

Legislation Details (With Text)

File #: BILL NO. 22-71
Name:
Type: Ordinance
Status: Passed
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In control: City Council - Regular Session
On agenda: 4/12/2022
Final action: 4/19/2022
Title: An Ordinance Approving the Relocation Funding Agreement between the City of Lee's Summit, the Missouri Office of Administration, and the Missouri State Highway Patrol.
 (Note: First read by City Council on April 12, 2022.)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Relocation Funding Agreement - Exhibit A to Ordinance, 3. Cost Share Agreement (executed)

Date	Ver.	Action By	Action	Result
4/19/2022	1	City Council - Regular Session	adopted and numbered	Pass
4/12/2022	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance Approving the Relocation Funding Agreement between the City of Lee's Summit, the Missouri Office of Administration, and the Missouri State Highway Patrol.
 (Note: First read by City Council on April 12, 2022.)

Issue/Request:

This is an ordinance that will approve a funding agreement which will provide a source of funds for the costs associated with relocating the Missouri State Highway Patrol Troop A Headquarters.

Proposed City Council Motion:

I move for adoption of an Ordinance Approving the Relocation Funding Agreement between the City of Lee's Summit, the Missouri Office of Administration, and the Missouri State Highway Patrol.

Background:

Brief Summary

The Council has approved the following ordinances for the 291 North and Highway 50 Interchange Project:

- September 1, 2020 - Ordinance No. 8945 which approved the 291 North and Highway 50 Tax Increment Financing Plan
- December 14, 2021 - Ordinance No. 9303 which approved the Cost Share Agreement with the Missouri Highways and Transportation Commission for the Interchange Project
- December 14, 2021 - Ordinance No. 9304 which approved a Cooperative Agreement with the Lee's

Summit R-7 School District for land acquisition to facilitate the relocation of Blue Parkway

- March 22, 2022 - Ordinance No. 9376 which activated TIF Project 4 at the location of a restaurant on the east side of Highway 291 at SE Melody Lane.

Additional Background

On August 18, 2020, City staff made a presentation to the City Council regarding the 291 North and Highway 50 Interchange Project. That presentation focused on these goals:

- Enhance traffic safety & circulation
 - Reconstruct 291 North & 50 Interchange
 - Reconfigure Blue Parkway
- Move Missouri Highway Patrol (“MHP”) Troop A facility to new location in City
- Redevelop Highway Patrol Property for commercial uses
- Redevelop QuikTrip & commercial sites
- Access is catalyst for additional redevelopment opportunities in the area

Staff explained that the parties involved with the project are:

- City of Lee’s Summit
- Missouri Highway Patrol & Missouri Office of Administration
- Missouri Department of Transportation
- Lee’s Summit R-7 School District
- Developer of Project #1 (current Missouri Highway Patrol Troop A facility)
- QuikTrip
- Other businesses in the Redevelopment Area

Additional detail about the Interchange Project is set forth in the Cost Share agreement as follows:

- The Missouri Highways and Transportation Commission (hereinafter "**Commission**") intends to replace the bridge on MO 291 Highway over U.S. 50 Highway and improve the paving, grading, drainage, signing, sidewalks and intersection of MO 291 Highway at U.S. 50 Highway and relocate and improve Blue Parkway as part of said improvement (hereinafter "**Project No. J4P3196**"). The scope of transportation improvements are referred to in the agreement (and hereinafter) as the "**Interchange Project**". The Interchange Project will be funded in a cost share between the City (about 45%) and Commission (about 55%), total estimate at \$21.9M. The City shall be responsible for design, right-of-way/easement acquisition, and utility relocation. The Commission shall be responsible for construction and construction administration. The City's cost portion, approximately \$9.9M of the Interchange Project will be reduced by all design, right-of-way/easement and utility relocation costs, approximately \$4.6M, leaving a remainder to remit to Commission for construction and construction administration of approximately \$5.3M.
- The Missouri Office of Administration intends to partner with the City and Commission in the relocation of Highway Patrol Troop A for Project No. J493196, referred to in the agreement (and hereinafter) as the "**Facility Project**", and the Interchange Project is contingent upon the Facility

Project. The City is responsible for 100% of the cost associated with the Facility Project, total estimate at \$8.1M.

- The City will also approve a subsequent Relinquishment Agreement by and between the City and Commission as a condition of the agreement for the City taking ownership and maintenance of portions of Blue Parkway from Commission.
- The Commission and State Office of Administration as a condition of the Cost Share Agreement will transfer ownership of excess property and rights-of-ways, including the existing Highway Patrol Troop A property, to the City. Such properties are included in the City initiated TIF and development plan for revenues to partly fund City contributions to Project No. J4P3196, that requires by this agreement a total City commitment of approximately \$18M.
- The City intends to fund its commitment through a combination of TIF revenue, sale of land acquired from Commission and Office of Administration, value of negotiated agreement for rights-of-ways with LSR7, development agreement(s), Excise Tax, and Capital Improvement Sales Tax.

Impact/Analysis:

Under the Cost Share Agreement, the City has undertaken the following funding obligations:

- The CIP Sales tax will fund:
 - \$2 million for the Interchange Project
 - \$2.1 million for the Facility Project
- The City's Excise Tax will fund \$6 million for the Interchange Project
- The TIF Plan will support debt in an amount of \$4 million
- The City's Tap Fees will provide \$450,000 for water and utility improvements for the Interchange Project
- The City will advance \$2 million which is expected to be repaid from the sale of land to the developer of record for TIF Project #1.
- The City will provide land to the Interchange Project with an estimated value of \$1,370,000 from the lands transferred to the City from the LSR7 School District and the State of Missouri.

A summary of the originally-anticipated sources for the Troop A facility relocation costs in the amount of \$8.1 million, which will be initially covered by the City, is:

- \$4 million reimbursed from the TIF Plan
- \$2 million reimbursed from the land sale for TIF Project #1
- \$2.1 covered by City CIP Sales tax revenues

At this time, the City has activated TIF Project #4 for a new restaurant. There is a high degree of confidence that the City will activate TIF Project #2 for the relocated QuikTrip store on the east side of 291 North. These two TIF projects are projected to generate about \$3.8 million in TIF revenues over the life of the two TIF projects.

The activation of TIF Project #1, which is the approximately 4-acre project area to be developed for

commercial uses from the remnant state properties after the Troop A facility is relocated, was projected in the TIF Plan to generate about \$3 million in reimbursement for the City. Activation of this project is contingent upon a developer purchasing the 4-acre site and developing that site with commercial uses that will generate additional TIF revenues to reimburse the City.

TIF Project #3 was planned to be activated for a new sit-down restaurant, but the potential developer of that restaurant has abandoned plans to build the restaurant in this location. Therefore, only TIF Projects #1, #2 and #4 are expected to be activated by the City.

A summary of the revenue projections from the TIF Plan for the three TIF projects discussed above is:

Project	PILOTs	EATs	Total TIF Revenue
1	\$1,407,975	\$1,598,261	\$3,006,236
2	\$1,196,882	\$2,061,689	\$3,258,571
4	\$32,665	\$505,884	\$538,549
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	\$2,637,522	\$4,165,834	\$6,803,356

If these three TIF projects are successfully activated, and if Project #1 is projected to produce the revenues summarized above after a developer is identified, then the City may be able to issue bonds to provide partial reimbursement for the Troop A relocation costs. The sizing of the bond issue will depend upon a number of variables that will be evaluated at the time that the financing is prepared, including the prevailing interest rate and the required size of reserve funds for the financing. If the City is unsuccessful in activating TIF Project #1, then the City will be at risk of not receiving as much reimbursement from the TIF Plan as originally anticipated and the City will effectively need to cover a larger portion of the Troop A relocation costs than originally anticipated.

City staff will continue to investigate additional options to provide reimbursement to the City for covering the Troop A relocation costs that are funded through the Relocation Funding Agreement with the Missouri State Highway Patrol.

Steve Arbo, City Manager
David Bushek, Chief Counsel of Economic Development and Planning

Recommendation: Staff recommends approval of the ordinance.