



Reinhart Foodservice, LLC

Presentation to
Lee's Summit City Council

June 20, 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 (known as Performance Foodservice Lee’s Summit) 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 autonomously 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 the 90's. 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 or larger facility would allow us to increase our SKUs 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 & Drafthouse

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.



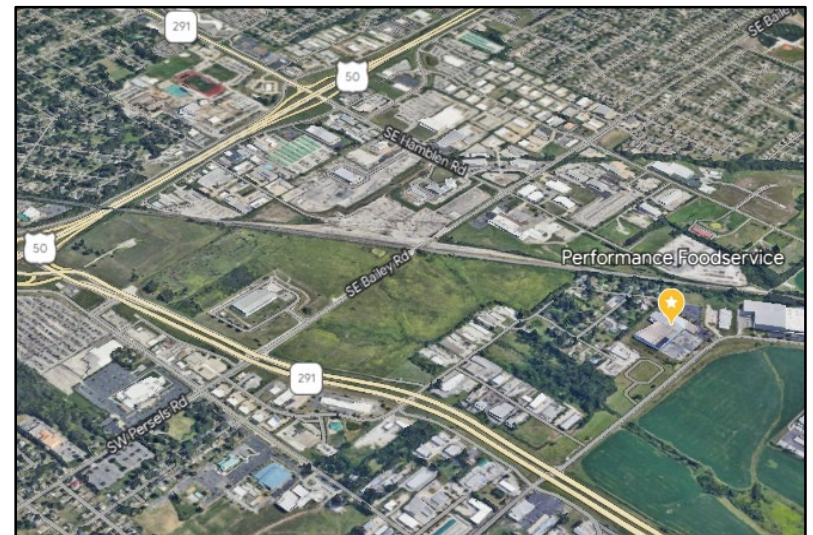
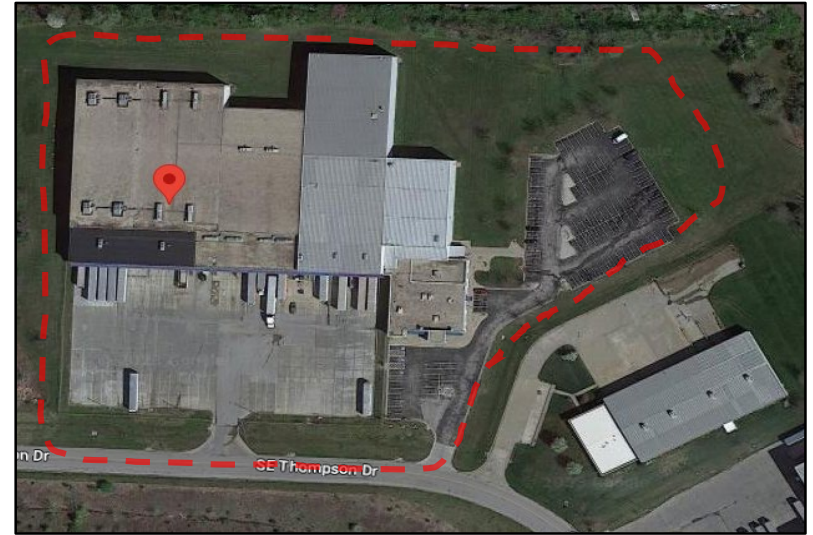
Our estimated investment in the Proposed Project is \$22M. This consists of \$19.6M in real property and \$2.4M in personal property.



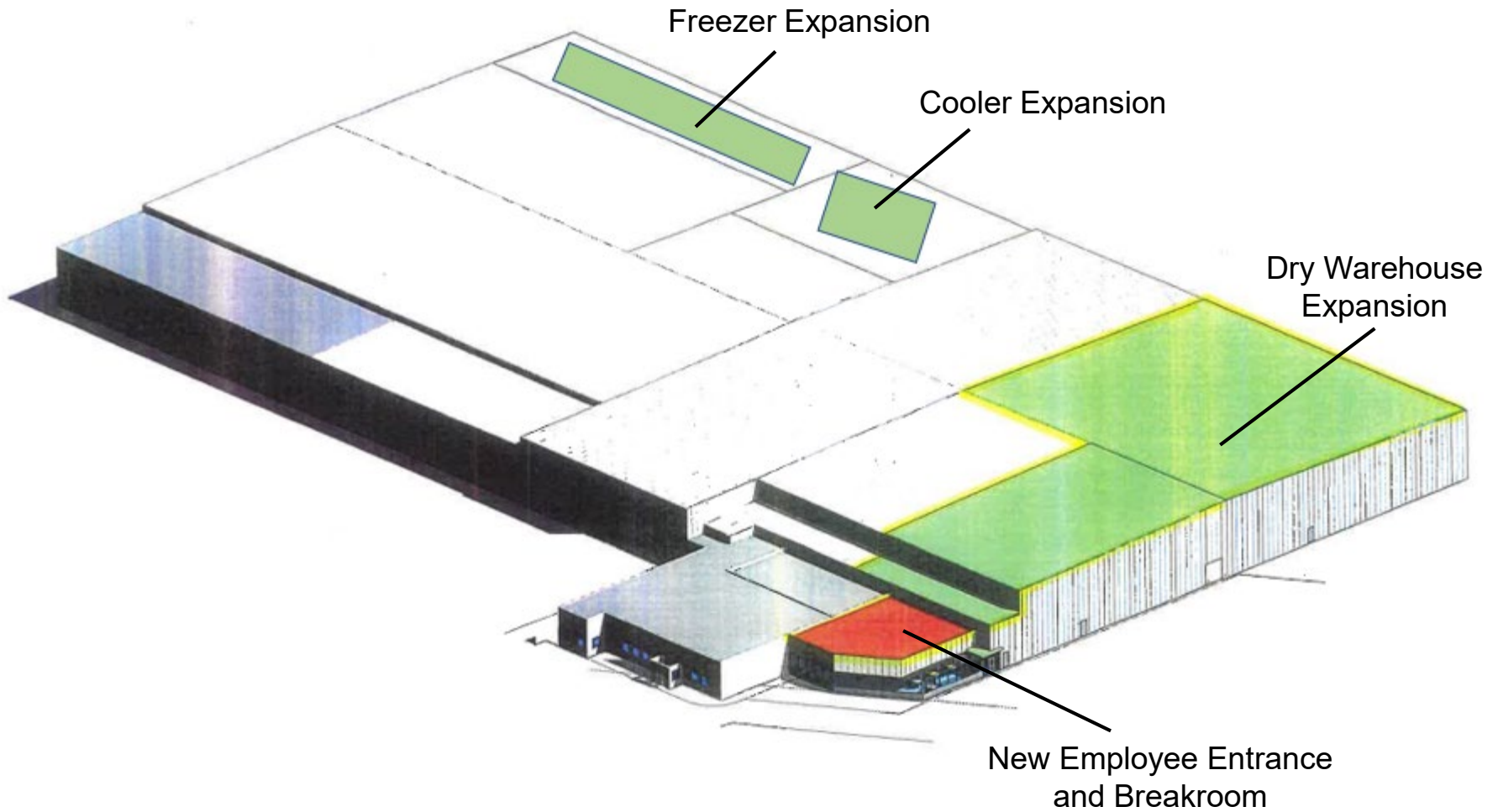
Construction is estimated to commence mid-2023. Ideally, the expanded facility would be fully operational by spring 2025.



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 a minimum of 30-35 new positions over five years with an average hourly wage of \$32/hour.



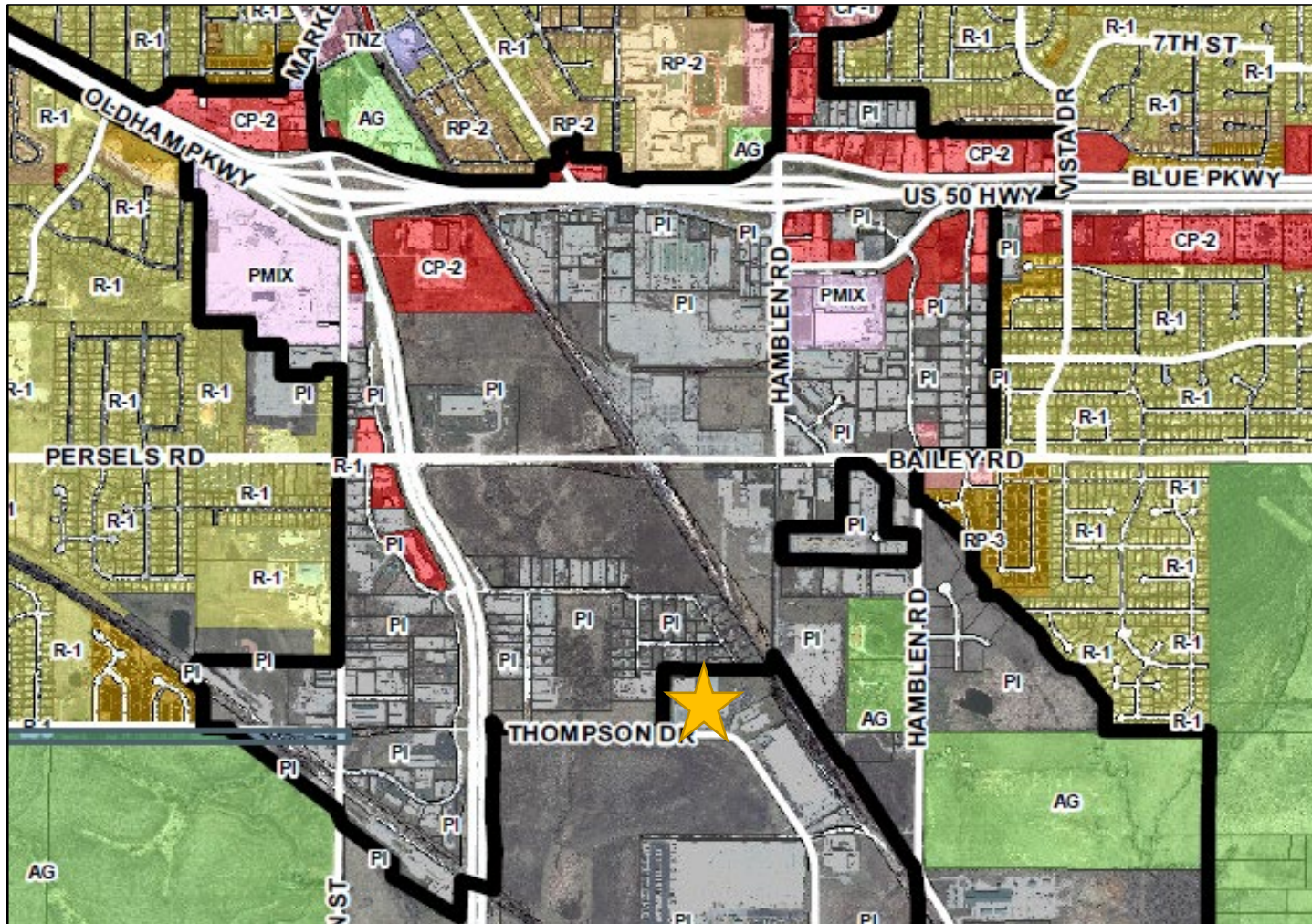
Proposed Project



Blight Finding & LCRA Approval

- Valbridge Property Advisors conducted a blight study of the current location to investigate and determine if blight conditions exist. 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.
- On May 24, 2023, the Project and blight study were presented to the LCRA Board. The LCRA Board agreed with the analysis provided by Valbridge and approved of the blight finding.
- The LCRA Board indicated their preference to support a real property abatement without a personal property abatement. The Board suggested that our proposal be revised to remove the personal property tax abatement and adjust the real property abatement percentage upward in order to achieve the originally requested benefit. Our Requested Economic Development Support has been adjusted according to their recommendation.

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 Property Tax Abatement

- 84% Abatement for 10 Years
- Estimated Real Property Taxpayer Benefit - \$1,812,785 (NPV \$1,176,104)

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

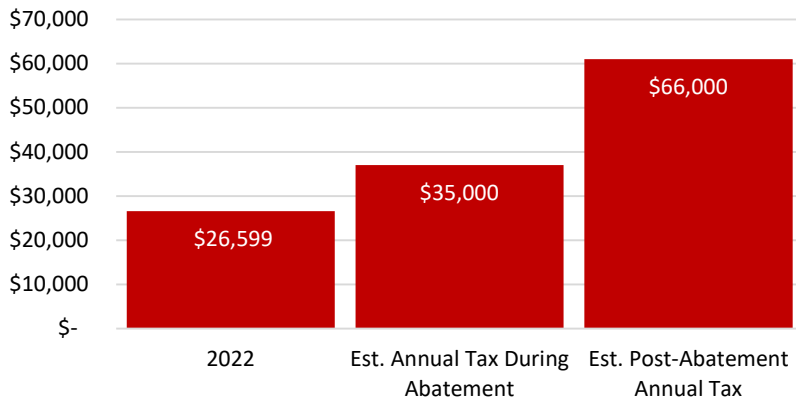
- Manufacturing and Distribution is a targeted industry for the city.
- Retain existing economic base provided by current facility.
- Create a safe working environment where quality job opportunities exist to support local households.
- Promote from within providing advancement opportunities at all levels.
- 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 84% Abatement
 - Estimated Additional Real Property Tax to City of Lee's Summit – \$48,022
 - Estimated Additional Real Property Tax to All Jurisdictions – \$321,620

- **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 \$2,330,000 over the 10-year term of abatement (\$348,000 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**
 - Estimated Additional Personal Property Tax to City of Lee's Summit – \$38,906
 - Estimated Additional Personal Property Tax to All Jurisdictions – \$221,190
- **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.