

**From:** Ted Beauchamp <ted.beauchamp@hotmail.com>  
**Sent:** Friday, June 11, 2021 3:33 PM  
**To:** clerk <clerk@miamicountyks.org>  
**Subject:** City of Golden

**\*\*This email originated from outside of County of Miami\*\***

After careful consideration and thoughtful discussion with individuals on both sides of this issue, I write to you to voice my support for the incorporation of the City of Golden, Kansas.

I will focus my response on point number 8 of the guidelines in Kansas Statute, *effect of the proposed action, and of alternative actions, on adjacent areas, and on the local governmental structure of the entire community*. I chose to focus on this point because I believe the incorporation of Golden will be mutually beneficial to the residents of the Golden, the nearby municipalities, and Miami County as a whole.

The City of Golden will forever be tied to the Kansas Supreme Court's list of Golden Factors, which list eight factors that must be considered before granting or denying a zoning change. Point eight of the guidelines in K.S.A. 15-121 is remarkably similar to guidelines two through four of the Golden Factors which state that the following must be considered: *The zoning and uses of property nearby; The suitability of the property for the uses to which it has been restricted under its existing zoning; and Extent to which removal of the restrictions will detrimentally affect nearby property.*

This particular guideline for incorporation and the three listed in the Golden Factors can easily be summarized to say, "Make the decision that best suits the entire community." If the City of Edgerton had followed these simple guidelines while rezoning multiple areas then Miami County would not be faced with this decision. Golden may be defined by city limits, but our definition of community extends far beyond a city limit, a county line, and even the state line to include all people affected by the decisions that have been made by the City of Edgerton and the future decisions made by our governing body. Golden is a friend of Miami County and Johnson County and will act in the best interest of the residents of our wonderful state and metropolitan area. It is clear that incorporating the Northwest part of Miami County is the only way to put Miami County residents in control of the future of the county.

I have spent an inordinate amount of time reviewing Edgerton's agreements with NorthPoint Development, their financial statements, and various other documents to understand how one-sided the deal is that they have signed. For the sake of limiting this letter purely to Miami County's interest I want to focus on one particular document that I've attached. This is the Industrial Revenue Bond (IRB) notice that Edgerton was required to send to Johnson County for Project Polaris, the closest LPKC development to Miami County to date. It includes a cost/benefit analysis.

In reviewing this document, it should be noted that Columbia Capital represents both Edgerton and NorthPoint, which should alarm any county official. The two statements below in italics are at the bottom of page 5.

*While the modeling shows a significant net present value benefit to the City, it is important to note that the vast majority of this net benefit is reinvested in Phase 2 of LPKC through the Public Infrastructure Fund which is the funding source for the majority of public infrastructure to be developed to serve Phase 2 of LPKC.*

In other words, the benefit the City sees is only on paper. In reality, the vast majority of the revenues the City receives flow right back to NorthPoint Development.

*In the preparation of this cost-benefit analysis, Columbia Capital has relied upon the information provided to it by applicant and has not independently verified or validated these data. The City must draw its own conclusions as to the reliability of these data.*

It must therefore be acknowledged that the data is inherently biased.

Now keeping in mind the bias of the analysis and the acknowledged fact that the “benefit” the city receives is actually a benefit for NorthPoint, we look at the tables on the last page. The net present value of the benefit to Johnson County is negative. The impact on state revenues is also negative.

When challenged on this, NorthPoint will tell you the data they use overestimates the number of new residents to the county because of the logistic park, and then of course point out that astronomical sums they *could* receive when the abatements expire, but to do that you have to assume that the buildings don’t get sold and become eligible for a new round of tax abatements.

This is where I tie all of this back to Golden. Golden does not want to negatively impact Miami County.

Golden has not yet produced a comprehensive plan. If the City of Golden decides that industrial development is appropriate somewhere inside the city limits, then the City will have the opportunity to negotiate a deal that benefits Miami County instead of the county being at the mercy of another city that does not have Miami County’s best interest in mind.

Further, I haven’t spoken to one person that does not welcome further residential development in this area of the county. To hear Edgerton and Northpoint say that new residents are the cause of the negative net present value should be taken as a slap in the face to anyone that believed the promise of economic growth that this project would provide. The incorporation of Golden will allow new residents to build in this area with the reassurance that they will always have a voice in the City’s development. This likely increase in residential development will immediately increase revenues to Miami County without adding any significant cost to infrastructure maintenance or improvements.

Vote to incorporate Golden. Let us be your partner.

Theodore E. Beauchamp

pdf attachment – Edgerton\_IRB\_Notice.pdf.pdf included in e-mail shown below as received.



404 East Nelson  
Edgerton, KS 66021  
P: 913.893.6231  
EDGERTONKS.ORG

March 1, 2021

Board of County Commissioners  
Johnson County Kansas  
c/o Ms. Penny Post oak Ferguson  
Johnson County Manager  
Johnson County Administration Building  
111 S. Cherry, Suite 3300  
Olathe, Kansas 66061-3486

Re: Proposed \$238,000,000 City of Edgerton, Kansas Industrial Revenue Bonds (Wellsville Farms, LLC Project)

Dear County Commissioners:

I have enclosed for your information a Notice of Public Hearing from the City of Edgerton, Kansas, pursuant to K.S.A. 12-1749c and K.S.A. 12-1749d, as amended. This letter and accompanying notice should be forwarded to the Board of County Commissioners.

The City of Edgerton proposes to issue up to \$238,000,000 in industrial revenue bonds for the benefit of Wellsville Farms, LLC, and its successors and assigns. The proposed bonds will finance the project described in the public hearing notice. The project is within Phase 2 of The Logistics Park-KC. The applicant has requested a 10-year, 100% property tax abatement for the property acquired with the proceeds of the industrial revenue bonds. The City will require annual payments-in-lieu of tax in the approximate amounts set forth in the hearing notice.

The City Council of the City of Edgerton, Kansas will conduct a public hearing on Thursday, March 11, 2021, at 7:00 p.m., or as soon thereafter as may be heard, at the Edgerton Community Building, 404 E. Nelson Street, Edgerton, Kansas, in regard to the proposed issuance by the City of its industrial revenue bonds and in regard to an exemption from ad valorem taxation for property constructed or purchased with the proceeds of such bonds.

A copy of the report analyzing the costs and benefits of the proposed property tax exemption is enclosed.

Representatives of the County are invited to attend the public hearing and offer comments about the proposed issuance of industrial revenue bonds and property tax abatement.

Please call me at (913) 893-6231 if you have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Beth Linn', is written over a light blue horizontal line.

Beth Linn  
City Administrator

Enclosure

**NOTICE OF PUBLIC HEARING  
AND OF  
ISSUANCE OF INDUSTRIAL REVENUE BONDS**

Public notice is hereby given that the City Council of the City of Edgerton, Kansas (the "City"), will conduct a public hearing on Thursday, March 11, 2020, at 7:00 p.m., or as soon thereafter as may be heard, at the Edgerton Community Building, 404 E. Nelson Street, Edgerton, Kansas, in regard to the proposed issuance by the City of its Industrial Revenue Bonds (Wellsville Farms, LLC Project), in the approximate principal amount of \$238,000,000 (the "Bonds") and in regard to an exemption from ad valorem taxation for property constructed or purchased with the proceeds of the Bonds.

The Bonds are proposed to be issued under authority of K.S.A. 12-1740 *et seq.*, as amended, to provide funds for acquiring, constructing and equipping a commercial project, consisting of an approximately 600,000 sq. ft. manufacturing and distribution facility (the "Project"). The Project will be located at the northwest corner of 213<sup>th</sup> Street and Kill Creek Road in Edgerton, Kansas. The Project is located within The Logistics Park-KC, Phase 2, which is located southeast of the intersection of Interstate 35 and Homestead Lane within the corporate limits of the City. A map showing the location of the Project is available for public viewing at the Edgerton Community Building. The City will acquire or lease the Project from Wellsville Farms, LLC, a Kansas limited liability company (the "Applicant") and lease or sublease the Project to the Applicant, or its assigns. The Applicant has requested a 10-year, 100% property tax abatement for the Project. If this request is approved, the City will require the Applicant to make approximate annual payments-in-lieu of tax equal to \$96,000 (\$0.16 a sq. ft.).

The City Council will not consider passage of a resolution of intent evidencing its intent to issue the Bonds until the public hearing has been concluded. A copy of the proposed resolution of intent of the City indicating the intent of the governing body of the City to issue the Bonds and a report analyzing the costs and benefits of such property tax exemption are on file in the office of the City Clerk and available for public inspection during normal business hours. All persons having an interest in this matter will be given an opportunity to be heard at the time and place above specified.

Dated this 3<sup>rd</sup> day of March, 2021.

Alexandria Clower  
City Clerk  
404 E. Nelson Street  
Edgerton, Kansas 66021  
(913) 893-6231



**COLUMBIA CAPITAL**  
MUNICIPAL ADVISORS

6700 Antioch, Suite 250  
Merriam, Kansas 66204

Jeff White, Managing Member  
913.312.8077  
jwhite@columbiacapital.com

February 8, 2021

Ms. Beth Linn  
City Administrator  
City of Edgerton  
404 East Nelson  
Edgerton, Kansas 66021

*RE: Cost-Benefit Analysis for Wellsville Farms, LLC*

Dear Beth:

Please find attached the results of our cost-benefit analysis related to the projected property tax abatement to be granted by the City to applicant Wellsville Farms, LLC which plans to construct a 600,000 square foot industrial facility in Phase 2 of Logistics Park Kansas City (LPKC). The purpose of this analysis is to satisfy the City's requirement pursuant to KSA 12-1749d or KSA 79-251(a)(1) to undertake a cost-benefit analysis before granting a property tax abatement. Consistent with City policy for development within LPKC, this analysis assumes the City will grant a 100% property tax abatement for 10 years with the applicant paying an annual payment-in-lieu-of-taxes equal to \$0.16 per building square foot on the project.

#### **BACKGROUND**

In 2017 the Edgerton City Council approved an incentives program that provides ten-year property tax abatements for projects locating in Phase 2 of LPKC. The purpose of these abatements is to ensure that rents paid by the eventual users of buildings constructed by the master developer will be competitive against warehouse/distribution developments in Olathe, south Kansas City, Riverside and those located in other cities, including Dallas, Chicago, Memphis and Indianapolis. Like Edgerton, these communities also have incentives programs in place for warehouse and distribution facilities.

The master developer reports that, without the abatement incentives, large-scale warehouse and distribution facilities would not materialize in Phase 2 of LPKC and certainly not at the pace of development LPKC has seen in recent years: the presence of the abatements has been and will continue to be a necessary condition to the development of the project.

#### **ABATEMENT MECHANICS**

Under Kansas law, every ad valorem tax abatement is a 100% abatement. Cities granting an abatement have the right to negotiate payments-in-lieu-of-tax (PILOT) payments from the abatement beneficiary to reduce the effective value of the abatement to that party. PILOT payments are distributed by Kansas counties to all taxing

jurisdictions affected by the abatement in the same proportion as regular property taxes.

Property tax abatements effectively defer a portion of the tax benefit on new development for a period of up to 10 years. Although property tax abatements can create a loss of status quo ante tax revenues for taxing jurisdictions, abatements at LPKC have a very limited impact on existing tax revenues. Because the vast majority of undeveloped land within the boundaries of LPKC is classified for property tax purposes as “farming or ranch operations,” status quo ante property taxes in the aggregate within LPKC tend to total less than \$50 per acre per year.

**ECONOMICS**

The subject property is approximately 79 acres in size and will house a 600,000 square foot industrial facility. Pursuant to the City’s agreement with the master developer, this analysis assumes the City will provide the applicant with a 100% property tax abatement for 10 years. We have further assumed that, consistent with its agreement with the master developer, the City will impose a \$0.16 per square foot per year PILOT, or \$96,000 per year.

The table below reflects the immediate impact on property tax/PILOT receipts from the subject property, assuming a status quo ante tax burden of \$50 per acre per year and based upon November 2020 levy rates published by Johnson County.

ENTITY	LEVY	% of TOTAL	EXISTING TAXES LOST	NEW PILOTs PAID	ANNUAL NET TAX GAIN/(LOSS)
State of KS	1.500	1.06%	\$ (42)	\$ 3,396	\$ 3,354
Johnson Co.	18.799	13.30%	(527)	42,556	42,029
JCCC	9.191	6.50%	(258)	20,806	20,549
JCPRD	3.093	2.19%	(87)	7,002	6,915
Edgerton	30.381	21.49%	(852)	68,775	67,924
USD 231 Uniform	20.000	14.15%	(561)	45,275	44,715
USD 231 Capital †	n/a	n/a	-	-	-
USD 231 Other	22.305	15.78%	(625)	50,493	49,868
USD 231 Bond	14.377	10.17%	(403)	32,546	32,143
Fire Dist #1	17.807	12.60%	(499)	40,311	39,812
Library	3.905	2.76%	(109)	8,840	8,731
	141.358	100.00%	\$ (3,962)	\$ 320,000	\$ 316,038

† The USD 231 Capital Levy will not be abated.

**COST-BENEFIT ANALYSIS DETAILS AND ASSUMPTIONS**

KSA 12-1749d(2) requires notification of anticipated abatements only to counties or school districts affected. As a result, our analysis focuses on financial impacts to the City, Johnson County and USD 231 Gardner/Edgerton Schools (the District). We have not calculated the cost-benefit impacts for other taxing jurisdictions. State law also requires the analysis to include “the effect of the exemption on state revenues.” Our modeling includes such an estimate.

Our cost-benefit modeling relies on a number of key assumptions in the calculation of net present value benefit to the City, Johnson County and USD 231. Most of our assumptions are derived from public information, although some inputs are based upon

dialogue with subject matter experts, including staff of the Kansas Department of Revenue. Some of these key assumptions include:

- An evaluation of the direct costs and benefits of the project. Columbia's model does not include indirect or "spin-off" effects as a result of input-output multipliers.
- A ten-year analysis timeframe, matching the maximum permitted term of the abatement.
- Direct costs to affected taxing jurisdictions as estimated by Columbia Capital based upon annual audits, proposed and adopted budgets, published tax rates and other publically available information for the taxing jurisdictions affected.
- Where applicable, reliance upon statistical data as reported by the United States Census Bureau and Kansas Department of Revenue.
- The use of a discount rate comprised of two components: a risk-free rate of return (the current yield of the on-the-run 10-year US Treasury) plus a risk premium of two (2) percent. The value of the discount rate is a proxy for the opportunity cost of the City (and other agencies) of foregoing the future property and/or sales tax revenues that would be generated by the development. Thought of another way, if the City had those revenues in hand and placed them in an alternative investment with the same risk characteristics, what would be its expected rate of return?

#### **STATUTORY CHANGE EXEMPTING SCHOOL CAPITAL LEVY**

Reflecting a change adopted during the 2017 legislative session, this analysis assumes the District's capital levy (8 mills) will not be abated.

#### **USING THE COST-BENEFIT MODELING RESULTS**

The output of the model is presented as the net present value benefit/(cost) of the project for the City, County and school district over the 10-year life of the abatement on each project. The net benefit (or, if negative, cost) of the incentive package is presented in today's dollars. The estimated impact on State revenues is presented in nominal (future value) terms. We also provide an estimated future value project contribution to the City's Public Infrastructure Fund (**PIF**). While the modeling shows a significant net present value benefit to the City, it is important to note that the vast majority of this net benefit is reinvested in Phase 2 of LPKC through the Public Infrastructure Fund which is the funding source for the majority of public infrastructure to be developed to serve Phase 2 of LPKC.

In the preparation of this cost-benefit analysis, Columbia Capital has relied upon the information provided to it by applicant and has not independently verified or validated these data. The City must draw its own conclusions as to the reliability of these data.

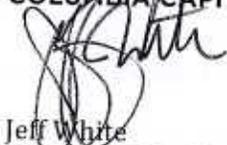


Finally, the intent of this analysis and of the applicable statutes is to inform the governing body's policy debate about the value of the abatement incentive it is providing to the applicant. The project's generation of a net present value benefit to the agencies affected should be but one of the many factors in the governing body's decision about whether and how much incentive to provide to any applicant.

Thank you in advance for your thoughtful consideration of the analysis attached. Please let me know if you have any questions.

Respectfully submitted,

**COLUMBIA CAPITAL MANAGEMENT, LLC**



Jeff White  
Managing Member

**SUMMARY OF COSTS AND BENEFITS**  
**City of Edgerton, Kansas**

**APPLICABLE INCENTIVE ACTION**

**Application Date:** 1/8/21  
**Firm Name:** Wollsville Farms, LLC  
**Firm Address:** 4825 NW 41st St, Suite 500  
 Riverside, Missouri 64150

**Summary of Incentives Provided:** 100% real property tax abatement for a 10-year period, as well as a construction sales tax exemption for materials, with a PILOT payment of \$0.16/s.f. per year.

**Firm Contact:** Patrick Robinson  
 913.915.7150

**Building Size (sf):** 600,000

**SUMMARY OF INCENTIVE PACKAGE (LOCAL GOVERNMENT IMPACTS ONLY)**

Year	Property Tax Abatement		Construction Sales Tax Abatement		Direct Incentives		
	(%)	(\$)	(%)	(\$)	City	County	School
2	100	4,139,709	100	346,591	0	0	0
3	100	4,139,709	100	0	0	0	0
4	100	4,139,709	100	0	0	0	0
5	100	4,139,709	100	0	0	0	0
6	100	4,139,709	100	0	0	0	0
7	100	4,139,709	100	0	0	0	0
8	100	4,139,709	100	0	0	0	0
9	100	4,139,709	100	0	0	0	0
10	100	4,139,709	100	0	0	0	0
11	100	4,139,709	100	0	0	0	0

**PAYMENT IN LIEU OF TAXES RECEIPTS**

City	County	School
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574
19,527	12,083	41,574

**SUMMARY OF PRESENT VALUE BENEFITS**

Year	City Summary		Net Benefit	Net PV Benefit
	Total Benefits	Total Costs		
2	1,595,559	1,244,606	350,953	329,717
3	1,455,090	1,104,570	350,521	319,193
4	1,455,090	1,104,570	350,521	309,385
5	1,455,090	1,104,570	350,521	299,879
6	1,458,378	1,129,234	329,145	272,939
7	1,458,378	1,129,234	329,145	264,553
8	1,461,667	1,153,898	307,769	239,771
9	1,464,955	1,178,562	286,393	216,263
10	1,468,243	1,203,226	265,017	193,972
11	1,468,243	1,203,226	265,017	188,012
	14,740,694	11,555,694	3,184,999	2,633,685

County Summary				
Total Benefits	Total Costs	Net Benefit	Net PV Benefit	
902,754	890,034	12,720	11,951	
709,957	706,656	3,301	3,006	
727,229	734,466	(7,237)	(6,388)	
727,229	734,466	(7,237)	(6,192)	
731,259	740,955	(9,696)	(8,041)	
731,259	740,955	(9,696)	(7,793)	
735,289	747,445	(12,155)	(9,470)	
739,320	753,934	(14,614)	(11,036)	
743,350	760,423	(17,073)	(12,496)	
743,350	760,423	(17,073)	(12,112)	
7,490,996	7,569,758	(78,762)	(58,571)	

School District Summary				
Total Benefits	Total Costs	Net Benefit	Net PV Benefit	
2,393,234	2,055,660	337,574	317,149	
2,470,670	2,117,377	353,293	321,717	
2,548,106	2,179,095	369,011	325,706	
2,548,106	2,179,095	369,011	315,698	
2,571,336	2,197,610	373,726	309,908	
2,571,336	2,197,610	373,726	300,386	
2,594,567	2,216,125	378,442	294,830	
2,617,798	2,234,641	383,157	289,332	
2,641,029	2,253,156	387,873	283,893	
2,641,029	2,253,156	387,873	275,170	
25,597,211	21,883,524	3,713,686	3,033,789	

**SUMMARY OF ECONOMIC IMPACT (from 10-year period)**

**Number of jobs to be created:** 268

**Number of new residents:**  
 City: 20  
 County: 83  
 School District: 64

**Expected 10-Year Contribution to PIF:** \$ 2,469,932

**Impact of exemption on state revenues:** \$ (1,455,598)