



LAND CLEARANCE FOR REDEVELOPMENT
AUTHORITY
LEE'S SUMMIT

September 27, 2023

4:00 p.m.

Draft Action Letter

The September 27, 2023 Land Clearance for Redevelopment Authority meeting was held in person and via Zoom teleconferencing.

In attendance were the following:

LCRA: Vice Chair Mark White, Secretary Shelley Kneuvean, and Jason Betts were present.

Chair Fruits attempted to attend by Zoom at 4:44 pm, but he was unable to communicate with anyone in that the Board could not see or hear him, and the Board was not sure if he could see or hear anyone else. Therefore, he is treated as absent from the meeting. For this reason, Vice Chair White served as Chair throughout the meeting.

City Staff: Ryan Elam, Assistant City Manager, David Bushek, Chief Counsel of Economic Development and Planning; Josh Johnson, Director of Development Services, Kim Brennan, Research Assistant and Paralegal; and Julie Pryor, Executive Assistant

Presenters: David Bushek, Chief Counsel of Economic Development and Planning

1. Call to Order
Vice Chairman White called the meeting to order at 4:15 p.m.
2. Approval of the May 24, 2023 Action Letter
Commissioner Kneuvean moved for approval of the May, 2023 action letter, seconded by Commissioner Betts. The May 24, 2023 action letter was approved unanimously.
3. Public Hearing – The 291 South LCRA Redevelopment Plan

Mr. David Bushek, Chief Counsel of Economic Development and Planning explained this LCRA plan was designed to solve a couple of funding issues on the M-291 North Highway Interchange Project and was created by City staff. No developers are involved in this plan.

One issue is the State of Missouri's inability to fund its own highway project of relocating the Highway Patrol facility (of which the City of Lee's summit has undertaken certain funding commitments) and the second issue of reimbursing the City's funding commitments due to the increased inflationary costs.

A possible solution is to use LCRA tax abatements and special assessments in combination with a community improvement district (CID) and also partnering with pending developments along the 291 South corridor through public-private partnerships to generate funding to reimburse the City.

Mr. Bushek provided maps of both the north and south 291 project areas and stated the 291 North Interchange Project has a project cost of \$42,285,329 (\$22 million + \$3 million in anticipated inflationary cost increases plus an additional cost of \$18 million for the relocation of the Highway Patrol facility).

Below is a breakdown of the cost of the 291 North Interchange project.

Reimbursable Project Costs Schedule

291 North Interchange Project				
Item	Cost	MoDOT	City	
			Secured Funding	LCRA Plan Reimbursable Project Costs
Preliminary Engineering (Consultant)	\$2,401,165		\$2,401,165	
Right-of-Way Acquisition	\$1,870,000		\$1,870,000	
Right-of-Way Incidentals	\$17,000		\$17,000	
Utility Relocation	\$307,500		\$307,500	
Preliminary Engineering Review	\$15,000	\$15,000		
Right-of-Way Review	\$10,000	\$10,000		
Construction	\$16,007,770	\$10,705,408	\$5,302,362	
Potential Construction Cost Escalation*	\$3,000,000			\$3,000,000
Construction Engineering	\$1,280,622			
Total	\$24,909,057	\$10,730,408	\$9,898,027	\$3,000,000

* The City is responsible for the balance of the Interchange Project in excess of \$21,909,057, which is currently estimated to be up to \$3,000,000.

Missouri Highway Patrol Troop A Relocation				
Item	Cost	State	City	
			City Commitment	LCRA Plan Reimbursable Project Costs
Land Acquisition (MoDOT)	\$2,012,897	\$2,012,897		
Design	\$988,505	\$988,505		
Construction	\$14,009,142	\$5,896,142	\$4,000,000	\$4,113,000
Printing & Advertising	\$53,046	\$53,046		
Contingency	\$312,682	\$312,682		
Total	\$17,376,272	\$9,263,272	\$4,000,000	\$4,113,000

Funding Summary				
Item	Cost	State	City	
			City Commitment	LCRA Plan Reimbursable Project Costs
291 North Interchange Project	\$24,909,057	\$10,730,408	\$9,898,027	\$3,000,000
MHP Troop A Relocation	\$17,376,272	\$9,263,272	\$4,000,000	\$4,113,000
Total	\$42,285,329	\$19,993,680	\$13,898,027	\$7,113,000

Mr. Bushek reviewed the funding issues and broke down the costs as follows:

291 North Interchange Funding Issues

- Troop A Relocation cost
 - \$8,113,000 original estimate from Missouri Highway Patrol
 - **\$18,091,203** bid estimate in June 2022; letting September 2023

- Funding Sources for Troop A Relocation
 - \$8,113,000 City commitment in 2021
 - Missouri Legislature approved:
 - \$3,250,376 State Highway & Transportation Fund 0644 in 2022
 - \$6,727,827 Legislative authorization to solve gap in 2023
 - However, Governor vetoed \$2,727,827, allowed \$4,000,000 in 2023
 - Because of the veto, Highway Patrol is foregoing construction of their firing range
- City funding for \$8.1M Contribution
 - \$2,000,000 MoDOT/Troop A land sale (go back to the City)
 - \$4,113,000 TIF Plan & Potential LCRA/CID Funding Plan
 - \$2,000,000 Capital Improvement Sales Tax (no reimbursement source)
- City covers Interchange cost Increases: \$3,000,000 anticipated

With the total cost of the 291 North Interchange estimated at \$42,285,329, the focus of the 291 South LCRA Redevelopment plan is to cover the City's \$4.1 million of the Troop A relocation cost and the \$3 million cost overruns (highlighted above) for a total of \$7,114,000.

Mr. Bushek stated the property located in the 291 South redevelopment area was already declared blighted by the City Council in 2014. He showed a map of the LCRA redevelopment area and pointed out potential project areas. He provided an example of how the LCRA funding could work on a redevelopment area through tax redirection of property taxes abated through the LCRA and partially replaced with assessments paid to the City.

Mr. Bushek explained the goals for this LCRA Plan is similar to the 291 North Plan

- Safety, Connectivity, enhancing Economic Development
- Reimburse the City for funding for Highway Patrol Relocation
- Address 291 North Interchange inflation impacts
- Facilitate development along 291 Corridor
 - Missouri Highway Patrol Property
 - 291 South, east side
 - Adesa Property & Jefferson Street Redevelopment
- Tailored and Targeted Use of Incentive Tools

He completed his presentation stating in his opinion this is how the original use of LCRA was intended. The City identifies a blighted area and creates a funding plan for public improvement costs to benefit the region. Then the City develops various tools created through LCRA to partner with developers to produce funds for the public improvements.

Mr. Bushek entered into the record exhibits 1 – 4.

Following the presentation discussion ensued.

In answer to questions from the board members, Mr. Bushek explained if this plan is approved it would authorize the city to potentially be reimbursed for up to the \$7,114,000. There is no specific mechanism being proposed for the funding, rather as each project comes forward in the 291 South LCRA Redevelopment area, the LCRA board would review each incentive request on a case by case basis.

He added that LCRA tools cannot be used on areas already developed, but only on undeveloped areas, which is why the City is using the 291 South Redevelopment area as a funding source to reimburse the City's portion of the project. Also, the City has already approved TIF funding for some of the 291 North project as a source of funding.

Having this funding mechanism in place, along with the planned CID for the 291 South project area, provides the City a good negotiating system and puts the City first in line to pull revenues from the projects to reimburse the City for infrastructure costs already incurred. This will enhance the value of the 291 South properties and encourage redevelopment to occur.

When asked what is the timeline for the 291 South projects to move forward, Mr. Bushek said through the LCRA plan, there is no time limit however, the City thinks it would be about five years.

4. Resolution No. 2023-4 Recommending approval of The 291 South LCRA Redevelopment Plan

Commissioner Kneuvean moved for adoption of Resolution 2023-4 The 291 South Redevelopment Plan, seconded by Commissioner Betts. A vote was taken and the motion passed unanimously.

5. Roundtable

There was no roundtable discussion.

6. Adjournment

There being no other business, Vice Chair White adjourned the meeting at 4:59 pm.