

**DENTONS**

# **Victory Hyundai of Lee's Summit**

Presented to the City of Lee's Summit

June 2024



**PREMIER**  
**AUTOMOTIVE**

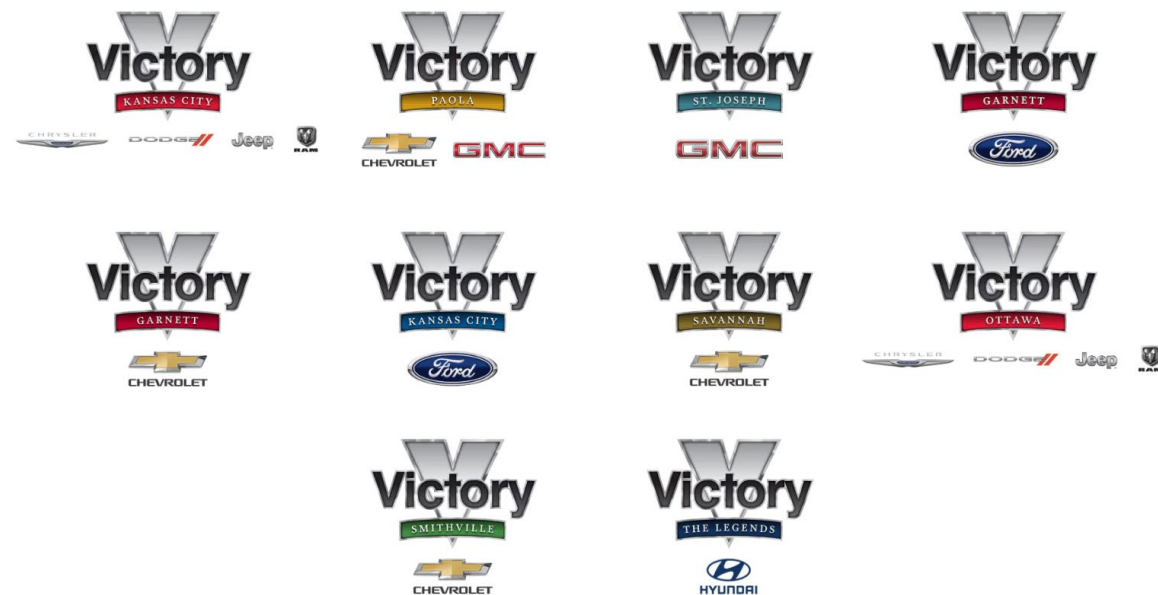


PREMIER  
AUTOMOTIVE

## Victory Auto Group KC Presence

Victory Auto Group is a full-service automotive group serving the Kansas City metropolitan and surrounding areas with a total of 10 dealership locations. **Victory Hyundai of Lee's Summit** would be the 11<sup>th</sup> Victory car dealership and 2<sup>nd</sup> Victory Hyundai car dealership in the KC market

Victory Auto Group is a proud member of the Premier Automotive family of car dealerships





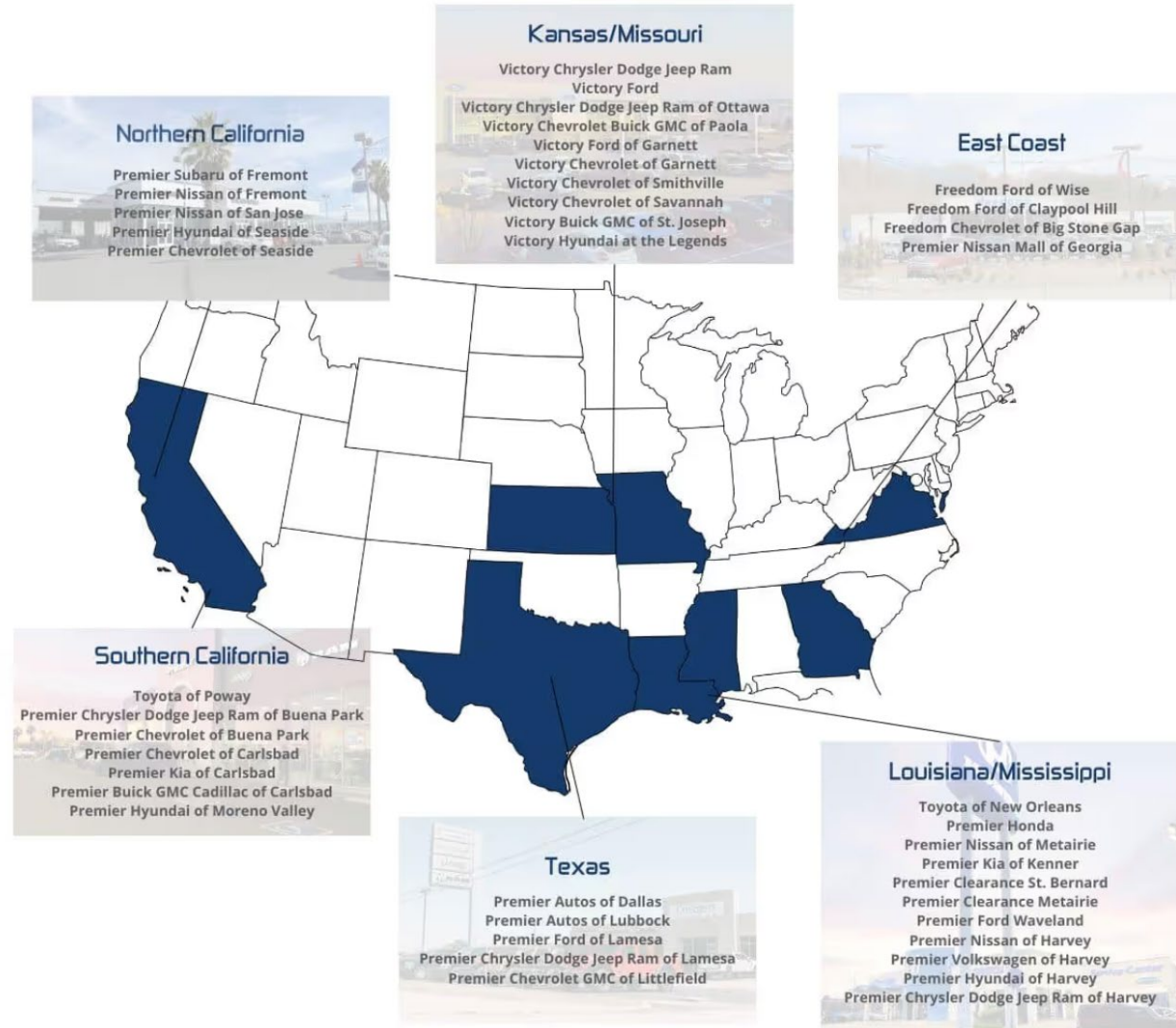


**PREMIER**  
AUTOMOTIVE

## Overview of Premier Automotive

Premier Automotive was established in 1995 as a Toyota dealership located in the heart of New Orleans. Since then, we have expanded our reach and now have over 30 locations across California, Kansas, Louisiana, Texas, **Missouri**, Virginia, Mississippi, and Georgia

The organization was founded by Troy Duhon, who had dreamt of becoming a car dealer. We strive to help others achieve their dreams as well by offering opportunities for talented individuals to become leaders in our dealerships. We encourage them to seek a greater purpose in life beyond financial gain.





## Community Involvement

Premier Automotive is a proud partner of Giving Hope and Women of Hope Unite as part of our mission to promote 'profit for a purpose'

Giving Hope, founded by Troy and Tracy Duhon, is non-profit that believes in helping other people every day by meeting their basic needs for food, clothing, shelter, fellowship and freedom. Giving Hope feeds over 11,000 people a day all across the USA, including Kansas City.

Women of Hope Unite is a faith-based woman's organization associated with the Giving Hope Foundation. It is a network of women who invest their time, talent, and treasure to impact women and children of all ages, creating a legacy for her generation and the generations to come.



### 2024 IMPACT

**7.7M**

total pounds of groceries distributed

**35k+**

people reached

**\$14M+**

total value of food distributed

**335k+**

hot meals served

### 2024 IMPACT

**\$24k+**

distributed through the Hope for Children Fund





**PREMIER**  
AUTOMOTIVE

## Recent Project

Victory Auto Group recently completed another dealership in Ottawa, Kansas, just southwest of the KC metro

The facility features an expansive show floor and lot for inventory, offices and a state-of-the-art maintenance center with service bays

**Victory Chrysler Dodge Jeep RAM of Ottawa, Kansas**

Project Costs: \$9,148,000

Public Incentives: \$2,773,000







**PREMIER**  
AUTOMOTIVE

## Potential Victory Hyundai Sites

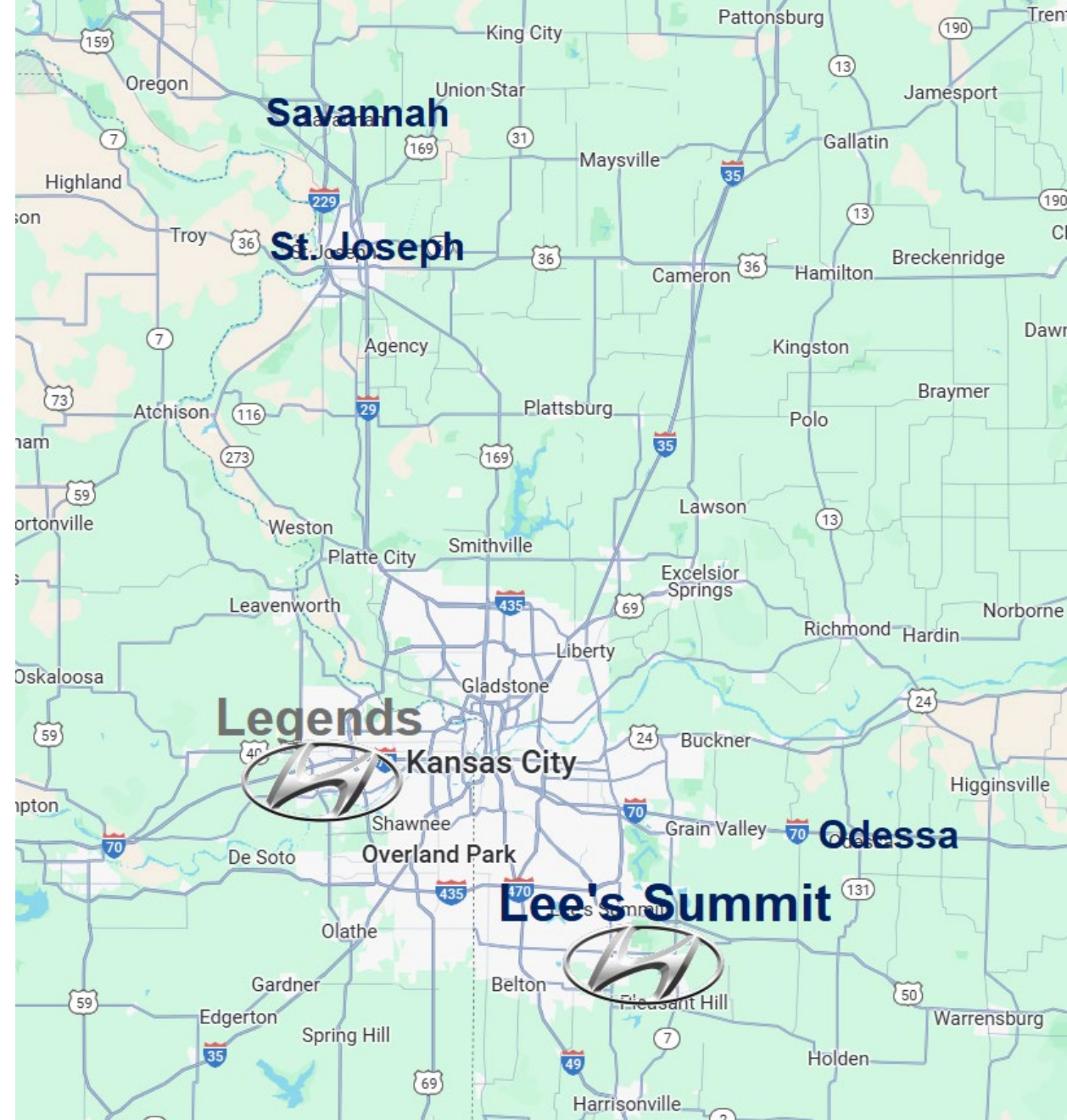
Victory Auto Group is evaluating 4 potential sites for its second Hyundai dealership in the Kansas City metro and surrounding areas, with the **Lee's Summit** site as the current frontrunner

Savannah, Missouri

St. Joseph, Missouri

Odessa, Missouri

**Lee's Summit, Missouri**







PREMIER  
AUTOMOTIVE

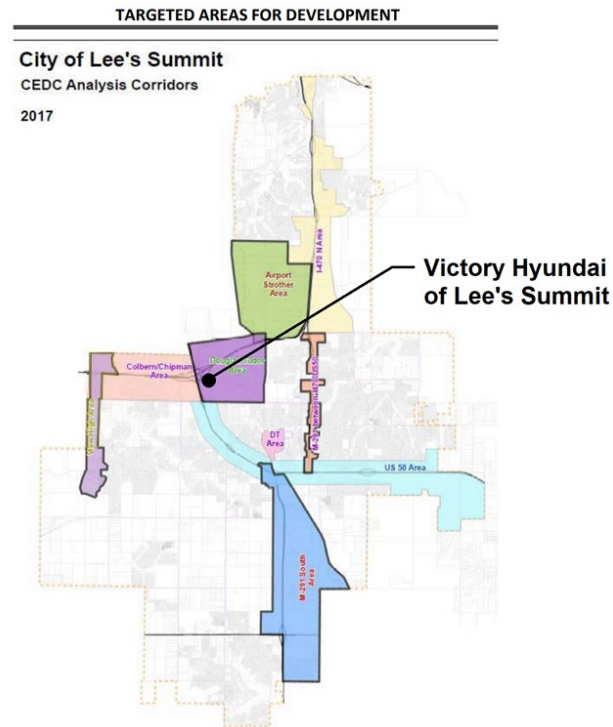
## Lee's Summit Site

The proposed Lee's Summit site consists of 7.433 acres located southeast of the I-470 and 50 Hwy interchange

Site is within the **Douglas/Tudor Road Targeted Planning Area**

Site was formally within Project Area 2A of the Lee's Summit East TIF Plan (Summit Fair), which was deactivated in 2021 due to non-development

Incentive used to develop surrounding areas



Source: City of Lee's Summit Economic Development Incentive Policy - Amended August 8, 2023







**PREMIER**  
AUTOMOTIVE

## Site Development Plan

### 1 Building

Showroom and service

21,815 square feet

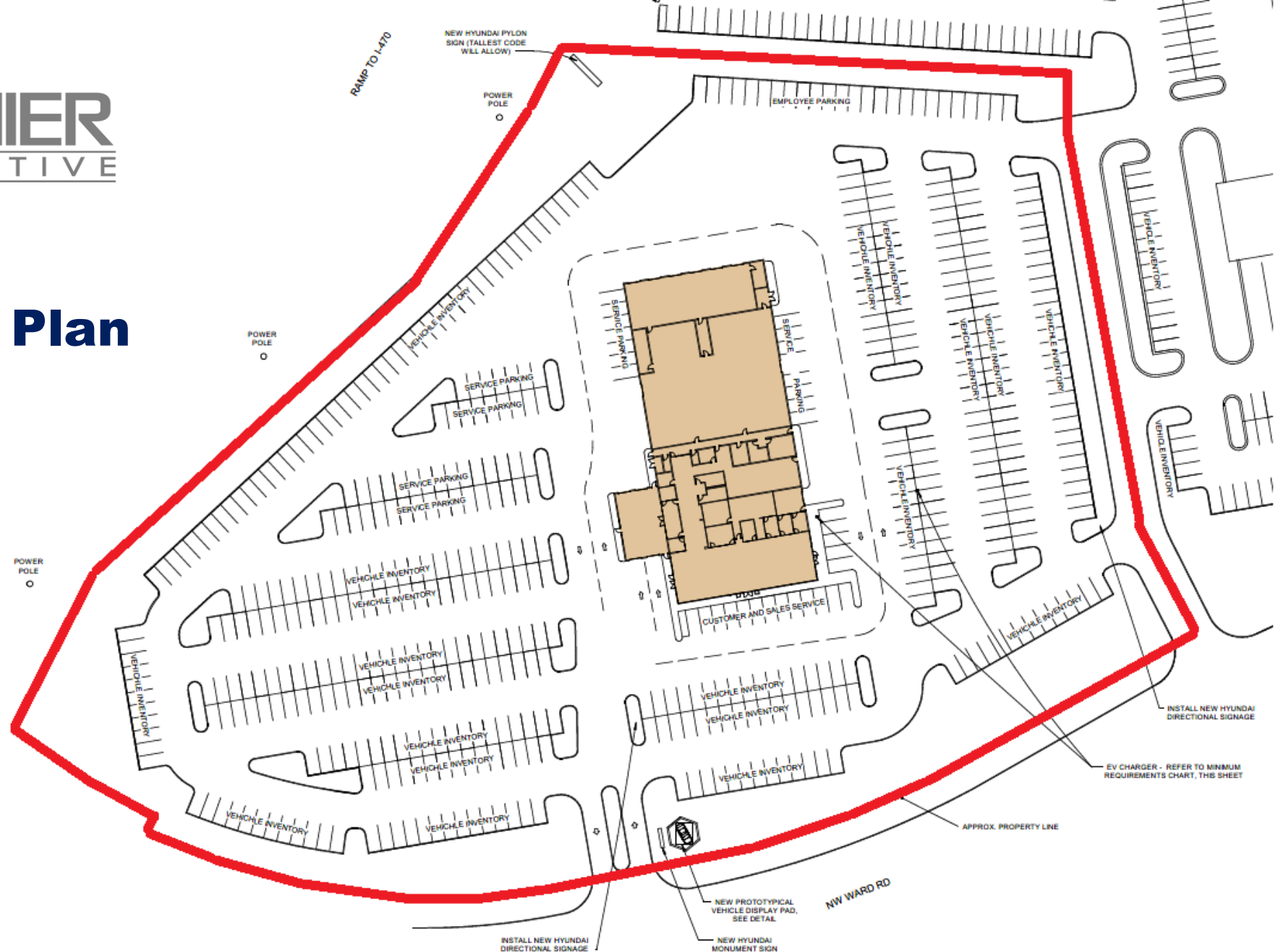
### 470 Parking Spaces

18 sales parking spaces

62 service parking spaces

319 vehicle display parking spaces

71 employee parking spaces







PREMIER  
AUTOMOTIVE

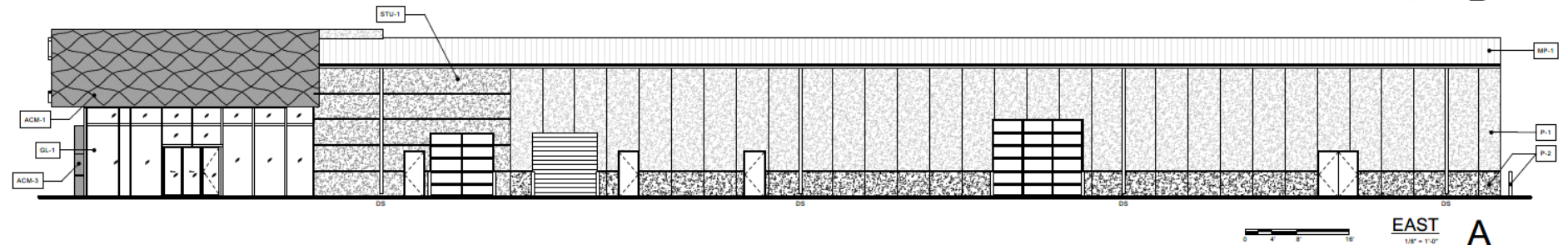
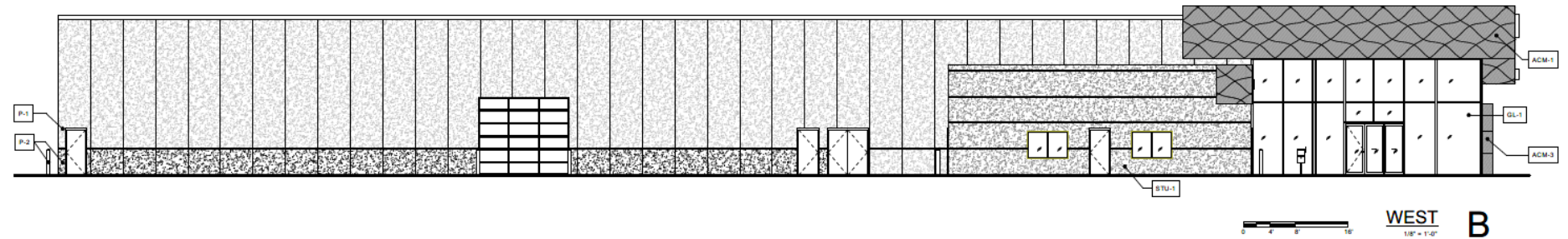
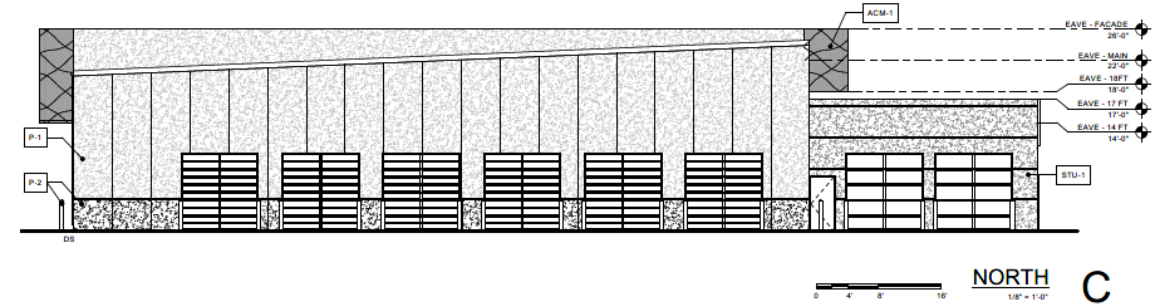
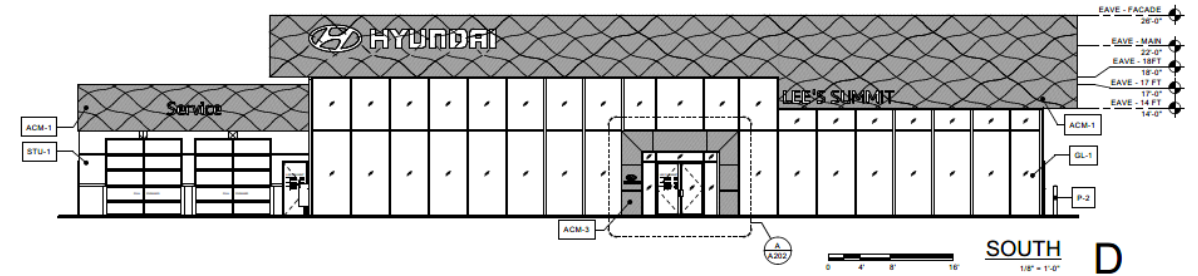
## Floor Plan





**PREMIER**  
AUTOMOTIVE

# Elevations







**PREMIER**  
AUTOMOTIVE

## Renderings







**PREMIER**  
AUTOMOTIVE

## Public Benefit

Scope of project includes quasi-public site improvements and amenities

Traffic light

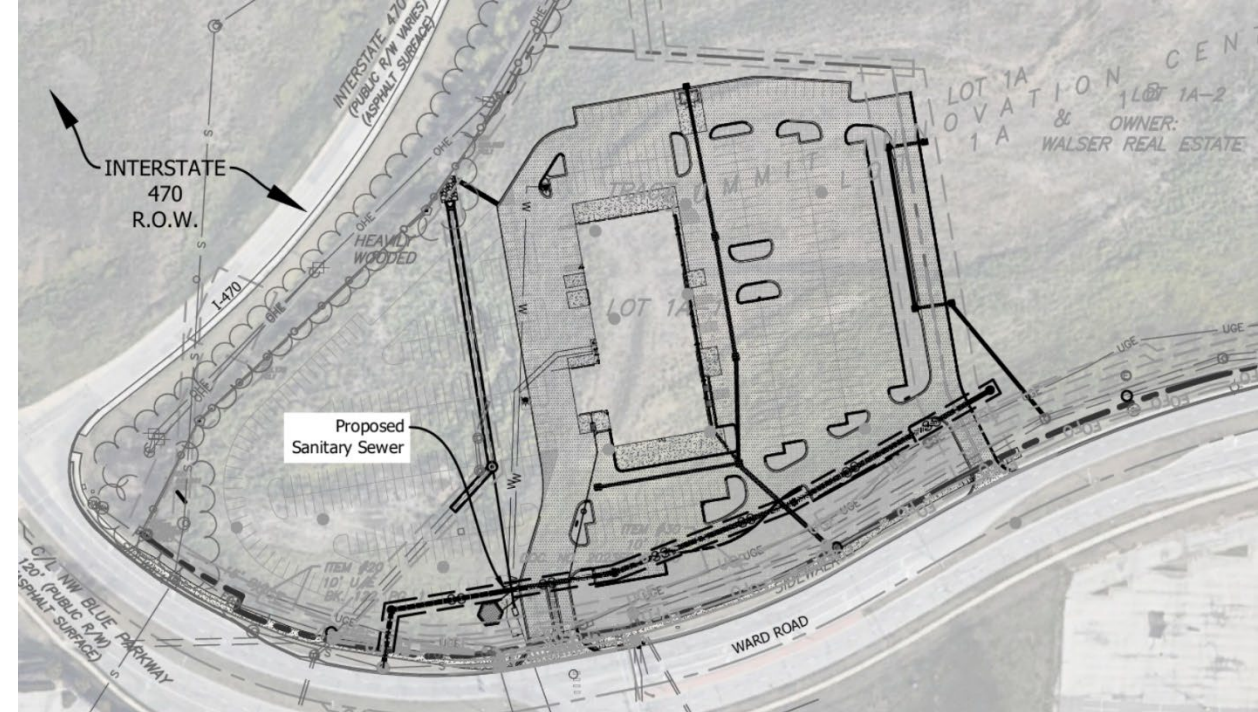
Turning lane

Shared access road

Storm and sanitary sewer

Charging stations

Both level 2 (requires 240V outlet), and Level 3 (DC fast charging, provides the quickest charging) for the public to utilize and charge their vehicles in a family safe environment







## Sources and Uses Analysis

Company is requesting ~\$1M in public finance incentives

Requested public finance incentives represent only 8% of total estimated project costs

More than 15% of total projects costs will be funded from company equity

Approximately 75% of the requested incentive is projected to fund quasi-public infrastructure/site improvements

### Sources

Company Equity	\$	2,277,867	17%
Private Bank Loan	\$	10,000,000	75%
Public Finance Incentives	\$	1,002,158	8%
		<b>Total</b>	<b>\$ 13,280,025</b>

### Uses

Land	\$	3,260,674	25%
Design	\$	313,500	2%
Additional Soft Costs	\$	700,251	5%
Quasi-Public Site Improvements	\$	751,600	6%
Building Construction	\$	7,099,000	53%
Additional Hard Costs	\$	1,155,000	9%
		<b>Total</b>	<b>\$ 13,280,025</b>



**PREMIER**  
AUTOMOTIVE

## Project Cost Breakdown

Total Project Costs are projected to be **\$13,280,025**

Quasi-public site improvements, which include a **new traffic light, turning lane and a new shared road**, represent 6% of the total project costs

<b>Land</b>					
			<b>Total</b>	<b>\$</b>	<b>3,260,674</b> 25%
<b>Design</b>					
	Architectural / Civil Design	\$	306,000		
	Survey / Geotechnical Report	\$	7,500		
			<b>Total</b>	<b>\$</b>	<b>313,500</b> 2%
<b>Additional Soft Costs</b>					
	Construction Administration	\$	142,000		
	Construction Permit	\$	33,700		
	Tap Fees	\$	370,192		
	Performance Bond	\$	54,359		
	Financing, Legal, etc.	\$	100,000		
			<b>Total</b>	<b>\$</b>	<b>700,251</b> 5%
<b>Quasi-Public Site Improvements</b>					
	Traffic Light and Turning Lane Design	\$	30,000		
	Traffic Light and Turning Lane Installation	\$	532,600		
	New Shared Road	\$	189,000		
			<b>Total</b>	<b>\$</b>	<b>751,600</b> 6%
<b>Building Construction</b>					
	Materials (55%)	\$	3,623,079		
	Labor (45%)	\$	2,964,338		
	Fees and Overhead	\$	511,583		
			<b>Total</b>	<b>\$</b>	<b>7,099,000</b> 53%
<b>Additional Hard Costs</b>					
	Furniture, Fixtures & Equipment	\$	250,000		
	Signage / Car Wash	\$	905,000		
			<b>Total</b>	<b>\$</b>	<b>1,155,000</b> 9%

**TOTAL PROJECT BUDGET \$ 13,280,025**





## Property Tax Abatement Projections

Requested property tax abatement of 75% for a projected net present value incentive of ~\$725k

Assumes 3% increases in appraised values, adjusted every 2 years, and a mill levy rate of 8.6576%

Project Year	Base Appraised	Base Assessed Value	Base Real Estate Tax	Projected Appraised	Projected Assessed Value	Projected Real Estate Tax	75%	25%
							Abated Real Estate Tax	PILOTS
2025	\$ 125,763.00	\$ 23,894.97	\$ 2,068.73	\$ 125,763.00	\$ 40,244.16	\$ 3,484.18	\$ -	\$ 3,484.18
2026	\$ 125,763.00	\$ 23,894.97	\$ 2,068.73	\$ 2,187,500.00	\$ 700,000.00	\$ 60,603.20	\$ 45,452.40	\$ 15,150.80
2027	\$ 129,535.89	\$ 24,611.82	\$ 2,130.79	\$ 4,506,250.00	\$ 1,442,000.00	\$ 124,842.59	\$ 93,631.94	\$ 31,210.65
2028	\$ 129,535.89	\$ 24,611.82	\$ 2,130.79	\$ 4,506,250.00	\$ 1,442,000.00	\$ 124,842.59	\$ 93,631.94	\$ 31,210.65
2029	\$ 133,421.97	\$ 25,350.17	\$ 2,194.72	\$ 4,641,437.50	\$ 1,485,260.00	\$ 128,587.87	\$ 96,440.90	\$ 32,146.97
2030	\$ 133,421.97	\$ 25,350.17	\$ 2,194.72	\$ 4,641,437.50	\$ 1,485,260.00	\$ 128,587.87	\$ 96,440.90	\$ 32,146.97
2031	\$ 137,424.63	\$ 26,110.68	\$ 2,260.56	\$ 4,780,680.63	\$ 1,529,817.80	\$ 132,445.51	\$ 99,334.13	\$ 33,111.38
2032	\$ 137,424.63	\$ 26,110.68	\$ 2,260.56	\$ 4,780,680.63	\$ 1,529,817.80	\$ 132,445.51	\$ 99,334.13	\$ 33,111.38
2033	\$ 141,547.36	\$ 26,894.00	\$ 2,328.37	\$ 4,924,101.04	\$ 1,575,712.33	\$ 136,418.87	\$ 102,314.15	\$ 34,104.72
2034	\$ 141,547.36	\$ 26,894.00	\$ 2,328.37	\$ 4,924,101.04	\$ 1,575,712.33	\$ 136,418.87	\$ 102,314.15	\$ 34,104.72
2035	\$ 145,793.79	\$ 27,700.82	\$ 2,398.23	\$ 5,071,824.08	\$ 1,622,983.70	\$ 140,511.44	\$ 105,383.58	\$ 35,127.86
2036	\$ 145,793.79	\$ 27,700.82	\$ 2,398.23	\$ 5,071,824.08	\$ 1,622,983.70	\$ 140,511.44	\$ 105,383.58	\$ 35,127.86
Totals			\$ 26,762.80			\$ 1,389,699.93	\$ 1,039,661.81	\$ 350,038.12

**TOTAL NET PRESENT VALUE @ 6% \$728,486.05**



**PREMIER**  
AUTOMOTIVE

## Sales and Use Tax Abatement Projections

Requested sales and use tax abatement on construction materials projected to be ~\$275k

Materials estimate of \$4M is based on 55% of hard costs of both building and public site improvements

Estimated Construction Materials \$ 4,036,459

Jurisdiction	Rate	Exemption
MISSOURI	4.2250%	\$ 170,540.39
JACKSON COUNTY	1.3750%	\$ 55,501.31
LEES SUMMIT	2.7500%	\$ 111,002.62
KANSAS CITY ZOOLOGICAL DISTRICT	0.1250%	\$ 5,045.57
Total	8.4750%	\$ 342,089.90

**ADJUSTED (80%) FOR NON-EXEMPT PURCHASES \$ 273,671.92**





**PREMIER**  
AUTOMOTIVE

## Cash Flow Analysis (1<sup>st</sup> Year)

### Initial operating losses

In the first few years of operation, the company will sustain operating losses, which the public finance incentives will help to offset

### Car dealership slim profit margins

Due to the slim margins of car dealerships, adding another \$100,000 in annual expenses will have a substantial impact on the company's financial statement

#### Gross Income

Total	\$	6,321,000
-------	----	-----------

#### Gross Expenses

New Vehicle Sales Expense	\$	2,608,200
Used Vehicle Sales Expense	\$	2,024,880
Service Sales Expense	\$	561,600
Parts	\$	464,400
Fixed	\$	2,069,385
Other	\$	240,000

Total	\$	7,968,465
-------	----	-----------

**OPERATING PROFIT (LOSS) \$ (1,647,465)**

#### Public Finance Incentives

Property Tax Abatement	\$	45,452
Sales Tax Abatement (amortized)	\$	34,209

Total	\$	79,661
-------	----	--------

**ADJUSTED OPERATING PROFIT (LOSS) \$ (1,567,804)**



**PREMIER**  
AUTOMOTIVE

## Economic Impact: Jobs

### New Jobs

75 initial full-time jobs (\$7.5M in annual wages) and 15 part-time new jobs are expected in the first year, with 85 full-time jobs (\$8M in annual wages) and 15 part-time jobs in the second year and beyond

### Additional Impact

The impact of the company's operations and its creation of 75 new jobs is projected to result in the following additional jobs and wages:

	# of Jobs	Total Wages
Direct (leasing, equipment, etc.)	16	\$ 1,043,828
Indirect (ripple effect of supply chain impact)	4	\$ 226,721
Induced (consumer impact from spending)	13	\$ 923,037
<b>Totals</b>	<b>33</b>	<b>\$ 2,193,586</b>

Source: Lightcast (2024 data) via KCADC

Sales	# of Jobs	Median Annual Wage	Total Wages
General Manager	1	\$ 325,000	\$ 325,000
General Sales / Business Manager	3	\$ 210,000	\$ 630,000
New / Used Car Director	2	\$ 150,000	\$ 300,000
Sales Manager	1	\$ 120,000	\$ 120,000
Sales	20	\$ 78,000	\$ 1,560,000
Sales Assistant	1	\$ 36,000	\$ 36,000
Lot Attendant / Detail	4	\$ 30,000	\$ 120,000
<b>Totals</b>	<b>32</b>		<b>\$ 3,091,000</b>

Service	# of Jobs	Median Annual Wage	Total Wages
Service Director	1	\$ 180,000	\$ 180,000
Assistant Service Director	1	\$ 78,000	\$ 78,000
Service Advisor	4	\$ 90,000	\$ 360,000
Internal Service Advisor	1	\$ 102,000	\$ 102,000
Technician	20	\$ 144,000	\$ 2,880,000
Service Attendant	2	\$ 36,000	\$ 72,000
<b>Totals</b>	<b>29</b>		<b>\$ 3,672,000</b>

Parts	# of Jobs	Median Annual Wage	Total Wages
Parts Manager	1	\$ 150,000	\$ 150,000
Parts Advisor	4	\$ 48,000	\$ 192,000
Parts Runner	1	\$ 30,000	\$ 30,000
<b>Totals</b>	<b>6</b>		<b>\$ 372,000</b>

Office	# of Jobs	Median Annual Wage	Total Wages
Comptroller	1	\$ 97,500	\$ 97,500
Office Manager	1	\$ 87,500	\$ 87,500
Warranty Administrator	1	\$ 45,600	\$ 45,600
Title Clerk	1	\$ 50,400	\$ 50,400
Receptionist	1	\$ 36,000	\$ 36,000
Accounts Receivable/Payable	2	\$ 51,600	\$ 103,200
Night Receptionist	1	\$ 33,600	\$ 33,600
<b>Totals</b>	<b>8</b>		<b>\$ 453,800</b>

**TOTALS 75 \$ 7,588,800**





## Economic Impact: Taxes

### Additional Sales Tax Revenues for Lee's Summit

More than \$1M in additional annual sales tax revenues are projected for the City based on the company's annual sales projections of \$50M, with a 7% annual escalator, and at least 75% of sales to Lee's Summit residents

### Effect on Taxes on Production and Imports (TPI)

Local Taxes: \$1,200,000/yr

State Taxes: \$1,000,000/yr

Federal Taxes: \$ 315,828/yr

Source: Lightcast (2024 data) via KCADC

Project Year	Projected Sales	Portion of Sales to LSMo Residents	Lee's Summit Sales Tax Rate	Projected Sales Tax Revenue
2025	\$ -	\$ -	2.7500%	\$ -
2026	\$ 25,000,000.00	\$ 18,750,000.00	2.7500%	\$ 515,625.00
2027	\$ 50,000,000.00	\$ 37,500,000.00	2.7500%	\$ 1,031,250.00
2028	\$ 53,500,000.00	\$ 40,125,000.00	2.7500%	\$ 1,103,437.50
2029	\$ 57,245,000.00	\$ 42,933,750.00	2.7500%	\$ 1,180,678.13
2030	\$ 61,252,150.00	\$ 45,939,112.50	2.7500%	\$ 1,263,325.59
2031	\$ 65,539,800.50	\$ 49,154,850.38	2.7500%	\$ 1,351,758.39
2032	\$ 70,127,586.54	\$ 52,595,689.90	2.7500%	\$ 1,446,381.47
2033	\$ 75,036,517.59	\$ 56,277,388.19	2.7500%	\$ 1,547,628.18
2034	\$ 80,289,073.82	\$ 60,216,805.37	2.7500%	\$ 1,655,962.15
2035	\$ 85,909,308.99	\$ 64,431,981.74	2.7500%	\$ 1,771,879.50
2036	\$ 91,922,960.62	\$ 68,942,220.47	2.7500%	\$ 1,895,911.06
Total				\$ 14,763,836.96



## **Consistencies with City's Economic Development Incentive Policy**

Total project costs exceed \$5M

Property tax abatement does not exceed 10 years

Public benefit through expansion of quasi-public infrastructure

New signal, shared access, storm and sanitary sewer infrastructure improvements, EV charging stations

More than 15% of total project costs funded from company equity

Creation of new jobs

75 FTE / 15 PTE in first year and 85 FTE / 15 PTE in second year

33 additional new jobs projected as a result of economic impact

Immediate generation of direct and indirect new tax revenues for Lee's Summit and other taxing jurisdictions

Sales taxes of ~\$4M/yr (\$1M/yr to LSMo)

PILOTs of ~\$350k (\$50k to LSMo) over 10 years





## Case for Incentives

### Benefits

Attracts a good company to make substantial investment in Lee's Summit rather than surrounding community

Benefits an operating business directly creating jobs

Encourages development of a site where prior incentives were unsuccessful in spurring development

### Needs

Offsets unexpected construction costs due to shared and quasi-public infrastructure required for project

Without abatement, projected real estate tax expenses will significantly cut into the company's slim operating profit margins



**PREMIER**  
AUTOMOTIVE

FALK  
ARCHITECTS

**Thank you!!**

**LS** **LEE'S SUMMIT**  
MISSOURI®





## ABOUT DENTONS

Dentons is the world's largest law firm, connecting talent to the world's challenges and opportunities in more than 75 countries. Dentons' legal and business solutions benefit from deep roots in our communities and award-winning advancements in client service, including Nextlaw, Dentons' innovation and strategic advisory services. Dentons' polycentric and purpose-driven approach, commitment to inclusion and diversity, and world-class talent challenge the status quo to advance client and community interests in the New Dynamic.

[dentons.com](https://www.dentons.com)