Some St. Charles officials want school aid added to tax subsidy deal

ST. CHARLES • Some City Council members are pressing commercial developers of a site owned by Lindenwood University to add aid for local schools to a tax subsidy deal.

To try to build support, Lindenwood offered 50 partial scholarships for graduates of St. Charles School District high schools, but that was rejected by the district — at least for now.
"They want money," Mayor Sally Faith said of the school district.

At issue is a proposed $9.6 million tax-increment financing plan, known commonly as a TIF, in which some new tax revenue generated by the $28 million project would be diverted to paying costs related to its development. Some of the diverted money would be property tax dollars that normally would go to the school district. The project's anchor would be a Schnucks grocery.

Council President Michael Klinghammer said most council members favor the Lindenwood-Schnucks project. But he said he and some others also believe that the school district should get some money from the project upfront instead of having to wait until it begins to get added tax revenue from the project 15 to 23 years later when the TIF expires.

"A good city involves having a financially strong and vibrant school district," Klinghammer said.

Klinghammer stopped short, however, of saying a lack of aid to the schools would be a deal-breaker as far as his vote is concerned.

Among others pushing for school aid are Councilman Jerry Reese, a former school board member, and Councilwoman Laurie Feldman.

The project was proposed by Lindenwood and DESCO Group, Schnucks' development arm. Besides the new grocery, plans call for a pharmacy, other stores and restaurant space.

In addition, the St. Charles post office would move there from its current location about a mile east on the edge of the city's downtown area. The existing post office site could then be used to expand nearby St. Joseph Health Center. Providing room for expansion is a key to city officials' longstanding goal of keeping the hospital downtown.

The TIF site is across First Capitol Drive from Lindenwood and includes vacant older homes and commercial buildings. Many others already have been torn down.

A later phase — not included in this proposal — would include a multistory building to house older Lindenwood students and possibly a hotel and a restaurant.

Faith didn't say whether she supports the push for money for the school district but is focused on bringing all the parties involved together. In that vein, she said she asked Lindenwood's president, James Evans, to contact Randy Charles, the district superintendent.

"My goal is to get this project done," the mayor said.

Evans made the scholarship proposal to Charles before the city-county TIF commission's Nov. 10 vote to recommend against the subsidy. Charles and a school board member, Tim Bekebrede, were among the commission members opposing the TIF.
"I had discussed the possibility of scholarships with Mr. Charles, but we didn't get past that point," Evans said. "I was wondering if that would perhaps make the school district feel it was getting a fair shake."

Charles said he told Evans that he believed that the district's school board would prefer that 'some kind of monetary compensation' be provided. However, Charles said if that ultimately isn't possible, "we're not going to turn our back on something that would help the students" such as scholarships.

Faith said Evans' idea was to provide 25 scholarships for district graduates who would live on campus and 25 for graduates living elsewhere.

Evans said he had a specific value in mind but never got that far in the discussion with Charles.

"It's not being actively considered right now because the idea was rejected," he said.

Scott Sachtleben, DESCO's senior vice president, said the company had not yet been approached about providing money for the school district and that it would be premature to comment. He added, however, that in the past "we have not in our projects made special concessions for any particular taxing districts."

The grocery would replace a smaller Schnucks store about a mile northwest. Sachtleben said DESCO has already agreed to channel to the city, the school district and other taxing entities during the TIF period the amount of tax revenue they now get from the smaller store.

The last TIF approved by the City Council — a subsidy of up to $55 million for a larger commercial complex on the site of the old Noah's Ark restaurant and motel — included a $1.25 million payment for the school district made by the developer.

Under state law, two-thirds majority support for a TIF by the council is required when a TIF commission recommends against a developer's request.

David Leezer, the city's economic development director, said $2.98 million of the $9.6 million going into the TIF would be new property tax revenue diverted from the school district and other governmental entities.

Half of the extra city sales tax revenue generated by the development during the TIF period also would go into the project, or about $3.26 million. In addition, a new sales tax levied only on businesses in the development would raise $3.36 million for the TIF.

Councilman Dave Beckering, one critic of the plan, said Lindenwood "is not being a full partner in this." He said the university would benefit from lease payments from DESCO but is contributing relatively little to the deal itself.

Evans disputed that, noting that Lindenwood would donate more than three acres for the post office.
"Obviously I think it is a significant contribution," he said.

He added that the project would be of great benefit for the city. In addition to the extra tax revenue going into city coffers over the long term, he said, the expanded student housing would bring in more students spending more money.

Overall, he said, "it will make the city more beautiful and more prosperous."