

## Legislation Details (With Text)

<b>File #:</b>	BILL NO. 21-108	<b>Name:</b>	
<b>Type:</b>	Ordinance	<b>Status:</b>	Passed
<b>File created:</b>	5/10/2021	<b>In control:</b>	City Council - Regular Session
<b>On agenda:</b>	5/18/2021	<b>Final action:</b>	6/8/2021
<b>Title:</b>	An Ordinance Approving the Redevelopment Contract and the Lease Agreement between the City of Lee's Summit and Vanguard Villas, LLC, to Implement the Vanguard Villas at Streets of West Pryor Land Clearance for Redevelopment Authority Redevelopment Plan. (Note: First read by Council on May 18, 2021. Passed by unanimous vote.)		

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Ordinance, 2. Redevelopment Contract, 3. Lease Agreement, 4. LCRA Lease Protections

Date	Ver.	Action By	Action	Result
6/8/2021	1	City Council - Regular Session	adopted and numbered	Pass
5/18/2021	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance Approving the Redevelopment Contract and the Lease Agreement between the City of Lee's Summit and Vanguard Villas, LLC, to Implement the Vanguard Villas at Streets of West Pryor Land Clearance for Redevelopment Authority Redevelopment Plan.  
(Note: First read by Council on May 18, 2021. Passed by unanimous vote.)

### Issue/Request:

Approval of contracts to implement the LCRA Redevelopment Plan that was approved in April 2021 for the Vanguard Villas project.

### Key Issues:

Approval of the Redevelopment Contract to implement the LCRA Redevelopment Plan to provide sales tax exemption on the purchase of construction materials and 50% real property tax exemption for a period of 25 years for the Vanguard Villas development, as a reimbursement source for the extraordinary redevelopment costs associated with remediating the undermined areas and the construction of off-site road improvements.

### 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 and Vanguard Villas, LLC, to Implement the Vanguard Villas at Streets of West Pryor Land Clearance for Redevelopment Authority Redevelopment Plan.

### Background:

The Vanguard Villas at Streets of West Pryor Land Clearance for Redevelopment Authority Redevelopment Plan was approved through the adoption of Ordinance No. 9120 on April 20, 2021. That ordinance was subject to the execution of a Redevelopment Agreement to implement the Redevelopment Plan, and this

ordinance will satisfy that condition.

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 Vanguard Villas, 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:

- Mine Remediation Plan: City staff has worked closely with the mine remediation engineer at HDR Engineering to develop an outline of the key components of a “Mine Remediation Plan” which is described in an exhibit to the Contract. The stand-alone Mine Remediation Plan will be prepared by Geotechnology, Inc., and accepted by the City after the Contract is executed. The Mine Remediation Plan will have the following components:
  - Underground Mine Remediation Plan
  - Remediation Monitoring Plan
  - Corrective Action Plan
  - Long-Term Monitoring Plan
  - Long-Term Mitigation Plan
  - Mine Safety Access Plan

Developer will conduct initial mine remediation in a test hole, to establish base-line measurements for filling the mine cavities. This data will be used for the remainder of the mine remediation process, working roughly east to west through the undermined property. This will allow for construction of the Phase 2 apartments to begin before the Villas construction.

- Mine Access: Access to the mine during the remediation period and then during the long-term monitoring period will be through the tunnels that are accessed on the north side of I-470, or through a Permanent Mine Access Facility that will be an access shaft above the undermined areas.
- Abatement Implementation: Developer will make a Payment In Lieu of Taxes (PILOT) each year during the life of the abatement period. The PILOT will be 50% 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 50% PILOT while all four build-out phases of the Villas development is occurring. After all four phases of development are completed, the County’s valuation of the property in the next odd-numbered calendar year will be used to establish a “Fixed PILOT Per Unit” which is equal to 50% of the taxes otherwise due. This Fixed PILOT Per Unit is used for a six-year period with a 2% growth factor every odd-numbered year. After six years, the County valuation will again be used to establish a new Fixed PILOT Per Unit that is used for the next six-year period. This six-year sequence is repeated until the end of the 25-year abatement period.
- Redevelopment Schedule: Developer is required to comply with the schedule of development that is attached to the Contract. Developer can request extensions that may be provided first by the City Manager (maximum 1-year extension) and then by the City Council. 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."
- City Administrative and Consultant Costs: The Redevelopment Contract includes provisions for the Developer to pay for the City's administrative costs and third-party engineering costs.

Timeline:

Start: Test hole activities have started or will soon start for the Mine Remediation work.

Finish: Last units delivered April 2023

Other Information/Unique Characteristics:

This Contract and Lease implement a unique incentive structure to cover the costs associated with the undermined remediation work.

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.

Committee Recommendation: Not applicable.