

Plan passes key test

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City officials appear likely to back Gateway Commons

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City officials said Thursday after meeting with developers proposing the creation of a special tax district in eastern Owensboro that they will likely lend their support to the proposal with official action next week.

But Mayor Tom Watson and city commissioners said little about exactly what the city's involvement would be in the proposed Gateway Commons development, which would use tax increment financing to fund the construction of a convention center and arena.

Watson and City Manager Bob Whitmer offered assurances that from what they know about the proposal, the city would not take on any additional debt as a result of its involvement in the 185-acre development adjacent to Kentucky 54 and the U.S. 60 bypass.

"We don't think we're going to have any risk at all," Watson said after the meeting. "All we're going to do is jump in and have fun."

The tax increment financing district proposal submitted June 18 to the city of Owensboro by development firm Gulfstream Enterprises LLC for the Gateway Commons project shows plans for a 250-room hotel, a 135,000-square-foot convention center and 6,000-seat arena.

But the nearly 100-page document includes no details of what financial responsibilities the city and county would have in the development project or specific reasons why a public partnership is needed to help fund the \$200 million-plus project.

A one-page discussion of financing for the project included in the proposal includes a list of four financial institutions the developers have discussed financing with and a statement that tax increment financing will be part of the financing package.

"Although this proposed site is ideal in many respects for the type of development being sought by the city, it is not economically feasible without public participation and support," the proposal says.

The release of the proposal in response to an open records request by the Messenger-Inquirer came earlier in the day before the Owensboro City Commission and city staff

members met with the Gulfstream Enterprises development team in a closed session at City Hall.

The commission, city staff members and a consultant hired to guide the city through the TIF process met for nearly two hours with Gulfstream in private -- then the commission for almost an hour.

Gulfstream has not commented publicly on its proposal or its details, and Gulfstream representatives declined comment after Thursday's meeting.

The developers are seeking a memorandum of understanding from the city that would pledge city backing to the project prior to its submission to the State Tax Increment Financing Commission.

Watson said the commission will be voting on the memorandum of understanding at Tuesday's regularly scheduled meeting and said city action is needed to move the project forward even if all details aren't worked out.

"All this does is gives us a chance to move forward to designate the TIF district and see what we can put in it to make the numbers work," Watson said. "It's just a fluid process. It's going to take a little while. Without this, we can't go forward."

The project, if approved by the state as a "signature" TIF district, would be eligible to receive local and state tax revenue from property, income and sales taxes to help pay off bonds needed to build the development.

The city and developers are hoping to have a project approved by the state commission before the end of the year, after which any signature TIF project submitted to the state would have to include a more extensive development plan and have restrictions on the amount of retail within the district.

Gulfstream's proposal says the development would include a "lifestyle" shopping center with "main street" environment and more than 550,000 square feet of retail space.

The development would also include medical and professional offices, a 150-unit apartment complex and a 150-unit condominium complex.

The Gulfstream team includes project manager Matt Hayden, marketing and leasing manager Brad Anderson, financial manager John Ray, legal adviser Randy Hutchinson, operations manager Drew Augenstein and construction and engineering manager Steve Bosley.

Gulfstream has already developed Highland Pointe and Woodland Plaza near the proposed development site, which was posted on Gulfstream's Web site earlier this week.

What Is TIF?

This spring, the General Assembly passed House Bill 549, which provides a variety of opportunities for local governments to partner with private developers to establish tax increment financing districts.

Under tax increment financing, local and state tax dollars from property, sales and other taxes can be used to finance public construction projects, which could include roads and drainage or facilities such as convention centers, hotels, athletic complexes or arenas.

The idea is that those public and privately funded projects will drive up property values and increase sales and other tax revenues within the district, and those increased revenues, or tax increments, will be used to pay off project bonds.

More information about TIF districts can be found at the Kentucky Finance and Administration Cabinet's Web site at <http://finance.ky.gov/TFI.htm>.