduced or not funded from TIF.
- 9) Estimated Capitalized Interest on the TIF Bonds as provided in Section II.G
- 10) Estimated Reserve Funds for the TIF Bonds as provided in Section II.G

**Section 5. Job Creation Information**

This section needs to be completed only if the project will create new jobs. The Square at Falling Run will generate a significant number of temporary construction jobs as well as a number of full time jobs. The Full-Time equivalents listed below represent the Construction and building related jobs in the years 1 and 2, and year 3 represents jobs created to maintain and operate the facilities.

**A. FULLTIME OR FULLTIME EQUIVALENTS (FTE) TO BE CREATED**

CATEGORY	Number of FTE Employees for the West Virginia Project after				SALARY/WAGE RANGE	HEALTH BENEFITS Yes or No
	Current	1 YR.	2 YR.	3 YR.		
Professional	0	25	51	123	\$40-\$55K	Yes
Clerical & Admin.	0	34	36	212	\$25-\$35K	Yes
Skilled	5	896	923	75	\$20-\$30K	Yes
Semi-Skilled	0	749	770	285	\$17-\$25K	Yes
Unskilled	0	498	4222	128	\$17-\$25K	Yes
<b>TOTAL</b>	<b>0</b>	<b>2202</b>	<b>2202</b>	<b>823</b>		

**B. DESCRIBE BENEFIT PACKAGES**

The Square at Falling Run, LLC. Commits to the Committee that our benefit package will be competitive with benefit packages offered by similar projects.

**C. IF APPLICABLE, EXPLAIN HOW THE PROJECT WILL RETAIN EXISTING JOBS**

NOT APPLICABLE

16) Status of the development/redevelopment project:

Property acquisition and demolition of all housing units within the project area have taken place with funding from a West Virginia Economic Development Grant. All construction projects paid with TIF funding, including the replacement of storm water lines and replacement of the Falling Run roadway are 100% complete.