



LEE'S SUMMIT MISSOURI

License Tax Review Committee Annual Report for FY2017
May 3, 2018

EXECUTIVE SUMMARY

City staff presented the FY2017 update to the License Tax Review committee on November 13, 2017. The License Tax Review Committee moved its annual meeting to fall to allow time for programming recommended projects into the CIP and adjusting fees in the City's Schedule of Fees. This report presents the discussion and recommendations from the Committee.

Current Status

- The License Tax is a fee for new development or re-development activity that increases traffic
- The City must spend funds received on transportation projects
- The License Tax Fund current balance is \$3.523 million
- No projects are currently funded with License Tax Money
- Maximum rate approved by voters in 1997 was \$2,116 per residential unit
- Current Rates are: \$1,088 per residential unit;
\$953 per trip for Manufacturing/Industrial; \$715 per trip for commercial

Projections

- Building permit activity is projected to peak in 2017-18
- Future years will see declining License Tax revenues due to declining development activity
- \$10.326 million of total revenues is projected over the next 15 years

Committee Guidance

- Projects funded by the License Tax should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP)
- Projects should exclude site specific projects such as adding a turn lane or signal required by one developer or landowner to complete a project
- Economic development focused projects are the preferred use of this fund
- The License Tax funds should continue to manage cash flow so that projects are funded on a pay as you go basis

Actions

- Committee voted unanimously to raise the non-residential license tax by 5%
- Committee voted unanimously to program into the FY19 CIP SE Browning Street to connect from SE Browning to Hamblen Road (SE quadrant of M291 North and US 50 interchange)

Background

The license tax, or sometimes called excise tax, was approved by voters in November 1997 and then adopted by Ordinance No. 4592 on March 17, 1998. The provisions of the license tax ordinance are found in Sections 28-175 through 28-183 of the City’s Code of Ordinances. The tax is administered by City staff with the oversight of the License Tax Committee. The ordinances established the Finance Director as the License Tax Administrator and designated the City Traffic Engineer and a Plans Examiner as part of the implementation team.

The license tax is intended to serve as a transportation impact fee to help fund the expansion of the City’s transportation system. The tax is paid by development activity when building permits are issued for residential construction, or the tax is paid when the certificate of occupancy is issued for commercial and industrial development. The license tax uses a formula based on the additional traffic created by development to calculate the fee for each project.

The tax has been used to fund road projects identified in the Thoroughfare Master Plan (TFMP). The original list of thirteen projects was developed based on the 1995 TFMP. The master plan has been updated on a regular basis to adjust for changing development patterns, traffic conditions, and updated projections. Twelve of the thirteen transportation projects were completed, and the remaining project was removed from the plan in 2015. A detailed list of the projects completed using the License Tax is presented in Appendix A.

The current rates are approximately half of the rate that was authorized by voters when the tax was adopted in 1997. The current rates include across the board rate increases of 3% in 2007 and 5% in 2015. Rates were increased in 2016 for Manufacturing/Industrial and Commercial developments by 5% with no change in residential fees. The current tax rates are shown in Table 1.

Table 1: Current License Tax Rates for 2016-17 (FY17)

Land Use Category	License Tax
Residential	\$1,088 per new trip
Manufacturing / Industrial	\$ 953 per new trip
Commercial	\$ 715 per new trip

Current Status and Projections for Future Revenues

The City issued 680 permits for residential dwelling units in 2017, which were 171 more permits compared to 2016. This is significantly higher than the 166 permits issued in 2011. The trend for residential building permits is shown below in Figure 1.

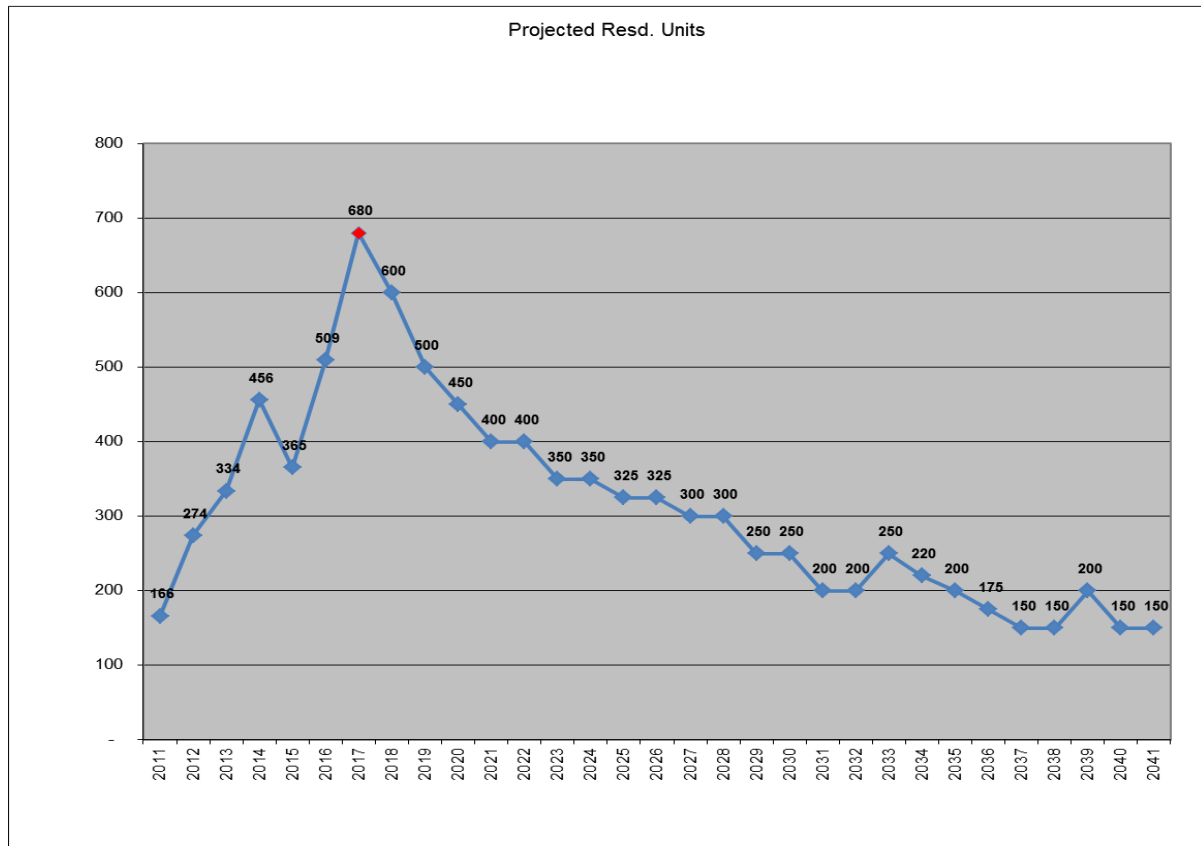


Figure 1: Projected Number of Residential Building Permits.

Building activity was forecasted to peak during FY2017, so the annual activity is expected to generally decline going forward. This year’s peak included several multi-family units. Activity is expected to issue 400 or more residential building permits each year for the next five years, and remain above 250 permits per year for the next ten years. Growth may flatten out beyond 2022 because growth is expected to consume most of the existing inventory of platted land, or easily developable land. Work beyond those years will become more difficult to develop due to the increased infrastructure costs associated with more challenging land areas. Appendix B presents detailed information regarding the commercial building permits and residential permit data, along with projected permit activity.

Commercial and industrial permitting is reported based on the square footage of buildings added to the City’s existing inventory. 312,000 square feet were permitted in 2017. The 2017 permits were about 50% less than the square footage permitted from 2016 because several large projects, such as the south Walmart store and Missouri Innovation Campus, were issued in the previous year. The square footage is shown in Figure 2, which shows a similar pattern of peaking during the 2016-18 timeframe, and then gradually declining as available land space is consumed for development.

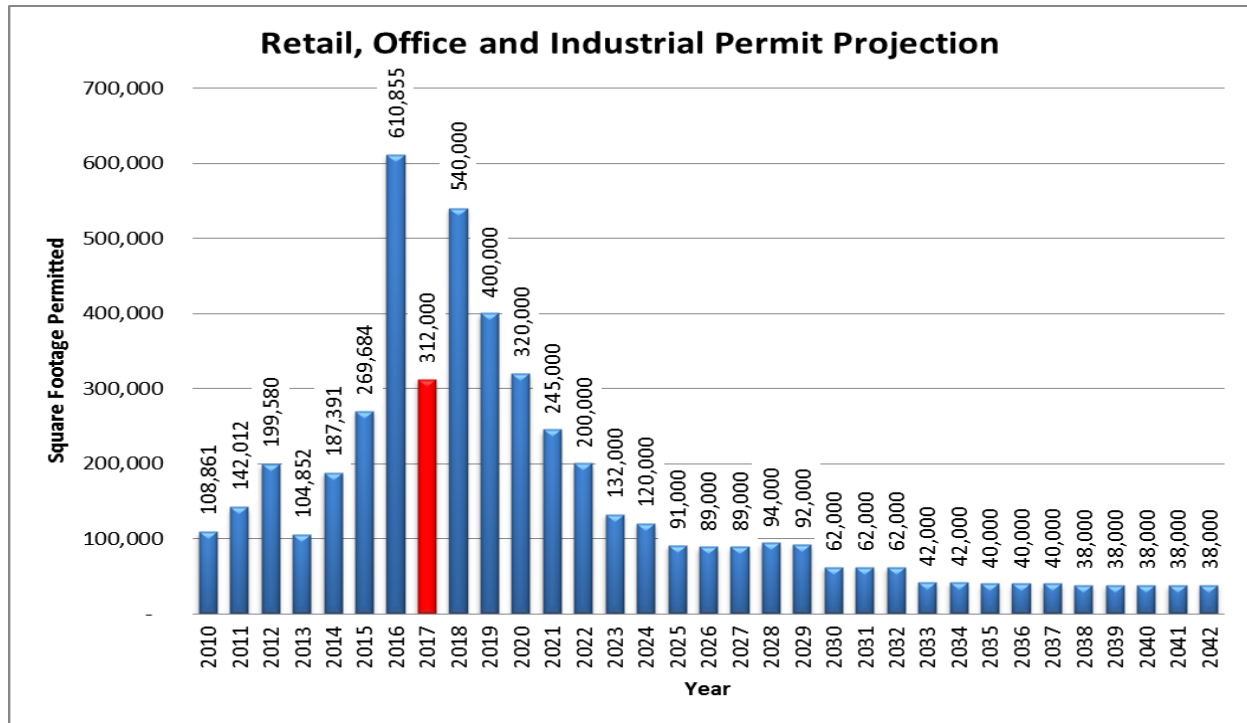


Figure 2: Projected Square Feet of Retail, Office and Industrial Building Permits

The total number of permits issued over the next 20 years, for all types of land use, is expected to match the total amounts forecast because permit estimates are based on land area. The land area is relatively constant, so the total permits will eventually match the land area. Forecasting annual permits and actual timing of the peaks and troughs in permit activity is more difficult. For example, a project development expected to start in 2018 may be delayed a few months, which would push the permit, and thus the revenues, into 2019. The City still receives the revenues, but the timing will change. City staff also used a conservative approach when forecasting permits. The unpredictable timing and changes in projects may change the building footprint or use of a site, and thus change the license tax fee. Only known projects were considered for the next 2 to 4 years, thus additional projects are likely to occur, but no such hypothetical projects were counted in the forecast.

The license tax generated \$1,454 million of revenue for FY2017 to yield a year-end balance of \$3.523 million. Detailed revenue tables can be found in Appendix C. Based on current tax rates, revenues are expected to create a fund balance exceeding \$7.07 million in 2022. That would be enough to fund one large, municipal road project, or it could fund multiple smaller projects identified in the thoroughfare master plan.

Analysis

The current \$3.5 million fund balance is sufficient to design and construct several road projects identified in the current thoroughfare master plan. Based on recent development activity, infrastructure needs, and Committee guidance, City staff recommended several road projects that could be programmed into the FY2019 Capital Improvement Plan (CIP). A summary of the projects is shown below in Table 2.

Table 2: Future Projects for Consideration to Fund Using License Tax Revenues

Project	TFMP*	Multiple Developments	When Cash Flow? **
Browning Street: Oldham Parkway to Hamblen Road (SW Corner of M291 North and US 50)	Yes	9 Commercial Subdivisions	2018
Main Street: Chipman Road to Commerce Drive	Yes	8 Commercial Subdivisions	2018-19
Pryor Road South of M-150 to County Line Road	Yes	Several Residential / mix Subdivisions; Osage Trails Park; County Line Rd.	2021-22
County Line Road from Pryor to Ward	Yes	Several Residential Subdivisions	2029-30
*TFMP = 2016 Thoroughfare Master Plan **Cash Flow assumes projects completed in sequence from top to bottom; Projected FY18 fund balance of \$4.4 M could fund either of the projects listed in 2018/19			

Short descriptions of the projects proposed for the 2018-19 timeframe are as follows:

SE Browning Street: Build an industrial collector to connect SE Browning to SE Hamblen Road near the new Water Utilities building. The purpose is to provide access to land in the SW quadrant of the US50/M291 north interchange to promote redevelopment in that area and set the stage to re-construct the interchange. MoDOT has communicated its desire to limit access to the south outer road, Oldham Parkway, to relieve congestion at the interchange. Several parties have approached the City about redeveloping around the interchange. The SE Browning connection will be needed to provide full access to promote re-development in that area.

NE Main Street: Reconstruction of NW Main Street between Chipman Road and Commerce Drive. The purpose is to provide a complete, urban, commercial collector between Chipman and Commerce that provides access to undeveloped land in the vicinity of the Police Station and the Missouri Innovation Campus. NW Main is mostly an unimproved road with open ditch, no sidewalks, and narrow lanes for most of the road. The west side is partially developed and the east side is owned by the City and used

by Water Utilities. The City will be constructing Commerce Drive as a commercial collector to connect NW Main to Tudor Road at NW Sloan.

As shown in Table 2, both of these projects fit the Committee’s guidance that: (a) projects be improvements identified in the TFMP, (b) project serve several developments, businesses, and/or commercial areas, and (c) that projects can be funded from available cash balances.

License Tax Fees: Based on the Committee’s guidance from the 2016 and April 2017 Committee meetings, City staff evaluated options for increasing the license tax fees in small increments. The three scenarios evaluated were (a) a 5% increase in commercial license tax fees, (b) a 10% increase in commercial license tax fees, and (c) a 5% increase across the board for all fees. Table 3 below is an illustration of the changes in revenue from the rates, total fund balance, and 10% increase in commercial activity fees.

Table 3: Comparison of Current License Tax Revenue Projections

Year	Current Fund Balance Forecast	Fund Balance with 10% Comm. Increase	Net Increase of Funds
2017	\$3,522,891		
2018	\$4,422,594		
2019	\$5,283,263	\$5,318,115	\$34,852
2023	\$7,562,868	\$7,673,990	\$111,122
2031	\$10,326,360	\$10,494,264	\$167,904

The illustration shows that increasing the commercial/industrial rates generates fees yields a net increase of \$168,000 of total revenues over the next 15 years. That change is a net increase of 1.6% in total revenues.

Several other cities in the region collect license tax fees related to development causing traffic growth. Lee’s Summit fees are well below the regional average in most areas. Figure 4 shows a comparison of fees generated by typical projects. This figure also illustrates how the rates in the ordinance translate into revenues generated by development work. The higher rates per unit typically causes residential developments to pay a higher total license tax fee when compared to a single office, retail or industrial development. However, a single convenience store or single fast food restaurant will pay license tax fees similar to the fees paid by a 50-unit, single-family development due the high volume of traffic generated by commercial development.

Committee Comments, Questions and Discussion

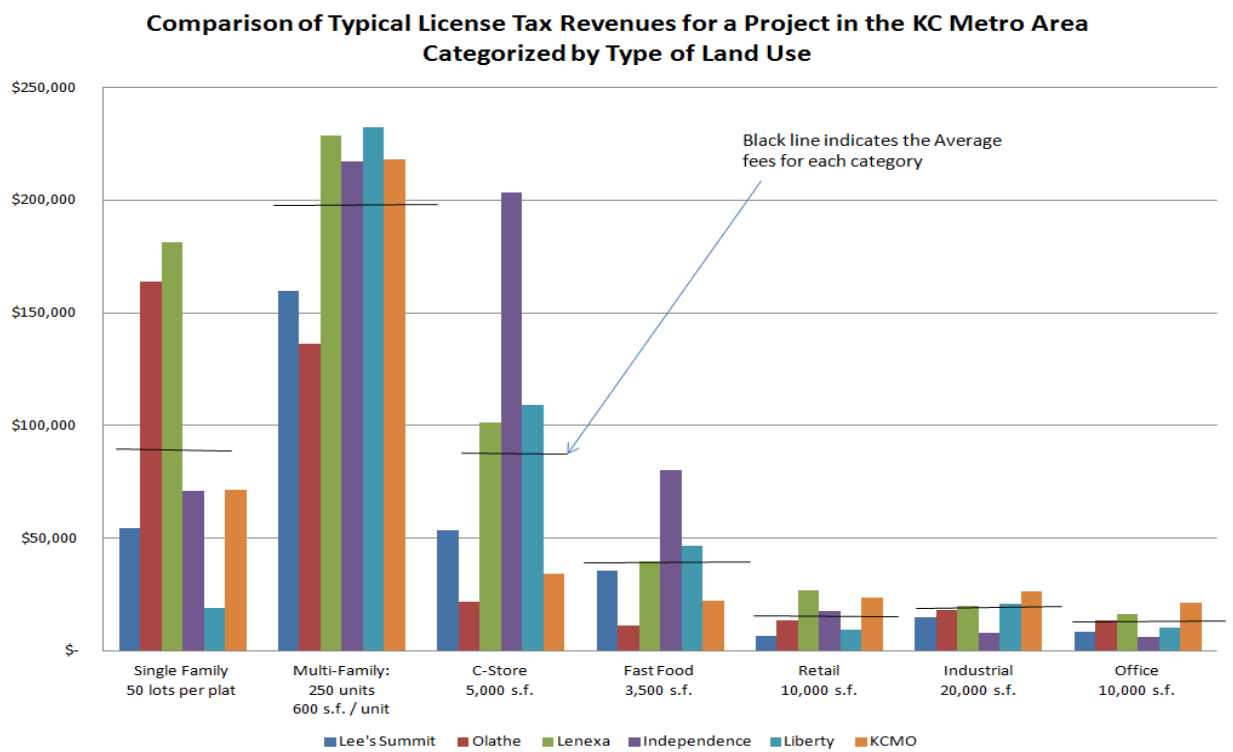
The committee asked several questions regarding land use and ways to capture revenue. Generally most of the information regarding demographics, land use, and development activities can be found in the

City’s Annual Report of Development Activities available online at http://cityofls.net/Development/Demographics-and-Statistics#annual_development_reports .

The Committee noted that there is only one chance to capture excise tax revenue generated by development. Once the land is developed, the license tax revenue can only be collected if the site re-develops in a way that changes the use of the site. The committee discussed ways to maintain the current momentum in economic development activities, capture revenues, and use funds. The Committee and Staff discussed considerations to balance the desire to build a fund balance to pay-as-you-go (cash flow) projects while ensuring the City was compliant with the State’s Hancock amendment.

The Committee also asked how do the rates in Lee’s Summit compare to other communities in the Kansas City metro area? Generally, as shown in Figure 4, Lee’s Summit rates are well below the highest rates in the region in all categories. Lee’s Summit Rates are also below the average of 5 comparators in the Metro Area. These comparisons are illustrated in Figure 4.

Figure 4: Lee’s Summit Fees for Typical Projects Compared to Other Cities in the Region



Committee Recommendations

Based on the success of the License Tax program, the effects of inflation, the continuing demand for good roads in Lee’s Summit, the Committee re-affirmed the values that all stakeholders should pay a fair share to provide excellent road systems in Lee’s Summit. To stay on course with the original intent of the License Tax program, the License Tax Committee made the following recommendations:

- A. Projects eligible for license tax funding should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP)
- B. License tax funding should be managed on a cash-flow basis, and not used for debt financing
- C. License tax fees should be increased by five percent for Commercial and Manufacturing/Industrial categories as shown in Table 4.

Table 4: Recommended Rate Increase for FY2016

Year	Residential Rate	Manufacturing / Industrial Rate	Commercial Rate
FY 2017 (current rates)	\$1,088.00	\$ 953.00	\$ 715.00
FY 2019	\$1,088.00	\$ 1,000.00	\$ 750.00

Restating the Committee's guidance from previous years, regarding project selection, projects funded by the License Tax should be limited to projects identified in the City's Thoroughfare Master Plan (TFMP). It should be noted that TFMP includes economic development as a component of the many needs and demands used to identify needed transportation projects.

Projects should exclude site specific projects such as adding a turn lane or signal required by one developer or landowner to complete a project. Although economic development focused projects should be a priority, the City should not lose sight of the other types of transportation projects in the TFMP.

The License Tax funds should continue to manage cash flow so that projects are funded on a pay as you go basis. The fund itself does not generate enough annual revenue to complete a project every year. The Committee does not want to issue bonds backed by the license tax, so several years of funds should be accumulated to pay cash for eligible projects identified in the TFMP.

Moving forward, more revenues should be generated for this program to support more projects needed to build a high-quality transportation network in accordance with the City's overall vision for high quality of life over the long haul.

Committee and City Staff Actions

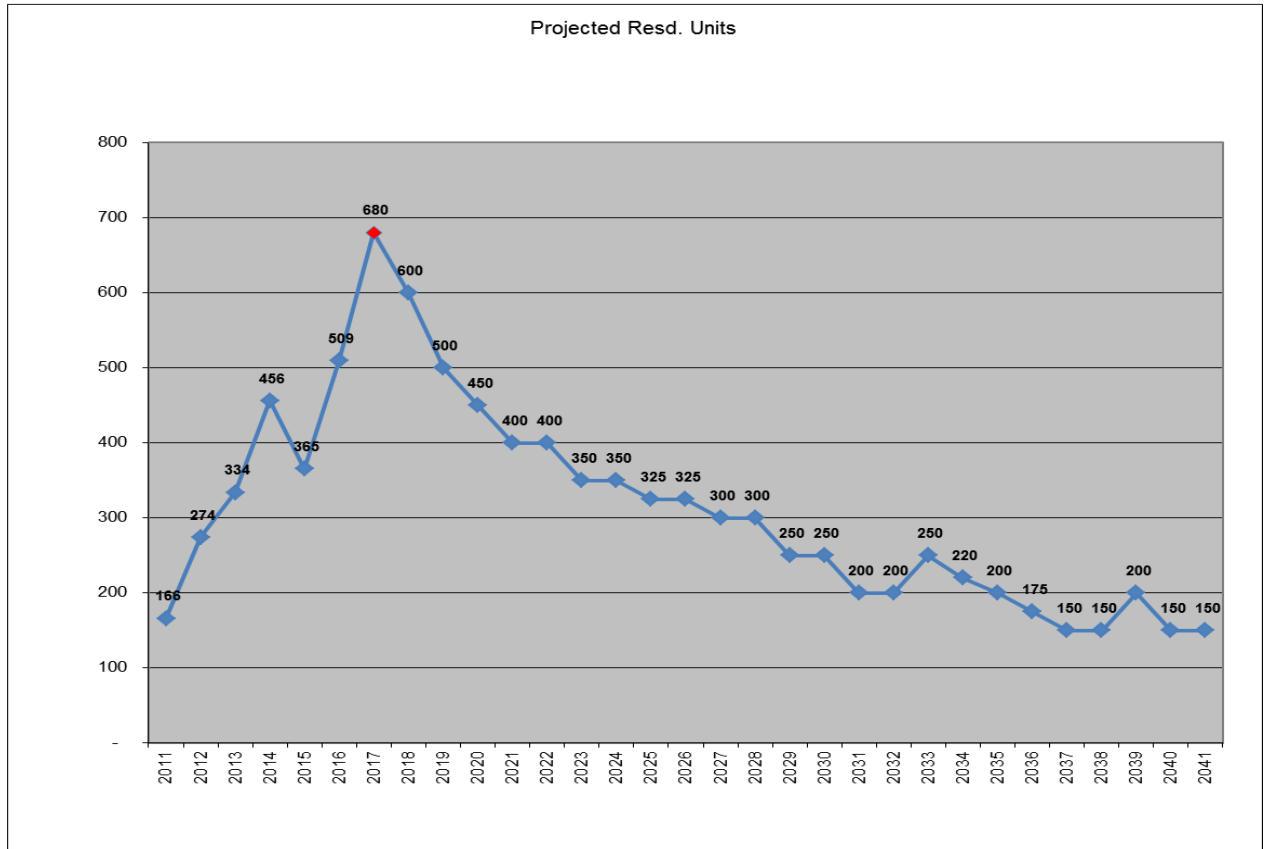
For reference, the November 13, 2017 action letter from the Committee is enclosed as Appendix D. The License Tax Review Committee voted unanimously to start the design work immediately on SE Browning project and to raise the non-residential rate by 5%, leaving the residential rate where it is at. Based on that action, City staff has (a) programmed SE Browning into the FY2019 Capital Improvement Plan for review and adoption by Council; and (b) drafted a revised license tax ordinance for Council consideration that incorporates the recommended fee increases to become effective as of July 1, 2018.

APPENDIX A to FY2017 LICENSE TAX REPORT: Transportation Project Completed as Part of the License Tax Program Adopted in 1998

Transportation Projects Completed with Use of License Tax Funds	
Blackwell Pkwy (Langsford to Colbern)	Pryor Rd (Longview to Chipman)
Chipman Rd (US 50 to M-291)	Scruggs Rd (M-291 to Blackwell)
Independence Ave (Tudor to Colbern)	Todd George Pkwy (McKee to Tudor)
Langsford Rd (Todd Geo. to Blackwell)	Ward Rd (M-150 to Scherer)
Longview Pkwy (Longview to 3rd)	5 th Street (Grand to M-291)
Longview Rd (Sampson to Ward)	Woods Chapel Rd (1-470 to East City Limits)

Projects Added	
SE Browning Street, from Browning to Hamblen (added in 2017)	Part of 2017 TFMP

APPENDIX B to FY2017 LICENSE TAX REPORT: Building Permit Activity and Projections Through 2042



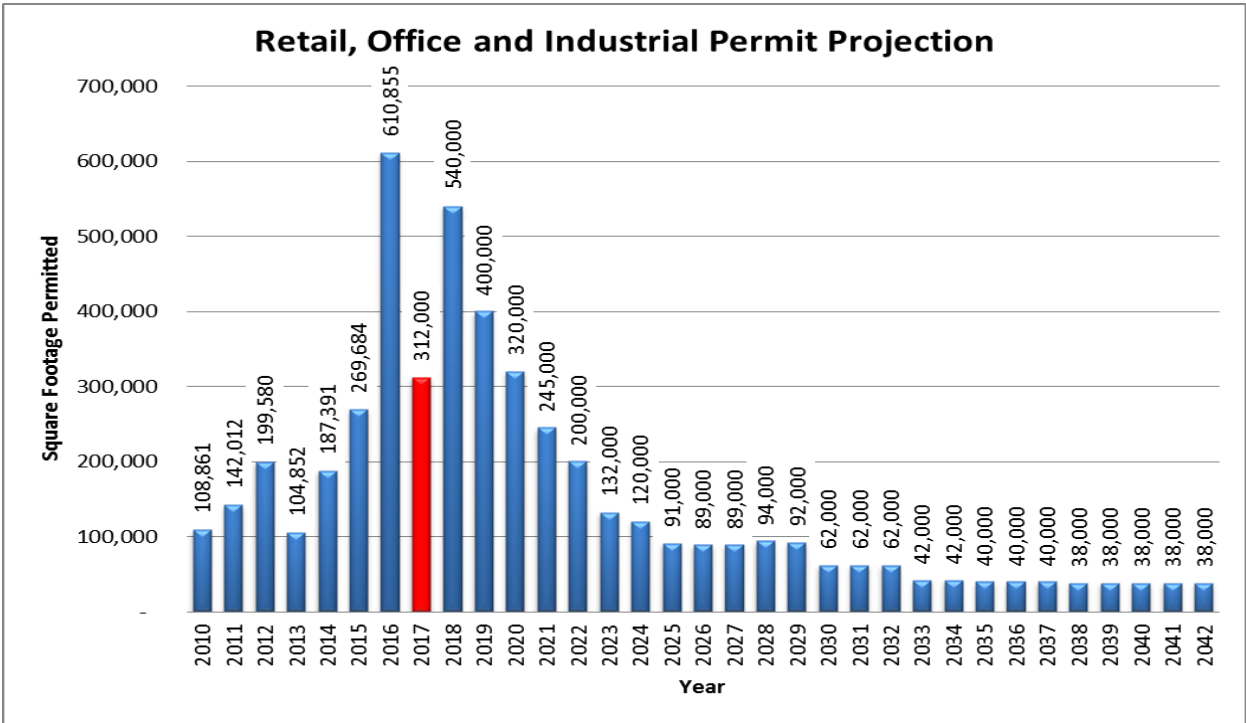
APPENDIX B to FY2017 LICENSE TAX REPORT: Building Permit Activity and Projections Through 2042

Residential Growth Projection 09/2017 (Adjusted)

Year	Projected Resd. Units	Fiscal Year	Added Populaton*	Projected Total Population
2011	166	2012		91,767
2012	274	2013	525	92,292
2013	334	2014	800	93,092
2014	456	2015	796	93,888
2015	365	2016	1,542	95,430
2016	509	2017	1,292	96,722
2017	680	2018	1,726	98,448
2018	600	2019	1,523	99,970
2019	500	2020	1,269	101,239
2020	450	2021	1,073	102,313
2021	400	2022	954	103,267
2022	400	2023	954	104,221
2023	350	2024	835	105,055
2024	350	2025	835	105,890
2025	325	2026	775	106,665
2026	325	2027	775	107,440
2027	300	2028	716	108,156
2028	300	2029	716	108,871
2029	250	2030	596	109,468
2030	250	2031	596	110,064
2031	200	2032	477	110,541
2032	200	2033	477	111,018
2033	250	2034	596	111,614
2034	220	2035	525	112,139
2035	200	2036	477	112,616
2036	175	2037	417	113,033
2037	150	2038	358	113,391
2038	150	2039	358	113,749
2039	200	2040	477	114,226
2040	150	2041	358	114,584
2041	150	2042	358	114,941
2042	150	2042	358	115,299
Totals	9,479		23,532	

Added population is calculated based on conservative methods.
 Additional population each year is calculated based on the projected number of building permits to be issued during the previous 12 months,
 factoring in a range of 5.4 to 10% vacancy and an average household size of between 2.75 and 2.65 persons per household.

APPENDIX B to FY2017 LICENSE TAX REPORT: Building Permit Activity and Projections Through 2042



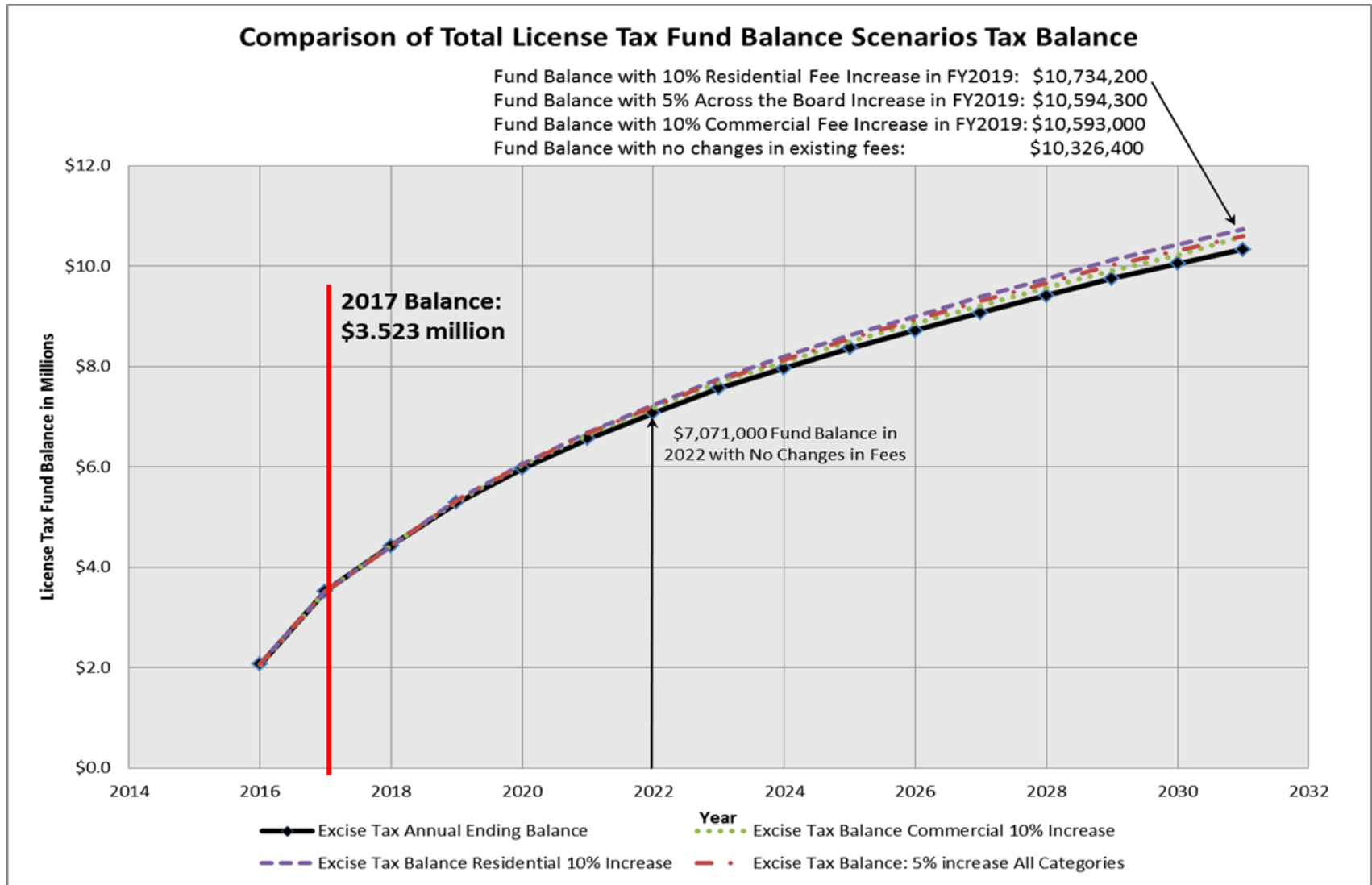
Retail, Office and Industrial Development Projections (all numbers in Square Feet)

Office	Retail	Industrial	Total
207,821	348,603	363,132	919,556
225,384	246,137	169,317	640,838
215,668	1,237,538	320,405	1,773,611
158,830	236,205	163,247	558,282
63,092	110,730	175,468	349,290
218,643	251,582	115,849	586,074
170,353	70,575	337,014	577,942
247,313	120,547	111,154	479,014
101,679	110,818	241,600	454,097
92,397	296,234	205,852	594,483
27,626	274,509	90,192	392,327
13,430	190,503	4,800	227,986
19,643	23,494	65,724	108,861
100,581	34,029	7,402	142,012
73,637	106,279	19,664	199,580
21,741	62,871	20,240	104,852
8,110	129,695	49,586	187,391
74,462	112,138	83,084	269,684
91,755	414,942	104,158	610,855
92,000	120,000	100,000	312,000
70,000	350,000	120,000	540,000
50,000	250,000	100,000	400,000
40,000	200,000	80,000	320,000
35,000	160,000	50,000	245,000
20,000	160,000	20,000	200,000

APPENDIX B to FY2017 LICENSE TAX REPORT: Building Permit Activity and Projections Through 2042

12,000	100,000	20,000	132,000
10,000	100,000	10,000	120,000
8,000	75,000	8,000	91,000
9,000	75,000	5,000	89,000
9,000	75,000	5,000	89,000
9,000	75,000	10,000	94,000
9,000	75,000	8,000	92,000
7,000	50,000	5,000	62,000
7,000	50,000	5,000	62,000
7,000	50,000	5,000	62,000
7,000	30,000	5,000	42,000
7,000	30,000	5,000	42,000
5,000	30,000	5,000	40,000
5,000	30,000	5,000	40,000
5,000	30,000	5,000	40,000
3,000	30,000	5,000	38,000
3,000	30,000	5,000	38,000
3,000	30,000	5,000	38,000
3,000	30,000	5,000	38,000
3,000	30,000	5,000	38,000

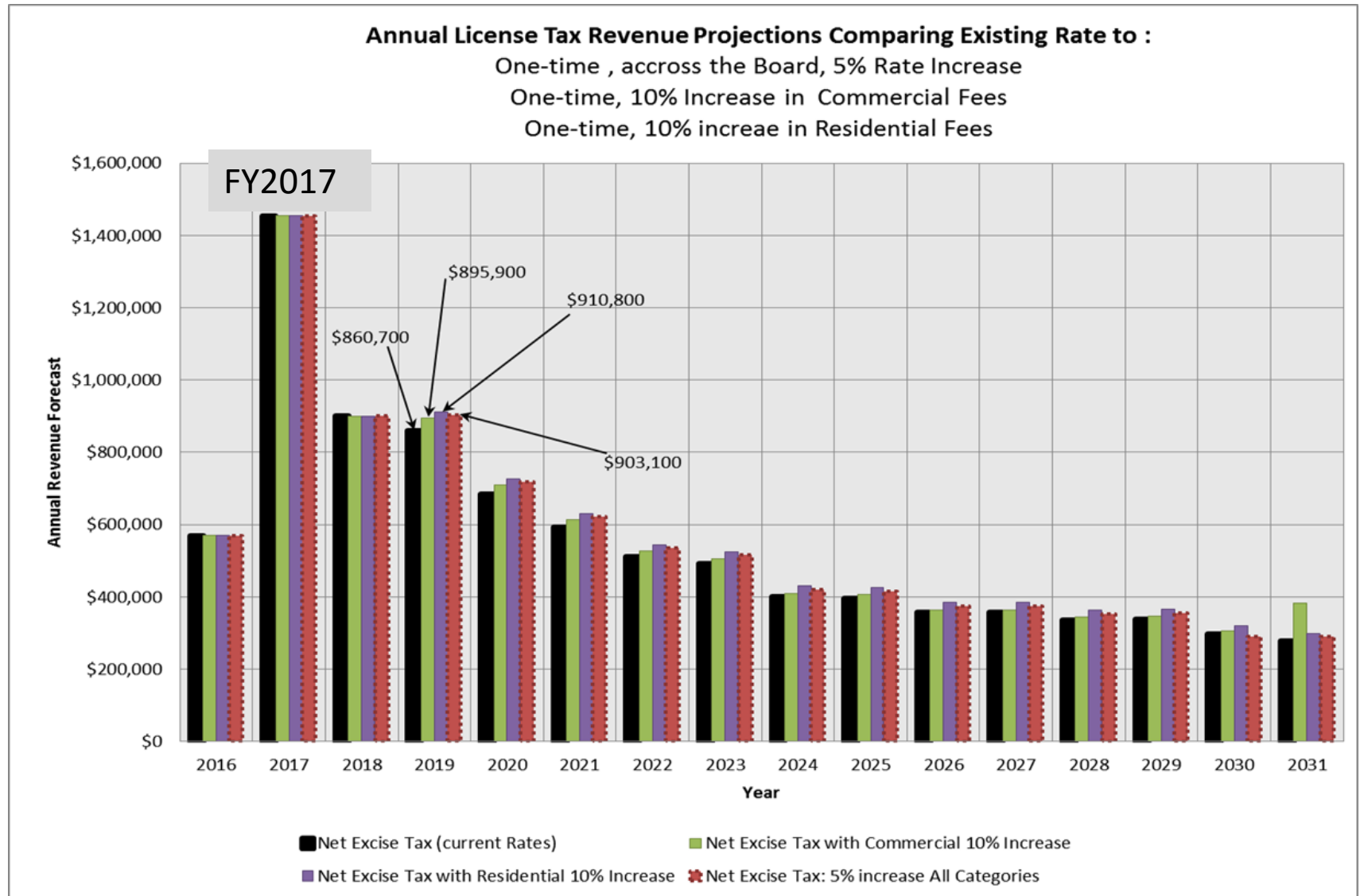
APPENDIX C to FY2017 LICENSE TAX REPORT: Summary of Other Road Projects Funded by CIP Sales Tax Fund



APPENDIX C to FY2017 LICENSE TAX REPORT: Summary of Other Road Projects Funded by CIP Sales Tax Fund

Comparison of Total Fund Balance Revenue Models								
Year	Excise Tax Annual Ending Balance	Excise Tax Balance Commercial 10% Increase	Net Change from existing rate with Commercial 10% increase	Excise Tax Balance Residential 10% Increase	Net Change from existing rate with Residential 10% increase	Excise Tax Balance: 5% increase All Categories	Net Change from existing rate with 5% increase	Year
2013	\$ (240,558)	\$ (240,558)		\$ (240,558)		\$ (240,558)		2013
2014	\$ 485,588	\$ 485,588		\$ 485,588		\$ 485,588		2014
2015	\$ 1,499,256	\$ 1,499,256		\$ 1,499,256		\$ 1,499,256		2015
2016	\$ 2,068,993	\$ 2,068,993	\$ -	\$ 2,068,993	\$ -	\$ 2,068,993	\$ -	2016
2017	\$ 3,522,891	\$ 3,522,891	\$ -	\$ 3,522,891	\$ -	\$ 3,522,891	\$ -	2017
2018	\$ 4,422,594	\$ 4,422,594	\$ -	\$ 4,422,594	\$ -	\$ 4,422,594	\$ -	2018
2019	\$ 5,283,263	\$ 5,318,115	\$ 34,852	\$ 5,333,372	\$ 50,109	\$ 5,325,743	\$ 42,480	2019
2020	\$ 5,967,440	\$ 6,027,718	\$ 60,278	\$ 6,059,431	\$ 91,991	\$ 6,043,575	\$ 76,135	2020
2021	\$ 6,560,892	\$ 6,641,591	\$ 80,699	\$ 6,690,695	\$ 129,803	\$ 6,666,144	\$ 105,252	2021
2022	\$ 7,071,334	\$ 7,168,233	\$ 96,899	\$ 7,234,868	\$ 163,534	\$ 7,201,551	\$ 130,217	2022
2023	\$ 7,562,868	\$ 7,673,990	\$ 111,122	\$ 7,760,217	\$ 197,349	\$ 7,717,104	\$ 154,236	2023
2024	\$ 7,963,424	\$ 8,083,759	\$ 120,335	\$ 8,190,498	\$ 227,074	\$ 8,137,129	\$ 173,705	2024
2025	\$ 8,360,422	\$ 8,489,537	\$ 129,115	\$ 8,617,294	\$ 256,872	\$ 8,553,416	\$ 192,994	2025
2026	\$ 8,716,854	\$ 8,852,702	\$ 135,848	\$ 9,001,511	\$ 284,657	\$ 8,927,108	\$ 210,254	2026
2027	\$ 9,073,966	\$ 9,216,543	\$ 142,577	\$ 9,386,476	\$ 312,510	\$ 9,301,511	\$ 227,545	2027
2028	\$ 9,411,092	\$ 9,560,414	\$ 149,322	\$ 9,749,437	\$ 338,345	\$ 9,654,928	\$ 243,836	2028
2029	\$ 9,750,618	\$ 9,906,858	\$ 156,240	\$ 10,114,863	\$ 364,245	\$ 10,010,863	\$ 260,245	2029
2030	\$ 10,048,612	\$ 10,211,725	\$ 163,113	\$ 10,434,646	\$ 386,034	\$ 10,301,928	\$ 253,316	2030
2031	\$ 10,326,360	\$ 10,594,264	\$ 267,904	\$ 10,734,238	\$ 407,878	\$ 10,592,993	\$ 266,633	2031

APPENDIX C to FY2017 LICENSE TAX REPORT: Summary of Other Road Projects Funded by CIP Sales Tax Fund



APPENDIX C to FY2017 LICENSE TAX REPORT: Summary of Other Road Projects Funded by CIP Sales Tax Fund

Comparison of Annual Excise Tax Revenues Models								
Fiscal Year	Net Excise Tax (current Rates)	Net Excise Tax with Commercial 10% Increase	Annual Difference from existing rate with Commercial 10% increase	Net Excise Tax with Residential 10% Increase	Annual Difference from existing rate with Residential 10% increase	Net Excise Tax: 5% increase All Categories	Difference from existing rate with All Category 5% increase	Year
2013	\$ 789,753	\$ 789,753		\$ 789,753		\$ 789,753		2013
2014	\$ 726,446	\$ 726,446		\$ 726,446		\$ 726,446		2014
2015	\$ 1,013,368	\$ 1,013,368		\$ 1,013,368		\$ 1,013,368		2015
2016	\$ 569,737	\$ 569,737	\$ -	\$ 569,737	\$ -	\$ 569,737	\$ -	2016
2017	\$ 1,453,898	\$ 1,453,898	\$ -	\$ 1,453,898	\$ -	\$ 1,453,898	\$ -	2017
2018	\$ 899,703	\$ 899,703	\$ -	\$ 899,703	\$ -	\$ 899,703	\$ -	2018
2019	\$ 860,669	\$ 895,521	\$ 34,852	\$ 910,778	\$ 50,109	\$ 903,149	\$ 42,480	2019
2020	\$ 684,177	\$ 709,603	\$ 25,426	\$ 726,059	\$ 41,882	\$ 717,832	\$ 33,655	2020
2021	\$ 593,452	\$ 613,873	\$ 20,421	\$ 631,264	\$ 37,812	\$ 622,569	\$ 29,117	2021
2022	\$ 510,442	\$ 526,642	\$ 16,200	\$ 544,173	\$ 33,731	\$ 535,407	\$ 24,965	2022
2023	\$ 491,534	\$ 505,757	\$ 14,223	\$ 525,349	\$ 33,815	\$ 515,553	\$ 24,019	2023
2024	\$ 400,556	\$ 409,769	\$ 9,213	\$ 430,281	\$ 29,725	\$ 420,025	\$ 19,469	2024
2025	\$ 396,998	\$ 405,778	\$ 8,780	\$ 426,796	\$ 29,798	\$ 416,287	\$ 19,289	2025
2026	\$ 356,432	\$ 363,165	\$ 6,733	\$ 384,217	\$ 27,785	\$ 373,692	\$ 17,260	2026
2027	\$ 357,112	\$ 363,841	\$ 6,729	\$ 384,965	\$ 27,853	\$ 374,403	\$ 17,291	2027
2028	\$ 337,126	\$ 343,871	\$ 6,745	\$ 362,961	\$ 25,835	\$ 353,417	\$ 16,291	2028
2029	\$ 339,526	\$ 346,444	\$ 6,918	\$ 365,426	\$ 25,900	\$ 355,935	\$ 16,409	2029
2030	\$ 297,994	\$ 304,867	\$ 6,873	\$ 319,783	\$ 21,789	\$ 291,065	\$ (6,929)	2030
2031	\$ 277,748	\$ 382,539	\$ 104,791	\$ 299,592	\$ 21,844	\$ 291,065	\$ 13,317	2031
Total increased Revenues from 2018-2031			\$ 267,904		\$ 407,878		\$ 266,633	

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

Monday, November 13, 2017
5:30 p.m.

Present at the Meeting –

*George Binger
Mike Weisenborn
Michael Park
Stacy Lombardo
Heping Zhan
Cynda Rader
Chairman Faith

*Dena Mezger
Darlene Pickett
Ryan Elam
Victoria Stanton
Karl Blumenhorst
Glen Jones*

All members were present.

1. CALL TO ORDER:

Chairman Faith called the meeting to order at 5:35 p.m.

2. PUBLIC COMMENTS: *None*

3. BUSINESS:

A PowerPoint by Mr. Binger, Deputy Director of Public Works/City Engineer, showing the license tax background and current status. This is the original city ordinance was first adopted in March 1998, it has been amended three times for adjustments in rates. Mr. Binger explains what this tax is and the purpose behind it. The license tax administrator is the Director of Finance or a representative. Compared to other cities, the fee we charge is on the lower end. This is a report of residential building permits and we have reached our peak for the current year. From last year to this year, our permits increased.

The Annual Report of Revenue, Permits and Projects was presented in PowerPoint, as well as the City's current calendar year rates were projected. This meeting was moved from Spring in order to help on the forecast fees and planning cycle. Chairman Faith asked how do we forecast. Heping Zhan, Assistant Director of Planning and Special Projects, explains these projections and how building permits are tracked every year. He explains how many of these are residential, how many are multi-family plots, and platted ground currently. Mr. Binger also discusses a bar graph showing retail, office and industrial building permits. Question was asked how does the City collect an excise tax for QuikTrip when they demolish and then rebuild. Michael Park, City Traffic Engineer, addressed the excise tax.

Mr. Binger next presented a revenue report. The Fund balance report was presented, showing a current balance of \$3 and a half million, and then for 2018 it will be over \$4 million. Projection through 2022 was discussed without construction or spending money for improvements. Projects eligible for license tax funding should be limited to those identified in the City's Thoroughfare Master Plan. They support economic activity among several sites, not sole benefit for single development.

Completed projects were shown in the PowerPoint, as well as Staff Recommendations for 2017. The purpose is to show a use for funds in order to comply with Hancock Amendment. Examples of potential future projects for consideration were discussed, one being Browning Street: Oldham Parkway to Hamblen Road. Michael Park discussed design and construction, redevelopment here in this area. More discussion ensued about this area.

APPENDIX D to FY2017 LICENSE TAX REPORT: Summary of Other Road Projects Funded by CIP Sales Tax Fund

Mr. Binger did make note that there is sufficient cash flow to fund the Browning project. The next project is NW Main Street from Chipman Rd. to Tudor Rd. Some clarification was made regarding the stretch of Main Street from NW Tudor Road to NW Commerce Dr.

Improvements in the CIP sales tax to fund improvements to Colbern Rd from Douglas to 350 highway over the next 15 years. Again, in the City's CIP there are plans to widen Pryor Road from Longview Road to MO 150. More discussion ensued about the City's Thoroughfare Master Plan.

On motion of Glen Jones, to start the design work immediately on SE Browning project and to raise the non-residential rate by 5% and leaving the residential rate where it is at, second by Cynda Rader, the Committee voted unanimously 4-0.

4. ROUNDTABLE:

Discussion ensued regarding commercial/industrial incentives and non-residential rates. Mr. Binger noted these will next go to Public Works Committee, and fees will go through the fee revision process. Other areas to watch were noted by Mr. Binger as for safety concerns.

5. NEXT MEETING:

6. ADJOURN:

Chairman Faith adjourned the meeting at 6:42 p.m.
