Analysis for Designation of Kenrick Plaza as a Blighted Area Under the Provisions of Chapter 353

Prepared for:
City of Shrewsbury, Missouri

February 24, 2010
CITY OF SHREWSBURY
ANALYSIS FOR DESIGNATION OF
ANALYSIS FOR DESIGNATION OF KENRICK PLAZA
AS A BLIGHTED AREA UNDER THE PROVISIONS OF CHAPTER 353

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SECTION I
INTRODUCTION

The Mayor and Board of Aldermen of the City of Shrewsbury (the “City”) have expressed concern over the persistent vacancies at Kenrick Plaza and the subsequent deterioration of several properties located along the Watson Road commercial corridor. The Watson Road commercial corridor has experienced a significant decline in consumer sales activity due to new and increased regional retail market competition. The current underutilization and deterioration of Kenrick Plaza illustrates this economic shift. In addition, the configuration and design of the existing site and buildings are outmoded and not conducive to attracting stable and quality retail tenants. The City is interested in the redevelopment of a portion of Kenrick Plaza in order to adapt the facility to the changing market and to maintain the economic viability of the Watson Road commercial corridor.

A. PURPOSE OF THIS REPORT

The City is seeking to redevelop a portion of the City for the purposes of increasing tax revenues and to eliminate certain conditions that have resulted in the physical and economic underutilization of Kenrick Plaza (the “Area”). It must be clearly understood that the Area described and evaluated herein does not include the commercial area to the east which is known as Kenrick Plaza II which is owned by William E. Clasen Family Corp., Et al. Plate 1 – Area Boundaries and Parcel Locator Numbers, in Appendix A, Supporting Plates of this report, displays the boundaries of the Area and the St. Louis County Locator Numbers for each parcel located therein. An aerial view of the Area is also provided on Plate 2 – Aerial View in Appendix A.

The purpose of this analysis is to determine whether this Area qualifies as a “blighted area” under the provisions of R.S. Mo, Section 353.010 to assist in the acquisition of property to provide for a comprehensive and unified development approach to facilitate future redevelopment and, ultimately, the elimination of blight. It is not the intent of this report to designate the Area as a 353 redevelopment area to facilitate the right to tax abatement.

B. PROVISIONS OF CHAPTER 353

The Missouri General Assembly adopted the Urban Redevelopment Corporations Law in 1943, and it is found in Chapter 353 of the Revised Statutes of the State of Missouri (R.S. Mo). The law is often referred to simply as “Chapter 353”.

Chapter 353 allows cities and counties to:

1. identify and designate redevelopment areas that qualify as “Blighted Areas”;

2. adopt a development plan that designates an area in need of redevelopment and states the objectives to be attained and the redevelopment project to be undertaken;

3. approve a redevelopment project for implementation of such development plan; and
4. utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a “Blighted Area” through the completion of a redevelopment project.

Chapter 353 defines “Area” as follows:

…that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property for a part. §353.020(1) R.S.MO.

Chapter 353 also defines a “Blighted Area” as follows:

…that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes;

In considering the ability for an area to qualify as a “blighted area” under Chapter 353, it is also important to look at judicial rulings from other Missouri redevelopment statutes which have similar qualification criteria and relationship to the State Constitution. One of the most significant court decisions can be found in the so-called Tierney decision by the Missouri Supreme Court based on the designation of an area by the City of Kansas City under the provisions of the Planned Industrial Expansion Authority Law found in Chapter 100 R.S. Mo.

This decision reinforces the concept that economic underutilization of properties within a redevelopment area can, in and of itself, be a blighting factor. In other words, an area that is capable of supporting a use (or uses) that provides for greater economic utilization can be considered when determining whether or not an area is “blighted”. This premise was explicitly stated by the Missouri Supreme Court in the Tierney case (Tierney v. Planned Industrial Expansion Authority of Kansas City, Missouri, 742 S.W. 2d 146, 151 (Mo.1987)).

In Tierney at 151, the Missouri Supreme Court stated:

The owners, finally, attack the concept of “economic underutilization” as a basis for condemnation. They suggest that almost all land could be put to a higher and better use, and argue that the concept of economic underutilization is so broad as to confer upon the legislative authority and PIEA the unlimited discretion to take one person’s property for the benefit of another, contrary to Mo. Const. Art. I, Sec. 28.

We do not find the fault or the danger perceived. The concept of urban redevelopment has gone far beyond “slum clearance” and the concept of economic underutilization is a valid one. This is explicit in State ex rel. Atkinson v. Planned Industrial Expansion Authority of St. Louis, 517 S.W.2d 36 (Mo. Banc 1975), sustaining the statutes governing this case. Centrally located urban land is scarce. The problems
of assembling tracts of sufficient size to attract developers, and of clearing uneconomic structures, are substantial and serious. The willingness of the owners to sell is not controlling. We need not repeat all of the evidence which was before the city council tending to show that redevelopment of this area would promote a higher level of economic activity, increased employment, and greater services to the public...

In other words, the performance of a property or group of properties below its economic potential is a symptom of a blighted area when examining that area's existing uses versus potential future uses that have the potential to generate increased or sustainable economic activity. As the court stated in Tierney, urban redevelopment is far more than mere slum clearance, and includes the concept that economic underutilization is evidence of blight. The economic underutilization of an area is further evidence that the area exhibits those factors that qualify it as a blighted area.

With the foregoing discussions of this section in mind, the next section of this report evaluates the conditions that are present in the Area relative to the provisions of the definition of Blighted Area under Chapter 353.
SECTION II

AREA DESCRIPTION AND BACKGROUND

The Area is located near the south-eastern municipal limits of the City of Shrewsbury along Watson Road, one of the City's main arterial roadways (MO Route 366) and a major commercial and business corridor within the City. Located at the intersection of Watson Road and Trianon Parkway, the Area is comprised of approximately 24.4 acres of real property and is zoned C-2 Planned Commercial. When initially developed, Kenrick Plaza would have been classified as a “community shopping center.” Typically, the primary purpose of this type of shopping center was to provide daily goods and services to the surrounding community from an approximate geographic area of 2 miles.

The Area includes seven (7) individual parcels that are owned by three (3) separate entities. Parcel information from the St. Louis County Assessor is provided in Table 1 – Area Parcel Data in Appendix A. In total, the Area provides an estimated 181,253 square feet of space that is devoted primarily to shopping, office and entertainment activities. In addition to the primary commercial shopping center building, this shopping, office and entertainment center includes the stand-alone two story First Bank building which houses the bank and several independent offices, a Cabinets Flooring & More retail business, a 1,155 foot guyed-mast communications tower and building, a vacant eight (8) screen theater, and a vacant fast food restaurant. An on-site survey of land use and exterior building conditions conducted on February 3, 2010, revealed a building vacancy rate of nearly 60%. Table 2 – Building Size and Vacancy Rate provides information regarding building occupancy within the Area.

Table 1 – Area Parcel Data
KENRICK PLAZA & ADJACENT PROPERTIES
CITY OF SHREWSBURY, MISSOURI
2009

<table>
<thead>
<tr>
<th>Locator #</th>
<th>Owner</th>
<th>Use</th>
<th>Appraised Value</th>
<th>Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Land</td>
<td>Improve.</td>
</tr>
<tr>
<td>24J440122</td>
<td>Lipton Kenrick Associate LP</td>
<td>Theater Parking Lot</td>
<td>753,100</td>
<td>138,100</td>
</tr>
<tr>
<td>24J440133</td>
<td>Lipton Kenrick Associate LP</td>
<td>Theater and Parking</td>
<td>622,500</td>
<td>306,300</td>
</tr>
<tr>
<td>24J440144</td>
<td>First Bank Tax Dept Mc 019</td>
<td>Bank</td>
<td>449,800</td>
<td>965,600</td>
</tr>
<tr>
<td>23J120102</td>
<td>Lipton Kenrick Associate LP</td>
<td>Fast Food Restaurant</td>
<td>380,600</td>
<td>204,500</td>
</tr>
<tr>
<td>23J120120</td>
<td>Lipton Kenrick Associate LP</td>
<td>Kenrick Plaza I</td>
<td>3,571,000</td>
<td>2,029,000</td>
</tr>
<tr>
<td>23J120032</td>
<td>KDNL Inc C/o Sinclaire Broadcast Group Inc</td>
<td>Communications Tower</td>
<td>607,200</td>
<td>42,800</td>
</tr>
<tr>
<td>23J120111</td>
<td>Lipton Kenrick Associate LP</td>
<td>Retail Carpet Store</td>
<td>568,900</td>
<td>181,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>6,953,100</td>
<td>3,867,400</td>
</tr>
</tbody>
</table>
TABLE 2

BUILDING SIZE AND VACANCY RATE
KENRICK PLAZA & ADJACENT PROPERTIES
CITY OF SHREWSBURY, MISSOURI
(As of 02/03/10)

Kenrick Plaza

<table>
<thead>
<tr>
<th>Locator #</th>
<th>Owner</th>
<th>Use</th>
<th>S.F. Under Roof</th>
<th>S.F. Vacant</th>
<th>% Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>24J440122</td>
<td>Lipton Kenrick Associate LP</td>
<td>Theater Parking Lot</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>24J440133</td>
<td>Lipton Kenrick Associate LP</td>
<td>Theater and Parking</td>
<td>28,615</td>
<td>28,615</td>
<td>100.0%</td>
</tr>
<tr>
<td>24J440144</td>
<td>First Bank Tax Dept Mc 019</td>
<td>Bank</td>
<td>15,670</td>
<td>2,000</td>
<td>12.8%</td>
</tr>
<tr>
<td>23J120102</td>
<td>Lipton Kenrick Associates IP</td>
<td>Fast Food Restaurant</td>
<td>3,149</td>
<td>3,149</td>
<td>100.0%</td>
</tr>
<tr>
<td>23J120120</td>
<td>Lipton Kenrick Associates IP</td>
<td>Kenrick Plaza I</td>
<td>114,794</td>
<td>74,895</td>
<td>65.2%</td>
</tr>
<tr>
<td>23J120032</td>
<td>KDNL Inc C/o Sinclaire Broadcast Group Inc</td>
<td>Communications Tower</td>
<td>1,102</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>23J120111</td>
<td>Lipton Kenrick Associates IP</td>
<td>Cabinets Flooring &amp; More</td>
<td>17,923</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>181,253</strong></td>
<td><strong>108,659</strong></td>
<td><strong>59.9%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

With the exception of the communications tower and building which was constructed in 1969, all building and site improvements within the Area were completed between 1984 and 1986.

The site has a number of obstacles that may have had a negative influence on its success as a retail, office and entertainment center; obstacles that will certainly need to be resolved as part of any future redevelopment. Included among those obstacles are:

- The 1,155 ft. tall KDNL communications tower occupies perhaps one of the highest points on the site. The tower is held in place by a series of cables that are anchored at three (3) points within the Area and at least two (2) other points beyond the Area boundaries. Plate 3 – KDNL Communications Tower & Guy Wire Anchor Locations in Appendix A shows the placement of these anchors. Of those located within the Area, two (2) are on the parcel occupied by the vacant theater building and the third on the parking lot immediately behind the main Kenrick Plaza building which houses retail, office and entertainment activities.

  The primary issues associated with these anchors and guy wires are that their locations on the theater site have a significant influence on how the site can be configured and, in that regard; the anchor locations impede certain types of development. Additionally, during the winter season, it is not uncommon for ice to form on the guy wires. As the wind moves the cables or as the ice begins to thaw, pieces of ice can fall on the vehicles and/or people below.

- The topography within the site varies considerably throughout the Area. At the southeastern most portion of the Area the surface elevation is 440 feet above mean sea level. The surface elevation increases to 500 feet in the vicinity of the KDNL communications tower, a rise in elevation of at least 60 feet across much of the Area. The site elevation drops again as one moves from the tower to the southwest corner of the Area. This change in elevation, particularly as it occurs along the primary commercial shopping center building, makes entry to many of the lease spaces difficult in that customers/clients must navigate a series of steps
as they move from the parking lot to the covered walkway and business entrances. **Plate 4 – Area Contours** in Appendix A illustrates the changes in elevation that occur throughout the site. In addition, a series of photographs illustrating these changes is provided in **Appendix B, Supporting Photographs**.

- The loop road which services much of this Area (Trianon Parkway and Kenrick View Drive) and provides access from Watson Road also functions as an obstacle since it creates a significant barrier that separates the theater site to the south from the main retail, office and entertainment area immediately to the north. A contemporary site design would eliminate that barrier, creating a more pedestrian friendly environment in which theater patrons would walk between shopping, restaurant and other entertainment venues.

**Plate 5 – Area Uses** in Appendix A illustrates the use and location of the buildings in the Area. As is shown on the aerial photo, the businesses within the center are accessible from Watson Road and a perimeter road that separates the theater from the main retail, office and entertainment complex to the east.
SECTION III
QUALIFICATION ANALYSIS

This section of the report analyzes the existing conditions as they relate to the definition of a “Blighted Area” in Chapter 353. This analysis is based on on-site investigations of the Area conducted by PGAV staff on February 3 and February 18, 2010, in addition to information provided by City staff, the Developer, and St. Louis County. This report will not reflect changes in conditions or events that have occurred subsequent to the date of the site visit and/or publication of this report.

A. OBSOLESCENCE

The ability of structures to continue as viable land uses, based on the manner in which they were built and/or placed on the land, is relevant in determining if they have longer-term value in the real estate marketplace. Obsolescence takes many forms, including: functional obsolescence, economic obsolescence, obsolete platting, and obsolete site improvements. The Area is functionally and economically obsolete in its current condition. The extraordinary vacancies (the Kenrick 8 Cine’ Theater and Burger King fast food restaurant have both been vacant for over two years) exemplify the functional obsolescence of the Area resulting from the inadequate and outmoded design of the buildings as a location for a theater and many small retail tenants. Table 2 – Building Size and Vacancy Rate in Section II – Area Description and Background, clearly illustrates the extraordinary vacancies that exist within the Area. The economic obsolescence of Kenrick Plaza as a retail, entertainment and office attraction is indicated by the vacancy rate of approximately 60% (approximately 108,650 square feet of the total 181,250 square feet is vacant) and the corresponding decline in sales taxes for the affected taxing jurisdictions.

When Kenrick Plaza and the Kenrick 8 Cine’ Theater were first constructed in the period between 1984 and 1986, the Watson Road commercial corridor was one of the main retail districts for South St. Louis County. Crestwood Plaza, formally a regional retail mall 3.25 miles to the west of Kenrick Plaza, served as the primary anchor and attracted residents and visitors to other retail centers along the Watson Road commercial corridor, including Kenrick Plaza. Kenrick Plaza, although not connected to Crestwood Plaza, benefited from a portion of the customer traffic to and from the mall. Since 1990, new retail “power centers” have been constructed at the Interstate 44 and Lindbergh Road interchange and at Gravois Bluffs in Fenton. These new “power center” retail developments, due to their superior location, have altered the shopping patterns in Southwest St. Louis County. As a result, the balance of community economic activity at major retail anchored shopping centers along the Watson Road commercial corridor has shifted west, toward the Interstate 44 and Lindbergh Boulevard interchange.

It is also noteworthy that the Kenrick 8 Cine’ Theater, built in 1984, was, for many years, a major draw to the Area. Several years before closing, the Theater had annual gross sales of $3 to $3.6 million. In 2000, gross sales at the Theater dropped to $1.6 million, a drop that coincided that year with the opening of Ronnie’s 20 Cine on south Lindbergh Boulevard. After years of struggling to maintain sales, the Kenrick 8 Cine’ Theater finally closed its doors on November 25, 2007.

Today, the Kenrick 8 Cine’ Theater represents an obsolete building that, because of changing market conditions and the physical design of the structure, has little value in the real estate
market. The building’s, high ceilings, sloping floors and second story projection room represent obstacles for any reuse that would be appropriate for the site and still provide an economic benefit to the City.

Although it is not included as part of this Analysis, Kenrick Plaza II which is located northeast of the creek which separates Kenrick Plaza from Kenrick Plaza II, also suffers from a vacancy rate that is well above the accepted rate. Based on a recent exterior survey (February 3, 2010), approximately 22.4% of the Kenrick Plaza II building appeared vacant. The 60% vacancy rate for Kenrick Plaza (including the theater and fast food restaurant buildings) and the estimated 22.4% for Kenrick Plaza II represent rates which, according to Urban Land Institute’s (ULI) Dollars & Cents of Shopping Centers / The Score 2008, are completely out of line for similar facilities. According to this ULI publication, similarly sized and aged facilities throughout the Midwest have vacancy rates that generally fall within a range of 7% to 9%. One nearby community commercial center that adds credence to the ULI findings is the Mackenzie Point center which, based on a February 17, 2010 exterior survey revealed that Mackenzie Point had a vacancy rate estimated to be 5%. According to various industry standards (i.e. ULI and the International Council of Shopping Centers), an annual vacancy rate of 5% is considered “normal” for shopping centers. Tables 3-A and 3-B illustrate the vacancy rates at both Kenrick Plaza and Mackenzie Point.

### TABLE 3-A

**BUILDING SIZE AND VACANCY RATE**

**KENRICK PLAZA & MACKENZIE POINT**

**CITY OF SHREWSBURY, MISSOURI**

<table>
<thead>
<tr>
<th>Locator #</th>
<th>Owner</th>
<th>Use</th>
<th>S.F. Under Roof</th>
<th>S.F. Vacant</th>
<th>% Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>24J440122</td>
<td>Lipton Kenrick Associate LP</td>
<td>Theater Parking Lot</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>24J440133</td>
<td>Lipton Kenrick Associate LP</td>
<td>Theater and Parking</td>
<td>28,615</td>
<td>28,615</td>
<td>100.0%</td>
</tr>
<tr>
<td>24J440144</td>
<td>First Bank Tax Dept Mc 019</td>
<td>Bank</td>
<td>15,670</td>
<td>2,000</td>
<td>12.8%</td>
</tr>
<tr>
<td>23J120102</td>
<td>Lipton Kenrick Associates IP</td>
<td>Vacant Fast Food Restaurant</td>
<td>3,149</td>
<td>3,149</td>
<td>100.0%</td>
</tr>
<tr>
<td>23J120120</td>
<td>Lipton Kenrick Associates IP</td>
<td>Kenrick Plaza I</td>
<td>114,794</td>
<td>74,895</td>
<td>65.2%</td>
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<tr>
<td>23J120032</td>
<td>KDNL Inc C/o Sinclaire Broadcast Group Inc</td>
<td>Communications Tower</td>
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<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>23J120111</td>
<td>Lipton Kenrick Associates IP</td>
<td>Cabinets Flooring &amp; More</td>
<td>17,923</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>181,253</strong></td>
<td><strong>108,659</strong></td>
<td><strong>60%</strong></td>
</tr>
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</table>

### TABLE 3-B

**BUILDING SIZE AND VACANCY RATE**

**KENRICK PLAZA & MACKENZIE POINT**

**CITY OF SHREWSBURY, MISSOURI**

<table>
<thead>
<tr>
<th>Locator #</th>
<th>Owner</th>
<th>Use</th>
<th>S.F. Under Roof</th>
<th>S.F. Vacant</th>
<th>% Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>23J210816</td>
<td>Caplaco …</td>
<td>Undeveloped</td>
<td>0</td>
<td>0</td>
<td>0%</td>
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<tr>
<td>23J210807</td>
<td>HCP Medical Office Bldg</td>
<td>Medical offices</td>
<td>44,706</td>
<td>0</td>
<td>0%</td>
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<tr>
<td>23J220572</td>
<td>Caplaco …</td>
<td>Comm Shopping Center</td>
<td>89,050</td>
<td>10,600</td>
<td>11.90%</td>
</tr>
<tr>
<td>23J220583</td>
<td>Caplaco …</td>
<td>McDonalds</td>
<td>4,292</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>23J240273</td>
<td>Caplaco …</td>
<td>Taco Bell - Pizza Hut</td>
<td>3,027</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>23J240284</td>
<td>Caplaco …</td>
<td>Parking</td>
<td>0</td>
<td>0</td>
<td>0%</td>
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<tr>
<td>23J240295</td>
<td>Caplaco …</td>
<td>Dierbergs Super Market</td>
<td>76,993</td>
<td>0</td>
<td>0%</td>
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<tr>
<td>23J240121</td>
<td>Preferred Development Corp</td>
<td>Car Wash</td>
<td>3,836</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>23J240262</td>
<td>Caplaco …</td>
<td>Unimproved Lot</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>221,904</strong></td>
<td><strong>10,600</strong></td>
<td><strong>5%</strong></td>
</tr>
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</table>
Due to these changing commercial and retail market conditions, Kenrick Plaza, can no longer serve purely as a “community shopping center”. A “community shopping center” offers a larger variety of merchandise and specialty goods and today is typically anchored by a discount department store and/or supermarket. Instead, Kenrick Plaza must now be positioned to function in a new capacity, one that will insure increased gross revenues for businesses and, in turn, increased sales taxes for the City and the various taxing districts that are supported by sales and other taxes.

As a result of changing markets, the physical layout of Kenrick Plaza must be altered to accommodate tenants that offer convenience goods and personal services, or specialty retailers commensurate with those offered in “Regional Centers” rather than “community shopping centers”. This includes the development of anchor space to accommodate a wider variety of retailers that fall into the category “A” or “B” class anchor tenants. In order to overcome the functional and economic obsolescence of Kenrick Plaza and improve the overall viability of the Area, the Area must be redeveloped so as to accommodate new retail uses with a regional draw.

B. INADEQUATE OR OUTMODED DESIGN

The current configuration of the Area which encompasses Kenrick Plaza is one that has been dictated by the presence of the KDNL Communication Tower and the ancillary guy wire anchor locations within the Area, topographic constraints, and the natural environment which existed prior to the development of the Plaza, Kenrick 8 Cine’ Theater, and the various out buildings.

- The placement within the Area of the anchor locations for the guy wires that support the 1,155 foot communications tower has and continues to restrict layout of the Area and the placement of buildings within it. Furthermore, the accumulation of ice on the guy wires during the winter creates a hazard to people and vehicles below that may be struck by falling ice.

- As currently built, the main commercial building within the Area has been influenced by the topographic features of the site. For example, the highpoint of the site is in the vicinity of the KDNL Tower and sloping to the north, east and south. The net effect of these topographic changes is clearly seen in the construction of the main commercial building which is generally located in the center of the Area. The photographs in Appendix B – Supporting Photographs, clearly show that patrons of certain businesses within the main commercial building may be required to navigate as many as twelve (12) steps in order to gain access to those businesses, after they have parked their car. Though the number of steps climbed varies along the main commercial building, this is, nevertheless, a site condition that exists at four locations along one side of the building. Patrons affected by certain physical handicaps and many older adults will have considerable difficulty gaining access to business located within this area. Contemporary

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1 Class “A” and “B” retailers include national and regional companies that serve as “premium” tenants in power center developments due to their consumer drawing power and the quality and price value they provide customers. Examples of Class “A” retailers include Wal-Mart, Target, Kohl’s, Home Depot and Supermarkets. Class “B” retailers provide “discount” merchandise. Examples include Marshalls, TJ Maxx, Home Goods and discount Supermarkets.
site and building designs dictate ease of access for all employees and users of businesses occupying space within these centers.

- The northeast boundary of the Area is defined by a creek that creates a barrier between Kenrick Plaza and Kenrick Plaza II (not included within the Area). Although vehicular access is provided by two bridges that connect Kenrick Plaza and Kenrick Plaza II, the creek remains a barrier to the easy and convenient flow of both pedestrians and vehicles between the two centers. Clearly, this obstruction to the ebb and flow of people from one center to the other has been a major deterrent to the overall vitality and success of both commercial areas.

- Another significant barrier within the Area that further demonstrates its inadequate and outmoded design is the loop road which services much of this Area (Trianon Parkway Drive and Kenrick View Drive). Again, a more contemporary site design would eliminate this barrier to create a more pedestrian friendly environment in which theater patrons would walk between shopping, restaurant and entertainment venues.

As demonstrated by these conclusions, the inadequate and outmoded design of the Area and the majority of buildings within it create conditions which combine to influence the Area’s ability to pay reasonable taxes and, therefore, these conclusions support a finding of “blight”. Furthermore, the resolution these conditions will only occur through redevelopment.

C. PHYSICAL DETERIORATION

A survey of the exterior condition of buildings and improvements located within the Area was conducted by PGAV senior staff on February 3, 2010. This exterior survey was followed by an interior survey of the Kenrick 8 Cine’ on February 18, 2010. Photographs were taken during these surveys to document the presence of conditions which demonstrate that either minor or major repairs were required, or that the condition was beyond reasonable repair. Those photographs are provided in Appendix B – Supporting Photographs.

Table 4 – Parcels Exhibiting 353 Blighted Area Factors, identifies the four determinants which individually or in combination may provide the justification for a designation of blight. The actual determination of blight can only occur when these conditions are found to have become economic and social liabilities and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

As shown in Table 4, five (5) of the seven (7) properties located within the Area have been found to exhibit one or more deficiencies which can be cause for a determination of blight and, furthermore, these five (5) properties constitute 83.9% of the total area. It should be noted that for each of the items checked in Table 4 there have typically been multiple factors or incidences which have led to the placement of the ✓. For example, the physical deterioration of the Theater is based on such conditions as the presence of damaged signs that cannot be repaired; the need for painting; the presence of deteriorating curbs, sidewalks, parking lots; water damaged ceilings, walls and carpeting; the presence of mold brought about as a result of a leaking roof; vandalism and the destruction/theft of copper electrical wiring and copper plumbing fixtures; etc.
Given the obvious physical deterioration of various buildings and site improvements that are located within the Area it has been determined that the Area is “blighted” and in need of redevelopment in accordance with approved City plans.

### D. ECONOMIC LIABILITY

There are several indicators that the Area is an economic liability in its existing condition and use to the affected taxing districts. One of these is the declining level of sales generated by businesses located in the Area. According to sales tax collection trends provided by the St. Louis County Collector’s office, the annual gross receipts generated by the Area have generally declined over the past ten (10) years. As a result of declining gross receipts, the annual total sales tax revenues produced by Area businesses have declined by 59.7% between the years 2000 and 2009. The declining trend in sales tax collection is shown on Table 5 – Sales Tax Collection. Clearly, the nearly 60% vacancy rate for businesses located within the Area has a tremendously detrimental impact on the collection of sales tax revenues. In addition to the decline in sales taxes, other economic activity taxes such as utility taxes have likely declined as vacancies within the Area have risen.

**TABLE 5**

Sales Tax Collection  
Kenrick Plaza I  
City of Shrewsbury, Missouri

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Receipts</th>
<th>Total Sales Tax Revenues</th>
<th>Percentage Change in Taxes Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 $11,218,237</td>
<td>$224,365</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2001 $9,830,199</td>
<td>$201,510</td>
<td>-10.2%</td>
<td></td>
</tr>
<tr>
<td>2002 $9,927,677</td>
<td>$208,475</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>2003 $9,982,442</td>
<td>$209,637</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>2004 $6,302,720</td>
<td>$132,375</td>
<td>-36.9%</td>
<td></td>
</tr>
<tr>
<td>2005 $7,928,303</td>
<td>$166,507</td>
<td>25.8%</td>
<td></td>
</tr>
<tr>
<td>2006 $7,399,259</td>
<td>$155,401</td>
<td>-6.7%</td>
<td></td>
</tr>
<tr>
<td>2007 $7,483,732</td>
<td>$157,170</td>
<td>1.1%</td>
<td></td>
</tr>
<tr>
<td>2008 $5,037,578</td>
<td>$105,806</td>
<td>-32.7%</td>
<td></td>
</tr>
<tr>
<td>2009 $4,042,238</td>
<td>$90,352</td>
<td>-14.6%</td>
<td></td>
</tr>
</tbody>
</table>
The Area’s inability to generate reasonable and sustained revenues places the City and other taxing districts in a position where budgets for such services as police, fire, schools, vector and rodent control, parks, and other municipal services cannot be provided at preferred levels. A drop in revenues that support these or other municipal or district services translates into an economic liability for the residents of Shrewsbury and the beneficiaries of those districts typically funded by Area property, sales and business taxes.

In addition, the Equalized Assessed Valuation (the “EAV”) of the Area has declined by 22.6% since 2005. Table 6 – Equalized Assessed Value shows the declining trend in EAV. The corresponding real property taxes have likewise declined with the decrease in EAV of the Area.

**TABLE 6**

Equalized Assessed Value 2005 - 2009
Kenrick Plaza
City of Shrewsbury, MO

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value ($)</th>
<th>Percentage Change in Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>4,472,150</td>
<td>-</td>
</tr>
<tr>
<td>2006</td>
<td>4,472,150</td>
<td>0.00%</td>
</tr>
<tr>
<td>2007</td>
<td>4,748,080</td>
<td>6.17%</td>
</tr>
<tr>
<td>2008</td>
<td>4,748,080</td>
<td>0.00%</td>
</tr>
<tr>
<td>2009</td>
<td>3,462,560</td>
<td>-27.07%</td>
</tr>
</tbody>
</table>

The vacancy rate (approximately 60%) further jeopardizes what little remaining economic activity and tax generation remains from existing retailers and tenants. Without viable businesses to improve the attraction of customers to the Area, the probability of these existing tenants relocating is greatly enhanced. In fact, at least two of the larger existing tenants (occupants of space in the 15,000 to 17,900 square feet range) have negotiated month-to-month leases, a trend that further destabilizes the owner’s ability to plan and finance expensive building and site improvements. Factors such as those described in this section render the Area an economic liability to the City and other affected taxing districts.

**E. SOCIAL LIABILITY**

The social liabilities associated with this Area are related to the presence of various hazardous conditions that threaten or endanger the health, safety and welfare of both City residents and non-resident patrons of the Area. Specific liabilities include:

1. Water and moisture infiltration through a leaking roof into the vacant Kenrick 8 Cine’ has damaged ceilings, walls and carpeting and caused the growth of mold to be pervasive and existent throughout much of the structure.

2. The theft and/or destruction of major building components of the Kenrick 8 Cine’ have the building with non-functioning or nearly non-functioning heating, ventilation, air-conditioning, and plumbing systems, a circumstance that calls into question the functionality of the building’s fire suppression capabilities.
3. Damage to the Kenrick 8 Cine’ caused by vandals.

4. Failure to fence and/or replace damaged fencing along the creek which crosses the north eastern boundary of the Area.

5. Failure to replace damaged fencing along the portions of the parking lot located at the rear of the main commercial building at 100 Kenrick Plaza (fence is needed to keep pedestrians from falling from a retaining wall along the parking lot).

Given the presence of the conditions outlined above, the Area has become a social liability in that such conditions are conducive to ill health, transmission of disease, and crime. Additionally, the presence of these conditions dictates that the City pursues redevelopment opportunities that are consistent with its Comprehensive Plan.

F. INABILITY TO PAY REASONABLE TAXES

The Area’s condition as an economic liability contributes to its inability to pay reasonable taxes for the affected taxing districts as sales and real estate taxes have decreased along with a likely similar decrease in both personal and utility taxes. Assessed value, which is the basis for property tax collection, is based in part on the rents obtained from businesses in the Area. The longer Kenrick Plaza maintains vacancy rates in the 60% range, the more likely the assessed value and, consequently, the property taxes collected will continue to decrease. As noted previously, the owner is being pressured to renegotiate leases to a month-to-month rental and/or at lower rates. If this trend continues and the owner is forced to consider “below cost” rentals, the Area will enter into a spiraling decline and the subsequent continued loss in revenues for the City and other taxing districts.
SECTION IV

SUMMARY AND FINDINGS

There are a variety of blighting conditions present in the Area that represent those outlined in Chapter 353. Included among these are:

- The decline in assessed valuation of approximately 27% and the prolonged vacancy of two major buildings and certain other building spaces (the current vacancy rate is approximately 60%) is an indication that blighting influences exist. Thus, the parcels and improvements comprising the Area are not paying reasonable taxes in spite of the Area’s otherwise marketable and desirable location for a variety of high-quality uses.

- The Area suffers from economic and functional obsolescence due to changing market conditions and inadequate design.

- The Area suffers from inadequate and outmoded design.

- The physical deterioration of the Area and, more noticeably, certain entire buildings is apparent and is a condition that is likely to worsen without redevelopment of the entire site.

- Conditions exist which are conducive to ill health, transmission of disease, and crime which render the Area an economic and social liability to the City as evidenced by decreased sales and property taxes;

These conditions render the Area unable to generate reasonable taxes and, unless a program of redevelopment can be devised to eliminate the blighting influences that exist within the Area, further physical deterioration is likely and investment of the type the City envisions as appropriate and economically feasible for the Area will not occur. Thus, if taken as a whole, the Area represents a portion of the City that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes. Accordingly, the Area meets the definition of “Blighted Area” as stated in §353.020(1) R.S.MO.
APPENDIX A - PLATES
Plate 3
KDNL Communications Tower & Guyed Wire Anchor Lotations
Kennick Plaza Redevelopment Area
City of Shrewsbury, Missouri

Legend
- Red: Kennick Plaza Redevelopment Area
- Black: Shrewsbury Municipal Limits
- Triangle: Anchor Locations

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Plate 5
Area Uses
Kenrick Plaza Redevelopment Area
City of Shrewsbury, Missouri

Legend
- Kenrick Plaza Redevelopment Area
- Shrewsbury Municipal Limits
- Theater
- Retail / Office / Entertainment
- Communication Tower
- Bank
- Fast Food
- Retail

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Kenrick 8 Cine’

Signs announcing available space

Vacant Theater site

Deteriorated retaining wall

Graffiti on walls and equipment

Stair step cracks in wall

Deteriorated sign
Water damaged wall and ceiling from leaking roof

Water damaged wall with mold

Copper cable abandoned by thieves

Main power leads stripped from electrical panel

Copper plumbing fixtures removed by thieves
Hazardous Conditions

Path leading to creek

Unfenced creek adjacent to public parking

Missing fence at top of retaining wall which separates parking levels
Physical Deterioration

- Deteriorated wall joints
- Exposed rebar in steps
- Crumbling parking surfaces
- Damaged fence
Barriers to Handicapped and Senior Citizens
Barriers to Successful Development

Creek separating Kenrick Plaza & Kenrick Plaza II

Trianon Parkway separates Theater from main retail and entertainment complex of Kenrick Plaza