

Legislation Text

File #: BILL NO. 23-186, **Version:** 1

An Ordinance approving the Redevelopment Contract and the Lease Agreement between the City of Lee's Summit, Missouri and Reinhart Foodservice, L.L.C., to implement the Reinhart Foodservice Land Clearance for Redevelopment Authority Redevelopment Plan.

(Note: First read by Council on September 19, 2023. Passed by unanimous vote.)

Issue/Request:

Approval of contracts to implement the LCRA Redevelopment Plan that was approved in July 2023 for the Reinhart Foodservice industrial expansion project.

Key Issues:

Approval of the Redevelopment Contract and Lease Agreement to implement the LCRA Redevelopment Plan to provide sales tax exemption on the purchase of construction materials and 84 real property tax abatement for a period of 10 years for the Reinhart Foodservice development, as a reimbursement source for the redevelopment costs associated with the project.

Proposed City Council Motion:

I move for adoption of an Ordinance approving the Redevelopment Contract and the Lease Agreement between the City of Lee's Summit, Missouri and Reinhart Foodservice, L.L.C., to implement the Reinhart Foodservice Land Clearance for Redevelopment Authority Redevelopment Plan.

Background:

On April 18, 2023, Developer made a conceptual incentive request to the City Council for the requested incentive package and received positive non-binding feedback from the Council.

On May 24, 2023, the LCRA Plan was presented to the LCRA Board of Commissioners, and the Board then passed Resolution 2023-2 which recommended approval of the LCRA Plan.

The Reinhart Foodservice Land Clearance for Redevelopment Authority Redevelopment Plan was approved through the adoption of Ordinance No. 9709 on July 11, 2023. That ordinance was subject to the execution of a Redevelopment Contract and Lease Agreement to implement the Redevelopment Plan, and this ordinance will satisfy that condition.

The proposed development provides for the design, development, and construction of an expansion of the existing facility which is currently approximately 120,000 square feet, to approximately 170,000 square feet. The facility expansion consists of a freezer, cooler, dry warehouse and new employee entrance and breakroom areas, respectively, along with all associated onsite and offsite sitework and infrastructure, including utilities, stormwater management, street/drive and parking improvements, and landscaping.

To implement the LCRA Plan, the City will become the fee owner of the project through the life of the incentive period and lease the property to the Reinhart Foodservice, LLC (the “Developer”). The Lease Agreement will accomplish this lease arrangement to implement the tax abatement incentive.

Impact/Analysis:

Some of the key features of the Redevelopment Contract and Lease Agreement are summarized as follows:

- Abatement Implementation: Developer will make a Payment In Lieu of Taxes (PILOT) each year during the life of the abatement period, which is 10 years. The PILOT will be 84% of the taxes that would otherwise be due and payable on the property. In order to provide an established level of PILOTs during the payment period, the Contract provides that the County’s valuation of the property will be used to measure the 84% PILOT while development is occurring.
- Redevelopment Schedule: Developer is required to comply with the schedule of development that is attached to the Contract. Developer may request up to a one-year extension of time to commence and/or complete the development. Such request for an extension may be granted by the City Manager. Failure to comply with the schedule, as extended by the City, allows the City to terminate the real property tax abatement.
- Lease Safeguards and Protections: A significant number of protections are built into the Lease, which are summarized in the attachment “LCRA Lease Protections.”

Timeline:

Start: Construction of the project is expected to commence September 2023

Finish: Project is expected to be completed in September 2024

David Bushek, Chief Counsel of Economic Development & Planning

Recommendation: The LCRA Board of Commissioners recommended approval of a contract to implement the LCRA Redevelopment Plan.