AGENDA
CITY OF HARRISONVILLE
BOARD OF ALDERMEN
WORK SESSION
CITY HALL
JUNE 5, 2017
6:00 PM

1. **Call to Order & Roll Call**

   A. **Roll Call**

2. **Discussion Items**

   A. **Market Place Storage**

3. **Adjourn from Work Session**

Posted on City Hall Bulletin Board this 2nd day of June 2017

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Randall K. Jones, City Clerk

The Board of Aldermen Work Session is open to the public but is not a meeting of the public.

Publish

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Happy Welch, City Administrator**

DATE: **May 22, 2017**

SUBJECT: **Market Place Storage**

Type of Item: *Discussion*

West Star Development, owners of the Market Place development want to install 60,000 square feet of climate controlled storage, new construction, on the vacant lot on the south end of the current development. In addition they will install 7-1500 square foot spaces for retail use. The TIF agreement for the development allows that no more than 20% of a building can be non-retail use, unless approved by the Board of Aldermen. The Community Development Committee forwarded this back to the board for the work session to discuss. The committee requested additional financial details to see if the new project would help financially repay the improvement loan that is still outstanding, and to see what liability the city has for the loan.

Action Item (ID # 2526)

Market Place Storage

WORK SESSION 6/5/2017
CLIMATE CONTROLLED STORAGE
HARRISONVILLE MARKET PLACE

Questions from the Community Development Committee:

1. The mayor requested more details on the bonding for the project. Are they municipal bonds, junk bonds, etc., and if they're not paid at the end of the term what happens to the balance. The debt is defined as "Tax Increment and Sales Tax Revenue Note, Series 2009" in the amount of $9,000,000. It specifically states, "This Note is a special limited obligation of the City and is payable solely from revenues deposited in the City's special allocation fund according to the Cooperations, Financing and Pledge Agreement between the City, both TDD A & TDD B, Harrisonville MP, LLC (Borrower) and the Holder/Lender (Commerce Bank)
2. What is the payoff amount. The current payoff amount is $9,000,000. Current annual interest is $585,000. FY 2016 transfer to Commerce in the amount of $682,000.
4. We need an estimated figure for fast food to see how much a drive thru food place may generate in sales tax. Estimate of sales tax provided to TIF in the amount of $5,000.
5. I'm not figuring anything on the 7 storefronts as far as sales tax on the front of the storage building at this point.
6. I also think I gave the wrong year the TIF went into effect and its 23 year cycle. What year did it start? Officially. Or what is the end date? I understand the start date as the original redevelopment agreement approved in 2007 beginning the 23 year period. The debt schedule shows final payment due 4/1/2030.

Here is the estimated tax information from the Developer:

The current tax records for Lot 3 are $3,654.48 and Lot 4 are $2,593.41 so those combined come to $6,252.82.
As for the current tax on the center as it sits today Price Chopper is paying $96,041.76 this broken down per the SF they have comes out to $1.49.
As for the current tax on the existing in line retail per the tax bill we are at $44,418.14 this broken down per the SF comes out to $1.97.

These numbers are based off the assessed value per the tax bill currently. If we went off of these numbers which we used in our example the proposed retail portion of 8,500 SF at $1.97 would generate $16,745.00. With the addition of the climate controlled storage of 60,100 SF at $1.50 would generate $90,150.00 for a total combined tax of $106,895.00 this number over the 12 year TIF generates $1,282,740.00.

If a retail establishment went into the vacant property instead of storage:

The building would have less square footage so the real estate valuation would be $59,100 based on 1.97/square foot.
Personal Property could increase due to the sales floor equipment.
The estimated sales tax could be around $30,000 a year.