



Agenda Item:

20

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 01/24/05

Communication No.:

05-018

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Approving Tax Abatement Application for the Value Added By Improvements Made During 2003 to the Top Value Grocery Store at 801 University.

SYNOPSIS—

State Law allows local governments to approve retroactively an application for property tax exemption within two years of an eligible improvement being made. The Top Value Foods Grocery Store began construction in 2001 and was completed in March 2003. The property owners were unaware that the property would be assessed on the partially completed value-added improvements as of January 1, 2003, and have now applied for property tax abatement on the January 1, 2003 assessment.

FISCAL IMPACT—

This action does not change the valuation exempted from property taxes. Rather it affects the timing of when the valuation is exempted. Approving the exemption retroactively will result in a portion of the value-added improvements being exempt from property taxes beginning in Fiscal Year 2004-2005 rather than FY05/06, and will result in that portion of the value-added improvements being taxed in FY07/08 rather than in FY08/09.

RECOMMENDATION—

Approval

BACKGROUND—

The Top Value Foods Grocery Store began construction in 2001 and was completed in March 2003. Upon completion, the property owner applied for tax abatement under the three-year, 100 percent property tax abatement schedule within the prescribed City procedures and time frames on the full value-added improvements of \$2,333,000. The property owners were unaware that the property would be assessed on the partially completed value-added improvements as of January 1, 2003. The property owners have now applied for property tax abatement on the January 1, 2003 assessment of \$1,916,000.

Top Value Foods closed for operations in November 2004. Although the closing of the grocery store represents a significant loss for all concerned, it is in the City's interest to work with the owners to find a new use for the building that is a positive addition to the neighborhood. It is our understanding that the owner is actively seeking new opportunities for the now vacant building.