



Reinhart Foodservice, LLC

Conceptual Presentation to
Lee's Summit City Council

April 18, 2023

Overview

- **Company History**
- **Proposed Project**
- **Requested Economic Development Support**
- **Value Proposition for City**

Performance Food Group

- Performance Food Group Company (“PFG”), through its subsidiaries, markets and distributes more than 250,000 food and food-related products from 142 distribution centers to over 300,000 customer locations across the United States.
- Our Lee’s Summit location is owned by our subsidiary, Reinhart Foodservice, LLC (“RFS”), and is part of our Foodservice segment. They offer a “broad line” of foodservice products from mops and plates to custom-cut meats, as well as products specific to our customers’ menu requirements. Each of our foodservice distribution centers is run by a business team that understands the local markets and the needs of its customers and that is empowered to make decisions on how best to serve those customers. This segment serves over 175,000 customer locations. Our current facility is at capacity, and we need more space to effectively grow our business.



Performance Foodservice Lee's Summit



The facility has been an employer and taxpayer in the community since 1998. RFS purchased the building in 2012. PFG purchased RFS in late 2019, and together, they understand the benefits of retrofitting and expanding the existing blighted site.



We are an active member of the Lee's Summit Chamber of Commerce and support many Chamber activities. The facility partners with Harvesters and City Union Mission to provide food donations and routinely supports Oktoberfest.



Our current facility is at capacity. An expanded facility would allow us to increase our SKUs by 40% to meet the growing demand of our existing local customer base and to service additional regional and independent accounts.

Performance Foodservice Lee's Summit

While we service six states including Missouri, Kansas, Nebraska, Iowa, Oklahoma and Arkansas, we are a locally focused business. Most of our independent (non-chain) business is within a 50-mile radius of the facility with more than 80% in the greater Kansas City market.

Key Local Suppliers

Mission Foods

Zerega's

Mr. Dell's Foods

Key Local Customers

Martin City Brewing

Minsky's Pizza

Sonic


Raising Cane's

Stuey McBrew's

Konrad's

Wally's Grill & Draffhouse

Main Slice Pizza



In addition to the six-state service area, we drive 32,000 miles per week servicing in excess of 700 customers.

Proposed Project



The proposed project would be an expansion of our current facility located at 290 SE Thompson Drive in Lee's Summit.



Our current facility is approx. 120K sq.ft.; we are hoping to expand to approximately 170K sq.ft.



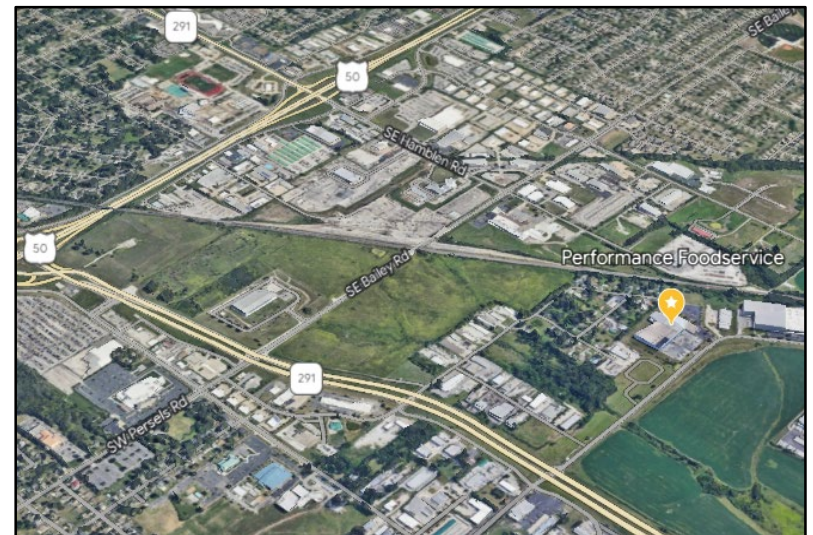
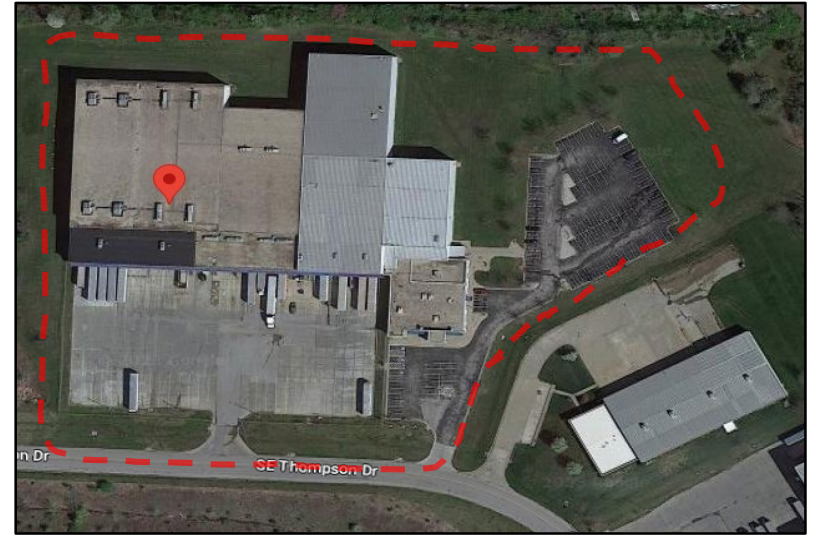
Our estimated investment in the Proposed Project is \$22M. This consists of \$19.6M in real property and \$2.4M in personal property.



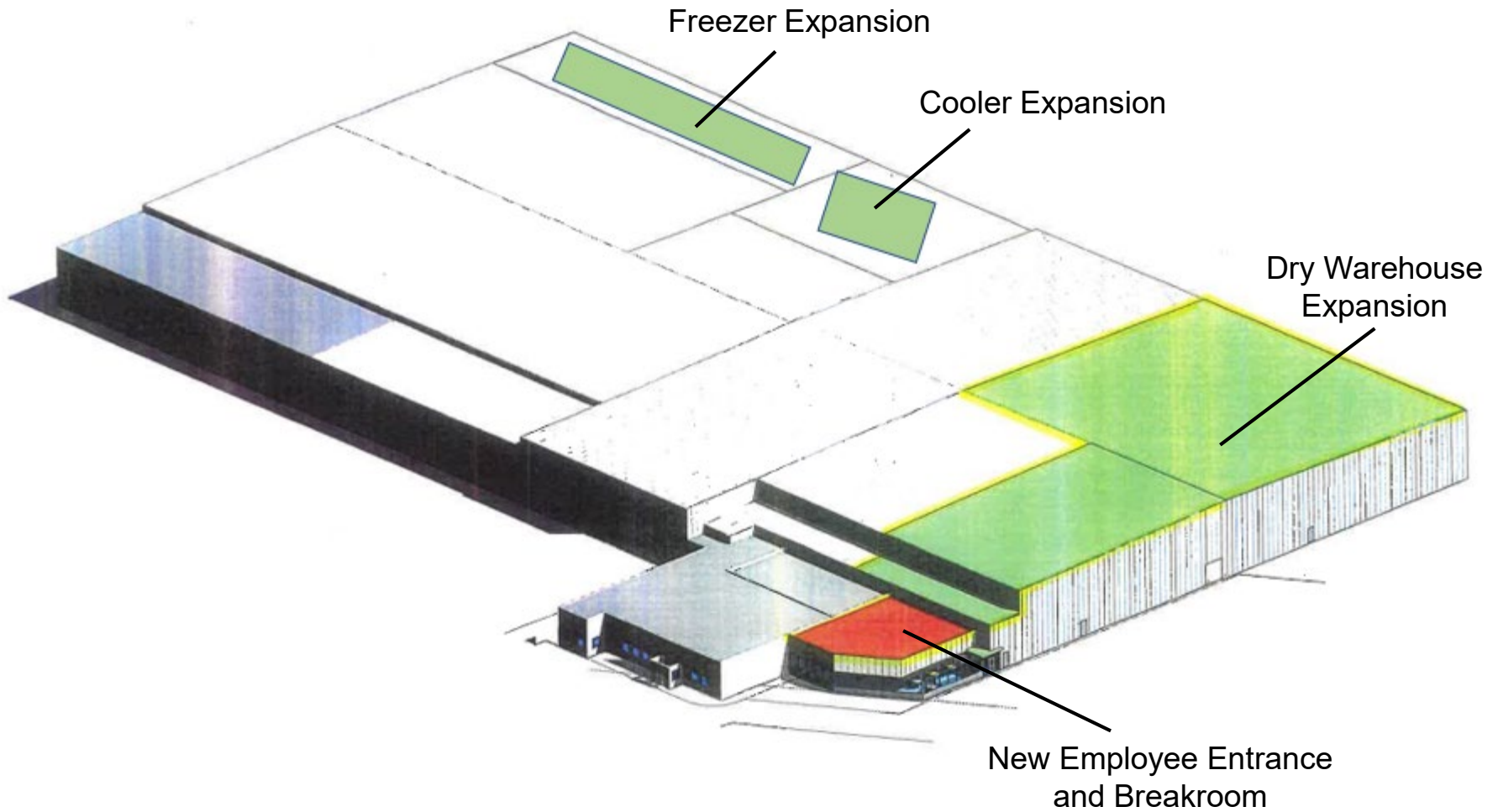
Construction is estimated to commence mid-2023. Ideally, the expanded facility would be fully operational by spring 2025.



Currently there are 156 employees based at the facility with an annual payroll of approximately \$13M. All jobs would be retained. Expansion would allow the facility to create 30-35 new positions over five years with an average hourly wage of \$32/hour.



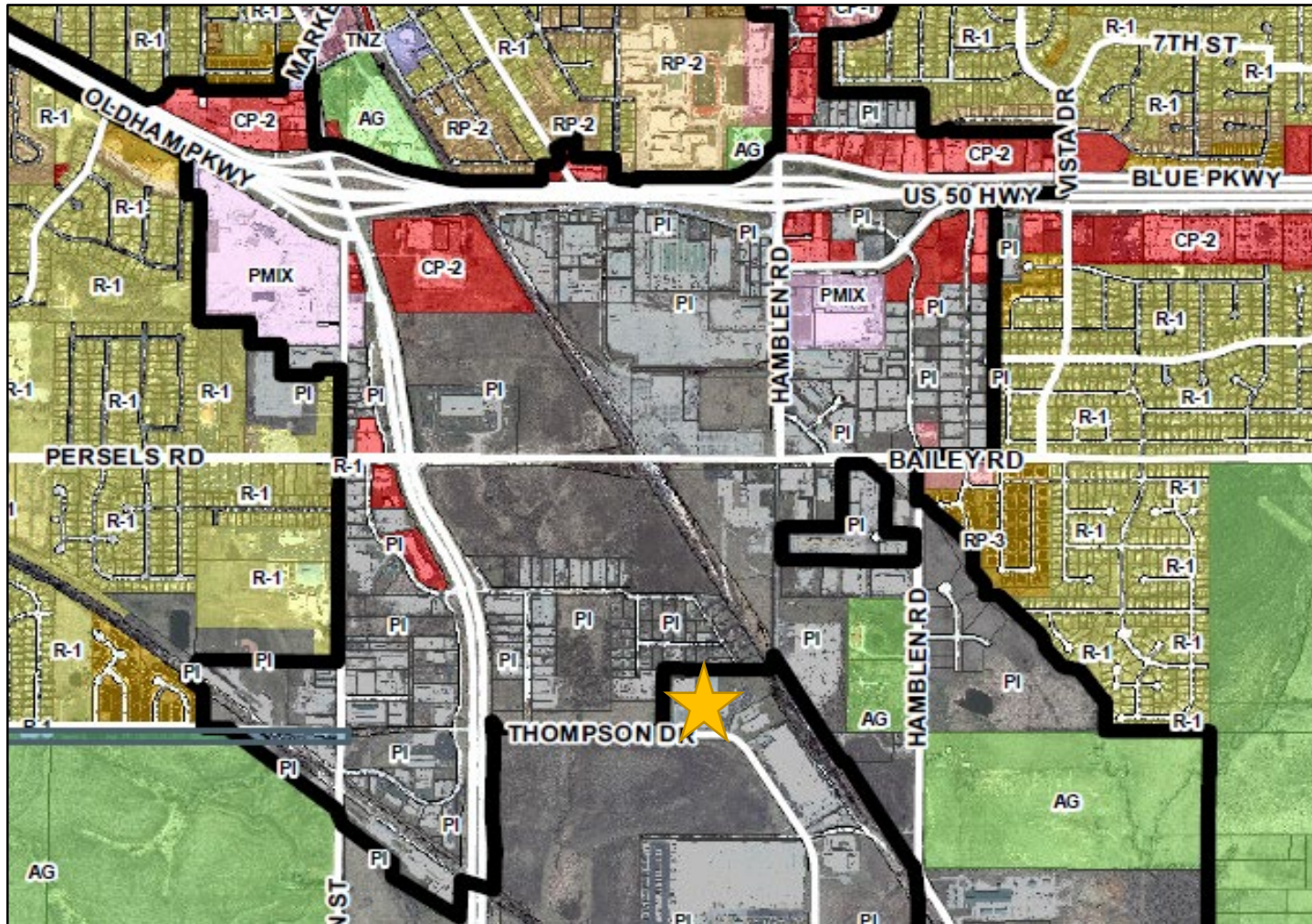
Proposed Project



Blight Study Results

- The area adjacent to our property was designated as blighted in 2014.
- Valbridge Property Advisors conducted a blight study of the current location to investigate and determine if blight conditions exist according to Section 99.805 Revised Statutes of Missouri and Section 67.1401.1 Revised Statutes of Missouri.
- In its report dated March 20, 2023, Valbridge determined that, in its opinion, the location represents a “blighted area” as defined by Missouri Statutes, with the primary blighting factor being deterioration of site improvements.
 - The location consists of surplus land that is not being utilized to maximum potential. The surplus land is landlocked with access provided through the existing surface parking lot. The interior location and lack of public access results in limited marketability of the surplus land to a market buyer.
 - The existence of blighting factors indicates that the location constitutes an economic liability in its present condition and use. Because of this, it is unlikely that the Study Area will be redeveloped without financial assistance.
- Our current plan includes updating the deteriorated parking lot, the existing facade, and creating a new employee entrance and breakroom.

Blighted Area Designation



 LCRA Boundary

 Our Facility

Requested Economic Development Support

1. Sales and Use Tax Exemption on Construction Materials

(Estimated at 40% of building cost)

- Estimated City Sales & Use Tax Taxpayer Benefit - \$137,851
- Estimated Total Sales & Use Tax Taxpayer Benefit - \$444,447

2. Real and Personal Property Tax Abatement

- 75% Abatement for 10 Years
- Estimated Real Property Taxpayer Benefit - \$1,631,874 (NPV \$1,057,402)
- Estimated Personal Property Taxpayer Benefit - \$165,892 (NPV \$128,181)

The estimated incentive value is 7.4% of our projected investment which will increase our IRR and thus increase our internal competitive position for capital.

Example Abatement Packages

Example Abatement Packages for Large Scale Industrial Projects Missouri Side of Kansas City Region As of October 2022

Year Approved	Government Entity	Company	Project	SQFT	Abatement Term	Abatement Level
2022	Lee's Summit	LS Industrial, LLC	LS Industrial	595,000	20 Years	95% Years 1-10 50% Years 11-20
2022	Lee's Summit	Zerega Pasta	Facility Expansion	160,000	10 Years	75% Years 1-10 Same for Personal Property
2022	Lee's Summit	Scannell	LS Logistics	783,000	20 Years	95% Years 1-10 75% Years 11-20
2020	Raymore	Van Trust	Raymore Commerce Center	564,970	20 Years	97.5% Years 1-20
2020	Kansas City (Port KC)	Van Trust	Niagara (NWC 112 th and North Congress Ave.)	630,000	16 Years	~92% Years 1-7 (plus personal property tax abatement) ~83% Years 8-11 ~73% declining to 35% Years 12-16
2020	Kansas City (Port KC)	NorthPoint Development	Blue River Commerce Center	2,590,000	20 Years	94% Years 1-10 50% Years 11-20
2020	Kansas City	MDC Inc.	Executive Park Logistics Center	396,455	15 Years	100% Years 1-10 50% Years 11-15
2020	Liberty	NorthPoint Development	Broadacres Industrial Park	3,300,000	20 Years	90% Year 1 90% declining to 18% Years 2-20
2020	Liberty	Opus	Heartland Meadows Commerce Center	181,321	10 Years	90% Years 1-10

Value Proposition for Lee's Summit



Supports Targeted Outcomes

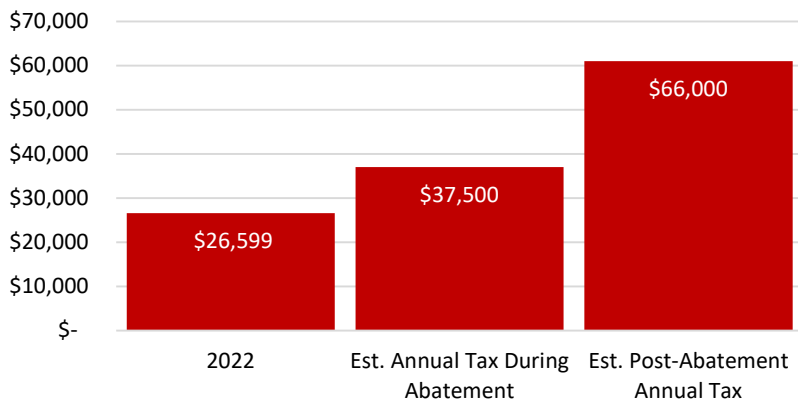
- Manufacturing and Distribution is a targeted industry for the city.
- Retain existing economic base provided by current facility.
- Create a safe working environment where quality job opportunities exist to support local households.
- Promote from within providing advancement opportunities at all levels.
- Average wage for current employees is approximately \$35/hour.
- The City of Lee's Summit seeks to promote an environment that will encourage growth and sustainability of the existing economic base.

Value Proposition for Lee's Summit

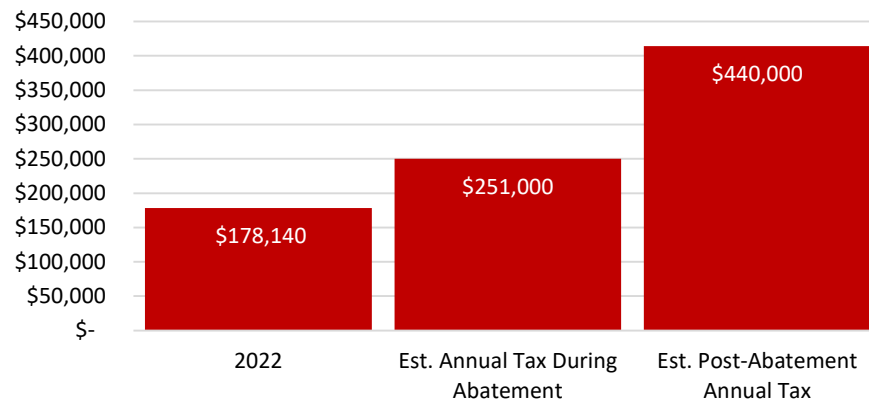
- **Estimated Additional Real Property Tax Revenue over abatement term**
 - With 75% Abatement
 - Estimated Additional Real Property Tax to City of Lee's Summit – \$75,035
 - Estimated Additional Real Property Tax to All Jurisdictions – \$502,531

- **Estimated Annual Real Property Tax Revenue**

City of Lee's Summit Real Property Taxes



Total Real Property Taxes



Total real property taxes forecasted to be paid are approximately \$2,500,000 over the 10-year term of abatement (\$375,000 to City of Lee's Summit).

Value Proposition for Lee's Summit

- **Estimated Personal Property Spend for the Project is \$2,396,500**
- **Estimated Personal Property Tax Revenue over abatement term**
 - With 75% Abatement
 - Estimated Additional Personal Property Tax to City of Lee's Summit – \$9,726
 - Estimated Additional Personal Property Tax to All Jurisdictions – \$55,927
- **Sales Tax**
 - RFS expects to pay sales and use taxes on its personal property expenditures related to the expansion. These expenditures would not be subject to any exemption.
 - Estimated Sales Tax Benefit to City of Lee's Summit – \$3,295
 - Estimated Use Tax Benefit to City of Lee's Summit – \$44,156
 - Total Sales and Use Tax Benefit to City of Lee's Summit – **\$47,451**
 - Estimated Sales Tax Benefit to All Jurisdictions – \$40,992
 - Estimated Use Tax Benefit to All Jurisdictions – \$111,994
 - Total Sales and Use Tax Benefit to All Jurisdictions – **\$152,987**

Value Proposition for Lee's Summit

- An expansion of our current facility would allow us to create 30-35 new positions over five years.
- According to research published in 2019 by the Economic Policy Institute:
 - This direct job creation supports the creation of 83-97 indirect jobs for our suppliers and vendors.
 - The additional direct and indirect positions would create an increase in annual payroll between \$7-9M.
 - The increase in payroll supports the creation of an additional 85-100 jobs in other economic sectors.
- A preliminary budget for expansion is \$22M.
 - A \$22M investment in construction can help create more than 100 direct construction jobs and more than 200 indirect jobs.



Thank You!



Thank you for your time and consideration.

We look forward to partnering with Lee's Summit to grow our business and to continuing to contribute to the city's outstanding quality of life for businesses and residents.