

Legislation Text

File #: BILL NO. 20-150, **Version:** 1

An Ordinance approving Redevelopment Project 1 for the 291 North and Highway 50 Tax Increment Financing Plan and activating the collection of tax increment financing revenues therein.

(Note: First reading done by Council on August 18, 2020.)

Issue/Request:

Redevelopment Project 1: This ordinance will approve Redevelopment Project 1 which covers approximately 4 acres of property which consists of the southern portion of the current State Highway Patrol property and current MoDOT right-of-way that would be vacated when Blue Parkway is relocated to the north of the current location. This redevelopment project area is scheduled to be redeveloped by a developer of record to be selected by the City. This ordinance will activate the collection of TIF revenues within the project area for a period of up to 23 years.

The 291 North & Highway 50 Tax Increment Financing Plan is being proposed by the City to fund a portion of the costs associated with reconstruction of the Highways 291 North and 50 Interchange and the northern outer roads (Blue Parkway). The initial goal of the TIF Plan is funding for a portion of the costs associated with relocating the Missouri Highway Patrol's Troop A Headquarters from its current location at 504 SE Blue Parkway to a new location in the City north, of Colbern Road. This relocation will allow Blue Parkway to be moved to the north of the current location, which is an essential component of a redesigned interchange to enhance circulation and traffic safety. This ordinance will activate TIF revenue collections within a redevelopment project area of the TIF Plan.

Key Issues:

This TIF Plan has been prepared by the City of Lee's Summit to fund costs associated with the 291 North and Highway 50 interchange project. A summary of the primary components of the overall project is as follows:

Interchange Project - The City of Lee's Summit seeks to facilitate the reconstruction of the 291 North and Highway 50 interchange, at a projected cost of about \$20 million. This interchange, in conjunction with the Blue Parkway outer road system, is a safety concern and is one of Lee's Summit's highest locations for automotive accidents. In addition to safety concerns, the traffic demand is often higher than capacity, thus causing significant travel delays for our citizens, visitors, and commerce. The City has filed a Cost Share Application with MoDOT for the Interchange Project. City staff has tentatively identified capital improvement and excise tax funds the possible sources of City funding.

Outer Road Relocation - Blue Parkway is the northern outer road that serves the interchange, which is currently in MoDOT's jurisdiction. Blue Parkway needs to be moved farther to the north for the interchange to function in a more safe and efficient manner. The relocated western arm of Blue Parkway would bisect the Troop A Headquarters property, and that facility therefore would need to be relocated.

Missouri Highway Patrol Troop A Relocation - The Highway Patrol has estimated that the cost to relocate the

Troop A Headquarters to State-owned property on Colbern Road in Lee's Summit is approximately \$8.1 million. These potential sources have been preliminarily identified to fund the relocation: (1) \$4.1 million in funding from the TIF Plan; (2) \$2 million in direct City funding; and (3) \$2 million State appropriation.

TIF Plan for Partial Relocation Funding - The City has prepared the 291 North & Highway 50 TIF Plan to generate funds for the interchange project. The City has initially identified four redevelopment projects to generate TIF revenues. Project #1, consisting of the remaining Highway Patrol and MoDOT properties after the Interchange Project is constructed, would be about 4-acres on the western side of Highway 291 that could be redeveloped for commercial uses. The City will seek a developer for Project #1 through a competitive process. Projects #2, #3 and #4 are proposed to be a new QuikTrip store, a Wendy's restaurant, and reuse of a vacant Applebee's restaurant.

Funding for Remainder of Relocation Costs - The City Council will be asked to consider an appropriation of \$2 million in direct funding for the Troop A relocation, which could be repaid from the sale of land for TIF Project #1. The final \$2 million is proposed to be State appropriation of funds.

Benefits of TIF Plan and Redevelopment Efforts - The Interchange Project will substantially enhance traffic safety and reduce traffic delays in the region. Relocation of the Highway Patrol facilities will allow for a realignment of Blue Parkway, which is an essential component of the redesigned interchange. The TIF Plan is an essential component of the financing plan for the Highway Patrol relocation. The State and City appropriations are also essential for financing the relocation costs.

Process and Timing - In addition to processing the TIF Plan, the City has submitted a Cost Share Application with MoDOT. A decision on that application is expected to occur in late September 2020. If the TIF Plan and Cost Share Application are approved, the City will aim to negotiate all implementing State contracts within two or three months after the application is approved. At the same time, the City will seek a developer of record for TIF Project #1. If these steps are successful, a complete financing plan for the Troop A relocation could be in place in the Spring of 2021. Troop A relocation could occur in 2023, and the Project #1 property would become available to the selected developer after Troop A leaves the Blue Parkway property. Construction of the interchange project could begin in Spring 2023, and construction is projected to take about 18 months.

Proposed City Council Motion:

I move for second reading of An Ordinance approving Redevelopment Project 1 for the 291 North and Highway 50 Tax Increment Financing Plan and activating the collection of tax increment financing revenues therein.

Background:

See Presentation item on this agenda

Impact/Analysis:

The City will need to appropriate substantial funds for the interchange project as set forth in the memorandum prepared by Dena Mezger (former Director of Public Works) which is set forth in the exhibits to the Presentation item on this agenda.

Timeline:

See discussion above under **Process and Timing**.

David Bushek, Chief Counsel of Economic Development & Planning
Stephen Arbo, City Manager

Recommendation: Staff recommends approval of this ordinance. This is a City-initiated TIF Plan.

Committee Recommendation: On June 10, 2020, the TIF Commission approved Resolution 2020-1 by a 7-3 vote. The resolution makes the following recommendations to the City Council:

1. adopt an ordinance to make the findings required by the TIF Act to approve the TIF Plan;
2. approve the TIF Plan;
3. designate the Redevelopment Area as a redevelopment area as provided in Section 99.805(12), RSMo;
4. approve the Redevelopment Projects by ordinance as described in the TIF Plan at the appropriate times; and
5. move forward with the selection of a developer of record for Redevelopment Project #1 (redevelopment of the State Highway Patrol property).