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**LICENSE TAX REVIEW COMMITTEE
ACTION LETTER
CITY OF LEE'S SUMMIT**

Monday, January 27, 2020
3:00 p.m.

Present at the Meeting –

Chairman Craig Faith

George Binger (City Staff)

Dena Mezger (Member)

Karl Blumenhorst (Member)

Glen Jones (Member)

Victoria Nelson (City Staff)

Michael Park (City Staff)

Heping Zhan (City Staff)

Josh Johnson (City Staff)

Cindy DeShazo (City Staff)

Member Cynda Rader was absent. All other members were present.

1. CALL TO ORDER:

Chairman Faith called the meeting to order at 3:03 p.m.

2. APPROVAL OF THE AGENDA:

A motion was made by Ms. Mezger, seconded by Mr. Jones, to approve the agenda. The motion carried unanimously with a vote of 4-0.

3. APPROVAL OF THE ACTION LETTER:

A motion was made by Mr. Jones, seconded by Mr. Blumenhorst, to approve the action letter dated November 29, 2018. The motion carried unanimously with a vote of 4-0.

4. PUBLIC COMMENTS: None

5. BUSINESS:

Mr. Binger, Deputy Director of Public Works/City Engineer, introduced everyone present including City staff. A Powerpoint was presented to detail the license tax background. The program dates back to 1997 as part of an excise tax. The tax has been amended four times for fees and changes in rates, and an administrative cleanup in 2019. This is a tax on new development that is allocated to streets and related improvements. The ordinance requires this annual report, and the license tax administrator is the Director of Finance, or a representative. The Committee then reviews the annual report and forwards comments to the City Council.

The City's current tax rates were presented. Residential building permits for last fiscal year were presented. Mr. Binger presented a graph of projected residential units, as well as retail, office and industrial building permits. He noted there were 800 residential building permits last fiscal year and that there had been an increase in activity since prior years. Heping Zhan, Assistant Director of Planning and Special Projects, explained projections for

this fiscal year 2020 and the tracking of building permits. Mr. Zhan noted the City is having a very active year for multi-family building permits. Mr. Jones questioned how the residential lot inventory has changed over the years. Mr. Zhan explained the number of single family lots available to build on has remained constant over the last 3-4 years. Multi-family lots have been projected to peak out over the next year.

Mr. Binger transitioned into the commercial trends on available inventory and the annual estimated revenues generated in the next slide presentation. Residential is the largest contributor to the fund. The next slide presented was the fund balance projections. The drop in funds are due to the two projects being committed to by the fund, including the Browning Street Project and the NW Main Street project. The next slide presented the Excise Tax Project Status of the SE Browning St. and the NW Main St., and Mr. Binger gave a summary of each.

Next was a discussion of fee structure in context of PRI land and the demands on traffic infrastructure. There was discussion on the connection between workforce housing and attracting commercial/industrial growth since this fund supports the City's Thoroughfare Master Plan. Mr. Michael Park, City Traffic Engineer, notes information is being sought regarding tiered residential rates based on home or unit price. Mr. Jones suggested the City should keep the current structure. The committee members agreed the structure should remain unchanged.

Mr. Josh Johnson, Assistant Director of Plan Services, noted how we are marketing the City regarding starter homes versus apartments as well as cost of living. Discussion regarding current trip generation manuals and how they are dividing out more specific uses; such as multi-family, single family residential, etc. Guidance from the Committee is being requested regarding fee structure related to PRI growth and impacts, as well as consideration of the license tax for workforce housing.

Mr. Binger recommended re-affirming project selection criteria and to consider projects in the five year plan. Future projects for consideration were shown on a map handout, as well as a slide presentation, provided by Mr. Binger. One of those projects is the Missouri 291 North and US 50 highway interchange, the other is the NW Olive & Main project. Raising the commercial excise tax rate, as well as rates for next year, was discussed. The Committee is supportive of using the License Tax Fund to focus on the Missouri 291 North and 50 Highway interchange.

Mr. Glen Jones made a motion, seconded by Mr. Blumenhorst, to leave the residential tax rate at \$1,088 per residential unit, to leave the industrial as is, and to raise the Commercial license tax rate to \$850 per new trip. The motion carried unanimously with a 4-0 vote.

Mr. Blumenhorst made a motion, seconded by Mr. Jones, to direct the excise tax to the Missouri 291 North and 50 Highway interchange project. The motion carried unanimously with a 4-0 vote.

These two Committee recommendations will move forward to a future City Council meeting

for discussion.

1. **BUSINESS:**

Chairman Faith noted that the Minutes from the Nov. 29, 2018, License Tax Review Committee meeting were distributed to the Committee prior to this meeting.

Mr. Heping Zhan noted that the Housing and Urban Development does a fair housing analysis, which focuses on housing affordability in the City, every 5 years. The City is an "entitlement City," and housing affordability in the City is a big topic. The nearly 300 page report can be found on the City's website under Development Services. Discussion ensued regarding the lack of affordable housing in Lee's Summit.

2. **ADJOURN:**

Chairman Faith adjourned the meeting at 4:20 p.m.

