

Legislation Text

File #: BILL NO. 23-129, **Version:** 1

An Ordinance approving the Reinhart Foodservice, LLC Land Clearance for Redevelopment Authority Redevelopment Plan.

(Note: First read by Council on June 20, 2023. Passed by unanimous vote.)

Issue/Request:

This is an ordinance to approve the Reinhart Foodservice, LLC LCRA Redevelopment Plan, which would provide sales and use tax exemption on construction materials and real property tax abatement for the proposed expansion of the company's industrial facility which is operated by Reinhart Foodservice, LLC (the "Developer") which is located at 290 SE Thompson Drive, in Lee's Summit, Missouri.

The LCRA Plan provides for the 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. The LCRA Plan will establish public ownership during the construction of improvements for Developer to receive and use a sales tax exemption certificate for the purchase of construction materials that are used in the construction of the Project, and thereafter for a period of 10 years to facilitate real property tax abatement.

The LCRA Plan will establish public ownership during the construction of improvements for Developer to receive and use a sales tax exemption certificate for the purchase of construction materials that are used in the construction of the Project, and real property tax abatement at 84% for 10 years.

Key Issues:

Public hearing to consider the LCRA Redevelopment Plan for the Reinhart Foodservice expansion project.

Motions:

I move for second reading of An Ordinance Approving the Reinhart Foodservice, LLC LCRA Redevelopment Plan.

I move for approval of An Ordinance Approving the Reinhart Foodservice, LLC LCRA 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 or about May 8, 2023, Developer filed the LCRA Redevelopment Plan with the City Clerk. The Plan as originally filed included a request for personal property tax abatement for the equipment and machinery that the company would use in the expansion.

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 LCRA Board added on

additional recommendation which is summarized below.

On June 8, 2023, Developer filed an amended LCRA Plan to carry out the recommendation of the LCRA Board, which is discussed further below.

A summary of the key data associated with Developer's request, the impact to the City, and other associated financial data are set forth in the attachments to this meeting packet.

Impact/Analysis:

The benefit of the sales tax exemption and real property tax abatement to Developer is summarized in the memorandum from City staff and the presentation slides prepared by City staff.

The LCRA Board held extensive discussions about the Plan. The LCRA Board recommended that the Plan should be amended to eliminate the personal property tax abatement component and increase the real property tax abatement to achieve the same financial result as the original request. Real property tax abatement at 84% for 10 years achieves the same financial result for the company. The LCRA Board noted that the City has not provided personal property tax abatement in the past for any company or project. The Board therefore recommended that the company only use real property tax abatement and adjust the abatement level to achieve the same financial result for the company as the original incentive request that was reviewed by the City Council at the conceptual presentation.

Timeline:

Construction of the project is expected to commence this year.

Tami Gardner, Performance Food Group, Vice President of Tax
Scott Cinquanta, President, Performance Foodservice Lee's Summit
David Bushek, Chief Counsel of Economic Development & Planning

The LCRA Board of Commissioners recommended approval of the LCRA Plan to the City Council, but added the following additional recommendations to the City Council:

1. Developer shall eliminate the personal property tax abatement of 75% for 10 years and increase the real property tax abatement to a level that will equal the amount of the personal property tax abatement to help offset costs to the developer. This offset brings the real property tax abatement to 84% for 10 years versus the original request of 75% for 10 years.