

Legislation Text

File #: 2023-5772, **Version:** 1

Public Hearing: Chapter 100 Master Plan for the Lakewood Business Park Industrial Project; North Oak Safety Storage, LLC, applicant (affiliate of Ward Development)

Issue/Request:

This is a public hearing for the requested approval of a Master Plan for an Industrial Development Project and Cost-Benefit Analysis for the Lakewood Business Park Project and authorizing the issuance by the City of its taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$78,325,000 to finance costs of the industrial project for North Oak Safety Storage, L.L.C., which is an affiliate of Ward Development. The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

Key Issues:

The Project to be financed by the Bonds consists of up to eight buildings and related public improvements with a combined square footage of approximately 400,000 square feet, each of which will be used for warehousing, distribution, manufacturing and/or industrial flex space purposes. Additionally, the Project will include the construction and installation of streets, sanitary sewer lines and other public utilities (the "Public Improvements") serving the Project Site (defined below). The Project will be constructed on approximately 30.75 acres located southwest of the intersection of NE Jones Industrial Drive and NE Independence Avenue in Lee's Summit, Missouri, which is referred to as the "Project Site."

Background:

In July 2023, the City Council heard a conceptual presentation about the incentive request presented by Developer. A majority of the City Council expressed an interest in considering the incentive request through the formal Chapter 100 process. The City Council did not vote or render any type of final or binding decision as part of the conceptual presentation.

Impact/Analysis:

The Project is expected to cost approximately \$78.325 million, consisting of investments made in the years 2023 through 2031. The Project to be financed by the Bonds consists of eight industrial buildings and related public improvements, anticipated to be 400,000 square feet total to be used for warehousing, distribution, and/or manufacturing purposes.

A sales tax exemption certificate will be issued to the Company for the purchase of construction materials which are used in the project on a tax-exempt basis. The Master Plan includes analysis of the impact of the sales tax exemption on the affected taxing districts.

PILOTS -

The Company will make payments in lieu of taxes ("PILOTS") for the Project as follows:

(1) during the project period, a PILOT calculated to represent 25% of the taxes that would otherwise be due on the partially completed Project improvements component (but no less than the taxes due on the applicable portion of the Project Site for the year prior to the closing of the applicable series of Bonds),

(2) in years 1 through 10 after project completion, a PILOT calculated to represent 25% of the taxes that would otherwise be due on the completed Project improvements component, and

(3) in years 11 through 20 after project completion, a PILOT calculated to represent 50% of the taxes that would otherwise be due on the completed Project improvements component.

The PILOT amounts may be fixed by agreement at the time of bond issuance, subject to adjustment at completion of the Project. The total PILOT payments are estimated in the Cost-Benefit Analysis.

The Project will include the installation of sewer improvements. It is proposed that the City and Developer will share in the costs of the sewer improvements on a 50/50% basis because the sewer improvements are needed by the City for Airport expansion. The effective PILOTs, tax abatement and special assessments during the life of the Chapter 100 Plan are as follows:

Years 1-10:
75% Abatement
25% PILOTs

Years 11-20:
50% Abatement
50% PILOTs

Timeline:

Start: 2023

Finish: 2031

Other Information/Unique Characteristics:

This is the fourth major industrial development for which the City is being requested to issue Chapter 100 bonds. Based on timing associated with the several buildings, Building #1 will not be implemented as part of the Plan and a sales tax exemption certificate will not be issued for this building.

Curt Petersen, Polsinelli Law Firm

David Bushek, Chief Counsel of Economic Development and Planning