

Legislation Text

File #: BILL NO. 19-24, **Version:** 1

An Ordinance authorizing the City of Lee's Summit, Missouri to issue Taxable Industrial Development Revenue Bonds in a principal amount not to exceed \$48,000,000 in connection with the Streets of West Pryor Apartment Development; and authorizing certain documents and actions in connection therewith.

(First Reading by Council on February 5, 2019.)

Issue/Request:

Ordinance to approve the Chapter 100 transaction for the market rate apartments in the Streets of West Pryor project.

Key Issues:

This ordinance will authorize the issuance of the Chapter 100 bonds in order to allow for the sales tax exemption on the purchase of construction materials for the market rate apartments in the Streets of West Pryor project, and also establish a fixed schedule for the Payments in Lieu of Taxes (PILOTs) for the apartments for a 10-year period.

Proposed City Council Motion:

I move for adoption of An Ordinance authorizing the City of Lee's Summit, Missouri to issue Taxable Industrial Development Revenue Bonds in a principal amount not to exceed \$48,000,000 in connection with the Streets of West Pryor Apartment Development; and authorizing certain documents and actions in connection therewith.

Background:

The City Council approved the Streets of West Pryor TIF Plan and other financing items on January 8, 2019, including approval of the Master Plan for Industrial Development Projects for the Streets of West Pryor Development. As approved, the Master Plan allows for the Developer to use the City's sales tax exemption certificate for the purchase of construction materials used in the construction of the project improvements, along with a set PILOTs schedule for the two apartment complexes. The TIF Plan contained a project budget which itemizes the project costs and lists the items that are reimbursable from public sources (TIF, CID, TDD) and the Chapter 100 cost savings.

This ordinance allows for the Chapter 100 transaction to implement the Master Plan with respect to the market rate apartments of the project.

Impact/Analysis:

This Chapter 100 transaction, along with the other Chapter 100 transactions that will be separately approved by ordinance, allows for approximately \$6.05 million in sales tax savings for the overall project. This approval will also establish the PILOTs schedule for the apartments using a rate of \$1135/door/year, which will result in an overall PILOT starting at approximately \$284,000/year after construction is complete.

Timeline:

Developer is taking steps to start construction of the project this year.

David Bushek, Chief Counsel of Economic Development & Planning

Mark Dunning, Assistant City Manager

David Martin, Gilmore & Bell

Recommendation: Staff recommends approval of the Ordinance.