



AGENDA
PLANNING COMMISSION MEETING
CITY OF MERRIAM, KANSAS
December 1, 2021
7:00 P.M.

In response to COVID-19 the Planning Commission meeting will be held on line.
The Planning Commission meeting can be viewed via the Zoom meeting link below.

<https://us02web.zoom.us/j/89655033471>

- I. **CALL TO ORDER-**
- II. **ROLL CALL**
- III. **APPROVAL OF MINUTES – SEPTEMBER 1, 2021**
- IV. **BUSINESS TO BE CONDUCTED**
 1. Consider finding the 8800 Shawnee Mission Parkway Redevelopment Project Plan consistent with the intent of the Merriam Comprehensive Plan 2040.
 2. 2022 Planning Commission Calendar.
- V. **BUSINESS FROM THE FLOOR**
- VI. **UNFINISHED BUSINESS**
- VII. **OLD BUSINESS**
- VIII. **ADJOURNMENT**

Respectfully submitted,

Bryan P. Dyer, AICP
Community Development Director

**REGULAR PLANNING COMMISSION MEETING
CITY OF MERRIAM, KANSAS
9001 W. 62nd St.
COUNCIL CHAMBERS
MINUTES**

September 1, 2021

7:00 P.M.

This was a virtual meeting via Zoom

The Regular Planning Commission meeting for the City of Merriam, Kansas was called to order at 7:00 p.m. by Community Development Director Bryan Dyer on Wednesday, September 1, 2021.

I. ROLL CALL

The following Planning Commissioners were present via Zoom meeting:

Reuben Cozmyer
Brian Dailey, Chair
Judy Devere
Mitchell Fowler
Shawn McConnell
Leah Ann McCormick, Vice Chair
Cole Stephens

Members Absent: Bill Bailey, Secretary
Russ Harmon

Also Present via Zoom meeting: Bryan Dyer, Community Development Director, Andrea Fair, City Planner and Nancy Yoakum, Recording Secretary.

II. CONSIDER SUSPENDING PLANNING COMMISSION BYLAWS

Community Development Director Bryan Dyer stated that since the Planning Commission was meeting via Zoom the commissioners should consider suspending the Planning Commission Bylaws. Mr. Dyer asked if there were any questions and entertained a motion.

REUBEN COZMYER MOVED THAT DUE TO COVID-19 AND THE CDC'S RECOMMENDATION TO WEAR MASK AND SOCIAL DISTANCE THE PLANNING COMMISSION SUSPEND THE BYLAWS FOR THE SEPTEMBER 1, 2021 MEETING. MITCHELL FOWLER SECONDED THE MOTION. THE MOTION WAS UNANIMOUSLY APPROVED.

III. APPROVAL OF MINUTES OF AUGUST 4, 2021

Community Development Director Bryan Dyer stated that the Planning Commission members had received a copy of the August 4, 2021 meeting minutes and asked if there were any corrections or additions.

Commissioner Shawn McConnell stated he arrived at the Zoom Planning Commission meeting at 7:10 p.m., but hadn't gained access into the Zoom meeting until 7:23p.m. and asked that the time of arrival be updated.

Hearing no additional comments, Mr. Dyer entertained a motion.

SHAWN MCCONNELL MOVED THAT THE MINUTES OF THE PLANNING COMMISSION MEETING OF AUGUST 4, 2021 BE APPROVED WITH THE TIME CORRECTION STATED. JUDY DEVEREY SECONDED THE MOTION. THE MOTION WAS UNANIMOUSLY APPROVED.

IV. ITEMS OF BUSINESS

1. PA21-000002 Final Plat for Sloan McKinley 2nd plat located at 9405 W. 47th St. in an R-1 (Single Family Residential) District.

Community Development Director Bryan Dyer stated that the applicant, Tim Champagne represented by BHC is requesting approval of a final plat for property located at 9405 W. 47th St.

Mr. Dyer reviewed the surrounded zoning and land uses.

Mr. Dyer stated that the final plat will combine the existing Lot 1 with an unplatted portion to the south to create a new Lot 1 and to create Tract 1 from the existing unplatted property to the west.

Mr. Dyer stated that the applicant will re-dedicate a right-of-way along 47th St. creating a 30ft. right-of-way which is consistent with other plats in the area. Mr. Dyer stated there will be an easement along the two property lines, 5ft. on each side of the two parcels, creating a 10-foot easement.

Mr. Dyer stated that Tract 1 is not serviced by any utilities and would need plans for the placement of public utilities, so it is unable to be developed at this time.

Mr. Dyer inquired if the commissioners had any questions or comments, and stated that the property owner and owner's representative were also present.

Chairperson Brian Dailey inquired that there were different property owner names listed on Tract and Lot and inquired if they would both be signing the plat.

Mr. Dyer stated that was correct, and the applicant is listed as 1310 Viking.

Mr. Dyer inquired if Engineer Joe McLaughlin from BHC had any comments.

Mr. McLaughlin stated that Mr. Dyer did a good job covering the information presented and had no comments.

Mr. Dyer inquired if there were any questions or comments, hearing none he entertained a motion.

JUDY DEVEREY MOVED THAT THE PLANNING COMMISSION APPROVE APPLICATION PA21-000002, SLOAN AND MCKINLEY 2nd PLAT FOR PROPERTY LOCATED AT 9405 W. 47TH ST. AND FORWARD TO THE CITY COUNCIL FOR THE ACCEPTANCE OF RIGHT OF WAY AND EASEMENTS. MITCHELL FOWLER SECONDED THE MOTION. THE MOTION WAS UNANIMOUSLY APPROVED

2. Consider finding the City of Merriam 2022-2026 Capital Improvement Program to be in conformance with the Merriam, Kansas Comprehensive Plan.

Community Development Director Bryan Dyer stated that each year the City of Merriam adopts a five (5) year Capital Improvements Plan to guide the city in decisions related to city improvements. Included in the packet is the 2022-2026 Capital Improvements Plan, which has been adopted by City Council. Mr. Dyer stated as required by state statutes and city ordinances the Planning Commission is required to review the plan and find if it complies or does not comply with the city's adopted comprehensive plan.

Mr. Dyer stated that the commissioners had the option of reviewing and approving each item individually, or as whole.

Mr. Dyer reviewed some of the highlights of the Capital Improvement Program at West Vernon Place, West Frontage Road, Merriam Drive and Johnson Drive. Mr. Dyer stated the city will continue with the sidewalk in-fill program along with stormwater facility improvements.

Mr. Dyer stated that staff recommends finding the Capital Improvement Program in conformance with the city's adoptive comprehensive plan.

Mr. Dyer inquired if there were any questions or recommendations.

Commissioner Shawn McConnell stated he has heard comment from residents about the area around 61st Street to Antioch Rd. going east to the city boundary, and the deterioration of 61st St. since it has not been upgraded since 1992 or 1994. Mr. McConnell stated residents have observed an increase in speeding drivers and collisions and is concerned due to the increase of pedestrians walking in the neighborhood and would like to see some type of mitigation such as speed bumps since there is a school in the area.

Commissioner Mitchell Fowler stated that he was also concerned with vehicles speeding in the South Park neighborhood at 49th & 50th Terrace to Switzer Rd. to the west and Antioch Dr. to the east. Mr. Fowler stated that even though there are speeding alert signs on 50th Terrace which he appreciates, he is still concerned do to the influx of younger families with young children in the neighborhood.

Mr. Dyer stated both Mr. McConnell's and Mr. Fowler's comments would be included in the minutes which are forwarded to the City Council.

Mr. Dyer inquired if there were any additional questions. Hearing none, he entertained a motion.

SHAWN MCCONNELL MOVED THAT THE PLANNING COMMISSION FIND THAT THE CITY OF MERRIAM 2022-2026 CAPITAL IMPROVEMENT PROGRAM IS IN CONFORMANCE WITH THE MERRIAM COMPREHENSIVE PLAN 2040. MITCHELL FOWLER SECONDED THE MOTION. THE MOTION WAS UNANIMOUSLY APPROVED.

3. Consider revisions to the Planning Commission By-Laws

Community Development Director Bryan Dyer reviewed the summary of changes to the Planning Commission By-laws. Mr. Dyer stated that the By-Laws had been given to the City Attorney,

Ryan Denk for review and comment. Mr. Dyer stated that City Council needs to approve the final adoption.

Mr. Dyer stated that if the Planning Commission changes to a paperless packet and electronic devices such as an I-Pad or Chrome notebook, the change will be gradual.

Commissioner Shawn McConnell inquired if there is any requirement on using a specific device based on security for the city.

Mr. Dyer stated that the devices will not have access to the city servers, but can verify with the city's IT Manager.

Commissioner Shawn McConnell inquired how long item #6 has been present in the Bylaws.

Mr. Dyer stated longer than the 13 years he has been employed at the city.

Commissioner Reuben Cozmyer inquired about phone remoting into the meeting and what the Council Chamber's is equipped with electronically.

Mr. Dyer stated that as an example, if a commissioner was on vacation, but was needed in order to meet quorum, the Council Chambers at this time is equipped to connect via audio, but not video at this time.

Commissioner Judy Devereey inquired if advanced notice was given, would a time limit be helpful for virtual meetings.

Mr. Dyer stated that it would be up to the recommendation of the Chairperson. Mr. Dyer stated if the meeting was a public hearing, the city will do its utmost to notify the public through the city website, a published notice in the legal record, and notifying the applicant. Mr. Dyer stated that public hearings optimally would be best held in person, but the commission needs to have the flexibility for a virtual meeting due to situations such as inclement weather and unforeseen events such as Covid-19.

Chairperson Brian Dailey inquired if item #13 could include an electronic connection such as Skype or Zoom.

Mr. Dyer stated at the present time the Council Chambers is not set up with that ability, but it could be a possibility in the future.

Chairperson Brian Dailey inquired if the language could include a change to item #13 to include a virtual connection so that the Bylaws wouldn't have to be revisited in the future.

After a discussion amongst the commissioners, they suggested making a change to item number 13, that allows for a phone call "or" virtual connection.

Mr. Dyer inquired if there were any additional questions or comments. Hearing none, he entertained a motion.

MITCHELL FOWLER MOVED THAT THE PLANNING COMMISSION APPROVE THE CHANGES TO THE BY-LAWS WITH THE ADDITION OR ADDING "OR VIRTUAL CONNECTION" TO ITEM 13. LEAH ANN MCCORMICK SECONDED THE MOTION. THE MOTION WAS UNANIMOUSLY APPROVED.

BUSINESS FROM THE FLOOR

- **Bob's Discount Furniture's grand opening is scheduled for Thursday, September 2nd in the morning.**
- **Inifiniti/Nissan dealership is doing a building addition and will be changing the signs on the dealership to represent both brands.**
- **Hyundai submitted a remodeling permit which is currently under review.**
- **Merriam Planning Sustainable Places is moving forward with focus on the northern portion of Merriam Drive and downtown Merriam. A bike/pedestrian plan is being reviewed.**

Mr. Dyer inquired if there were any questions from the Planning Commissioners.

Commissioner Shawn McConnell inquired if there was any activity on the K-Mart building.

Mr. Dyer stated that the project has been put on "pause" by the developer.

V. UNFINISHED BUSINESS

None

VI. OLD BUSINESS

None

VII. ADJOURNMENT

With no further business for discussion, Community Development Director Bryan Dyer asked for a motion for adjournment.

LEAH ANN MCCORMICK MOVED FOR ADJOURNMENT. The meeting was adjourned 7:54 p.m.

Respectfully Submitted,

**Nancy B. Yoakum
Recording Secretary**

Approved:

MEMORANDUM

DATE: December 1, 2021
TO: City of Merriam Planning Commission
FROM: Bryan P. Dyer, Community Development Director
RE: Redevelopment Project Plan Area N Tax Increment Finance (TIF) Project Plan

B.P.D.

Background

On December 13, 2021, the Merriam City Council will consider amending the I-35 Redevelopment District to create a new Redevelopment Project Area, Project Area N. Project Area N encompasses the properties located at 8800 Shawnee Mission Parkway, which is the location of the vacant Taco Bell building. The property owner, Block and Company, is planning to redevelop the site and has requested public participation in the form of TIF financing in order to make the project financially feasible.

Attached is the 8800 Shawnee Mission Parkway Redevelopment Project Plan for Project Area N. If the City Council approves amending the I-35 Redevelopment District to create Project Area N, the next step is the adoption of the 8800 Shawnee Mission Parkway Redevelopment Project Plan. The Project Plan states that the redevelopment of the subject area will consist of “Commercial development consisting of a 2,000 to 5,000 square foot commercial building with the associated parking facility and necessary infrastructure.” The first step in its adoption is for the Planning Commission to find that the “project plan is consistent with the intent of the comprehensive plan for the development of the city” (KSA 12-1772).

The Shawnee Mission Parkway Corridor Plan and Merriam Comprehensive Plan 2040 emphasizes the importance of infill development of existing commercial areas. One of the redevelopment scenarios outlined in the Corridor Plan shows a commercial building in the same general format and location as the proposed redevelopment. A goal of the Merriam Comprehensive Plan 2040 is “Support the Revitalization and Redevelopment of Key Existing Retail and Commercial Properties”. The 8800 Shawnee Mission Parkway Redevelopment Project Plan promotes the redevelopment of an existing commercial area and it supports the major goals and tenants of the Shawnee Mission Parkway Corridor Plan and Merriam Comprehensive Plan 2040.

Finding

The 8800 Shawnee Mission Parkway Redevelopment Project Plan promotes the redevelopment of an existing commercial area and it supports the major goals and tenants of the Shawnee Mission Parkway Corridor Plan and Merriam Comprehensive Plan 2040.

Based on the information contained within this memo, staff recommends that the Planning Commission find that the proposed 8800 Shawnee Mission Parkway Redevelopment Project Plan is consistent with the intent of the comprehensive plan for the development of the city with the following condition:

- The City Council approves the amendment to the I-35 Redevelopment District to add Redevelopment Project Area N.

REDEVELOPMENT PROJECT PLAN

8800 Shawnee Mission Parkway Redevelopment Project Plan I-35 Redevelopment District Project Area N Merriam, Kansas

I. Introduction

The Kansas Statutes, K.S.A. 12-1770, *et seq.* (as amended) (the TIF Act), permit cities to establish Redevelopment Districts and carry out Redevelopment Projects within such districts. Redevelopment Districts may be established in areas that have been found to be blighted in areas that were established as Kansas Enterprise Zones prior to July 1, 1992, or in certain other areas as defined by law.

U.S. Interstate 35 (I-35) traverses Merriam from the city's southern boundary at W. 75th Street to a point near the City's northeast corner at Antioch Road. Portions of the I-35 corridor within Merriam are undeveloped or underdeveloped. Responding to the need to encourage future development within the I-35 corridor, the City of Merriam established an Enterprise Zone in 1988. On August 22, 1994 the City of Merriam Governing Body adopted Ordinance No. 1222 establishing a Redevelopment District, commonly known as the I-35 Redevelopment District (the "District"), with boundaries identical to the Enterprise Zone and adopted the redevelopment district plan for the District (the "District Plan") by Resolution A-573 on July 25, 1994.

The District Plan identifies the potential redevelopment project areas within the District and the suitability of each area for redevelopment. The District Plan was amended by Ordinance 1412, adopted December 17, 2001, adding the vacant Water District No. 1 property at 6500 Carter and certain excess Kansas Department of Transportation I-35 right-of-way to the list of potential redevelopment project areas. The District Plan was further amended and the boundaries of the District were modified by the addition of area to the District by Ordinance No. 1464 passed by the Governing Body of the City on March 22, 2004. In 2006, the Governing Body passed Ordinance No. 1536 creating Project Area G within the District Plan area.

The more recent District Plan amendments include Ordinance No. 1686 that was approved by the Governing Body on April 9, 2012. That ordinance amended the District Plan by revising the descriptions and boundaries of Project Areas J and K and consolidating Areas K and L into one area, Project Area K. Then on July 24, 2017 the Governing Body approved Ordinance No. 1766 revising the Merriam Pointe project plan, Project Area F. The City Council approved Ordinance No. 1787 on July 23, 2018 amending the District Plan by creating a new Redevelopment Project Area, Project Area L. On June 14, 2021 when the City Council approved Ordinance No. 1823 adding the majority of the property at the southwest corner of Shawnee Mission Parkway and Antioch Road into the District and creating a new Redevelopment Project Area, Project Area M.

The next amendment to the District Plan is scheduled to be considered by the City Council on December 13, 2021. The proposed amendment will create new Redevelopment Project Area, Project Area N.

II. Redevelopment Project Plan

This plan is the Redevelopment Project Plan (“Project Plan”) for 8800 Shawnee Mission Parkway (Project Area N). Project Area N is located within the I-35 Redevelopment District, as defined herein. This Project Plan sets forth the information required by K.S.A. 12-1772, as amended, as follows:

A. Summary of the Feasibility Study

K.S.A. 12-1770a(k), as amended, requires that before any redevelopment project is undertaken, a comprehensive feasibility study must be completed. The feasibility study must demonstrate that the redevelopment project’s benefits and tax increment revenue and other available revenues under K.S.A. 12-1774(a)(1), as amended, are expected to exceed or be sufficient to pay for the redevelopment project’s costs.

The City’s financial advisor, Columbia Capital, prepared the comprehensive feasibility study. A summary of the study is attached (Exhibit A) to and made part of this Project Plan. The feasibility study includes the required state statute findings and that the request meets the “but-for” test outlined in City Council Policy 7.0.

B. Redevelopment District Plan Established under K.S.A. 12-1771 (as amended):

In 1994, the Governing Body established the I-35 Redevelopment District. The Governing Body has subsequently amended the associated District Plan as summarized in the Introduction hereto.

The District Plan defines the City’s goal to encourage sound development and redevelopment of the District to its highest potential. The District Plan identifies specific areas within the District that are either undeveloped or underdeveloped and further identifies key constraints that have hindered or inhibited the sound development thereof. The District Plan sets forth the City’s intent to seek to establish redevelopment project areas within the District and to utilize the authority provided in K.S.A. 12-1770 *et seq.*, as amended, to promote and assist the redevelopment of the identified areas within the District.

The proposed site for the 8800 Shawnee Mission Parkway Redevelopment Project is identified as Project Area N in the District Plan.

C. Description and Map of the Area to be Redeveloped

The area proposed to be redeveloped is located at 8800 Shawnee Mission Parkway and is an approximately .88 tract of land bounded by Shawnee Mission Parkway, Slater

Street, 8820 Shawnee Mission Parkway, and the current Johnson County Library parking lot. Attached (Exhibit B) is a general description of the Redevelopment Project Area. A map of the proposed Redevelopment Project Area is attached (Exhibit C) to this plan.

There is an existing building located on Project Area N. The building was constructed in 1993 and a Taco Bell restaurant was located in the building. The building has been vacant since 2015 when the Taco Bell relocated adjacent to a site adjacent to the IKEA store.

The Project Area is located in an area that has a variety of uses. Commercial uses are located to the south, east, and west of the Project Area. The commercial uses include retail and restaurants. Johnson County Library's parking lot is located to the north of the Project Area.

The Project Area is located in very close proximity to I-35 and is on Shawnee Mission Parkway, which is one of the busiest thoroughfares in the Kansas City metropolitan area.

D. Relocation Assistance Plan

In the event the City acquires any real property within the District in carrying out the provisions of the TIF Act, and as a result, any persons, families and businesses that move from real property located in the District or move personal property from real property located in the District, Developer shall make at least a \$500 payment to all such persons, families and businesses.

No persons or families currently reside in the District and the commercial building is unoccupied.

E. Description of the Buildings and Facilities Proposed to be Constructed

The Developer proposes that the 8800 Shawnee Mission Parkway Redevelopment Project include the following component in the designated area.

Area N: Commercial development consisting of a 2,000 to 5,000 square foot commercial building with the associated parking facility and necessary infrastructure.

EXHIBIT A
Summary of Feasibility Study



City of Merriam, Kansas

Merriam North Bell, LLC

TIF Project Plan

Financial Analysis | November 2021





Columbia Capital Management, LLC
6700 Antioch, Suite 250
Merriam, Kansas 66204
913.312.8077

Jeff White
Managing Member
jwhite@columbiacapital.com

Columbia Capital is an SEC-registered investment adviser and a registered municipal advisor. Columbia Capital provides advice as a fiduciary to its clients.



INTRODUCTION

Merriam North Bell, LLC, a Kansas limited liability company (the “Developer”), requests the City of Merriam (“City”) approve a tax increment financing project plan at 8800 Shawnee Mission Parkway in Merriam (the “Plan”). The Plan would be part of the existing I-35 Tax Increment Financing District (the “District”) and would result in the redevelopment of a former Taco Bell as a Chipotle restaurant with drive-through (the “Project”). According to the records of the Kansas Secretary of State, the Developer had fallen out of good standing but, as of November 23, 2021, was in the process of being reinstated.

The purpose of this financial analysis (the “Analysis”) is to satisfy the requirements of Kansas statutes related to the development of tax increment financing district (KSA 12-1770 *et seq.*), specifically the requirement found at KSA 12-1772(a)(1) and to address the Plan’s compliance with City policy.

Tax increment financing (TIF) is a tool that allows a city to identify a defined geographic area within which certain taxes, including *ad valorem* property taxes, sales taxes and other revenues, may be captured for a period of limited duration and redirected to the payment or reimbursement of certain eligible project costs.

In Kansas, TIF is limited to a 20-year duration from the effective date of a project plan, capturing incremental property taxes (i.e., those net new taxes created by the development above base year levels) plus other taxes pledged by the City for capture at its discretion, including but not limited to sales taxes and other locally-levied taxes and fees.

The Plan contemplates the use of \$300,000 of accumulated TIF increment within the District to reimburse eligible project costs in two installments at confirmed points in the Project’s development. The Developer reports a \$3.7 million total development cost budget for the Project.

RELATIONSHIPS

Columbia Capital Management, LLC (the “Financial Advisor”) is a registered municipal advisor and serves as the City’s financial advisor. The City engaged the Financial Advisor to provide a financial evaluation of the Plan and to make certain statutory findings. The Financial Advisor is not now, nor has ever been, engaged by the Developer or its related entities to provide it with similar services.

The Financial Advisor serves as a fiduciary to the City. The reader’s interests may vary from those of the City’s.

RELIANCE

This Analysis is not a projection of the likelihood of success of the project proposed in the Plan and as described more fully herein. In preparing this analysis, the Financial Advisor relied upon certain data and information supplied to it by the Developer, by the City and secured from third parties. Except where noted herein, the Financial Advisor has relied upon this data and information without independently verifying the veracity or reliability of such information. The Analysis may not be used except in the context of the City’s review of the Developer’s request for TIF incentives. The Analysis assumes all components of the Project are developed as described herein.

As with any work of this kind, the Analysis is almost exclusively forward-looking. The reader should note that small changes in modeling inputs could have significant impacts on modeled financial outcomes. The reader must consider this Analysis in light of contractual arrangements that the City would expect to undertake with the Developer to formalize the development components of the Plan and their anticipated timing for completion.

THE PROJECT

The Project includes the acquisition and at least partial demolition of a former Taco Bell, followed by the construction of a Chipotle fast-casual restaurant. The Project’s Chipotle restaurant will include a drive-through pick-up lane. The Project also includes required infrastructure to support the development, including limited work in the public right-of-way. The Developer reports it expects to enter into a ten-year lease with three five-year options with Chipotle Mexican Grill, Inc., a Fortune 500 company, prior to commencement of construction, for operation of the Project.

SOURCES OF FUNDS

Based upon information provided to us by the Developer and the City, the sources of the funds for the Project are as follows:

SOURCE	
Developer/Bank Loans	\$ 2,917,123
Developer/Equity	500,000
TIF Reimbursement	300,000
TOTAL SOURCES OF FUNDS	\$ 3,717,123

The Developer has secured site control. We were not able to independently verify the status of the Developer’s equity contribution or construction loan, but we expect, based upon information provided to us by the Developer, that it will be able to make the equity contribution and secure the loan to permit the Project to proceed as planned.

DEVELOPMENT BUDGET AND PROJECT COST

The Developer’s most recent project budget, dated October 29, 2021, shows the following expected total development costs. We have identified certain amounts that would be potentially eligible for reimbursement from TIF; additional project costs, particularly related to sitework and any soft costs related to those costs, could also be TIF eligible. Regardless of the amount of actual TIF eligible costs generated by the Project, however, we understand the City will limit TIF reimbursement to \$300,000 by contract.

USE	TOTAL BUDGET	TIF REIMBURSABLE
Acquisition & Site Preparation		
Land Acquisition	1,550,000	1,550,000
Sitework and Infrastructure	419,828	115,000
Vertical Construction		
Vertical Building Construction	1,274,658	0
Soft Costs		
Financing/Carry Costs	102,000	0
Arch/Engin/Surveying	120,552	0
Legal/Fees/Permits/Inspections	250,085	0
TOTAL DEVELOPMENT COSTS	\$3,717,123	\$1,570,000

POLICY FINDINGS

City Council Policy 7.0 on Tax Increment Financing (the “Policy”) requires two levels of review with respect to TIF projects: (1) an assessment of the costs and benefits of the project to the public and (2) an assessment of the project’s need for TIF incentive through a but-for review (“but for the presence of the TIF incentive, the project would not proceed”).

Cost-Benefit Analysis. The Policy requires use of a cost-benefit analysis (a “CBA”) “examining the costs and benefits to the public of the proposed TIF Plan.” The Policy requires consideration of factors such as changes to property valuation, improvements to sales tax revenues, the potential for job creation, the impact on public services and public infrastructure and any related impacts, including indirect business development, environmental impacts and the like. The Policy also requires the CBA to assess the Developer’s current and future projected strength and market viability.

Direct Benefits and Costs. The Project would replace a recently-abandoned fast food restaurant with a newly-developed fast food restaurant. City staff advises no direct public investment is required—other than the TIF incentives—to support the project. Similarly, City staff advises its belief that City services for the Project post-construction would be similar to those provided

to the former Taco Bell restaurant. As a result, other than with respect to the proposed \$300,000 TIF grant, we expect no change from status quo in direct public costs to support the Project.

For purposes of conservatism of the CBA, we assume the Project's as-completed property valuation would approximate that of the former Taco Bell and assume no property tax increment, as a result.

The Taco Bell that previously occupied the building moved to another location within the city and the redevelopment of the subject property is expected to generate new sales tax revenue. Consistent with our approach to calculating impacts to public services and on property valuation, we used *only* the incremental sales tax amount generated by the Project in performing the CBA. According to QSR magazine, average sales per store in 2016 (most recently available data) for Taco Bell restaurants were \$1,510,000 vs. \$1,868,000 for the average Chipotle restaurant. Over a 10-year analysis period, we assume the City would benefit from a net sales tax increase based upon these per store averages for nine years following a one-year construction and lease-up period.

Indirect Benefits and Costs. Similar to our analysis on direct benefits and costs, we expect job creation, community impacts, school district impacts and impact on the local business environment to be similar post-construction to status quo because we are replacing a current fast food use with a new fast food use. As a result, we assume no change from status quo in indirect benefits and costs.

Developer Capacity to Perform. Through its advisor, the Developer provided us with evidence sufficient to allow us to conclude that Developer is likely to be able to make the equity contribution, secure the anticipated private lending and close on a 10-year lease with Chipotle Mexican Grill, Inc. We understand from City staff that the expected TIF grant would be timed such that no TIF reimbursement would be made without the lease being in place, bolstering the quality of our assumptions here.

Conclusion

Our summary of the Project's net public benefits is negative \$258,000. For the purposes of the analysis, we used a discount rate of 4.54% comprised of two components: a risk-free rate, the 10-year US Treasury yield of 1.54% (as of November 19, 2021); and a risk premium rate of 3%, reflecting the opportunity cost to the City of using its finite public investment dollars on the Project versus some other project or financing.

“But-For” Analysis. The Policy requires TIF grants to be made on the basis of a but-for analysis: “the TIF must make such a difference in the decision of the applicant that the Project would not be economically feasible but for the availability of TIF.” In order to calculate the but-for need for the Project, we assessed the likely internal rate of return (IRR) of the Project with and without the \$300,000 TIF grant. IRR is an industry standard metric used in real estate investment to allow investors to measure the likely return on investment, assuming no financial leverage. The IRR tool is designed to permit investors to directly compare real estate projects having very different costs, income streams and other characteristics.

One commonly used approach to measure but-for is to compare the IRR for a project both with and without incentives, comparing the IRR for the project being evaluated against a market IRR benchmark. In this case, we are using a regional capitalization rate for retail uses for 2021 based upon publicly-available information from certain large real estate brokerages. The capitalization rate is the ratio of a project's net operating income to its market value. Real estate brokerages are able to track the market value of projects based upon their sale prices in the open market and to calculate and aggregate capitalization rates based upon the net operating incomes of those same projects.

Our research shows that a reasonable capitalization rate for retail projects in the central United States might be 7.75% today, providing us with a market benchmark against which to compare the Project's IRR. In this case, because there is a single known lessee with strong credit and a long-term lease, we believe a more aggressive benchmark rate of 6.00% to 6.50% is appropriate.

Based upon information provided to us by the Developer, we calculate the IRR for the Project without incentives to be approximately 3.5% and the IRR with the TIF incentives proposed to be approximately 6.0%.

We conclude that the Project's IRR without incentives is below market and would pose an impediment to investment at this site. We further conclude that the amount of TIF incentives grant is reasonable, but not excessive, in permitting the Project to produce an incentives-adjusted market rate of return. We, therefore, find that the Policy's but-for test is satisfied.

STATUTORY FINDINGS

Based upon our review of the information provided by the Developer, we find the following:

- the estimated total development costs of the Project are \$3,717,123
- this total development cost will be initially paid through a combination of Developer equity and private financing, with up to \$300,000 of TIF reimbursement to be made upon the Project meeting certain milestones
- we expect the Developer's TIF-eligible costs will exceed the maximum TIF grant permitted by the City.

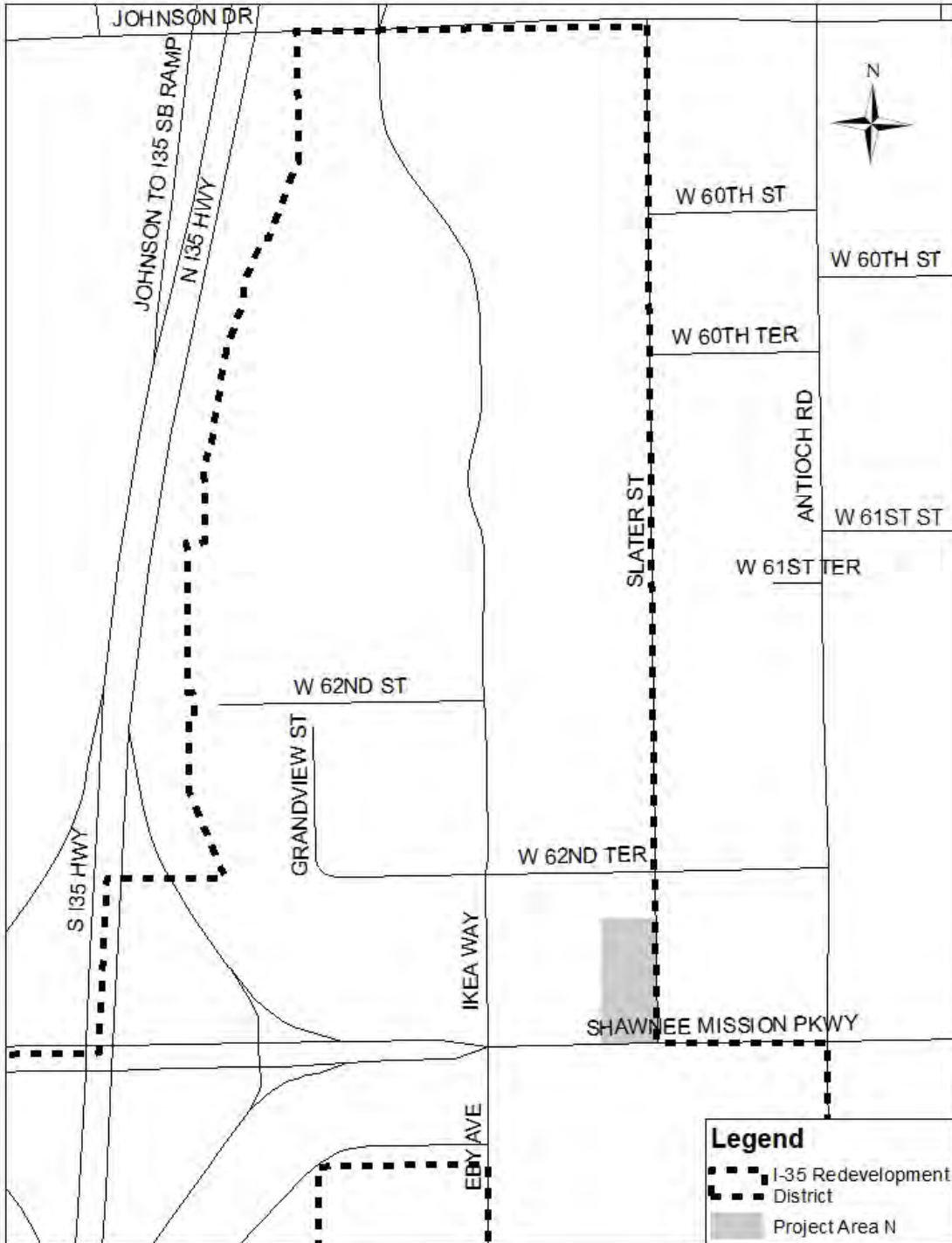
As such, the Plan's benefits and TIF revenue and other available revenues under subsection (a)(1) of K.S.A. 12-1774, and amendments thereto, are expected to exceed or be sufficient to pay for the Plan's project costs. The Plan will have no effect on any outstanding special obligation bonds payable from the revenues described in K.S.A. 12-1774(a)(1)(D), and amendments thereto.

EXHIBIT B
DESCRIPTION OF REDEVELOPMENT PROJECT AREA N

EBY SUBDIVISION MERRIAM PARK LTS 13 & 14 BLK 41; and,

EBY SUBDIVISION MERRIAM PARK S 110' LTS 1 & 2 BLK 41, INCLUDING TO THE CENTERLINE OF THE RIGHT-OF-WAY ADJACENT TO BOTH PARCELS.

EXHIBIT C
Project Area N Map



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING AND ZONING PROCESSING SCHEDULE JAN-DEC 2022**

Plan/Process/Date/Time	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Application Submittal by 12pm Wed.	12/1	1/5	2/2	3/2	4/6	5/4	6/1	7/6	8/3	9/7	10/5	11/2
PH Notice to Newspaper on Fri.	12/3	1/7	2/4	3/4	4/8	5/6	6/3	7/8	8/5	9/9	10/7	11/4
PH Publication of Notice on Tues.	12/7	1/11	2/8	3/8	4/12	5/10	6/7	7/12	8/9	9/13	10/11	11/8
PH Notice Mailed to Property Owners by	12/16	1/13	2/10	3/17	4/14	5/12	6/16	7/14	8/18	9/15	10/13	11/17
Staff Reports to Commission-Wed.	12/29	1/26	2/23	3/30	4/27	5/25	6/29	7/27	8/31	9/28	10/26	11/30
Planning Commission Meetings 7pm Wed.	1/5	2/2	3/2	4/6	5/4	6/1	7/6	8/3	9/7	10/5	11/2	12/7
City Council Meeting 7pm. Mon.	1/24	2/28	3/28	4/25	5/23	6/27	7/25	8/22	9/26	10/24	11/28	1/09 ¹

Public Hearing (PH) Items: Zoning, Preliminary Development Plans, Conditional Use, & Special Uses. Public Hearing items require legal descriptions, notification of property owners within 200 ft. by Certified Mail, return receipt, posting of notice & publication of legal notice.

Applicant: All applications containing plan documents shall submit 3 full size sets of plans folded and 1 each 11" x 17" set by noon of deadline. Include a digital version of plans and legal descriptions. Prior to staff reports being sent to the Planning Commission, the applicant must provide 15 full sets of plans folded and 1 each 11" x 17" sets and include a digital version of the plans.

1 - City Council meeting date moved due to holiday