

## Legislation Text

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**File #:** BILL NO. 23-171, **Version:** 1

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An Ordinance approving the petition for establishment of the Raintree Village Community Improvement District.

(Note: First read by Council on September 5, 2023.)

Issue/Request:

An Ordinance approving the petition for establishment of the Raintree Village Community Improvement District.

Key Issues:

This ordinance will approve the Raintree Village Community Improvement District, which would be located at Ward Road and Highway 105, primarily over the northwest quadrant, which would impose a new 1% sales tax with a maximum duration of 27 years in order to fund transportation and stormwater improvements.

Proposed City Council Motion:

I move for adoption of an Ordinance Approving the Petition for Establishment of the Raintree Village Community Improvement District.

Background:

Christie Development Associates, LLC ("Developer") has proposed an approximately 24-acre Mixed Use Development that would include about 250,000 square feet of residential, office and commercial construction. The total estimated project costs are about \$65 million. Developer is requesting the formation of a community improvement district (CID) over the commercial retail development which would impose a 1% sales tax for the purpose of generating revenues to reimburse developer for transportation and stormwater improvements.

The petitioners for the CID include the 150 Highway Lee's Summit, LLC, Arborwalk Investors II, LLC, and Martin City Partners, LLC. The Petition requests the formation of a new CID over the planned commercial area which is generally located at the northwest quadrant of Ward Road and Highway 150. The applicant gave a conceptual presentation to the City Council on this proposed CID on July 12, 2022, and the Council provided positive non-binding feedback. The CID would impose a new 1% sale tax on the commercial retail businesses in the CID area.

The Developer is proposing to undertake certain new public improvements which would be funded by the City, including the following public improvements in the estimated combined total of \$750,000:

- Underground piping and related infrastructure improvements for public stormwater management (\$350,000);
- Signalization at the intersection of MO-150 and Arboridge Drive (\$400,000).

The CID would first fund these public improvements, and then may fund the additional improvements discussed below.

### **Raintree Lake Village TDD**

On October 19, 2005, the Jackson County Circuit Court approved the formation of the Raintree Lake Village Transportation Development District (TDD), which is generally located on the Raintree Lake Village commercial development that is located at the southeast quadrant of Ward Road and Highway 150. The TDD imposes a 1-cent sales tax that reimburses the development for the eligible road improvements. The TDD Sales Tax became effective on November 1, 2005, and is scheduled to expire on September 30, 2029. The TDD funds certain road improvements around the Raintree Lake Village at the same location.

Developer indicates that about \$2.3 million of the original road costs remain unreimbursed. As a result, Developer is requesting that the remaining unreimbursed balance of the TDD costs be included as reimbursable costs of the proposed new CID. This is possible if the proposed CID includes the rights-of-way where the TDD improvements are located around the Raintree Lake Village commercial area.

On April 22, 2021, the City entered into a Purchase Agreement with Raintree Investors, LLC, and the TDD under which the City eventually purchased the property located at 801 SW Highway 150, which is the planned location for new Fire Station #5. The Real Estate Agreement includes this provision:

“22. TDD Expansion. The Purchaser acknowledges and agrees that it is the intent of the Seller to request approval from the Purchaser for the expansion of the TDD to include additional property. After Closing, and provided that the City Council approves a resolution of support as set forth below in this Section, the Purchaser agrees to collaborate with the Seller in an effort to expand the boundaries of the existing TDD to include property located on the west side of Ward Road both north and south of 150 Highway. Purchaser acknowledges that it is not opposed to considering the extension of the TDD to assist with development of the west side of Ward Road both north and south of 150 Highway, provided the Seller obtains approval of all property owners within the existing TDD boundaries and within the TDD expansion area and execution of the requisite TDD expansion documents in accordance with the TDD Statute. Neither the Purchaser, nor any representative thereof, including, without limitation the staff, the current Mayor and/or the City Council can make future commitments as to the approval or full support of the potential TDD expansion until such time as a formal request has been prepared and presented for consideration. If authorized by the City Council by resolution, this cooperation shall take the form of the City filing a favorable response in a circuit court proceeding instituted by Seller or the TDD for the expansion of the TDD.”

Under this provision, the prior composition of the City Council signaled the intent to consider expansion of the existing TDD. In discussions with City staff about this incentive request, Christie Development initially proposed the formation of a new TDD. However, Christie Development also indicated that it would like to pursue stormwater costs as a reimbursable project cost which are not eligible under a TDD unless they are associated with road construction. As a result, Christie Development is now pursuing a CID to fund the new costs and the prior costs which are being repaid by the existing TDD.

Impact/Analysis:

Key data associated with the CID:

**Funding Mechanism:**

1% sales tax

**Projected Reimbursement:**

\$750,000 new costs

\$2,300,000 prior TDD road costs

\$3,050,000 total

**Projected Value of Incentives:** \$3,050,000

**Total Project Costs:** \$65,000,000 at full build-out

**Incentive as Percentage of Total Project Costs:** 4.7%\*

\* A substantial portion of the CID reimbursement could be for costs previously incurred for the Raintree Lake Village project and not constructed for the new Arborwalk Development. The portion attributable to just the Arborwalk Development is about 1.1% of the total project costs.

The sales tax would go into effect after the approval of a ballot measure in an election that will be conducted by the Jackson County Election Authority among the property owners in the CID area. The CID sales tax would be in addition to the other sales taxes already in effect in the shopping center area, which includes local sales taxes imposed by the City, County and Zoo District.

Timeline:

Developer would conduct the sales tax election after formation, in late 2023 or early 2024.

Jeff Haney, HaneyCo KC for petitioners

David Christie, Christie Development Associates, LLC

David Bushek, Chief Counsel of Economic Development & Planning

Ryan Elam, Assistant City Manager