

**CITY COUNCIL
CITY OF RICHMOND HEIGHTS,
MISSOURI**

SPECIAL COUNCIL MEETING, July 2, 2008

A Special Council meeting of the City Council of the City of Richmond Heights, Missouri was held on Wednesday, July 2, 2008 at 7:00 P.M. in the City Hall Council Chambers, 1330 S. Big Bend Boulevard. Present were Mayor James J. Beck, Council Members Ed Notter, Gina Mitten, Mike Jones, Paul Lore, Camille Greenwald, Connie Williams, and Jim Thomson. Tim Gallagher was necessarily absent. Also present was Amy Hamilton, City Manager and City Attorney, Ken Heinz.

ANNOUNCEMENTS

Mr. Thomson stated the meeting for District 2 residents will be July 19 at the Masonry Institute at 1429 S. Big Bend Boulevard. Mr. Thomson stated that signs will be posted notifying residents of that area of the meetings.

Mr. Thomson also stated that a combination of the City's Park's and City service's departments, along with Garden Heights' Nursery and City residents helped to beautify the area from City Hall to Bruno as planters were set and filled with beautiful flowers. Mr. Thomson named Debbie Tolstoy, Cheryl Robinson, Ed Schmidt, Stacey Haynes, Deeni Huber, and Christa and Mary from the Garden Heights all participated in the project.

CITIZEN'S COMMENTS NO. 1

Steve Findley-7472 Flora Avenue-Maplewood-stated he was the MRH School District Board President and told the Council the Board had met with Michelson and reported that they had negotiated a new agreement with them, and one that is reasonable and acceptable to both parties involved due to the changes in the Hadley Redevelopment Agreement.

APPROVAL OF MINUTES

**June 16, 2008
Regular Meeting**

Ms. Mitten moved, Ms. Williams seconded, a motion for the approval of minutes of the Regular Meeting of June 16, 2008. Carried unanimously.

CITY MANAGER'S REPORT

**Conditional Use Permit No. 2008-04
2200 S. Big Bend Boulevard/Gas Station**

**Conditional Use Permit/2008-05
Applebee's Restaurant-6734 Clayton Road**

Ms. Hamilton stated that both these C.U.P.'s were for change in ownerships and had been reviewed and approved by the Plan & Zoning Commission at their meeting June 19, 2008. Ms. Hamilton asked if they wished to call up these items for review.

Council indicated they would approve these two C.U.P's as submitted.

Hadley Township Area Zoning Update

Ms. Hamilton reviewed information as it related to the Hadley Township Area Zoning which has been before Plan and Zoning Commission and is to be presented for a Preliminary Plan at the P & Z meeting in July.

Ms. Mitten asked why the Council was just finding out now about what she considered significant changes regarding the residential component.

Tim Berry of Michelson spoke to the Council and reviewed the changes in the residential component and referred to several meetings held with the Plan and Zoning Commission regarding the Plan.

Mr. Berry stated approximately 3 acres were taken out of residential and moved to retail to accommodate a possible tenant who could not go into the project with out the larger area. He stated, there was also a need for more parking in the retail area as based on a traffic study and feedback from Staff and Plan and Zoning Commission.

Mr. Berry also stated there were some recommended changes that came from the Plan & Zoning Commission, such as alley access, wider streets, garage in back, and MSD issues, plus information from McBride & Sons Homes who had specific home designs they felt would be the best economic fit for the area. Mr. Berry said the size of homes and lots, etc. necessitated modification of the Plan. Mr. Berry also stated that some of the plans need refinement and only recently, within the last three weeks, were some changes firmed up. Mr. Berry stated that today's economic environment also dictated some of the changes.

Ms. Mitten asked why no notification was given to the Council when Mr. Berry attended a meeting before the Council on June 16 and asked why Mr.

Berry did not speak to the 25% reduction in residential development on that occasion.

Mr. Berry said he had no answer to that question.

Ms. Mitten stated she felt this was a major adjustment to a development agreement that was negotiated two years ago, and stated it was inconceivable to her that the Council is just finding out 10-12 days before they were supposed to vote on an Amendment, that the project was incurring a 25% modification on the housing component.

Mr. Berry stated the Amendment was designed to come to a compromise to aid the residents with regard to payment to owner-occupied residences in the development and to move the project forward. Mr. Berry stated in normal economic times, he felt perhaps there would be more time to react to changes, but this situation today, that option wasn't available and he expressed his apology for short delivery of the information.

Mr. Thomson asked how many units were lost due to the extra acreage given over to the retail component.

Mr. Berry stated it worked out to about 25 units lost there, as McBride and Sons stated that with their business model, they could not build fewer than 19 units of that type of homes due to method of construction, etc. Mr. Berry stated that McBride also said that the bigger homes planned required bigger lots and had more value, but noted that they tried to maintain the finished redevelopment value.

Ms. Greenwald said she shared Councilmember Mitten's concerns, and stated she wondered what other surprises might be coming and asked if the retail component that needed the three acres did not come in place, would that land be returned to the residential component?

Mr. Berry stated he did not know, saying it might be possible, noting that market issues may determine that. Mr. Berry stated that McBride was comfortable with their residential marketing plan, but stated he could not speak to any additions due to the current housing market conditions.

Mr. Berry stated that McBride went to more single family homes when it was determined it was not viable for them to build the duplexes throughout the project.

Mr. Lore asked if there would be another Amendment due to the significant change to the Plan.

Ms. Hamilton stated the Redevelopment Agreement does call for a specified number of homes (71 detached & 82 unattached single family homes) so, yes, there would be another Amendment needed with this reduction.

**CITY ATTORNEY'S REPORT
(Delayed to later in meeting)**

BILLS PREVIOUSLY INTRODUCED

**Bill No. 5211; second reading
Amends Ord. No. 4788, the Municipal Code, by
Adding new Chapter 243; Stream Buffer Protection**

Ms. Mitten moved, Ms. Greenwald seconded, a motion for the second reading of Bill No. 5211. Carried unanimously. Bill No. 5211 was presented and read.

AN ORDINANCE AMENDING ORDINANCE NO. 4788, THE MUNICIPAL CODE OF THE CITY OF RICHMOND HEIGHTS, MISSOURI, BY ADDING NEW CHAPTER 243; STREAM BUFFER PROTECTION.

Mayor Beck asked for a vote of approval of Bill No. 5211. AYES: Mr. Lore, Mr. Thomson, Ms. Greenwald, Mr. Jones, Ms. Mitten, Mr. Notter, Ms. Williams, and Mayor Beck. NAYS: None.

Mayor Beck declared Bill No. 5211, approved.

**Bill No. 5212; second reading
Amends the Hadley Township Redevelopment Plan and
authorizes the execution of a Second Amendment to Redevelopment
Agreement with Michelson-Hadley Heights Development, LLC.**

Ms. Greenwald moved, Ms. Williams seconded, a motion for the second reading of Bill No. 5212. Carried unanimously.

AN ORDINANCE OF THE CITY OF RICHMOND HEIGHTS, MISSOURI, AMENDING THE HADLEY TOWNSHIP REDEVELOPMENT PLAN AND AUTHORIZING THE EXECUTION OF A SECOND AMENDMENT TO REDEVELOPMENT AGREEMENT WITH MICHELSON-HADLEY HEIGHTS DEVELOPMENT, LLC.

Mr. Lore commented that if the development does not go through, is there any forfeit by the developer of the TIF benefits for the northern section.

Ms. Hamilton stated that it would not be attached to the South area with this

amendment.

Mark Grimm, counsel to the City on the Hadley Project reported that once one phase has been completed, the actions or inactions on subsequent phases have no impact on the completed phase.

James Mello, counsel for the Michelson Group stated that to do the northern phase, Michelson has to close on the owner-occupied properties throughout the entire area, which is a substantial outlay of funds to do so. Mr. Mello stated that if the southern area is not completed, there is a consequence in terms of the pro-forma of the project to recover those particular costs.

Mr. Lore asked if another amendment is required, could the Council re-visit this issue again, i.e., the TIF benefits for the northern area.

Mr. Mello stated that would not be revisited, as Michelson was going to go forward with the northern portion and are going to want to issue the TIF obligations and could not allow them to be canceled at a later date.

Mr. Mello stated that if there are any misgivings about the structure of this Second Amendment, he recommended the Council not voting for the Second Amendment, because he did not want anyone to misunderstand, noting that this was critical to buying out the owner-occupied properties in the area. Mr. Mello noted that this did include those under condemnation or in litigation.

Mark Grimm compared The Boulevard and its Phase I and Phase 2 transactions where they had to have all the owner-occupied acquired before they could move forward.

Ms. Mitten asked how the Cost Benefit Analysis was arrived at, did it incorporate the changes to the Development, i.e. did the TIF amounts change? Ms. Mitten stated her calculations, using the conception of the 25% decrease in value due to reduction in the residential side, seemed to indicate a comparable drop in value, which may therefore be a corresponding ability to repay the TIF as was originally calculated with the larger amount of homes.

Mike Sorth, City consultant from Piper Jaffray, but noted that when he took the two different models, comparing the modified residential and the old, they came up with a payoff about 1 year difference or a year longer, assuming the whole project is completed.

Mr. Heinz noted that the residential housing portion of the development is a small component being paid in to the TIF vs. the retail portion.

Mr. Mello stated that Michelson would be at a severe risk if they only built the northern phase and the residential, noting that the residential does not support

the payoff of the TIF.

Mr. Sorth gave a projection that from the taxing jurisdictions' point of view, the worst case scenario is that what is ever is built at that site, isn't sufficient to pay off the debt within the 23 years, there is no liability for the City beyond the 23 years, but the City would have given up the revenue for the full 23 years.

Mr. Sorth stated that the figures calculated including the changes, including the revised commercial component, still show the plan paying off within the 23 years.

Mr. Lore noted that if the City passes this Ordinance tonight, it appears that the City loses the leverage the City had on the housing component, i.e., the number of homes.

Mayor Beck stated this is what McBride says what it will be able to build and the type of homes that will be able to be sold in this market.

Mr. Heinz stated that from a timing perspective, this Ordinance does not become effective for 31 days, and the Agreement would not be signed then, so he hoped the expectation will be resolved as to whether to allow the larger or smaller housing units.

Mr. Lore asked if this Ordinance could be repealed in the next 31 days.

Mr. Heinz agreed that, yes, that could be done.

Mr. Mello stated that it is planned that there will be another amendment to come before the Council prior to August 29 which will incorporate the subsequent change to the Redevelopment Agreement on the number of housing units, which is after a review by the Plan and Zoning Commission.

Mr. Mello stated that if the Council chooses not to approve that Third Amendment and that Ordinance, the Redevelopment Agreement that is being considered tonight for adoption and if passed, could remain in effect, but Mr. Mello assured the Council that Michelson would not go forward with the notice to the property owners scheduled for August 29 because the property would not be feasible at that point.

Mr. Mello stated you do still have time to consider whether you want to accept the reduction in number of housing units and change in the Plan. Mr. Mello stated that if you choose not to go along with change in the Plan and did not approve the subsequent Amendment, he explained that their ability to proceed with McBride and with that site plan would absolutely be critical to our ability to give the Notice on August 29 that the property owners in that

area want.

Mr. Mello stated that he did not want any misunderstanding; stating that if we go through this Amendment tonight (approves notices given to close on properties) and we don't have an approved site plan by August 22 that is satisfactory to McBride builders, these critical components affect allowing them to move forward.

Mr. Lore stated it was still difficult for the Council to have something thrown into the mix at the last minute until there was a chance to discuss it. Mr. Lore stated that if they had more time to discuss this, perhaps there would not have been this discussion now.

Mr. Mello stated that he respected that concern, but said he did not want to imply that the Council did not have a choice to approve or not approve the Amendment that would allow for the revised site plan, but wanted to be clear that if we cannot come to an agreement on a site plan satisfactory to McBride, then our ability to go forward on August 29 to pay off the residents, is fatally impaired. Mr. Mello stated he wanted to be clear.

Mr. Thomson stated he wished these issues had been brought to the Council so there had been more time to talk about them, but this appears this is the best we have.

Mr. Lore stated that he wasn't prepared to make that commitment at this time.

B5212; Vote of Approval

Mayor Beck asked for a vote of approval of Bill No. 5212. AYES: Ms. Williams, Mr. Lore, Mr. Thomson, Mr. Jones, Mr. Notter and Mayor Beck. NAYS: None. ABSTAIN: Ms. Greenwald, Ms. Mitten (declared not enough time or information to decide).

Mayor Beck declared Bill No. 5212 passed, 6-0 with 2 abstentions.

Bill No. 5213; second reading Approves an additional relocation benefit For homeowners residing in the Hadley Township Redevelopment Area RPA 1 as Defined by the Redevelopment Plan.

Ms. Mitten moved, Mr. Thomson seconded, a motion for the second reading of Bill No. 5213. Carried unanimously. Bill No. 5213 was presented and read.

AN ORDINANCE OF THE CITY OF RICHMOND HEIGHTS, MISSOURI, APPROVING AN ADDITIONAL RELOCATION BENEFIT FOR HOMEOWNERS RESIDING IN THE HADLEY TOWNSHIP REDEVELOPMENT AREA RPA 1 AS DEFINED BY THE REDEVELOPMENT PLAN.

Mayor Beck asked for a vote of approval of Bill No. 5213: AYES: Ms. Williams, Mr. Lore, Mr. Thomson, Ms. Greenwald, Mr. Jones, Ms. Mitten, Mr. Notter, and Mayor Beck. NAYS: None.

Mayor Beck declared Bill No. 5213, approved.

CITY ATTORNEY'S REPORT

Mr. Heinz asked if the Council wished to extend the deadline until August 29, 2008 for payment of condemnation awards for those who are appealing those awards so that these individuals aren't being paid ahead of others.

Ms. Mitten moved, Mr. Lore seconded, a motion to extend the payment of the condemnation awards pursuant to the Redevelopment Agreement until August 29, 2008. Carried unanimously.

MISCELLANEOUS BUSINESS

Mr. Thomson also spoke to additional business; asking the Council at a future time to consider eliminating the designation "RPA 2", as the neighbors in that area are still concerned they are ripe for redevelopment and removing this designation may be a relief to them.

Mr. Thomson stated that in 20 months, he would ask the Council to provide a rebate of utility tax money to our neighbors who qualify for Social Security, as the 20 month time period will give the City time to look at the sales tax income after I-64 reopens, come up with a fair plan and how to implement it. Mr. Thomson stated he felt if the City can give the corporate community TIF's, CID's COP's, he felt the City can give our residents STR's-senior tax relief.

CITIZEN'S COMMENTS NO. 2

None.

With no further business to come before the meeting, at approximately 7:50 p.m., Ms. Mitten moved, Mr. Lore seconded, a motion to adjourn. Carried unanimously.

Mayor Beck declared the meeting, adjourned.

PATRICIA S. VILLMER
DEPUTY CITY CLERK

APPROVED

