

September 20, 2019

Mark Dunning
Assistant City Manager
Development Services & Communications
220 SE Green Street
Lee's Summit, Missouri 64063

RE: The Stanley LCRA Redevelopment Project Tax Abatement

Dear Mark,

Thank you for meeting with us on Tuesday, September 10, 2019, to discuss The Stanley Event Space LCRA project. In 2012, the Stanley had the opportunity to go through the City of Lee's Summit's LCRA application process and was approved for a real property tax abatement to support the expenditure of documented extraordinary costs which arise in redevelopment. The Stanley was approved for a five (5) year tax abatement which was intended to provide a property tax abatement reflective of a \$178,460 value in estimated project expenditures.

As we discussed, now that the five (5) years are completed, we are able to calculate whether the intended value of the tax abatement has been met. In reality, the value of the tax abatement has only been approximately \$128,200. We believe that is due in large part because the post construction value assumption used in the LCRA spreadsheet was \$1,102,500, and in reality, the Jackson County, Missouri Assessor's Office valued the constructed building for tax purposes at \$800,000.

As required by the application process, construction began after approval of the tax abatement. After construction of The Stanley project, the LCRA reviewed the actual costs and determined the value of the eligible project costs for abatement at \$192,011. Because of the two factors (1) the lower than assumed market value for tax purposes and (2) higher than estimated extraordinary redevelopment project costs, we raised the question with the LCRA in 2014 that the term of the abatement should be extended an additional two (2) years. At the time of the request the LCRA said, let's see how the ensuing years are assessed. Now we know the value of the tax abatement over the past the five (5) year period is only approximately \$128,200.

Mark Dunning, Assistant City Manager

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Attached for your reference are a copy of the following:

- 1) A Summary of the Assumptions
- 2) The LCRA Extraordinary Project Costs Worksheet
- 3) Actual Value of the Abatement
- 4) 2010 - 2017 - The Stanley Complex Demographics Projecting Project Impact (includes both Stanley Event Spaces)

The approval of the extension for two (2) years is consistent with the intent and spirit of the LCRA program.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan King". The signature is fluid and cursive, with a large, stylized "K" at the end.

Bryan King
The Stanley Event Space, LLC

cc: Christine T. Bushyhead

Summary of Assumptions 2019

The Stanley

Approved by Ordinance No. 7251 as the Stanley Event Space Project for 100% real property tax abatement for 5 years beginning in year 2013 – 2017. CC meeting of 10-18-12, Agenda Item 4.D.

The assumption was the abatement would provide an incentive value to the project of \$178,460 which would be captured by The Stanley over the 5-year abatement.

As Built - Facts

LCRA reviewed the as built costs and approved \$192,011 in abatement value costs which under the original real property tax projected estimates would have pushed the abatement into year 6 which was projected to be a total of approximately \$215,032.47 in abatement.

However, this calculation was based on the assumption that the finished product would go on the tax rolls with a market value of \$1,102,500. It did not. In fact, the building went on the tax rolls at \$800,000 in 2014.

Based upon this Jackson County assessed value the value of the abatement to date (5 years) is only \$128,186.45.

Discussion

Add additional years of abatement to, at a minimum, reach the as-built LCRA approved extraordinary project costs in the amount of \$192,011.

Using the now actual assessed value calculation the projected abatement needs to extend into year 7 (2 more years) which would then have a projected total abatement of approximately \$212,455.59 (based on 2017 tax levy assumption for 2019 and 2020).

The Stanley Event Space, LLC

Extraordinary Project Costs

Extraordinary Costs Comparison

<u>Environmental</u>	Actual Extra Detail	Extraordinary Costs Comparison		Actual	<u>LCRA</u>	
		Original Submittal	LCRA /CC Appr'd 2013 Starting Point		FINAL	NOTES
<u>Ecological Evaluation by West Alley:</u>						
Phase I		\$ 2,200.00	\$ 2,200.00	\$ 2,200.00	\$ -	
Geotechnical Services				\$ 2,750.00	\$ 2,750.00	
Phase II		\$ 6,700.00	\$ 6,700.00	\$ 6,900.00	\$ 6,900.00	
Tank Removal and Testing		\$ 3,400.00	\$ 3,400.00	\$ 3,070.00	\$ 3,070.00	
<u>Additional Tank on City Property East on Douglas:</u>						
Dig out for City Water Meter (KC Plumbing)		\$ -		\$ 2,000.00	\$ 2,000.00	
	Environmental Subtotal:	\$ 12,300.00	\$ 12,300.00	\$ 16,920.00	\$ 14,720.00	
<u>Quality Building Materials</u>						
Stucco - \$45,000	\$ 65,000.00					
Upgrade to Brick and Stone Exterior - \$105,000	\$ 124,652.00	\$ 60,000.00	\$ 60,000.00	\$ 59,652.00	\$ 59,652.00	
Sealed Concrete Rooftop Terrace - \$10,000						
Upgrade to Rooftop Terrace with Composit Brick Pavers - \$35,000		\$ 25,000.00	\$ 25,000.00			
3rd Floor Slab Work	\$ 19,500.00					
TPO Roofing Material	\$ 40,770.00					
12x12 Composit Decking Material	\$ 24,080.00					
Labor to Install Decking	\$ 5,600.00					
Perapet Cedar Wall Material	\$ 3,800.00					
Labor to Install Wall	\$ 2,370.00					
Water Fountain Feature	\$ 5,200.00					
Tent Cover needed during inclement weather	\$ 9,388.00					
Additional Structural Steel to support Rooftop Terrace	\$ 20,000.00					
Actual Total of Rooftop Terrace Upgrade vs Standard Simple Roof design	\$ 130,708.00			\$ 105,708.00	\$ 25,000.00	[Orig]
Additional Finished Curb on South Side Cleaners Parking Lot				\$ 2,850.00	\$ 2,850.00	
Insulated Windows - \$36,000	\$ 30,000.00					
Upgrade to Hi-E Insulated Windows - \$45,000	\$ 38,930.00	\$ 9,000.00	\$ 9,000.00	\$ 8,930.00	\$ 8,930.00	
	Quality Building Material Subtotal:	\$ 94,000.00	\$ 94,000.00	\$ 177,140.00	\$ 96,432.00	
<u>Utilities (Private Alley move electrical service to below ground)</u>						
Underground Electrical - KCPL - relocate pole		\$ 2,900.00	\$ 2,900.00	\$ 2,988.00	\$ -	
True Electric		\$ 8,500.00	\$ 8,500.00	\$ 7,772.00	\$ 7,772.00	

KC Plumbing - Sanitary, Water Supply and Fire Supply (NE Corner)		\$ 25,838.00					
Engineer for documenting easement		\$ 750.00					
Midwest Draining Trenching North Alley (KCPL)		\$ 1,452.00					
GB Trenching North Alley(KCPL)		\$ 3,000.00					
Concrete Work Alley Curb		\$ 1,444.00					
Subtotal					\$ 32,484.00	\$ 16,242.00	[50%]
Private Alley Prep & Patch			\$ 2,500.00	\$ 2,500.00	\$ 2,360.00	\$ 2,360.00	
Utilities Subtotal:			\$ 13,900.00	\$ 13,900.00	\$ 45,604.00	\$ 26,374.00	
Extreme Expenses of moving Storm Sewer Water from Private Alley and Douglas to West Alley Closest City Storm Sewer System							
Additional Expense to run roof drainage our back of building & not into street/City Direction		\$ 10,693.00					
Replacement Box on City Property Alley for Storm Sewer Water		\$ 1,552.00					
Extra work in west alley per Public Works to define unknown city infastructure		\$ 8,140.00					
Repair, Replace & Haul Off old City Storm Sewer pipe and Storm Sewer Box per Public Works		\$ 11,000.00					
Hauling Off Extra dirt & debris from extra work required by Public Works		\$ 3,060.00					
Extra Asphalt Work required by Public Works		\$ 8,000.00					
Generator Rental to set up elevator due to delay from Public Works on west alley		\$ 525.00					
Running Temporary Power from Generator to Elevator		\$ 1,200.00					
Total of Extreme Expenses of West Alley Storm Sewer System		\$ 44,170.00			\$ 44,170.00	\$ 22,085.00	[50%]
<u>Redesign to Accommodate Neighboring Businesses</u>							
Storm Water Direction from Alley							
Additional Construction Costs for West Alley Storm Sewer System			\$ 12,500.00	\$ 12,500.00	\$ -	\$ -	
Retail Space Loss			\$ 32,400.00	\$ 32,400.00	\$ 32,400.00	\$ 32,400.00	
(lost 216 square feet @ \$15/sq ft = \$3240/year x 10 years = \$32,400)							
Neighboring Businesses Accomodation Subtotal:			\$ 44,900.00	\$ 44,900.00	\$ 76,570.00	\$ 32,400.00	
Grand Total:			\$ 165,100.00	\$ 165,100.00	\$ 316,234.00	\$ 192,011.00	
LCRA / CC Approved 5 year 100% Abatement - Projected Value*					\$ 178,460.00		

*Note 4 years at 100% projected value \$141,887

2014 Revised 5 year 100% Abatement Projected Value @ \$800,000	\$ 127,318.00
2014 Revised 6 year 100% Abatement Projected Value	\$ 153,420.00
2014 Revised 7 year 100% Abatement Projected Value	\$ 180,055.00
2014 Revised 8 year 100% Abatement Projected Value	\$ 206,690.00
2014 Revised 9 year 100% Abatement Projected Value	\$ 233,858.00
2014 Revised 10 year 100% Abatement Projected Value	\$ 261,025.00

December 10, 2014

2019
Actual Value of Tax Abatement

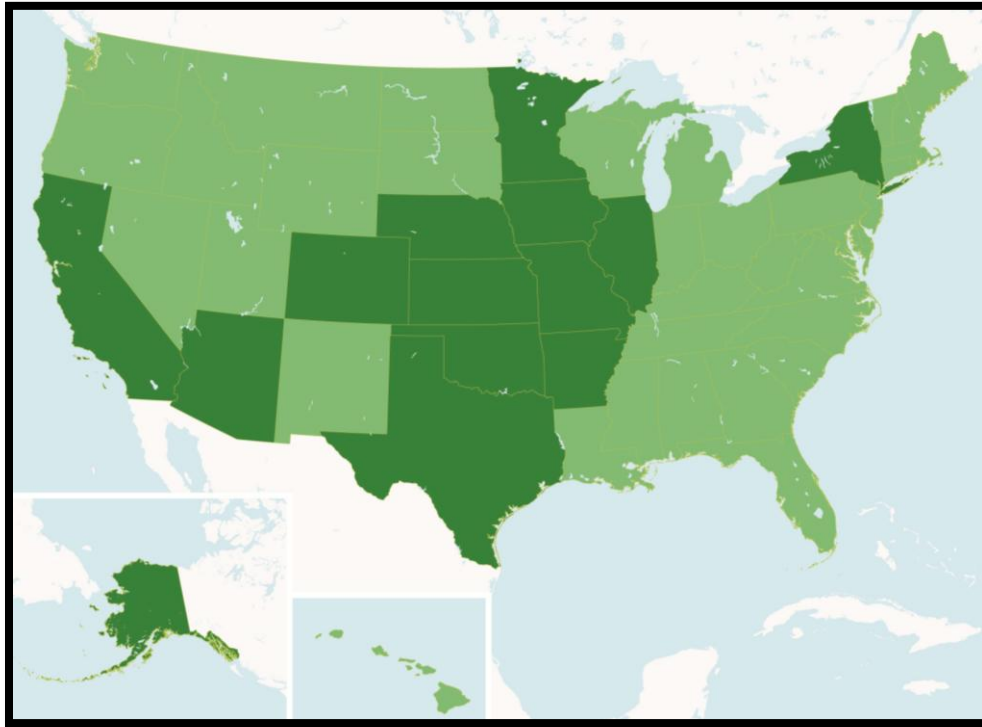
Kingscrown Investments LLC
Parcel # 61-230-17-25-00-0-00-000

<u>Year</u>	<u>Frozen Base</u>	<u>Applicable Levy</u>	<u>Taxes Paid</u>	<u>Assessed Value</u>	<u>AV less Base</u>	<u>Applicable Levy</u>	<u>Abatement Value</u>
2014	15,256	0.10425	1,590.49	256,000	240,744	0.10425	25,098.38
2015	15,256	0.10223	1,559.58	256,000	240,744	0.10223	24,610.61
2016	15,256	0.10248	1,563.45	256,000	240,744	0.10248	24,671.68
2017	15,256	0.10158	1,549.75	278,741	263,485	0.10158	26,765.59
2018	15,256	0.10381	1,583.68	275,741	260,485	0.10381	27,040.17
Total Abatement Value through 2018 Tax Year							128,186.45
(Used 2017 rate)							
2019	15,256	0.10158		430,048	414,792	0.10158	42,134.57
One Additional Year Total Abatement Projection							170,321.02
2020	15,256	0.10158		430,048	414,792	0.10158	42,134.57
Two Additional Years Total Abatement Projection							212,455.59

The Stanley Event Complex Demographics:

The Stanley Historic Event Space, LLC has been open since August 2010. We have been able to develop a wide range of clients from all over the world through a wide range of Marketing including word-of-mouth & social media.

Since our beginning we have pulled guests and events from 8 Countries including Africa, Australia, Ireland, India, England, Canada, Japan & Mexico. We have also have pulled from the north, south, east & west parts of the United stated as shown in dark green on the map below. The same goes for the state of Missouri, pulling people from All around the Kansas City area, St Louis, Columbia, Warrensburg, Springfield, Cape Girardeau, & Joplin.



Over the past 7 plus years through 2017 we have had 1,634 events that have accommodated from 30 to 310 guests. The breakdown is below.

Year	# of Events	# of guests	*City Wide Revenue
2010	64	7,040	\$ 550,350.00
2011	128	15,360	\$ 1,155,735.00
2012	180	21,600	\$ 1,596,015.00
2013	226	29,380	\$ 2,201,400.00
2014	258	33,540	\$ 2,515,500.00
2015	264	34,320	\$ 2,547,574.00
2016	278	36,140	\$ 2,703,272.00
2017	236	35,400	\$ 2,655,000.00
Totals	1,634	212,780	\$ 15,924,846.00

These figures do not reflect any revenue generated by The Stanley Event Space for the event or any vendor contracted to work the event. These figures are a conservative estimate of the economic impact of the events that have been at The Stanley Event Complex.

**On average 25% of the quests attending each of these events is from out of town and stays in hotels and uses local business for fuel, food, entertainment and recreation(based on actual data from event hosts surveyed). We took the 25% of the total attendees times the national average of tourists spending money in small towns of \$300.00/overnight stay to get the total dollars of spending generated by the people that The Stanley brings into Lee's Summit. (The average spending of tourists to Kansas City or St. Louis is closer to \$500 for a weekend overnight stay based on data from Missouri Department of Tourism, visitmo.com)*