

Legislation Text

File #: 2021-4580, **Version:** 1

Public Hearing: Master Plan for the Logistics Park Industrial Development Project (Chapter 100)

Issue/Request:

This is a public hearing to consider the approval of a Plan for an Industrial Development Project and Cost-Benefit Analysis for the Logistics Park Project and authorizing the issuance by the City of its taxable industrial development revenue bonds in the aggregate principal amount of not to exceed \$82,500,000 to finance costs of the industrial project for Scannell Properties #603, LLC. The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and Article VI, Section 27(b) of the Missouri Constitution, as amended (collectively, the "Act").

Key Issues:

Scannell Properties (Developer) is requesting the City approve incentives through a Chapter 100 Master Plan to provide sales tax exemption on construction materials and tax abatement for 20 years for the approximately 783,000 square foot industrial project on approximately 75.82 acres located on each side of the existing NW Main Street north of Tudor Road in Lee's Summit, Missouri.

Background:

In September 2021, the City Council heard a conceptual presentation about the incentive request presented by Developer. A majority of the City Council expressed an interest in considering the incentive request through the formal Chapter 100 process. The City Council did not vote or render any type of final or binding decision as part of the conceptual presentation.

Impact/Analysis:

The Project is expected to cost approximately \$82,177,663, consisting of investments made in the years 2022 through 2023, although the actual years of investment may vary based on Project implementation. The Project to be financed by the Bonds consists of three industrial buildings and related public improvements, specifically one building anticipated to be 431,460 square feet, a second building anticipated to be 113,400 square feet and a third building anticipated to be 238,140 square feet, each of which will be used for warehousing, distribution, and /or manufacturing purposes. Additionally, the Project will include the relocation of that portion of NW Main Street and accompanying public water main, sidewalks, lighting and related public improvements located between NW Victoria Drive and Tudor Road

Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. Under this Plan, the City intends to issue the Bonds in 2022 and subsequent years. Each major component of the Project will likely be split into a separate bond issuance and be leased to a special purpose entity designated by Scannell Properties #603, LLC (each being a "Company").

The Companies will make payments in lieu of taxes ("PILOTS") for each component of the Project as follows:

- (1) during all years, a PILOT based on the existing value of the land included in the applicable lease in the year prior to conveyance of such land to the City,
- (2) during the project period, a PILOT calculated to represent 5.0% of the taxes that would otherwise be due on the partially completed Project improvements component,
- (3) in years 1 through 10 after project completion, a PILOT calculated to represent 5% of the taxes that would otherwise be due on the completed Project improvements component, and
- (4) in years 11 through 20 after project completion, a PILOT calculated to represent 25% of the taxes that would otherwise be due on the completed Project improvements component.

The PILOT amounts may be fixed by agreement at the time of bond issuance for a component of the Project, subject to adjustment at completion of a Project component. The total PILOT payments are estimated in the Cost-Benefit Analysis.

Timeline:

If the Chapter 100 incentive is approved, the project is expected to begin in 2022 and the construction will last through 2024.

David Bushek, Chief Counsel of Economic Development & Planning
Mark Dunning, Assistant City Manager
Curt Petersen, Polsinelli law firm, attorney for the Developer

Recommendation: Staff recommends approval of the Master Plan

Committee Recommendation: Not applicable