

Legislation Text

File #: BILL NO. 22-118, **Version:** 1

An Ordinance Approving the Lease Agreement Between the City of Lee's Summit and "Brain Dev 3, LLC" to Implement the Southside Plaza Land Clearance for Redevelopment Authority Redevelopment Plan for the Southside Plaza Shopping Center.

(Note: First read by Council on June 7, 2022. Passed by unanimous vote.)

Issue/Request:

Approval of a Lease Agreement to implement the Southside Plaza LCRA Redevelopment Plan.

Proposed City Council Motion:

I move for adoption of An Ordinance Approving the Lease Agreement Between the City of Lee's Summit and "Brain Dev 3, LLC" to Implement the Southside Plaza Land Clearance for Redevelopment Authority Redevelopment Plan for the Southside Plaza Shopping Center.

Background:

On June 9, 2020, the City Council approved Ordinance No. 8894 which approved the formation of the Southside Plaza Community Improvement District (the "CID") to provide a funding source to reimburse Brain Dev 3, LLC (the "Developer") for improvements to be made to the project in an effort to redevelop and revitalize the shopping center. The CID will impose an extra 1% sales tax on all retail sales in the shopping center, and the resulting sales tax revenue will be used as a source of reimbursement to Developer for qualified renovation costs.

After the CID approval, it was learned that the CID revenue projections were based on inaccurate data about prior taxable sales levels at the shopping center. The Developer originally expected that the 1% CID sales tax would provide sufficient funds to reimburse about \$1.44 million in eligible costs, and this was the maximum reimbursable amount. Instead, the revised revenue projections are that the CID can reimburse only about \$474,000 over the life of the CID, creating a gap of about \$966,000 as compared to the original CID incentive projections.

To remedy this gap in the reimbursement payments, the Developer is requesting that the City approve an LCRA Redevelopment Plan that would provide the following incentives:

(1) sales tax exemption on the purchase of construction materials that would generate an approximately \$63,000 savings during the construction period and

(2) real property tax abatement in the amount of 100% abatement for four years and then 50% abatement for the next 6 years, resulting in a net 70% abatement over a ten year period, which is projected to produce a savings of \$965,000 over the ten year period.

On June 15, 2021, the City Council adopted Ordinance No. 9171 which approved the Southside Plaza Land

Clearance for Redevelopment Authority Redevelopment Plan (the "LCRA Plan"), which authorized incentives for redevelopment of the property within the District in the form of real property tax abatement and sales and use tax exemption on the purchase of construction materials for the purpose of facilitating the redevelopment of the Southside Plaza shopping center.

Impact/Analysis:

This ordinance will approve the Lease Agreement to implement the LCRA Plan.

Timeline:

Developer has commenced the shopping center rehab and will finish this year

David Bushek, Chief Counsel of Economic Development & Planning

Chris Kline, Husch Blackwell law firm, for the Developer

Recommendation: Staff recommends approval of this ordinance.

Committee Recommendation: The LCRA Board of Commissioners recommended approval of the LCRA Plan and the Lease Agreement.