



Colbern Ridge

Lee's Summit City Council

June 6, 2023

Overview

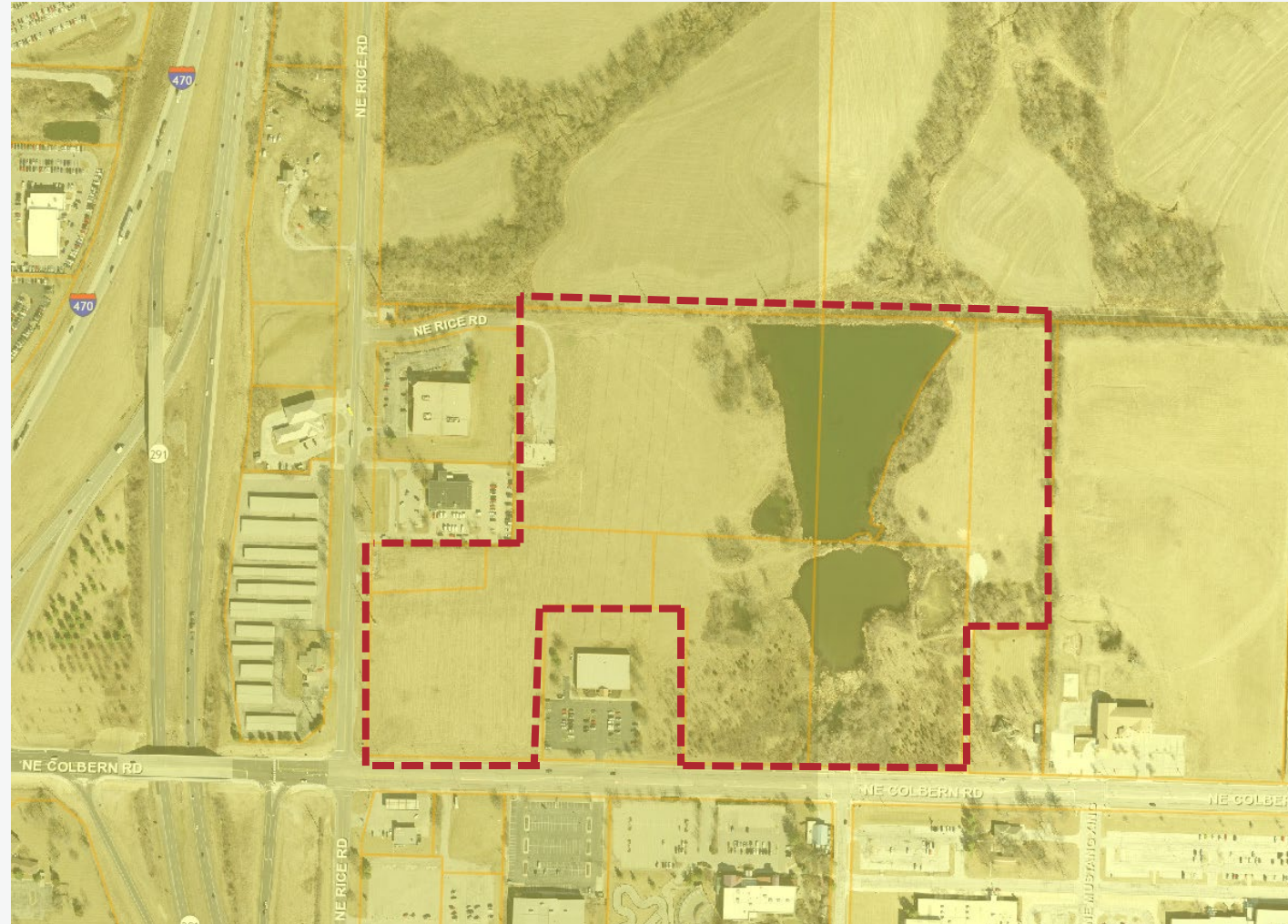
- Proposed Developer
- Proposed Project
- Public Infrastructure Improvements
- Proposed Public Incentives
- Value Proposition for City

Proposed Developer

- CEAH Realtors Development Services
 - Mike Atcheson
 - Based in Lee's Summit
 - Top 25 commercial real estate companies
- Extensive Development History
 - Developed > 3,000,000 SF
 - Across asset classes

Proposed Project

- NEC of NE Colbern Road and NE Rice Road
- 41 +/- acres



Proposed Project

Lot 1 (Office)

Lot 2 (C-Store)

Lot 3 (Office/Warehouse)

Lot 4 (Senior Housing)

Lot 5 (Multi-Family)

Lot 6 (Medical Office)

Lot 7 (Medical Office)

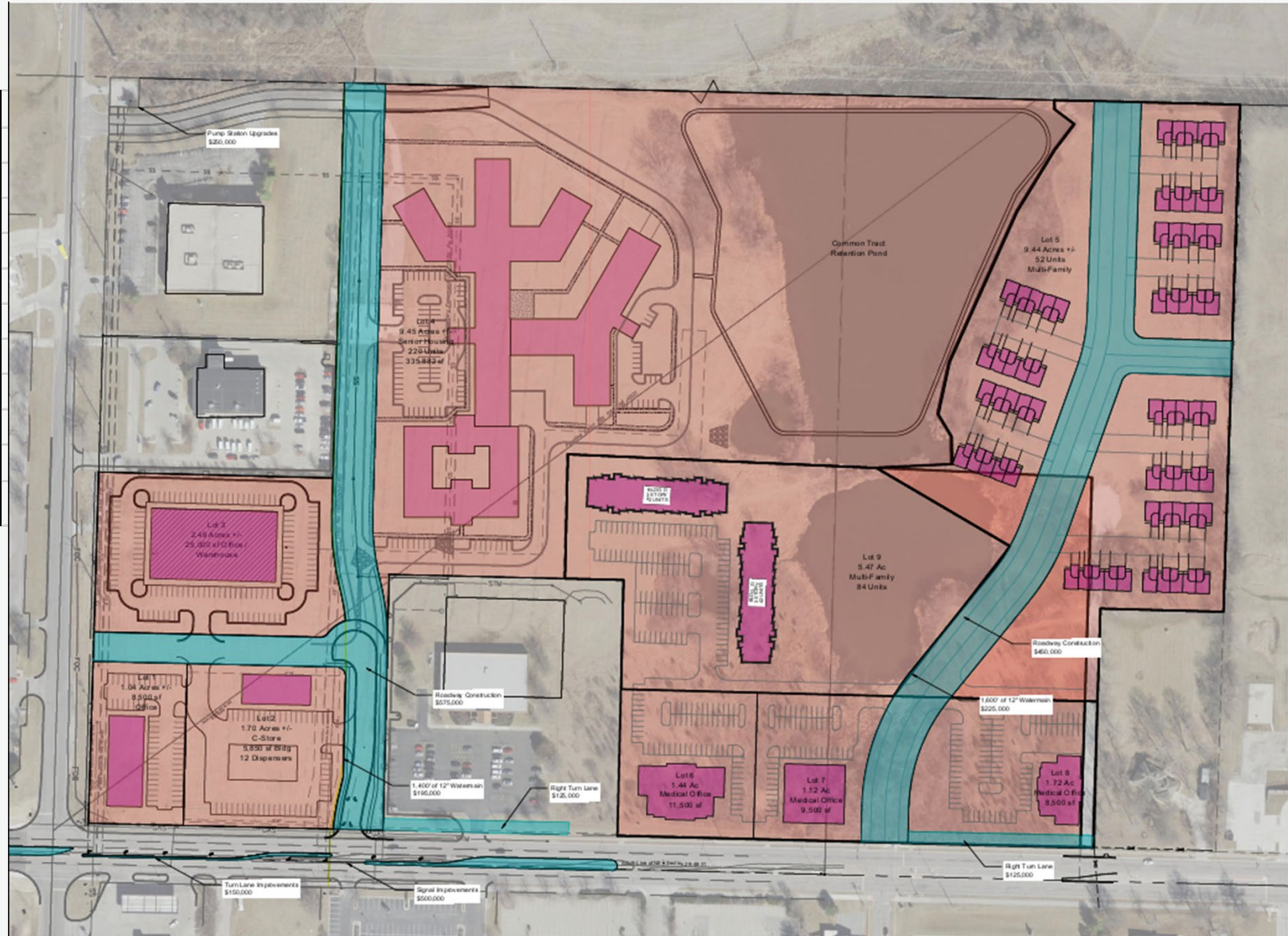
Lot 8 (Medical Office)

Lot 9 (Multi-Family)



Public Infrastructure Improvements

Item and Description	Cost
Pump Station Upgrades*	\$ 250,000
Turn Lane Improvements	\$ 150,000
Signal Improvements	\$ 500,000
1400' of 12" Water Main (west)	\$ 195,000
Roadway Construction (west)	\$ 575,000
Right Turn Lane	\$ 125,000
Right Turn Lane	\$ 125,000
1600' of 12" Water Main (east)	\$ 225,000
Roadway Construction (east)	\$ 450,000
Regional Detention/Wetland Credits	\$ 1,405,000
Total	\$ 4,000,000



Proposed Public Incentives – LCRA

Two LCRA Benefits:

1. Property tax abatement + public improvement assessments
 - 50% “floating” abatement
 - 50% public improvements assessment
 - No actual abatement for taxpayer
 - Reimburses est. \$4MM in public improvement infrastructure costs (with interest) over up to 25 years

Proposed Public Incentives – LCRA

Two LCRA Benefits:

2. Sales Tax Exemption on Construction Materials
 - Reduces cost of public infrastructure
 - Arms developer with tool to compete for best users/projects within the master development

Sales Tax Exemption

Est. Construction Budget	\$ 77,255,980
Est. Materials Percentage	40.00%
Est. Materials Cost	\$ 30,902,392
Total Sales and Use Tax Rate	8.35%
Est. Sales and Use Tax Savings	\$ 2,367,896

City Sales and Use Tax Rate	2.750%	
County Sales Tax Rate	1.250%	
State Sales and Use Tax Rate	4.225%	
Zoo Sales Tax Rate	0.125%	
	8.350%	
Est. Allocation of Material Purchases:		
	Lee's Summit	5.00%
	Missouri (outside Lee's Summit)^	45.00%
	Outside Missouri	50.00%

Lee's Summit Sales Tax Savings	\$ 42,491
Lee's Summit Use Tax Savings	\$ 424,908
Total Lee's Summit Sales and Use Tax	\$ 467,399
County Sales Tax Savings	\$ 106,227
State Sales and Use Tax Savings	\$ 1,305,626
Zoo Sales Tax Savings	\$ 10,623
Lee's Summit % of Total Savings	19.74%

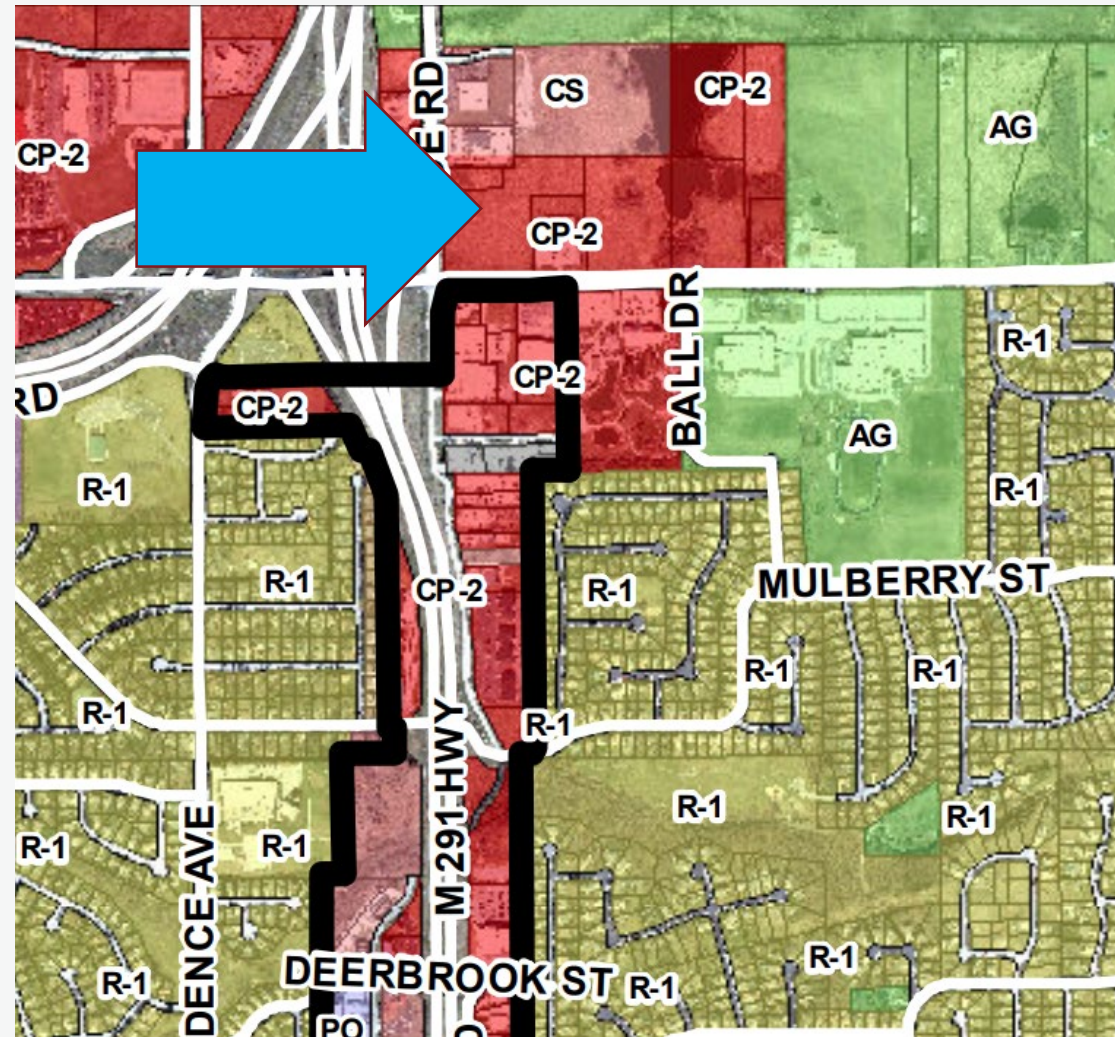
Proposed Public Incentives – CID Sales Tax

- 1% CID Sales Tax
- Reimburses developer's public infrastructure costs
- Est. \$20,000 - \$30,000 per year

Value Proposition for City

- US 50 / MO 291 Urban Renewal Area
- Targeted Area for Development
- City tax revenues
- Brings infrastructure and development toward
PRI property
- Job creation

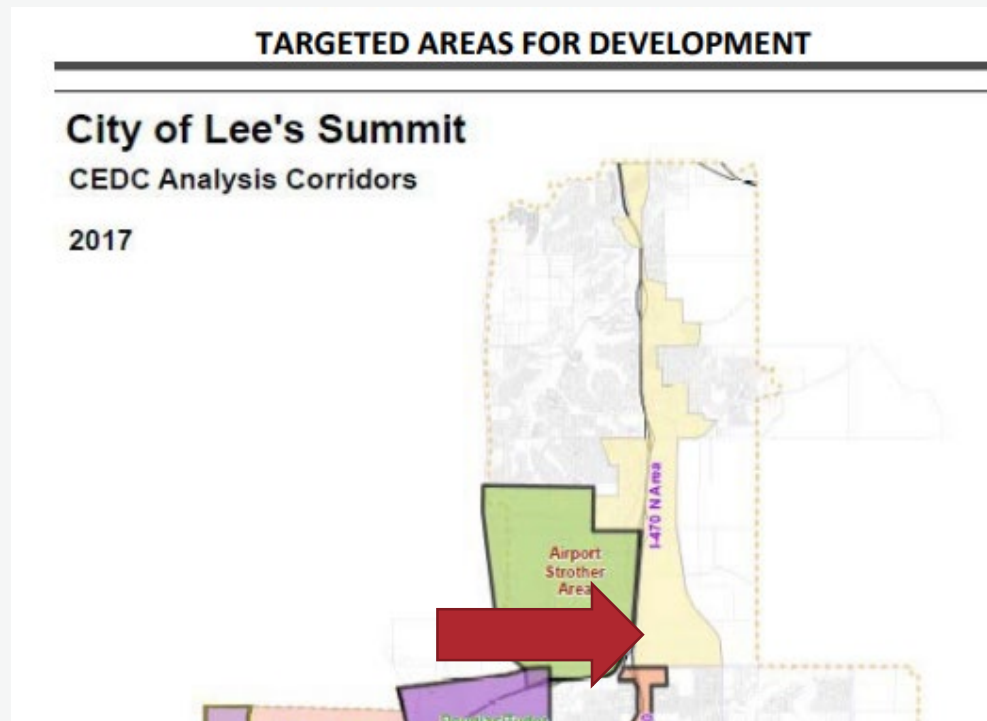
US 50 / MO 291 Urban Renewal Area



Targeted Area for Development

- I-470 North Targeted Planning Area:

“I-470 Corridor north of Colbern Road to the north City limits General overview: This area is largely undeveloped primarily due to the approximate 1,100 acres owned by Property Reserve, Inc. on the east side of I-470. Some undeveloped acreage exists on the north side of Colbern Rd. however development of this area would likely require significant sewer and traffic improvements.”



City Tax Revenues

- Property Tax / Fee Generation

 - Today

 - Annual real property taxes: ~\$800 (\$140 to City)

 - During LCRA

 - Annual real property taxes: \$300,000 - \$560,000 (\$55,000 - \$100,000 to City)
 - Annual sales taxes: \$140,000 - \$200,000 (\$27,000 - \$40,000 to City)
 - Excise taxes paid to City

 - After LCRA

 - Annual real property taxes: \$1,000,000+ (175,000 to City)
 - Annual sales taxes: \$167,000 - \$240,000 (\$52,000 - \$80,000 to City)

PRI Property



Job Creation

<u>Project</u>	<u>Anticipated Year of Opening</u>	<u>Estimated Number of Jobs Created</u>	<u>Estimated Annual Salaries</u>
Office	2024	9	\$ 525,000
Convenience Store	2024	8	\$ 280,000
Warehouse	2025	20	\$ 799,600
Senior Living Facility	2025	40	\$ 2,418,400
Multi-family Facility (Townhomes)	2025	5	\$ 220,000
Medical Office Building	2026	12	\$ 910,000
Medical Office Building	2027	12	\$ 910,000
Medical Office Building	2028	12	\$ 910,000
Multi-family Facility (Apartments)	2026	6	\$ 290,000
Total:		124	\$ 7,263,000

Incentives-to-Cost Percentage

Project Cost	Total	Projected Reimbursed Costs	Private Costs
Land Acquisition	\$3,000,000	\$0	\$3,000,000
Building Costs	\$66,645,098	\$0	\$66,645,098
Sitework/Infrastructure - public	\$4,000,000	\$4,000,000	\$0
Sitework/Infrastructure - private	\$1,500,000	\$0	\$1,500,000
Hard Cost Contingency	\$5,110,882	\$0	\$5,110,882
Soft Costs	\$6,814,510	\$0	\$6,814,510
TOTAL PROJECT COSTS	\$83,070,490	\$0	\$83,070,490
		Projected Reimbursed Costs	Developer Private Costs
With STECM:		\$ 6,367,896	
Incentives to Cost Percentage		8%	

Term of Public Incentives

Percentage of Senior Costs Used & Lots Included	Est. Public Improvement Costs Eligible for Reimbursement	Net Present Value of Total Reimbursement to Developer over 25 Years	Year Developer is Fully Reimbursed
50%	\$4,000,000	\$ 6,076,351	2036
50%^^		\$ 3,322,454	N/A (not before 2048)
60%		\$ 6,485,072	2036
60% ^^		\$ 3,788,995	N/A (not before 2048)
70%		\$ 6,967,039	2035
70% ^^		\$ 4,282,982	2046
80%		\$ 7,449,005	2034
80% ^^		\$ 4,776,969	2042

^^Only the Convenience Store and Senior Housing projects are constructed. Does not contemplate increased land values from rezoning of other parcels.

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