

**BLIGHT STUDY  
FOR THE PROPOSED  
HIGHWAY 150 & BOTTS ROAD  
PIEA REDEVELOPMENT AREA  
MISSOURI HIGHWAY 150 & BOTTS ROAD  
KANSAS CITY, MISSOURI**

**AS OF:  
MAY 29, 2008  
RECORD No. 1332**

**BELKE APPRAISAL & CONSULTING SERVICES, INC.  
Kansas City, Missouri**

July 1, 2008

Mr. Alfred J. Figuly  
Executive Director  
Planned Industrial Expansion Authority of KCMO  
20 E. 5<sup>th</sup> Street, Suite 200  
Kansas City, Missouri 64106

Dear Mr. Figuly:

Per your request, I am pleased to herewith submit my blight study for the proposed Highway 150 & Botts Road PIEA Redevelopment Area located in the northwest quadrant of Missouri Highway 150 and Botts Road in southern Kansas City, Missouri. The proposed redevelopment area was inspected on several occasions during May 2008. The effective date of this analysis is May 29, 2008. After a careful study of all pertinent factors, it is my considered opinion that the proposed redevelopment area is a “blighted area” and “undeveloped industrial area” according to the definitions provided in Chapter 100 (*Industrial Development*) of the Missouri Revised Statutes.

Several components of the Chapter 100 definitions are present in the proposed Highway 150 & Botts Road PIEA Redevelopment Area. The dominant blighting influences include:

- Economic underutilization
- Inadequate infrastructure
- Health and safety concerns
- Inability to pay reasonable taxes

Despite being located across Missouri Highway 150 from a 1,400-acre property (first municipal airfield, then US Air Force Base, then municipal airport, then intermodal facility) for an extended period of 67 years, the proposed redevelopment area has remained in agricultural use. The city has designated the proposed redevelopment area for planned industrial park development, the obvious highest and best use of the tract, for at least the past 20 years. Large industrial uses containing from 220,000 to 500,000 square feet, often aided by public incentives, have been developed on tracts adjoining to the north of the proposed redevelopment area in Grandview, Missouri. Thus, the proposed redevelopment area constitutes economic “liability” or “waste” described in the Chapter 100 definitions of a blighted area and undeveloped industrial area.

Due to lack of policing and supervision the proposed redevelopment area is a dumping ground for nearby businesses and residents. Trash and illegal dumping can result in breeding of vermin, the spread of disease, fire hazards, and environmental hazards. The poor design and lack of maintenance of Botts Road and the lack of a deceleration lane from Missouri Highway 150 create additional public safety issues. Such health and safety issues are addressed in the Chapter 100 definitions of a blighted area, insanitary area, and undeveloped industrial area.

An excellent representation of the maximally productive use of the proposed redevelopment area is the announced desire of GSA to develop a new campus for NNSA/Honeywell. The new campus would place 1,850,000 gross square feet of buildings on the 185.643 acres encompassed in the proposed redevelopment area. The LEED<sup>®</sup> Gold Rated “Green” campus would include office, manufacturing, research, and warehouse space. GSA would sign a lease for the campus on behalf of NNSA/Honeywell for a fixed term of 20 years with a potential for 10 years of options. The US Congress has approved funding of up to \$38 per rentable square foot or \$58.995 million annually in lease payments. A minimum of 2,100 jobs will be retained at the campus with average annual compensation of \$95,000 per employee. The Jackson County Assessor has determined the proposed redevelopment area should generate roundly \$5,200,000 annually in real estate taxes if developed with a good quality complex containing 1.0 million square feet. Other public benefits foregone by the current underutilization include significant earnings tax, utility tax, sales tax, and personal property tax. The foregone economic benefit over a 20-year period from these factors is estimated at \$216.6 million. The addition of 2,100 quality jobs would also fuel addition development within the general area. The Grandview GC-4 School District would receive a significant tax increase (\$1.58 million) without the burden of any added expenses (new students). Honeywell FM&T also reportedly procures roundly \$75,000,000 annually in products and services from Missouri and Kansas businesses.

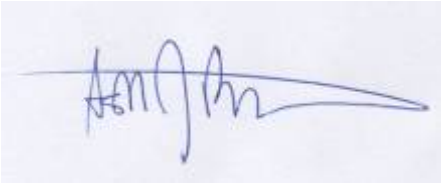
However, in order to realize the enormous economic benefits described above, the proposed redevelopment area would incur overwhelmingly onerous first mover development costs amounting to an estimated \$45,400,000 (\$244,555 per acre or \$5.61 per square foot of land).

Based on these considerable economic and social liabilities, the consultant believes the proposed redevelopment area qualifies as a “blighted area” or “undeveloped industrial area” per Chapter 100 of the Missouri Revised Statutes. The complete analysis employed to reach the blight determination is contained in the attached report.

Mr. Figuly  
July 1, 2008  
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It has been a distinct pleasure to serve you in this assignment.

Sincerely,  
BELKE APPRAISAL & CONSULTING SERVICES, INC.

A handwritten signature in blue ink, appearing to read "S. Belke", is centered on a light blue rectangular background.

Scott J. Belke, MAI  
President  
Missouri State Certified General Real Estate Appraiser (Certificate No. RA 001868)  
Kansas Certified General Real Property Appraiser (Certificate No. G-1214)

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**PROPERTY  
DATA**

The following photographs provide an orientation for the proposed redevelopment area including street scenes, property views, and neighborhood linkage.



**PHOTOGRAPH NO. 1:**

**LOOKING NORTHWEST  
ACROSS THE PROPOSED  
REDEVELOPMENT AREA FROM  
THE SOUTHEAST CORNER**

**(ALL PICTURES REFLECT THE  
CONDITION OF THE  
REDEVELOPMENT AREA  
DURING THE INSPECTION  
PERIOD IN MAY 2008)**



**PHOTOGRAPH NO. 2:**

**A VIEW WEST ACROSS THE  
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**PHOTOGRAPH NO. 3:**

**LOOKING NORTH IN THE  
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**PHOTOGRAPH NO. 4:**

**A VIEW TO THE SOUTHWEST  
IN THE CENTRAL PORTION OF  
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**PHOTOGRAPH NO. 5:**

**THE CREEK THAT BISECTS  
THE NORTHERN PORTION OF  
THE REDEVELOPMENT AREA**



**PHOTOGRAPH NO. 6:**

**THE UNDERGROUND GAS  
PIPELINE IN THE NORTHERN  
PORTION OF THE PROPOSED  
REDEVELOPMENT AREA**



**PHOTOGRAPH NO. 7:**

**LOOKING NORTHEAST FROM MISSOURI HIGHWAY 150 INTO THE CENTRAL PORTION OF THE REDEVELOPMENT AREA**



**PHOTOGRAPH NO. 8:**

**A VIEW NORTH INTO THE PROPOSED REDEVELOPMENT AREA FROM ADJOINING MISSOURI HIGHWAY 150**



**PHOTOGRAPH NO. 9:**

**LOOKING NORTH IN THE CENTRAL PORTION OF THE REDEVELOPMENT AREA**



**PHOTOGRAPH No. 10:**  
**EROSION IN THE SOUTH-CENTRAL PORTION OF THE REDEVELOPMENT AREA**



**PHOTOGRAPH No. 11:**  
**LOOKING SOUTHWEST FROM THE CENTER OF THE REDEVELOPMENT AREA TOWARD HIGHWAY 150 AND THE KANSAS CITY SOUTHERN RAILROAD BRIDGE**



**PHOTOGRAPH No. 12:**  
**A VIEW NORTH ON BOTTS ROAD FROM SOUTHERLY ADJOINING MISSOURI HIGHWAY 150**



**PHOTOGRAPH No. 13:**

**LOOKING SOUTH ON BOTTS ROAD NEAR THE CENTRAL PORTION OF THE EAST PERIMETER OF THE REDEVELOPMENT AREA**



**PHOTOGRAPH No. 14:**

**A VIEW NORTH ON BOTTS ROAD ALONG THE NORTH PORTION OF THE EAST PERIMETER OF THE REDEVELOPMENT AREA**



**PHOTOGRAPH No. 15:**

**LOOKING WEST ON MISSOURI HIGHWAY 150 AT THE BOTTS ROAD INTERSECTION**



**PHOTOGRAPH No. 16:**

**A VIEW SOUTH ON BOTTS ROAD TOWARD INTERSECTION WITH MISSOURI HIGHWAY 150**



**PHOTOGRAPH No. 17:**

**LOOKING NORTH ON BOTTS ROAD INTO THE CITY OF GRANDVIEW, MISSOURI**



**PHOTOGRAPH No. 18:**

**THE MAIN ENTRANCE TO THE CENTERPOINT-KCS INTERMODAL CENTER ON THE SOUTH SIDE OF MISSOURI HIGHWAY 150**



**PHOTOGRAPH No. 19:**  
**LOOKING EAST ON MISSOURI  
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**PHOTOGRAPH No. 20:**  
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**PHOTOGRAPH No. 21:**  
**THE KANSAS CITY SOUTHERN  
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THE SOUTHWEST CORNER OF  
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## INTRODUCTION

### Purpose

The purpose of this analysis is to determine if the proposed Highway 150 & Botts Road PIEA Redevelopment Area located in the northwest quadrant of Missouri Highway 150 and Botts Road (14500 Botts Road) in southern Kansas City, Missouri qualifies as a blight area, insanitary area, or undeveloped industrial area, according to Chapter 100 (Industrial Development) of the Missouri Revised Statutes. The consultant visited the redevelopment area on several occasions in May 2008. The effective date of this study is May 29, 2008.

The proposed redevelopment area is located in the southernmost portion of the city of Kansas City, Missouri and Jackson County, Missouri. Belton, Missouri and Cass County are just to the south of the proposed redevelopment area. The former Richards-Gebaur Memorial Airport (1,400 acres) is the main development within the general vicinity of the proposed redevelopment area. In June 2007, CenterPoint Realty Services Corp. of Chicago completed the purchase of 1,340 acres of the airport to begin conversion to an industrial park and an intermodal hub for Kansas City Southern Railway (KCSR). For the past few years KCSR has used approximately 500 acres at Richards-Gebaur for shipping vehicles for Mazda North America. KCSR plans to expand the facility to include other kinds of shipments. Underground development (limestone mining and subsurface industrial park development) will begin by Hunt Midwest Enterprises, Inc. in the near future on the east side of the former airport property.

Although the city of Kansas City, Missouri began assembling farmland for an auxiliary airport in 1941 (Grandview Airport the predecessor of Richards-Gebaur), little development has grown up around the airfield improvements in the 67-year interim. However, the General Services Administration (GSA) is now seeking a site for a new campus for the National Nuclear Security Administration (NNSA) operated by Honeywell. (The US Congress approved \$58.995 million in annual rent for a facility of up to 1,552,500 rentable square feet for a term of 20 years for the development of the new NNSA campus on January 16, 2008.) GSA has signed a Real Estate Option Agreement for 185.643 acres of agricultural land located directly north across Missouri Highway 150 from Richards-Gebaur (northwest corner with Botts Road) for construction of the NNSA/Honeywell “green” campus that will contain approximately 1,850,000 gross square feet of office, manufacturing, research, and warehouse space. (The build job will actually be bid and a developer will own and construct the campus with the GSA signing a lease on behalf of NNSA for 20 years with a potential for 10 years of options.) NNSA indicates that a minimum of 2,100 workers will be employed at the campus in good quality jobs (wages and benefits).

### Definitions

Chapter 100 of the Missouri Revised Statutes entitled *Industrial Development* allows for the creation of “The Planned Industrial Authority” within a city and empowers the authority to submit general redevelopment plans to the city. However, “an authority shall not prepare a plan for a project area unless the governing body of the city has declared, by resolution or ordinance, the area to be blighted, insanitary or undeveloped industrial area in need of industrial development” (RSMo ch. 100.400.1 (2)).

Chapter 100 provides the following definitions for a blighted area, insanitary area, or undeveloped industrial area:

“Blighted area”, an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use; (RSMo ch. 100.310 (2)).

“Insanitary area”, an area in which there is a predominance of buildings and improvements which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population and overcrowding of buildings, overcrowding of land, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime or constitutes an economic or social liability and is detrimental to the public health, safety, morals or welfare; (RSMo ch. 100.310 (11)).

“Undeveloped industrial area”, any area which, by reason of defective and inadequate street layout or location of physical improvements, obsolescence and inadequate subdivision and platting contains parcels of land not used economically; contains old, decaying, obsolete buildings, plants, stores, shops, shopping centers, office buildings, hotels and motels and parking garages, warehouses, distribution centers, structures; contains buildings, plants, stores, shops, shopping centers, office buildings, hotels and motels and parking garages, multi-family housing facilities, warehouses, distribution centers and structures whose operation is not economically feasible; contains intermittent commercial and industrial structures in a primarily industrial or commercial area; or contains insufficient space for the expansion and efficient use of land for industrial plants and commercial uses amounting to conditions which retard economic or social growth, are economic waste and social liabilities and represent an inability to pay reasonable taxes to the detriment and injury of the public health, safety, morals and welfare. (RSMo ch. 100.310 (18)).

Section 74-4 of the Kansas City, Missouri Code of General Ordinances (which mirrors the definitions stated in RSMo ch. 100) defines blight as:

*Blighted area* means those portions of the city which the council shall determine that, by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic and social liabilities and that the conditions in such localities are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

Section 74-2 of the KCMO Code expands the foregoing definition in order to facilitate its use as an analytical tool in the redevelopment process. The expansion of the definition reads as follows:

It is hereby determined and declared by the council that in certain portions of the city obsolete, decadent, substandard, insanitary or blighted areas exist occasioned by inadequate planning, excessive land coverage, lack of proper light, air or open space, defective design or



arrangement of buildings, lack of proper sanitary facilities, or the existence of buildings which by reason of age, obsolescence, inadequate or outmoded design, or physical deterioration, have impaired the economic value of large areas, infecting them with blight, and that such areas are characterized by depreciated values, impaired investments, reduced or negligible income and consequent tax delinquencies; that such conditions exist in areas where obsolete, decadent, substandard, insanitary, outworn or outmoded industrial, commercial or residential buildings prevail, and such areas are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime; that such conditions occur chiefly in areas which are subdivided into small parcels with multiple ownership and frequently with confusion as to title; that their assembly for purposes of clearance, replanning, rehabilitation, reconstruction and redevelopment is difficult and costly; that the existence of such condition and the failure to clear, replan, rehabilitate, reconstruct or redevelop these areas results in progressive deterioration, and in a loss of population by the areas, causes a wasteful expenditure of public funds for policing, and occasions large outlays for the creation of public facilities and services elsewhere; that it is impossible and uneconomic for individual owners to independently undertake to remedy such conditions; that such conditions require the employment of capital on an investment basis, allowing, however the widest latitude in the amortization of any indebtedness created thereby; that such conditions further require the acquisition of adequate areas, at fair prices, the clearance of such areas through demolition of existing obsolete, decadent, inadequate, unsafe or insanitary buildings and the redevelopment of such areas under proper supervision with appropriate planning as to land use and construction policies; that the clearance, replanning, rehabilitation, reconstruction and redevelopment of such areas on a large scale basis are necessary for the public welfare and are public uses and purposes for which private property may be acquired by purchase or eminent domain; and that such obsolete, decadent, substandard, insanitary and blighted areas constitute a menace to the health, safety, morals and welfare of the citizens of the city. Therefore, the necessity for the provisions enacted in this chapter is hereby declared as a matter of legislative determination to be in the public interest.

Concerning the presentation of the evidence of blight, Section 74-6 of the Kansas City code, entitled "Supporting evidence of blight." establishes the following criteria for blight analyses:

- *Blight study.* Any application for approval of a development plan shall include evidence that the area is a blighted area as defined by RSMo 353.020(2) and Section 74-4. The study shall provide evidence of the following:

Identification of the facts which demonstrate that, by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, the area as a whole has become an economic and social liability and is conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

The existence of those conditions set out in Section 74-2 upon which the corporation relies.

Identification of each parcel within the area and a factual description of the parcel as to the nature and age of any improvements on the parcel and the physical condition of the parcel and any improvements thereon.

- *Causation of blight.* No condition caused by the redevelopment corporation shall be considered as evidence of blight.
- *Independent study.* The city development department shall conduct or commission an independent study of the existence, in the proposed area, of the criteria set out in Section 74-2, which may be supplementary to the blight study required in subsection (a) of this section.
- *Review by plan commission.* The city plan commission shall review the blight study required in this section, along with other evidence submitted to it.

## **Chapter 100 Redevelopment Rights**

### **Blight Prevention**

The authority is empowered to take actions deemed “necessary to prevent a recurrence of blighted, insanitary, undeveloped industrial areas or to effectuate the purposes of this law” (RSMo ch. 100.390 (4)).

### **Tax Abatement**

RSMo ch. 100.570 provides for the ad valorem tax exemption benefits contained in RSMo ch. 353 (*The Urban Redevelopment Corporation Law*) to be made available to any redevelopment corporation on lands and improvements situated within the project area provided the governing body grants approval by a three-fourths vote. Upon compliance with Chapter 353 requirements, real property of urban redevelopment corporations shall not be subject to assessment or payment of general ad valorem taxes imposed by the city, state or any political subdivision, for a period not in excess of 10 years after the date upon which the corporation becomes owner of the real property. However, taxes may be collected on the assessed valuation of the land, exclusive of improvements, based upon the land assessment for the calendar year preceding the corporation’s ownership. Such land assessment may not be increased during the 10-year period.

After completion of the initial 10-year abatement, for an ensuing period not in excess of 15 years, ad valorem taxes shall be based upon an assessment not to exceed 50% of the true value of the real property including any improvements. After a period not totaling more than 25 years, the real property shall be subject to assessment and payment of all ad valorem taxes based upon the full true value of the real property.

### **Eminent Domain**

RSMo ch 100.420.1 provides authorities with the power of eminent domain:

An authority whose board members are appointed by one or more elected officials shall have the right to acquire by the exercise of eminent domain any real property which it may deem necessary for a project or for its purposes under this law after the adoption by it of a resolution declaring the acquisition of the real property described therein is necessary for such purposes.

The manner in which an authority may exercise eminent domain and just compensation was altered in 2006 when the governor signed House Bill No. 1944 which had been previously been passed by the Missouri General Assembly. The following changes were instituted:

523.001. For the purposes of this chapter, the following terms shall mean:

(1) "Fair market value", the value of the property taken after considering comparable sales in the area, capitalization of income, and replacement cost less depreciation, singularly or in combination, as appropriate, and additionally considering the value of the property based upon its highest and best use, using generally accepted appraisal practices. If less than the entire property is taken, fair market value shall mean the difference between the fair market value of the entire property immediately prior to the taking and the fair market value of the remaining or burdened property immediately after the taking;

(2) "Heritage value", the value assigned to any real property, including but not limited to, real property owned by a business enterprise with fewer than one hundred employees, that has been owned within the same family for fifty or more years, such value to be fifty percent of fair market value;

(3) "Homestead taking", any taking of a dwelling owned by the property owner and functioning as the owner's primary place of residence or any taking of the owner's property within three hundred feet of the owner's primary place of residence that prevents the owner from utilizing the property in substantially the same manner as it is currently being utilized.

523.039. In all condemnation proceedings filed after December 31, 2006, just compensation for condemned property shall be determined under one of the three following subdivisions, whichever yields the highest compensation, as applicable to the particular type of property and taking:

(1) An amount equivalent to the fair market value of such property;

(2) For condemnations that result in a homestead taking, an amount equivalent to the fair market value of such property multiplied by one hundred twenty-five percent; or

(3) For condemnations of property that result in any taking that prevents the owner from utilizing property in substantially the same manner as it was currently being utilized on the day of the taking and involving property owned within the same family for fifty or more years, an amount equivalent to the sum of the fair market value and heritage value. For the purposes of this subdivision, family ownership of property may be established through evidence of ownership by children, grandchildren, siblings, or nephews or nieces of the family member owning the property fifty years prior to the taking; and in addition, may be established through marriage or adoption by such family members. If any entity owns the real property, members of the family shall have an ownership interest in more than fifty percent of the entity in order to be within the family line of ownership for the purposes of this subdivision. The property owner shall have the burden of proving to the commissioners or jury that the property has been owned within the same family for fifty or more years.

523.261. Solely with regard to condemnation actions pursuant to the authority granted by section 21, article VI, Constitution of Missouri and laws enacted pursuant thereto, any

legislative determination that an area is blighted, substandard, or unsanitary shall not be arbitrary or capricious or induced by fraud, collusion, or bad faith and shall be supported by substantial evidence.

523.271. 1. No condemning authority shall acquire private property through the process of eminent domain for solely economic development purposes.

2. For the purposes of this section, "economic development" shall mean a use of a specific piece of property or properties which would provide an increase in the tax base, tax revenues, employment, and general economic health, and does not include the elimination of blighted, substandard, or unsanitary conditions, or conditions rendering the property or its surrounding area a conservation area as defined in section 99.805, RSMo.

523.274. 1. Where eminent domain authority is based upon a determination that a defined area is blighted, the condemning authority shall individually consider each parcel of property in the defined area with regard to whether the property meets the relevant statutory definition of blight. If the condemning authority finds a preponderance of the defined redevelopment area is blighted, it may proceed with condemnation of any parcels in such area.

523.283 Section 1. 1. No condemning authority shall declare farmland blighted for the purposes of exercising eminent domain.

Section 1. 2. For the purposes of this section only, the term "farmland" shall mean all real property classified as forest cropland or all real property used for agricultural purposes and devoted primarily to the raising and harvesting of crops; to the feeding, breeding, and management of livestock which shall include breeding and boarding of horses; to dairy operations, or to any combination thereof; and buildings and structures customarily associated with farming, agricultural, and horticultural uses. "Farmland" shall also include land devoted to and qualifying for payments or other compensation under a soil conservation or agricultural assistance program under an agreement with an agency of the federal government.

## **Bond Issuance**

RSMo ch 100.430 provides authorities with the power to issue bonds:

- (1) An authority shall have power to issue bonds from time to time in its discretion for any of its corporate purposes including the payment of principal and interest upon any advances for surveys and plans for projects. . .
- (2) An authority shall also have power to issue refunding bonds for the purpose of paying or retiring or in exchange for bonds previously issued by it.

## **Previous Blight Determinations**

The consultant could find no previous declarations of blight affecting the proposed redevelopment area.

## Ownership

Botts Road Development, LLC currently is the owner of the two Jackson County tax parcels comprising the proposed redevelopment area. The larger parcel was transferred by the Corporation Warranty Deed recorded on September 3, 1999 at the Jackson County Courthouse (Document No. 1999K0051887), while the smaller tax parcel was transferred by the Special Warranty Deed recorded on April 16, 2007 (Document No. 2007E0050006). The General Services Administration (GSA) has signed a Real Estate Option Agreement on the combined tax parcels that will be assigned to the eventual developer of the proposed NNSA/Honeywell campus.

## Legal Description

Following is the legal description of the proposed redevelopment area as taken from the ALTA/ACSM Land Title Survey prepared by Anderson Survey Company and dated September 20, 2007:

DESCRIPTION: ALL THAT PART OF THE SOUTH 1/2 OF SECTION 27, TOWNSHIP 47, RANGE 33, BEING PARTIALLY IN THE CITY OF GRANDVIEW AND PARTIALLY IN THE CITY OF KANSAS CITY, JACKSON COUNTY, MISSOURI, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 27; THENCE NORTH 0° -09'-34" EAST, ALONG THE EAST LINE OF SAID SECTION 27, A DISTANCE OF 611.62 FEET; THENCE NORTH 89°-50'-26" WEST, A DISTANCE OF 20.00 FEET TO A POINT ON THE WEST LINE OF BOTTS ROAD, AS NOW ESTABLISHED, SAID POINT ALSO BEING THE NORTHERN TERMINUS OF THE BOTTS ROAD RIGHT-OF-WAY, AS DESCRIBED IN DOCUMENT NO. 1999K0067541, SAID POINT BEING THE POINT OF BEGINNING OF THE TRACT OF LAND TO BE HEREIN DESCRIBED; THENCE SOUTH 25°-42'-17" WEST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 90.56 FEET; THENCE SOUTH 0°-09'-34" WEST, CONTINUING ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 433.17 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF MISSOURI HIGHWAY NO. 150, AS DESCRIBED IN THE AFORESAID DOCUMENT; THENCE THE FOLLOWING COURSES ALONG SAID NORTH RIGHT-OF-WAY LINE: SOUTH 64°-34'-48" WEST, A DISTANCE OF 83.58 FEET; THENCE NORTH 89°-58'-21" WEST, A DISTANCE OF 219.87 FEET; THENCE SOUTH 81°-20'-21" WEST, A DISTANCE OF 165.94 FEET; THENCE NORTH 89°-58'-21" WEST, A DISTANCE OF 82.02 FEET; THENCE NORTH 78°-07'-15" WEST, A DISTANCE OF 251.42 FEET; THENCE NORTH 89°-56'-40" WEST, A DISTANCE OF 164.04 FEET; THENCE SOUTH 72°-31'-46" WEST, A DISTANCE OF 172.00 FEET; THENCE NORTH 89°-58'-21" WEST, A DISTANCE OF 164.04 FEET; THENCE NORTH 80°-08'-12" WEST, A DISTANCE OF 83.36 FEET; THENCE NORTH 89°-56'-15" WEST, A DISTANCE OF 83.09 FEET; THENCE NORTH 0°-01'-39" EAST, A DISTANCE OF 54.13 FEET; THENCE NORTH 89°-56'-15" WEST, A DISTANCE OF 131.29 FEET; THENCE SOUTH 0°-01'-39" WEST, A DISTANCE OF 54.13 FEET; THENCE NORTH 89°-58'-21" WEST, A DISTANCE OF 32.21 FEET; THENCE SOUTH 80°-04'-25" WEST, A DISTANCE OF 83.02 FEET; THENCE SOUTH 89°-57'-15" WEST, A DISTANCE OF 541.32 FEET; THENCE NORTH 79°-33'-33" WEST, A DISTANCE OF 166.77 FEET; THENCE NORTH 89°-56'-15" WEST, A DISTANCE OF 164.04 FEET; THENCE SOUTH 78°-45'-17" WEST, A DISTANCE OF 50.18 FEET; THENCE NORTH 89°-56'-15" WEST, A DISTANCE OF 196.85 FEET; THENCE SOUTH 71°-45'-48" WEST, A DISTANCE OF 69.12 FEET; THENCE SOUTH 89°-56'-39" WEST, A DISTANCE OF 426.51 FEET; THENCE NORTH 87°-32'-42" WEST, A DISTANCE OF 57.46 FEET, TO A POINT ON THE EAST LINE OF A TRACT OF LAND DESCRIBED IN DOCUMENT NO. 98K28961 IN BOOK K3209 AT PAGE 68; THENCE NORTH 6°-39'-59" EAST, ALONG SAID EAST LINE AND DEPARTING SAID RIGHT-OF-WAY LINE, A DISTANCE OF 2335.94 FEET, TO AN ANGLE POINT IN SAID EAST LINE; THENCE NORTH 68°-00'-34" EAST CONTINUING ALONG SAID EAST LINE, A DISTANCE OF 532.50 FEET; THENCE NORTH 89°-44'-38" EAST ALONG THE SOUTH LINE OF SAID TRACT OF LAND, A DISTANCE OF 2635.56 FEET, TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF SAID BOTTS ROAD; THENCE SOUTH 0°-09'-34" WEST, ALONG SAID EAST RIGHT-OF-WAY LINE, A DISTANCE OF 1957.40 FEET, TO THE POINT OF BEGINNING. CONTAINING 185.643 ACRES, MORE OR LESS.

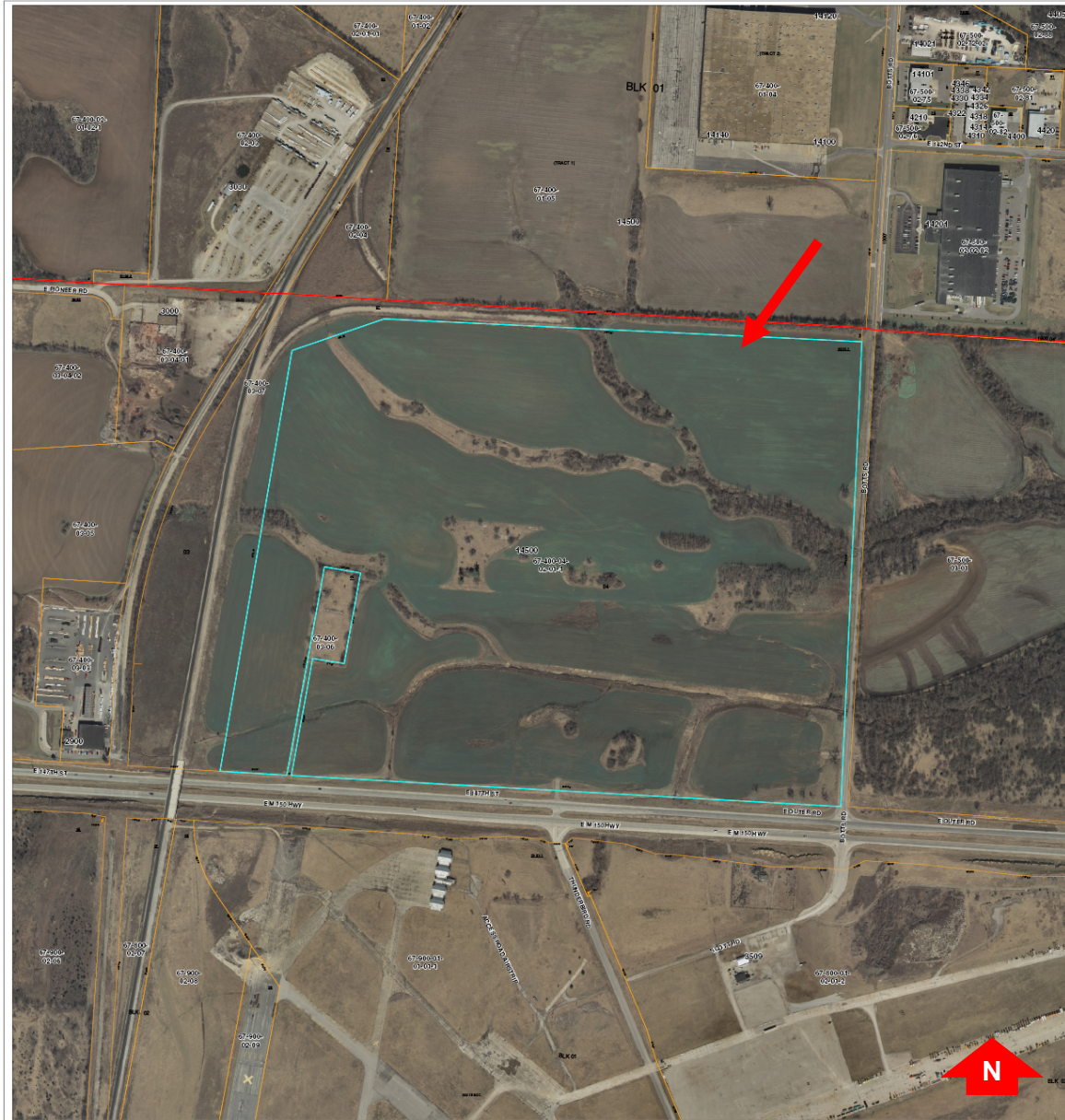
## Tax Parcel Identification

The proposed redevelopment area comprises two Jackson County, Missouri real estate tax parcels for 2008 as outlined below:

67-400-04-02-01-1-00-000	14500 Botts Road
67-400-03-06-00-0-00-000	No Address

The tax parcels are identified on Jackson County tax map 67-400 shown on the following pages.

JACKSON COUNTY ASSESSMENT MAP  
(TAX PARCEL 67-400-04-02-01-1-00-000)



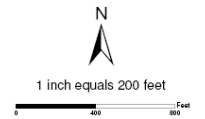
Map Number:  
67-400



Mar 27, 2008

Legend

- BlockArrow
- DimensionArrow
- DimensionTic
- LotArrow
- LotTic
- MapBlockIndicator
- ParcelArrow
- City Boundaries



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**JACKSON COUNTY ASSESSMENT MAP  
(TAX PARCEL 67-400-03-06-00-0-00-000)**



## Site Inspection

The consultant visited the proposed redevelopment area on several occasions in May 2008. The effective date of this study is May 29, 2008.

## Experience

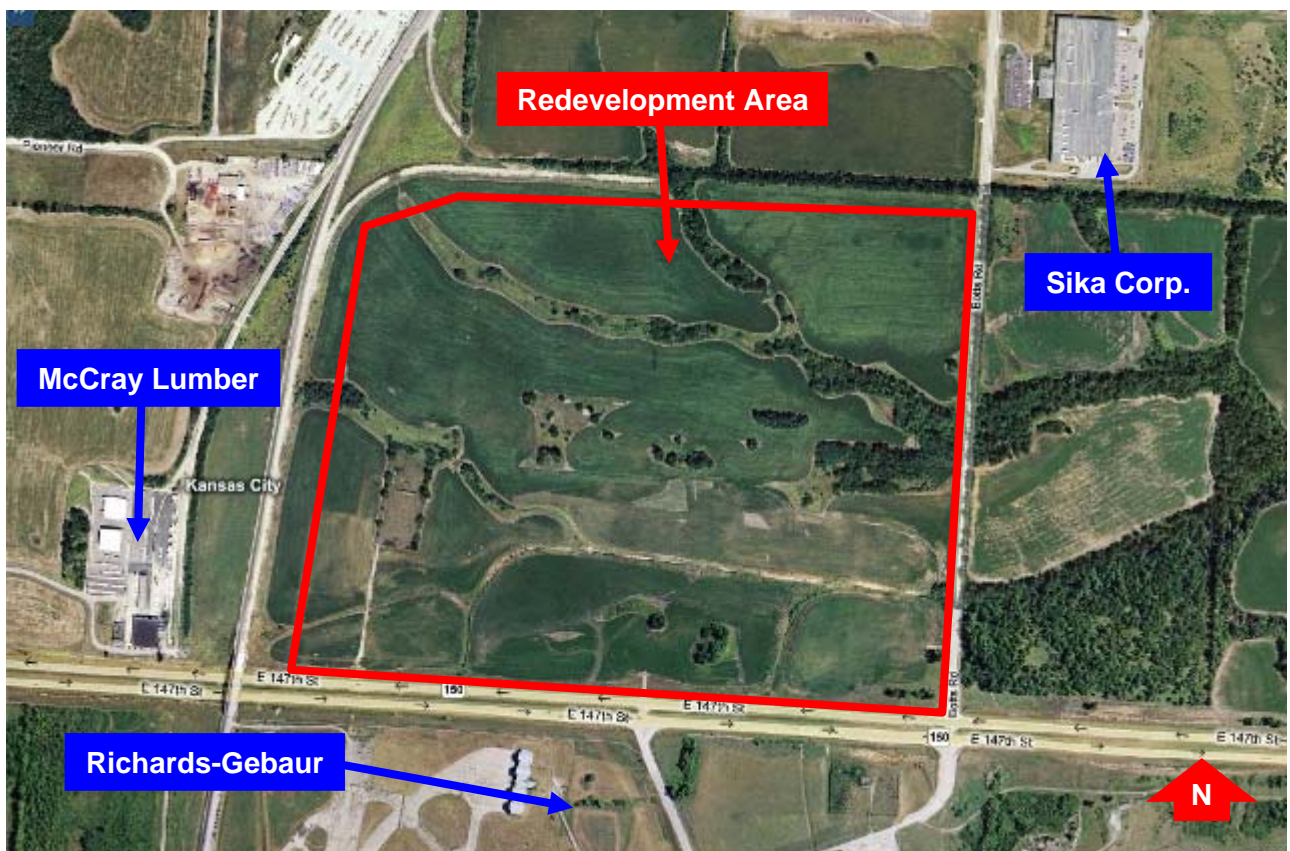
The consultant has considerable experience preparing blight analyses on properties located within a number of area municipalities and utilizing various Missouri State Statutes (R.S. Mo. Chapters 99, 100, and 353). A full listing of redevelopment projects for which consulting services have been provided is included with the consultant's qualifications at the end of the report.

## PROPERTY DATA

### Location & Access

The proposed Highway 150 & Botts Road PIEA Redevelopment Area is bounded by Missouri Highway 150 (E 147<sup>th</sup> Street alignment) on the south, Botts Road on the east, Kansas City Southern Railway tracks on the west, and the city limits (with Grandview) on the north. Missouri Highway 150 is a major east-west connector (expressway) running through the southern portion of Kansas City, Missouri west into Johnson County, Kansas (becoming K-150). The proposed redevelopment area includes two Jackson County tax parcels containing 185.643 acres that have historically been in farming use.

### AERIAL PHOTOGRAPH



Missouri Highway 150 is an expressway of divided four-lane design with paved shoulders. Botts Road is an undulating local roadway of narrow two-lane (20-foot wide) design with minimal gravel shoulders in poor to fair condition. A traffic sign on Botts Road controls the intersection. No dedicated deceleration lane onto Botts Road exists from Missouri Highway 150. Crossing the city limit line north into Grandview, Missouri, Botts Road is of wide two-lane design with a third center turn lane and concrete curbs and gutters.

The proposed redevelopment area is located less than a mile west of US Highway 71. The Missouri Highway 150 and US Highway 71 interchange is of full-diamond design. However, the interchange will be reconfigured to a new single-point urban interchange (SPUI) in the near





The land area contained in each parcel, per Jackson County GIS, is broken down as follows:

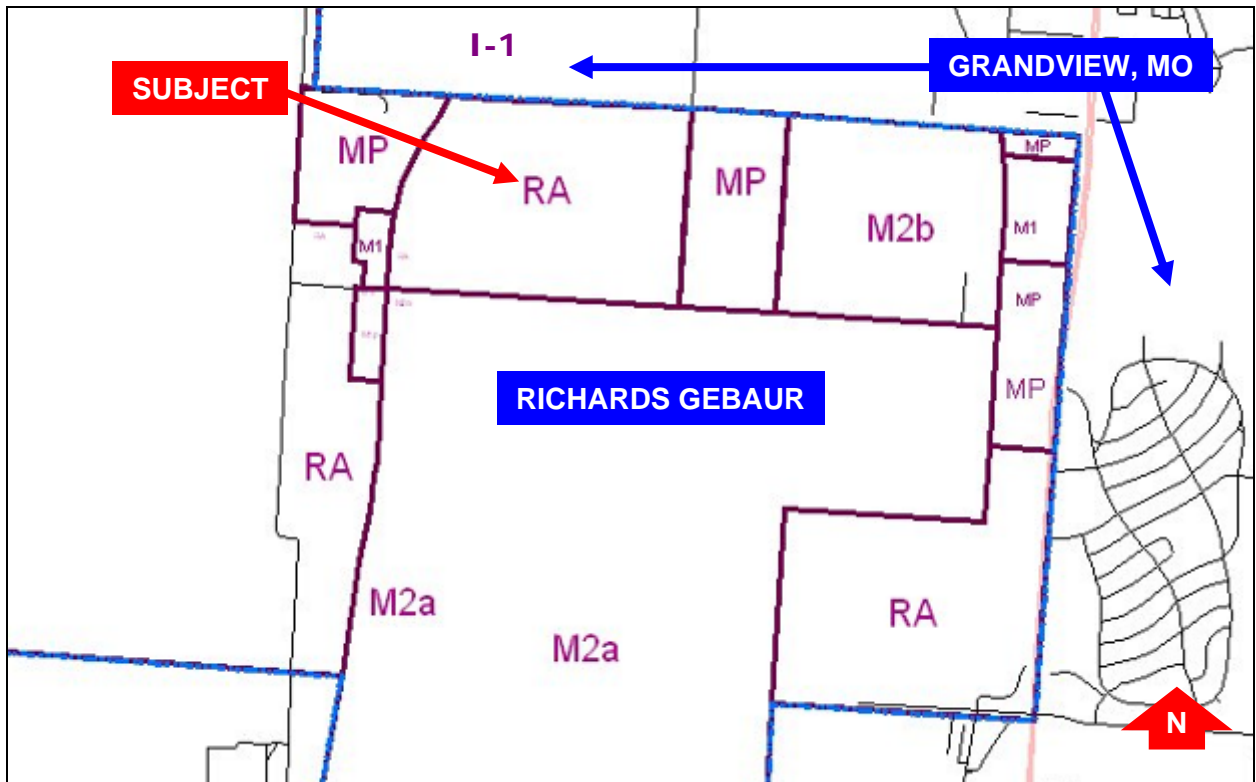
Tax Parcel No.	Acreage	Sq.Ft.
67-400-04-02-01-1-00-000	185.43	8,077,466.68
67-400-03-06-00-0-00-000	2.70	117,800.64
Total	188.13	8,195,267.32

The Jackson County GIS figures are slightly higher than the ALTA land title survey apparently due to differing south perimeters. The GIS map has a straight southern perimeter while the land title survey has a jagged southern perimeter. The redevelopment area has 3,166.57 feet of frontage along the north side of Missouri Highway 150 and 2,481.13 feet on the west side of Botts Road.

### Zoning

The proposed redevelopment area is currently zoned RA, Agricultural District by the City of Kansas City, Missouri. The RA zoning is essentially a holding zoning until future development is feasible. A zoning map of the proposed redevelopment area is included below.

#### ZONING MAP

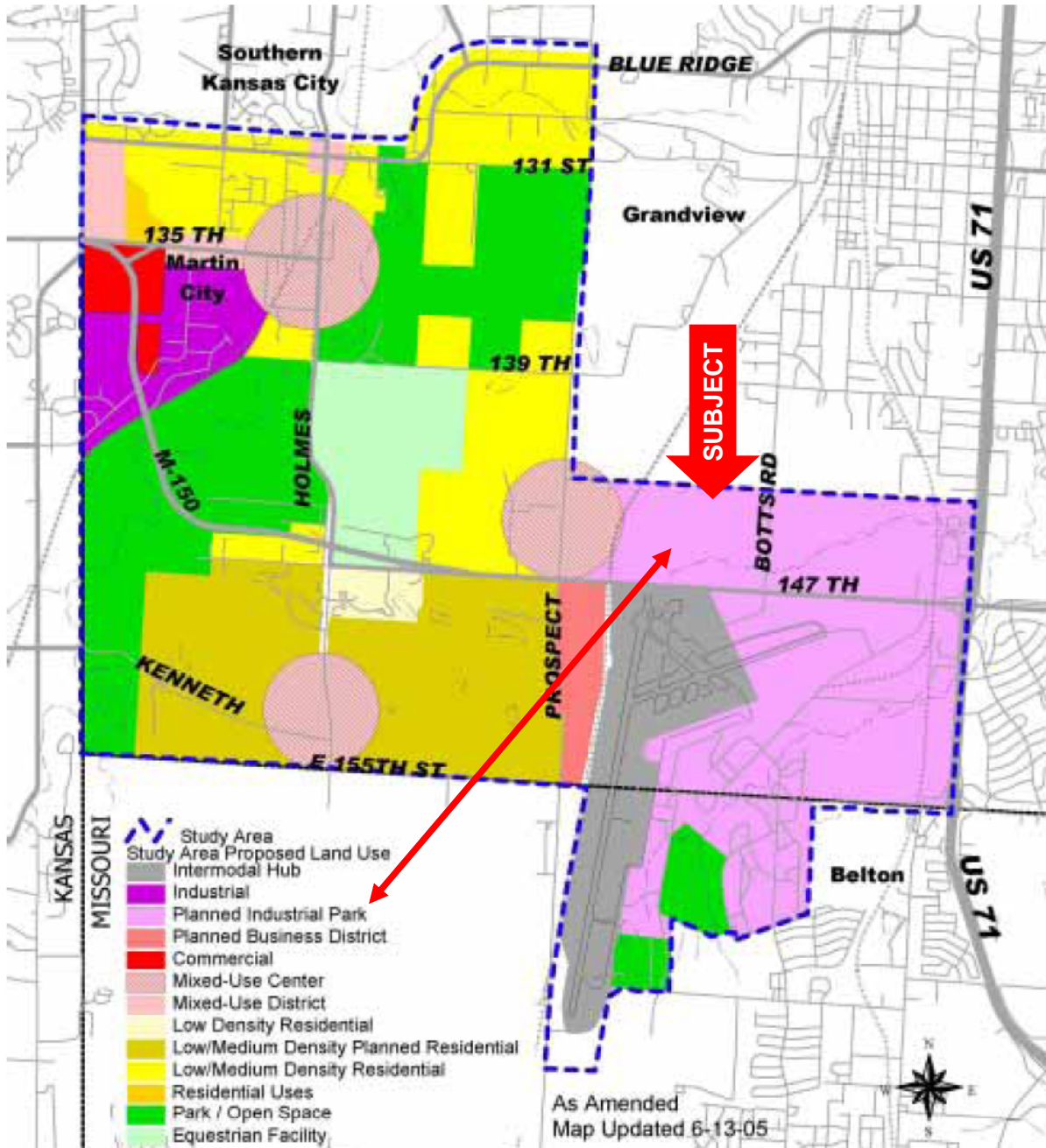


Although industrial zonings adjoin on the north side of Missouri Highway 150 most of the acreage is undeveloped. The RA zoning is to the west and southeast of Richards-Gebaur. The land adjoining to the north of the proposed redevelopment area, located in Grandview, Missouri, is zoned I-1, Light Industrial District. To the northeast are residential districts and to the northwest is agricultural zoning.

The Martin City/Richards-Gebaur Area Plan map published by KCMO on June 13, 2005 is shown below. The proposed redevelopment area and the areas adjoining to the east are designated for Planned Industrial Park development.

### Martin City/Richards-Gebaur Area Plan – Land Use Map

### 3.3 PROPOSED LAND USE



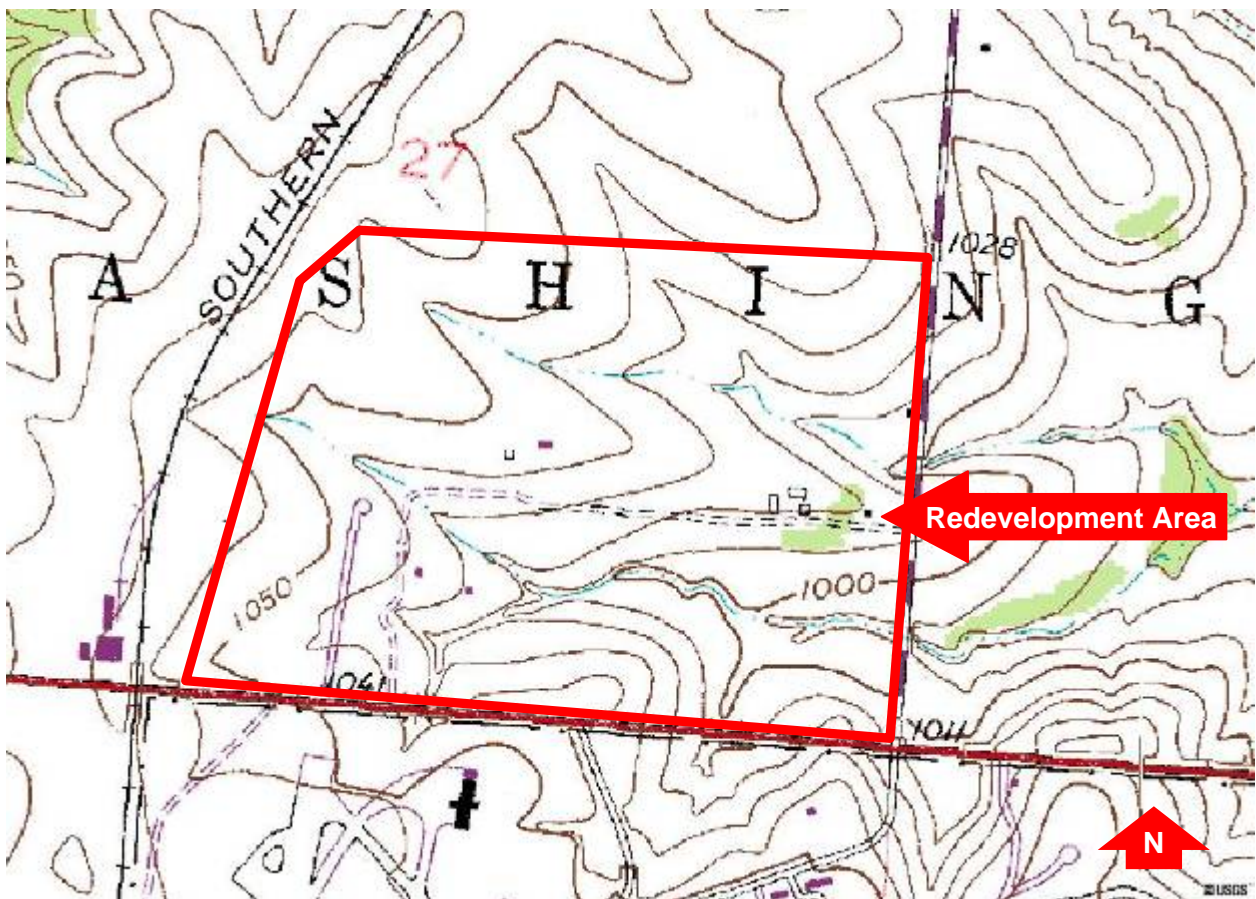
The proposed redevelopment area has been designated for industrial use for at least 20 years (since 1988) via the Martin City Area Land Use Plan. Meanwhile, within 1½ miles distance to the north the City of Grandview, Missouri has benefitted from development of 63 industrial buildings over the past 25 years containing over 2,500,000 square feet of space including such

large uses as the former House of Lloyd distribution warehouse (500,000 Sq.Ft.), Peterson Manufacturing (450,000 Sq.Ft.), US Toy (348,800 Sq.Ft.), Sika Corp. (221,000 Sq.Ft.), and CJ Patterson (137,234 Sq.Ft.).

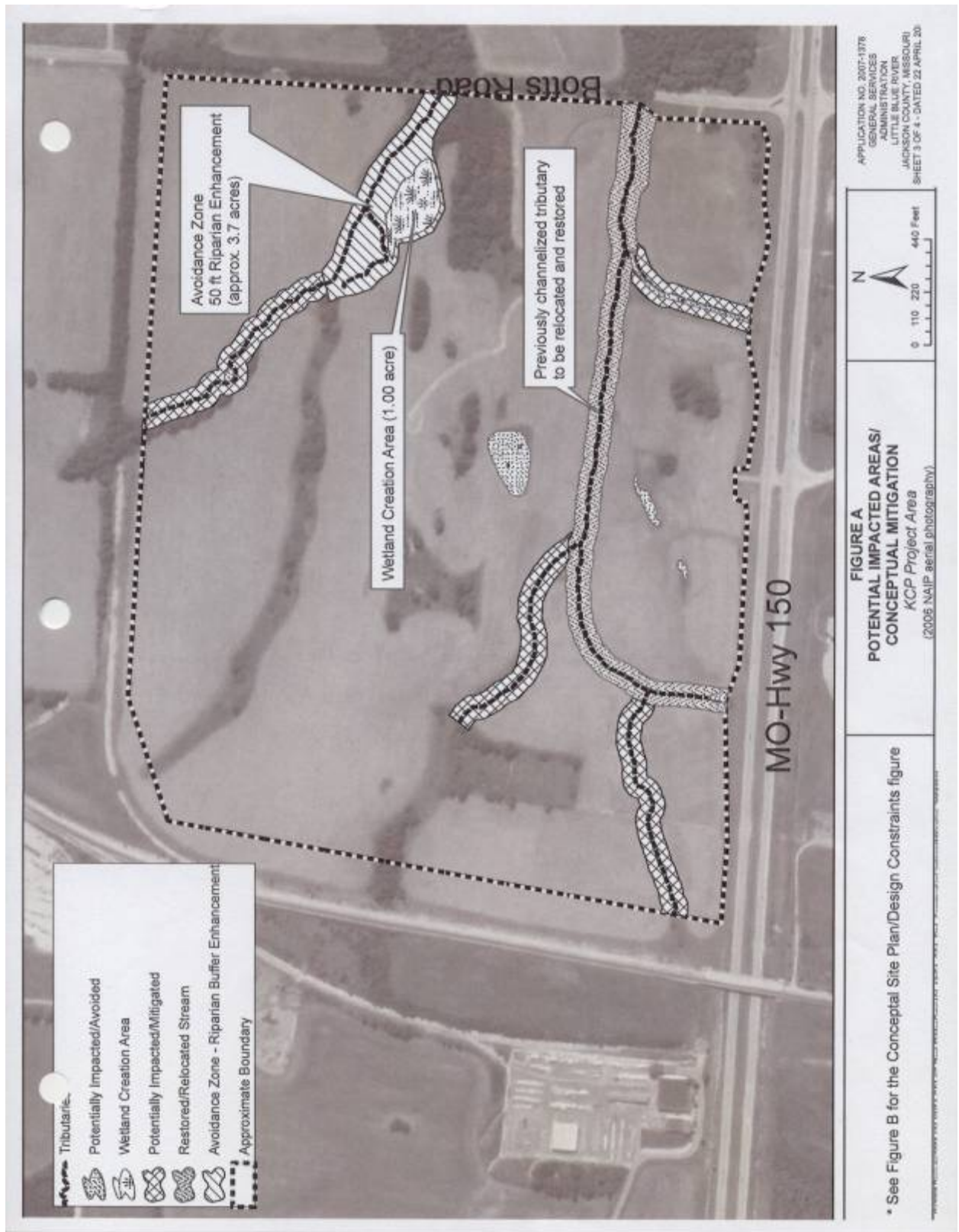
## Topography

The US Geological Survey topographic map shown below indicates the elevation of the proposed redevelopment area decreases approximately fifty feet from west to east. The variation is most gradual in the northwest quadrant of the tract and intensified in the southeast quadrant of the tract. Small creeks run east-west in the northern third and southern third of the proposed redevelopment area. The larger depression occurs on the southern creekbed. The northern creekbed is wooded. In general, the topography is acceptable for farming and soybeans are currently being grown on the majority of the tract. Significant grading would need to be undertaken if the site were to be put to its highest and best use (industrial). Wetland mitigation would also be required prior to intense development of the proposed redevelopment area. (See **Figure A – Potential Impacted Areas/Conceptual Mitigation** included on the following page.)

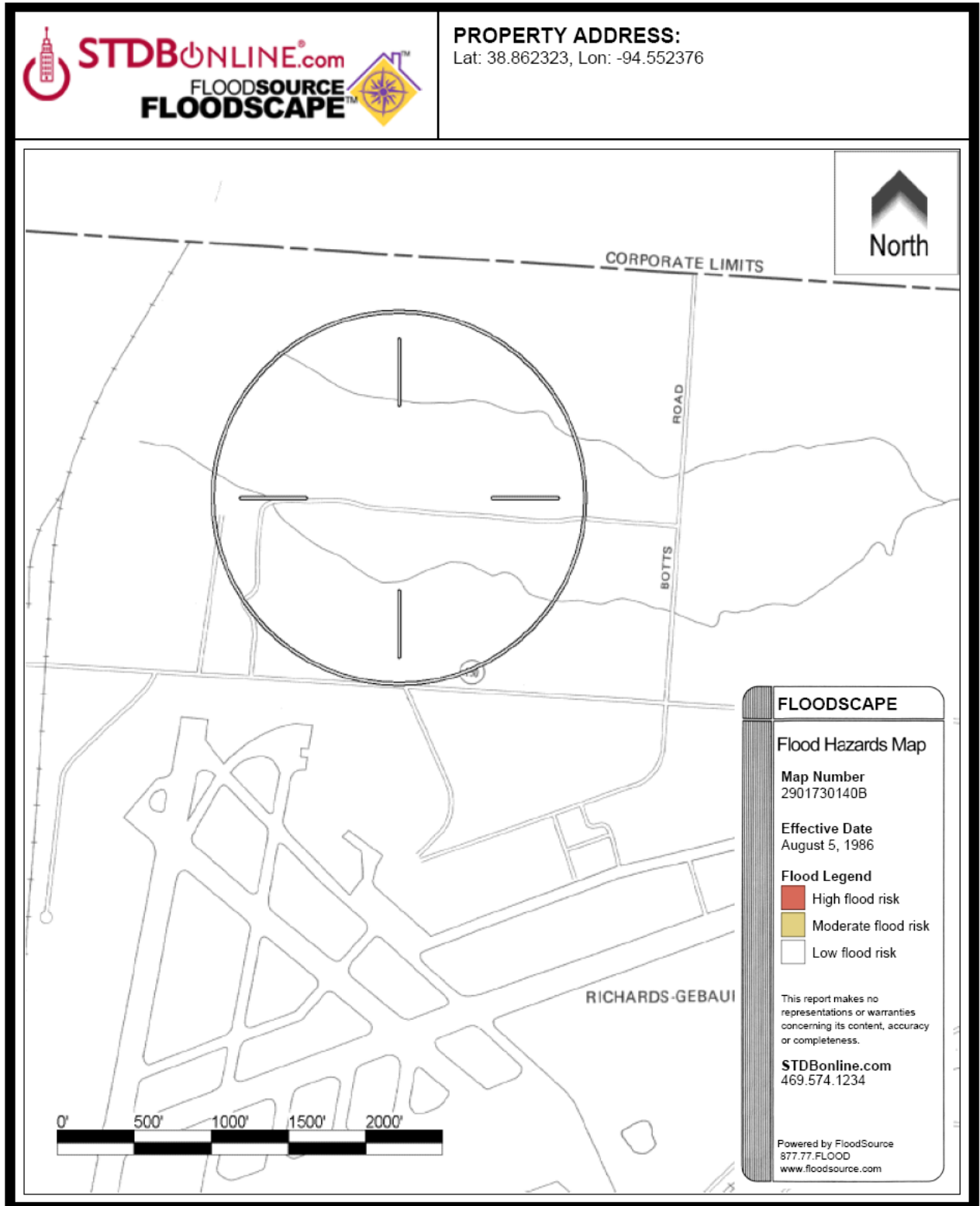
### TOPOGRAPHIC MAP



According to FIRM Community Panel No. 290173 0140 B, dated August 5, 1986, the proposed redevelopment area lies outside any designated 100-year floodplain. (See the **Flood Plain Map** on the second page following.)



### FLOOD PLAIN MAP



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## Utilities

### Sewers

The proposed redevelopment area lacks sanitary and storm sewers at the present time. The nearest sanitary sewer connection (KCMO) is approximately a quarter mile to the northeast. Prior to development of the proposed redevelopment area sewers of adequate capacity to serve the 183 acres and likely the easterly adjoining 320 acres (an oversize agreement) will have to be constructed.

### Water

The City of Kansas City, Missouri provides water service to the proposed redevelopment area. Per the land title survey, a 24" water line is in the north side of Missouri Highway 150, a 12" line is in the west side of Botts Road, and an 8" line is in the east side of Botts Road.

### Natural Gas

Missouri Gas Energy (MGE) is the natural gas provider in the vicinity of the proposed redevelopment area. A 6" gas main terminates 795 feet north of the proposed redevelopment area in Botts Road (Grandview, MO). Another 6" natural gas main is located 2,775 feet east of the proposed redevelopment area at Colorado Avenue (in Missouri Highway 150).

### Electricity

Electrical lines owned by Kansas City Power & Light (KCPL) are located just north of the proposed redevelopment area along Botts Road in Grandview, Missouri.

### Conclusion

The utility provision at the proposed redevelopment area at the present time is acceptable for the current agricultural use. However, the current utility provision is inadequate if the 185.643 acres were to be put to its highest and best use (industrial). Development of the 320 acres of planned industrial land to the east is also impeded by this lack of utilities.

## Environmental

GSA (lead agency) and NNSA (cooperating agency) released an Environmental Assessment (EA) of the proposed redevelopment area on April 21, 2008. This document addresses the present environmental and historical conditions of the proposed redevelopment area, as well as, an analysis of the future environmental impact of the construction of the NNSA/Honeywell campus within the proposed redevelopment area. The EA results in the issuance of a Finding of No Significant Impact (FONSI) for the Botts Road site.

## Easements

A title commitment was provided by Chicago Title Insurance Company (dated August 1, 2007). The commitment notes a water line easement (to KCMO) 15 feet wide along the south perimeter of the property. Of greater importance is a petroleum pipeline easement owned by Williams Brother Pipe Line Company which bisects the northern portion of the property in an east-west direction (see **Land Title Survey**). Reportedly, the 8" buried line has not been used to transport petroleum for several years and is currently filled with nitrogen. The line would need to be moved further to the north before development of the site.

### Traffic Counts

Missouri Department of Transportation (MoDOT) traffic count maps showing 2006 volumes indicate roundly 17,500 vehicles pass the proposed redevelopment area along the Missouri Highway 150 frontage on a daily basis while between 66,299 and 69,481 vehicles pass through the Missouri Highway 150/US Highway 71 interchange daily.

**TRAFFIC COUNT MAP**



### Improvements

#### Buildings

Remnants of agricultural and housing structures are located along a former roadway extending in an east-west direction through the central portion of the proposed redevelopment area. Remnants of structures associated with a former radio beacon used by the Air Force for the former Richards-Gebaur Air Force Base are partially fenced and located at the terminus of a former dirt roadway extending north from Missouri Highway 150 into the southwest portion of the proposed redevelopment area.



## Billboards

No billboards are present on the proposed redevelopment area.

## Real Estate Taxes

Following is a six-year history of the assessment and taxation of the proposed redevelopment area as levied by Jackson County, Missouri.

APPRAISED VALUE						
Tax Parcel No.	2002	2003	2004	2005	2006	2007
67-400-04-02-01-0-00-000	\$99,796	\$99,796	\$99,796	\$99,796	\$99,796	\$99,796
67-400-03-06-00-0-00-000	1,184	1,184	1,184	1,184	1,184	1,184
Total	\$100,980	\$100,980	\$100,980	\$100,980	\$100,980	\$100,980
annual change		0.0%	0.0%	0.0%	0.0%	0.0%
change 2002 to 2007						0.0%

ASSESSED VALUE						
Tax Parcel No.	2002	2003	2004	2005	2006	2007
67-400-04-02-01-0-00-000	\$11,976	\$11,976	\$11,976	\$11,976	\$11,976	\$11,976
67-400-03-06-00-0-00-000	142	142	142	142	142	142
Total	\$12,118	\$12,118	\$12,118	\$12,118	\$12,118	\$12,118
annual change		0.0%	0.0%	0.0%	0.0%	0.0%
change 2002 to 2007						0.0%

REAL ESTATE TAXES						
Tax Parcel No.	2002	2003	2004	2005	2006	2007
67-400-04-02-01-0-00-000	\$1,065.07	\$1,025.84	\$1,065.82	\$1,079.33	\$1,079.74	\$1,072.89
67-400-03-06-00-0-00-000	exempt	exempt	exempt	exempt	exempt	exempt
Total	\$1,065.07	\$1,025.84	\$1,065.82	\$1,079.33	\$1,079.74	\$1,072.89
annual change		-3.7%	+3.9%	+1.3%	+0.4%	-0.6%
change 2002 to 2007						+0.7%

The appraised and assessed values of the proposed redevelopment area have not changed over the past 5 years and equates to a low \$544 per acre ( $\$100,980 \div 185.643$  acres). Both subject parcels are used for farming and are assessed at the 12% classification ratio for agriculture. The assessment is comprised entirely of land value with no improvement value. The smaller tax parcel (-03-06) has been tax exempt as it was used for landing beacons for the adjoining airport. The total real estate taxes levied against the proposed redevelopment area in 2007 equates to a low \$5.78 per acre ( $\$1,072.89 \div 185.643$  acres). Real estate taxes generated by the proposed redevelopment area over the past 5 years have increased a small 0.7% (or a total of \$7.82).

## Conclusion

The proposed redevelopment area is a fairly large tract containing 185.643 acres. The tract has no improvements of any contributory value. The tract is well located being just west of US 71 Highway and along the north side of Missouri Highway 150. The Richards-Gebaur former airfield is south across Missouri Highway 150. The proposed redevelopment area is zoned RA, Agricultural District but has been identified for industrial or Planned Industrial Park development for at least 20 years since 1988 (via the Martin City Area Land Use Plan or the

Martin City/Richards-Gebaur Land Use Plan Map). In the past 25 years, significant industrial development (63 buildings containing over 2,500,000 square feet of space) has occurred within 1½ miles distance to the north in Grandview, Missouri. The proposed redevelopment area lacks sanitary sewers (located a ¼ mile to the northeast). Natural gas lines are located 795 feet to the north and 2,775 feet to the east. Electricity is a few hundred feet to the north in Grandview, Missouri. Water is available in Missouri Highway 150 and Botts Road. The topography is rolling with an elevation differential of roundly 50 feet across the property. Two streams bisect the property and wetland mitigation work will be required prior to development. A buried gas pipeline will have to be moved prior to redevelopment of the tract. The current agricultural use of the proposed redevelopment area generates a mere \$1,072.89 in real estate taxes or \$5.78 per acre. The assessment and taxation of the proposed redevelopment area have been stagnant the past 5 years.

The tract has historically been in agricultural use. However, the tract adjoins a former US Air Force Base that is being converted to an intermodal and surface and subsurface industrial park facility. The city has identified the subject and the easterly adjoining 320 acres for industrial development for at least 20 years. Conversion to the highest and best use will not occur without significant infrastructure improvements—a soybean field in an agricultural setting is not capable of supporting intense industrial development. Without significant site grading, utility extension, transportation improvements, gas line relocation, and wetlands mitigation, the tract cannot be put to its highest and best use.



**COMPARABLE METROPOLITAN STATISTICS**

	<b>Kansas City</b>	<b>St. Louis</b>	<b>Denver- Boulder</b>	<b>Dallas-Ft. Worth</b>	<b>Minneapolis- St. Paul</b>	<b>United States</b>
<b>Population</b>						
Persons, 2000 Census	1,776,062	2,603,607	2,396,906	5,221,801	2,968,806	281,421,906
Persons, 2007 Estimate	1,997,567	2,833,676	2,755,716	6,118,183	3,313,789	306,348,230
Persons, 2012 Projection	2,119,898	2,945,082	2,972,487	6,888,211	3,578,139	325,526,398
Change, 90-00	12.20%	4.46%	30.37%	29.34%	16.94%	13.15%
Change, 00-07	12.47%	8.84%	14.97%	17.17%	11.62%	8.86%
Change, 07-12	6.12%	3.93%	7.87%	12.59%	7.98%	6.26%
<b>Income</b>						
Per Capita, 2000 Census	\$23,021	\$22,375	\$26,259	\$23,324	\$25,908	\$21,231
Per Capita, 2007 Estimate	\$30,026	\$28,844	\$35,220	\$30,955	\$35,445	\$27,916
Per Capita, 2012 Projection	\$36,700	\$34,843	\$43,439	\$38,468	\$44,159	\$33,873
Change, 90-00	53.43%	50.90%	58.24%	48.51%	55.37%	47.63%
Change, 00-07	30.43%	28.91%	34.13%	32.72%	36.81%	31.49%
Change, 07-12	22.23%	20.80%	23.34%	24.27%	24.58%	21.34%
<b>Household Income 2007</b>						
\$0 to \$15,000	9.00%	10.60%	6.98%	8.60%	6.10%	12.00%
\$15,000 to \$25,000	8.00%	9.20%	6.56%	7.10%	6.10%	10.00%
\$25,000 to \$35,000	9.70%	9.90%	7.78%	9.30%	7.60%	10.30%
\$35,000 to \$50,000	15.00%	15.00%	13.30%	11.40%	12.50%	14.80%
\$50,000 to \$75,000	21.30%	20.90%	20.08%	20.10%	20.10%	19.50%
\$75,000 to \$100,000	14.70%	13.80%	15.73%	13.60%	17.10%	12.80%
\$100,000 to \$150,000	13.70%	13.00%	16.26%	15.30%	17.80%	12.30%
>\$150,000	8.50%	7.40%	13.30%	11.70%	12.50%	8.40%
Average Household Income	\$75,758	\$72,902	\$90,362	\$85,745	\$90,764	\$73,126
Median Household Income	\$59,055	\$55,742	\$67,983	\$62,125	\$71,394	\$53,154
<b>Total Employment</b>						
Employment, 00	969,253	1,385,968	1,381,700	2,742,298	1,706,081	142,588,000
Employment, 07	992,963	1,402,835	1,489,287	3,005,042	1,774,638	153,869,565
Change (absolute), 00-07	23,710	16,867	107,587	262,744	68,557	11,281,565
Change (relative), 00-07	2.4%	1.2%	7.8%	9.6%	4.0%	7.9%
Unemployed, 00 Avg.	3.3%	3.5%	2.6%	3.6%	2.7%	4.0%
Unemployed, 07 Avg.	5.0%	5.2%	4.5%	4.4%	4.5%	4.6%
<b>Wholesale Trade</b>						
Per Capita, 1997	\$27,120	\$22,394	\$23,816	\$29,007	\$29,417	\$12,147
Per Capita, 2002	\$30,423	\$19,747	\$30,016	\$28,880	\$30,614	\$16,327
Change, 92-97	16.54%	46.77%	18.90%	26.47%	34.51%	-4.03%
Change, 97-02	12.18%	-11.82%	26.03%	-0.44%	4.07%	34.41%
<b>Retail Expenditures</b>						
Per Capita, 1990 Census	\$7,459	\$6,932	\$7,312	\$8,734	\$8,323	\$6,893
Per Capita, 2000 Census	\$14,071	\$12,587	\$14,531	\$14,587	\$16,562	\$12,115
Per Capita, 2007 Estimate	\$10,598	\$10,205	\$12,330	\$10,938	\$12,296	\$9,984
<b>Housing Construction</b>						
07 Single-Family	8,187	10,349	14,690	42,161	9,877	16,450,000
Multifamily Share, 07	24%	19%	43%	33%	22%	33%

## Social Forces

### Population

According to the US Census Bureau, the population of the Kansas City MSA increased 12.2% between 1990 (1,582,875) and 2000 (1,776,062) or at the annual compound growth rate of 1.1%. Kansas City is the 28<sup>th</sup> largest metropolitan area in the nation. ESRI projects population growth between 2007 and 2012 to be 1.2% per year compounded. Such growth is characterized as slow but steady. The median age reported in the 2000 census for the Kansas City MSA was 35.4 years (the national median was a similar 35.3 years).

County	1970	1980	1990	2000	2007	2012
<b>MISSOURI:</b>						
Cass	39,448	51,029	63,808	82,092	99,191	113,378
Clay	123,322	136,488	153,411	184,006	206,419	224,112
Clinton	12,462	15,916	16,595	18,979	21,263	22,915
Jackson	654,558	629,266	633,232	654,880	673,880	687,627
LaFayette	26,626	29,925	31,107	32,960	33,479	33,815
Platte	32,081	46,341	57,867	73,781	83,960	91,204
Ray	17,599	21,378	21,971	23,354	24,839	25,842
Subtotal MO	906,096	930,343	977,991	1,070,052	1,143,031	1,198,893
<b>KANSAS:</b>						
Johnson	220,073	270,269	355,054	451,086	529,857	588,984
Leavenworth	53,340	54,809	64,371	68,691	75,756	80,796
Miami	19,254	21,618	23,466	28,351	31,866	34,627
Wyandotte	186,845	172,335	162,026	157,882	153,668	150,803
Subtotal KS	479,512	519,031	604,917	706,010	791,147	855,210
Total	1,385,608	1,449,374	1,582,908	1,776,062	1,934,178	2,054,103

Jackson County, Missouri and Johnson County, Kansas contain 62.2% of the population within the eleven county CBSA. Interestingly, the 1980 population of Johnson County was only 43.0% of the Jackson County figure but by 2007 the percentage had increased to 78.6%.

The age of the population in Kansas City is quite similar to the national average but generally above the competing cities (except St. Louis). Kansas City does have a smaller percentage of the population in the 20 to 29 years age bracket compared to the other cities and has a fairly high percentage of residents over the age of 70 years.

Age Group	Kansas City	St. Louis	Denver-Boulder	Dallas-Ft. Worth	Minneapolis-St. Paul	United States
0-19 years	27.90%	27.10%	28.10%	30.30%	28.40%	27.30%
20-29 years	12.90%	13.10%	13.00%	14.60%	13.40%	13.70%
30-39 years	14.00%	12.70%	15.50%	15.30%	14.70%	13.40%
40-49 years	15.90%	16.00%	16.30%	16.00%	16.50%	15.20%
50-59 years	13.20%	13.40%	13.80%	11.80%	12.90%	13.00%
60-69 years	7.80%	8.10%	7.00%	6.50%	6.90%	8.20%
70-79 years	4.80%	5.50%	3.80%	3.40%	3.90%	5.20%
80 and over	3.50%	4.10%	2.60%	2.10%	3.10%	3.80%
Median Age	36.6	37.8	35.9	33.4	35.7	36.7

## Income

Growth of Median Household Income (HHI) in Kansas City is above the national average but generally trails the competitive cities (except St. Louis). Income per capita is also above the national average but below the competing cities (except St. Louis). The following provides median household income figures for various jurisdictions:

Jurisdiction	2007 Median Household Income
Leawood, KS	\$128,004
Overland Park, KS	\$81,191
Olathe, KS	\$79,571
Lee's Summit, MO	\$79,531
Blue Springs, MO	\$67,725
<b>Kansas City MSA</b>	<b>\$59,055</b>
<b>United States</b>	<b>\$53,154</b>
<b>State of Kansas</b>	<b>\$51,343</b>
Leavenworth, KS	\$51,160
Independence, MO	\$47,711
<b>State of Missouri</b>	<b>\$47,568</b>
Kansas City, MO	\$47,364
Wyandotte County, KS	\$42,874
Kansas City, KS	\$42,110

Income levels in the metro are magnified by a modest cost of living. The *ACCRA Cost of Living Index* reports as of 4Q 2006 Kansas City had a cost of living 4.9% below the national average and a housing index 11.4% below the national average. The table below compares the cost of living in Kansas City with other U.S. cities.

Municipality	General Index	Housing
New York, NY	212.1	394.2
San Francisco, CA	170.9	277.7
Washington, D.C.	139.0	215.6
Chicago, IL	111.3	127.6
Denver, CO	103.2	110.4
Detroit, MI	100.3	103.9
Milwaukee, WI	100.2	105.0
Indianapolis, IN	96.2	99.0
<b>Kansas City, MO-KS</b>	<b>95.1</b>	<b>88.6</b>
St. Louis, MO-IL	93.5	80.2
Dallas, TX	92.8	75.7
Oklahoma City, OK	92.2	83.2
Des Moines, IA	90.5	87.0
Omaha, NE	88.9	80.8

The National Association of Home Builders' (NAHB) Housing Opportunity Index (HOI) found Kansas City housing to be a bargain. According to a 2003 study, 86.9% of the metro's housing stock is affordable to families making the median income. The Kansas City MSA had the second highest HOI of cities with populations of 1 million or more trailing only the Indianapolis MSA. Although, the Home Builders Association of Greater Kansas City no longer contributes to HOI

surveys performed by NAHB, the ACCRA "Housing" figure of 88.6 reflects the continued affordability of housing within the greater Kansas City metropolitan area.

### **Recreational Activities**

A key attribute of Kansas City is a desirable quality of life. The city is clean and offers the best of Midwestern living. Kansas City is often referred to as The City of Fountains. The fountains are a focal point of a park system that is among the best and largest in the nation. Kansas City is one of the smallest markets to enjoy professional baseball, football, and soccer franchises. The Chiefs football club led the NFL in attendance from 1995 through 1998 and was third in 2006 with 624,171. The baseball Royals have attendance of roundly 1.4 million annually, down from a peak of over 2 million in the early 1990s.

On April 4, 2006, Jackson County voters approved a tax increase for \$850 million for renovations to Arrowhead and nearby Kauffman Stadium (aka the Truman Sports Complex). With the passing of the stadium bill, the Chiefs new lease became effective committing them to Arrowhead until at least 2031. The three-eighths-cent sales tax increase will raise an estimated \$850 million during 25 years to finance \$425 million in construction costs, with the remainder spent on interest and future major stadium repairs. On August 15, 2007, the Chiefs announced final plans for the renovated Arrowhead Stadium, which will cost \$375 million. The cost was increased by \$50 million due to an additional payment by the Hunt Family (Chiefs owners).

In 2001, NASCAR racing commenced at the new Kansas Speedway (\$224 million) in Kansas City, Kansas (Wyandotte County). Several races each year, including Winston Cup races, draw crowds in excess of 100,000 people. In 2004, Kansas City, Missouri voters voted to develop a new downtown sports arena (the Sprint Center) that opened in late 2007 at a cost of approximately \$250 million. Elton John opened the arena, and Garth Brooks followed with a string of nine sold-out concerts.

A major addition to the local scene is riverboat gaming. Five casinos were built between 1994 and 1997 at a combined cost of about \$750 million. Sam's Town Casino (Boyd Gaming) folded on July 15, 1998. In fiscal year 2007, Harrah's North Kansas City, Ameristar KC, Argosy, and Isle of Capri - KC casinos hosted roundly 23.6 million patrons and generated revenue (net casino win) exceeding \$719 million. Missouri gaming operations continue to be hampered by a \$500-loss limit (per 2-hour session) instituted by the legislature.

Swope Park is one of the nation's largest in-city parks, comprising 1,763 acres (2.75 sq.mi.), more than twice as big as New York's Central Park. It includes a full-fledged zoo, two golf courses, a lake, an amphitheatre, day-camp area, and numerous picnic grounds.

### **Cultural Activities**

Kansas City enjoys a wide variety of cultural amenities. The arts are adequately supported and of considerable prestige. Particularly well respected is the Nelson-Atkins Museum of Art that houses one of the world's finest Oriental collections. The Nelson completed a major renovation and expansion in 2007 financed by a capital campaign that generated \$200 million for construction and endowments. In 2007, TIME Magazine ranked the museum's new Bloch Building, # 1 on the "The 10 Best (New and Upcoming) Architectural Marvels" list. The proposed Metropolitan Kansas City Performing Arts Center is planned for 17.6 acres in the south end of the downtown loop. World-renowned architect Moshie Safdie is designing the \$326-

million project. The design presently includes a 1,800-seat proscenium theater, a 1,600-seat concert hall, Kansas City Ballet studios and school, retail and restaurant uses, and 600 underground parking spaces. The city plans to add a 1,000-space parking structure to the east of the center. A second phase would add a 500-seat multipurpose theater. Groundbreaking for the center occurred on October 6, 2006 with opening scheduled for December 2009.

## **Education**

Education has, unfortunately, been the most significant impediment to progress in the region. The colleges and universities serving the area, while numerous, are not considered national leaders. The well-regarded University of Kansas, located about 20 miles from the southwestern suburbs, is now being recognized as part of the metropolitan education mix. The Kansas City Missouri Public School System, which serves mostly urban core areas, was mired in a long-standing desegregation suit. The lawsuit, however, resulted in a massive construction campaign that was completed in 1996. The lawsuit was settled/dismissed in 1997 and State funding has been reduced dramatically. Missouri schools are hampered by a four-sevenths (57%) requirement for passage of levies (a two-thirds majority was required until 1987). Kansas schools are well supported and are judged to be of high quality.

Kansas City has a growing medical research and bioscience industry. An estimated 200 biotech companies employ more than 20,000 people in the region. Medical research in Kansas City took a giant step forward in 2001 with the opening of the Stowers Institute for Medical Research. The multibuilding complex cost roundly \$300 million to construct and has an endowment of nearly \$2 billion from local philanthropists Jim and Virginia Stowers. Overall, \$400 million in facility construction is currently underway in 12 new research facilities throughout the Kansas City region. Area public institutions spent \$550 million on research in 2005. Life science companies in the KC area spend an estimated \$638 million on research. The state of Kansas recently approved the Kansas Economic Growth Act, which established the Kansas Biosciences Authority that will generate over \$580 million in revenue for the development of the biosciences industry over the next 15 years. In the animal health and nutrition industry, it's common knowledge that the greater Kansas City area is the national leader. In fact, Kansas City area companies account for nearly 32% of total sales in the \$15.2 billion global animal health market.

## **Economic Forces**

### **Gross Regional Product**

The Kansas City economy is well diversified and has avoided major swings. However, beginning in 1996 the area saw rather rapid growth. After volatile years in 2001 and 2002 due to 9/11, Gross Regional Product (GRP) rebounded in 2003 with 2.8% growth and then increased by a larger 4.2% in 2004. Growth slowed to 3.5% in 2005 and decreased further to 3.1% in 2006. For 2007, GRP increased 2.4% and a similar increase is projected for 2008. The 2008 increase mirrors the national projection. Larger increases are projected for 2009 both locally (3.4%) and nationally (3.6%).

### **Wholesale Trade**

Wholesale trade is an important Kansas City industry. Per capita volume is an extraordinary 86% higher than the national average. Note that amongst the Comparable Metropolitan Statistics presented earlier, only Minneapolis-St. Paul had a higher per capita figure (but by only 0.6%). The Census of Wholesale Trade is taken once every five years, the last being published for 2002.



The results of the 2007 census should be available this year. A key factor in Kansas City's wholesale trade is the nearby agricultural states.

### Fortune 500/1000 Corporations

Greater Kansas City is headquarters to 3 Fortune 500 companies (H&R Block, Embarq Corporation, and YRC Worldwide Inc.) and additional Fortune 1000 corporations (Interstate Bakeries Corporation, Great Plains Energy, Aquila, AMC Theatres, and DST Systems). Hallmark Cards' gross revenues certainly would qualify it for both lists, but it cannot be included because it is privately owned by the Hall family. Numerous agriculture companies operate out of the city and the Kansas City Board of Trade is the principal trading center for hard red winter wheat — the principal ingredient of bread. Kansas City is also the dominant player in sports architecture companies. In the past two decades, Kansas City built a major-league franchise in sports architecture so powerful that at least 90% of all the new professional-level sports stadiums and arenas in the nation during that time were designed here. With 150 architects in its City Market headquarters and a few dozen at offices overseas, HOK Sport + Venue + Event is the world's largest sports architecture practice.

### Employment

According to the Missouri Department of Economic Development, the Kansas City metro area enjoyed historical highs in job creation between 1998 and 2000. Unfortunately, some decreases occurred in the early part of this decade. In 2007, MARC indicates the Kansas City MSA added 18,600 jobs. The new job creation reflects a 1.4% increase over 2006 (+18,300 jobs). The MSA total job count at the close of 2007 was about 987,000 jobs. The largest employment sectors in Kansas City are services (41%) and retail trade (16%).

The following is a list of major employers (*Kansas City Business Journal*, Oct-07).

Rank	Employer	Employees
1	Federal Government	38,900
2	Sprint Nextel Corp.	14,500
3	HCA-Midwest Division	6,937
4	State of Missouri	6,090
5	McDonald's USA LLC	5,600
6	St. Luke's Health System	5,348
7	City of KCMO	4,686
8	Ford Motor	4,683
9	DST Systems Inc.	4,600
10	Embarq	4,500
11	UPS	4,500
12	Cerner	4,482
13	State of Kansas	4,417
14	Olathe School District USD #233	4,323
15	Hallmark Cards	4,300

The Kansas City unemployment rate for 2007 of 5.0% (unchanged from 2006) was slightly lower than Missouri (5.5%), but higher than Kansas (4.4%) and the nation (4.6%).

## Retail Sales

Kansas City's position for retail sales (both growth and volume) is near the top of the competing MSAs. The amount of shopping center space has been growing at a pace even exceeding that of retail sales. The gross leasable area (GLA) per capita in Kansas City is well above the national average.

Jurisdiction	2007 Avg. Household Retail Expenditures	2006 Avg. Household Retail Expenditures
Johnson County, KS	\$36,118	\$34,228
Platte County, MO	\$30,190	\$29,020
Clay County, MO	\$26,360	\$25,712
<b>Kansas City DMA</b>	<b>\$25,924</b>	<b>\$25,901</b>
Jackson County, MO	\$22,815	\$22,054
Wyandotte County, KS	\$18,966	\$18,296

## Building Permits

The majority of housing permits in the Kansas City MSA are issued in Jackson County, Missouri and Johnson County, Kansas. Permit issuance on the Missouri side significantly outpaces that on the Kansas side. A recent history of building permits is presented below:

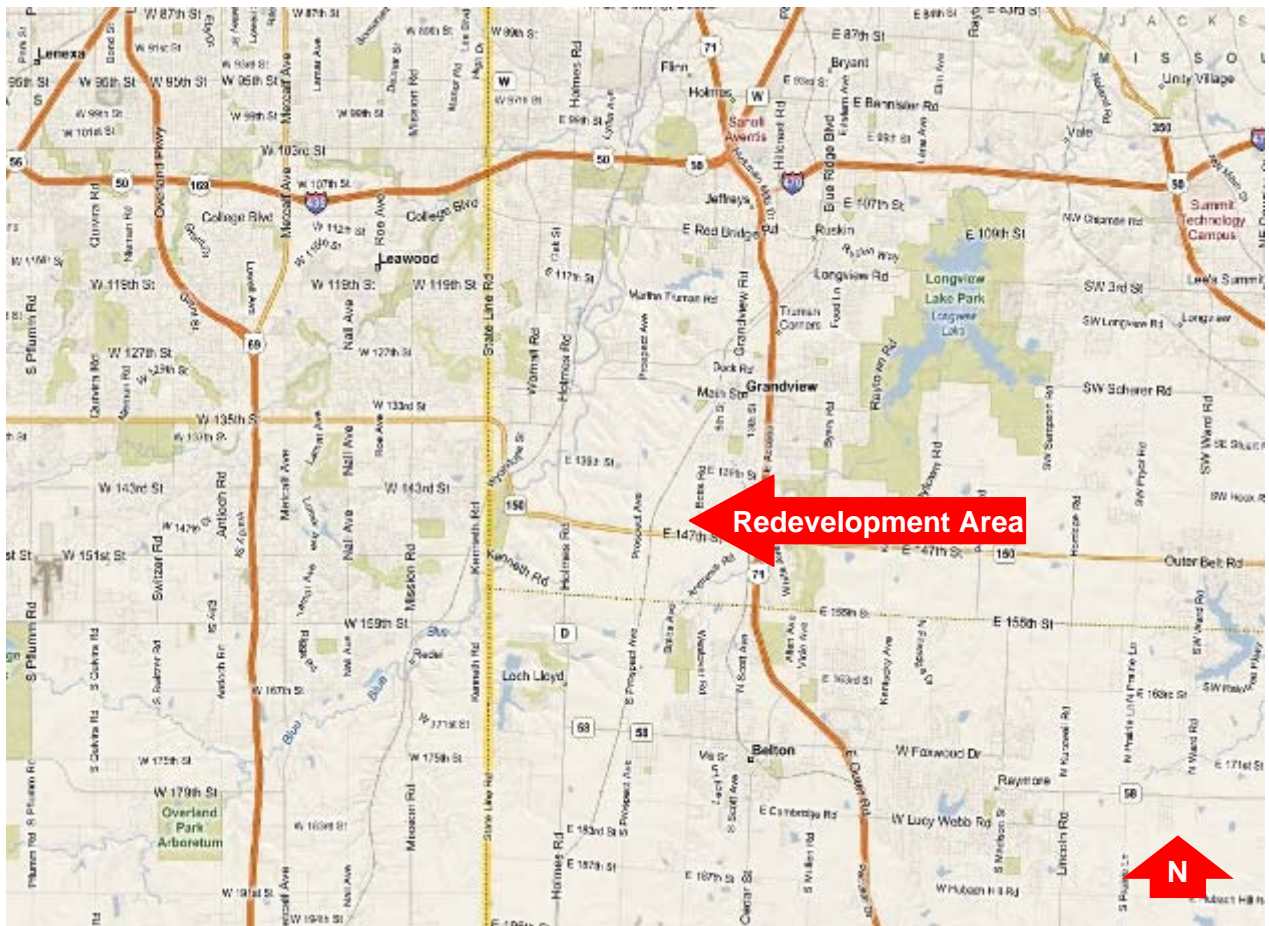
County	2004		2005		2006		2007	
	SF	MF	SF	MF	SF	MF	SF	MF
<b>MISSOURI:</b>								
Cass	960	80	1,144	50	1,167	51	532	0
Clay	2,024	632	1,682	468	1,578	794	1,092	86
Jackson	2,438	1,459	2,191	1,053	2,085	638	1,471	453
Platte	702	101	781	28	849	0	513	118
Subtotal MO	6,124	2,272	5,798	1,599	5,679	1,483	3,608	657
<b>KANSAS:</b>								
Johnson	3,554	760	3,098	1,210	2,489	1,122	1,860	454
Leavenworth	504	97	582	98	484	0	370	0
Miami	332	58	252	8	167	0	131	5
Wyandotte	570	120	593	175	540	0	412	0
Subtotal KS	4,960	1,035	4,525	1,491	3,680	1,122	2,773	459
<b>Total by Type</b>	<b>11,084</b>	<b>3,307</b>	<b>10,323</b>	<b>3,090</b>	<b>9,359</b>	<b>2,605</b>	<b>6,381</b>	<b>1,116</b>
<b>Total by Year</b>		<b>14,391</b>		<b>13,413</b>		<b>11,964</b>		<b>7,497</b>
<b>Chg. by Year</b>		<b>+2.1%</b>		<b>-6.8%</b>		<b>-10.8%</b>		<b>-37.3%</b>

In 2006, single-family issuance fell below 10,000 permits for the first time since 2001. In 2007, permitting continued to decrease to the lowest level in 16 years. Over the past three years single-family permitting has decreased 6.9%, 9.3%, and 31.8% or a total of 42.4%. Similarly, multifamily permitting has decreased precipitously the past three years (6.6%, 15.7%, and 57.2% or a total of 66.3%). Johnson County accounted for 29% of all single-family home permits in 2007, down from a peak of 44% in 1998. Meanwhile, Jackson and Cass counties accounted for 31% of new-home permits last year, up from 29% in 1998. The Northland now accounts for 25% of new-home construction, up from 21% over the same time frame.

## Governmental Forces

The Kansas City metropolitan area has a rather fractured governmental structure. According to MARC, over 116 political subdivisions exist in the eight-county region serviced by the council. Virtually no organizations, public or private, have regional power or authority. The Missouri / Kansas state line is the most divisive boundary. Generally, Kansas is considered more progressive in providing public services, chiefly because of the relative ease in which taxes can be raised for new infrastructure. Missouri, on the other hand, with a rural dominated legislature has a conservative revenue posture with nearly every fee or tax requiring a public vote. Missouri has the benefit of a low tax burden, but suffers from lack of services. The City of Kansas City, Missouri represents about a quarter of the region’s population and has a council-manager form of government.

## AREA MAP



## Environmental Forces

### Location and Transportation

Kansas City is located in the very center of the country and has excellent transportation linkages. As a major transportation hub, the Kansas City metropolitan area is one of only five U.S. cities served by three intersecting highways (i.e., I-29, I-35, and I-70). The Kansas City area has the

most freeway miles per capita of any urban area in the nation. Air freight operations, general aviation, trucking, rail centers, and barge lines all have extensive operations in the region.

The metro area's role as a transportation center has historically been one of its greatest strengths. Kansas City International Airport has ample room for expansion as the city has reserved 10,200 acres. In November 2004, a \$258 million Terminal Improvement Project was completed at KCI. Service from KCI is good and, since Southwest has the largest market share (over 70 flights daily), fares are reasonable. Unfortunately, homegrown Vanguard Airlines declared bankruptcy and ceased flying in July 29, 2002. Kansas City International was ranked No. 1 among medium-size airports in the J.D. Power and Associates 2007 North America Airport Satisfaction Study (receiving five out of five stars in all categories except baggage claim in which it got four). The study considers an airport mid-size when it handles a capacity of 10 to 30 million passengers a year.

A high point in aviation for Kansas City has typically been TWA's overhaul base and operational headquarters. TWA once employed about 4,500 people in Kansas City. The merger of TWA into American Airlines resulted in the continued operation of the overhaul base while administrative operations were consolidated elsewhere. A recent study by Unison Maximus (a Chicago-based consultant) suggests nearly 60,800 people owe jobs (\$1.6B in payroll) to KCI Airport. Additionally, the study indicated that KCI pumps more than \$5.5 billion into the area's economy.

The mid-continent location advantage of the Kansas City metropolitan area is demonstrated by several recent industrial/transportation developments:

In May 2007, Burlington Northern Santa Fe (BNSF) Railway Company finalized its purchase of 1,000 acres in southern Johnson County, Kansas, close to Interstate 35. A BNSF intermodal facility will be developed on 418 acres. It is expected to open in 2009. The rest of the project will be developed as a logistics park similar to BNSF projects in Chicago and Dallas. The Allen Group of San Diego will be the developer of the logistics park. It plans about seven million square feet of warehouse and distribution space.

In June 2007, CenterPoint Realty Services Corp. of Chicago completed the purchase of more than 700 acres of the 1,200-acre site of the former Richards-Gebaur Memorial Airport at the southern edge of Kansas City, Missouri. The property will include surface and underground industrial parks and an intermodal hub for Kansas City Southern Railway. For the past few years Kansas City Southern has used approximately 500 acres at Richards-Gebaur for shipping vehicles for Mazda North America. It plans to expand the facility to include other kinds of shipments.

In November 2007, Expo LLC signed a 60-year lease with the Kansas City Aviation Department for 200 acres of land at KCI Airport for development of a mixed-use facility. The \$150-million facility is scheduled to open in 2011 and is to include an arena-style, special-events center (262,500 Sq.Ft.); a truck and accessory expo building (60,000 Sq.Ft.); an agricultural building (258,000 Sq.Ft.); a heavy equipment and machinery building (200,000 Sq.Ft.); and separate facilities for meetings, refreshments and eateries, sales office, and public restrooms.

Late in 2007, Kellogg announced that they are seeking roundly 100 acres of land for construction of a distribution center to contain up to 1.3 million square feet. Newport Real Estate Services, a California company with ties to the cereal giant, is steering the search. Currently, the search reportedly includes sites on both the Missouri and Kansas side and north and south of the Missouri River.

Kansas City already leads the nation in railroad cargo tonnage and is second only to Chicago in total railroad car activity. In March 2005, Kansas City signed a cooperative pact with representatives from the Mexican State of Michoacán and representatives from Lazaro Cardenas (Michoacán's premiere deepwater port) to increase cargo volume between the two cities. In April 2005, Kansas City Southern completed purchase of a controlling interest in Transportacion Ferroviaria Mexicana (TFM), enabling TFM, Kansas City Southern Railway, and The Texas Mexican Railway to operate under common ownership creating a seamless transportation system spanning the heart of North America known as "The NAFTA Railway." The acquisition created a single 1,300-mile railroad connecting the Midwestern United States, central Mexico and Mexico's Pacific seaports.

### **Climate and Topography**

The climate in the region is moderate in the average but experiences both extremes. Temperatures range from below 0°F to over 100°F. In the real estate market, Kansas City's climate is a neutral factor. For visitors, the region's topography is surprisingly varied as the river bluffs provide many picturesque hills. No physical barriers prohibit the region's growth. In fact, the area can be said to be land poor (i.e., poor from maintaining large land areas) and is rather sprawling. Kansas City, Missouri one of the nation's largest cities as measured by land area.

### **Conclusion**

Kansas City is sometimes referred to colloquially as the "Heart of America" as it is near both the geographic and population centers of the United States. The regional trend is slowly upward. The chief attribute of Kansas City has been slow, steady growth avoiding major swings. The area's mid-continent location is becoming more of an advantage with the development of NAFTA. Kansas City has consistently been one of the more affordable places to live and purchase housing amongst the nation's larger MSAs. One of the largest hurdles to overcome is the dividing line between Missouri and Kansas.

# THE NEIGHBORHOOD

## Location and Access

The neighborhood in which the proposed redevelopment area is located comprises portions of three municipalities and extends east from Prospect Avenue to US Highway 71 and south from 139<sup>th</sup> Street (Grandview, MO) to Markey Road (Belton, MO). The neighborhood is on the southern edge of development in the Kansas City Metropolitan Area, approximately 18 miles south of the CBD of Kansas City, Missouri. Within the neighborhood, the area between 139<sup>th</sup> Street and the north perimeter of the proposed redevelopment area (approximately 144<sup>th</sup> Street alignment) is located in Grandview, Missouri, while the area from the north perimeter of the subject south to 155<sup>th</sup> Street is within Kansas City, Missouri, and the portion from 155<sup>th</sup> Street south to Markey Street (163<sup>rd</sup> Street alignment) is within Belton, Missouri. The former Richards-Gebaur Memorial Airport (KCMO) is the dominant feature in the neighborhood.

## NEIGHBORHOOD MAP



US Highway 71, a limited-access freeway with interchanges at Missouri Highway 150, 155<sup>th</sup> Street, and Missouri Highway 58, is the primary means of access to the subject neighborhood. Roughly six miles to the north of Missouri Highway 150, US Highway 71 intersects Interstate 435, the beltway around the greater Kansas City metropolitan area.

Missouri Highway 150 is the secondary means of access to the subject neighborhood providing a westerly connection to Johnson County, Kansas and an easterly connection with Lee's Summit, Missouri. Southern Johnson County and Lee's Summit are two of the fastest growing areas in the metropolitan area.

Other than Prospect Avenue (west boundary) and US Highway 71 (east boundary), Andrews Road and Westover Road are the other main north-south connectors in the subject neighborhood. Andrews Road actually runs diagonally from northeast to southwest within Richards-Gebaur while Westover Road branches south near the Andrews Road terminus and continues south through the neighborhood to Missouri Highway 58 (aka North Street).

### AERIAL VIEW



Linkage between the subject neighborhood and other portions of the metroplex is fairly good. However, access within the neighborhood is only fair to average.

## Area Development

### General Development Pattern

Richards-Gebaur Memorial Airport is the dominant development within the redevelopment area neighborhood. The history of the airport traces back to 1941 when Kansas City acquired farmland for use as an auxiliary airport. In 1952, the city leased the then named Grandview Airport to the United States Air Force Aerospace Defense Command. Three years later, the city sold the airport to the Air Force who subsequently renamed the facility Richards-Gebaur Air

Force Base in 1957. The new name commemorated two Kansas City natives who died in action in American wars.

In 1980, Kansas City, Missouri and the Air Force signed a joint-use agreement that opened the base to civilian as well as military use. Five years later, in 1985, Kansas City acquired title to a majority of the base and changed the name to Richards-Gebaur Memorial Airport. On September 30, 1994 the airport was officially closed as a US military airfield and the city subsequently closed all air operations on January 9, 2000.

The transfer of ownership in 1985 primarily entailed the airfield and the undeveloped portions of the base. The Air Force retained title to most of the base facilities for use by the 442<sup>nd</sup> Tactical Fighter Wing of the Air Force Reserve. As part of the downsizing of the military following the end of the Cold War, the Pentagon decided in 1991 to transfer the 442<sup>nd</sup> Tactical Fighter Wing to Whiteman Air Force Base (Knob Noster, MO) and the 36<sup>th</sup> Aeromedical Evacuation Squadron and the 77<sup>th</sup> and 78<sup>th</sup> Aerial Port Squadrons to Peterson AFB (Colorado Springs, CO). The initial transfer occurred in June 1994 with the Air Force conveying title to the facilities it still owned to the City of Kansas City, Missouri and the United States Marine Corps. Kansas City, Missouri received title to the aeronautical facilities and a large portion of the non-aeronautical facilities. The Marines received title to 46 acres and 17 buildings that include the former 442<sup>nd</sup> Tactical Fighter Wing headquarters building, the motor pool, and transit military housing. The Marines are using the facilities, along with a new three-story building located on land leased from Kansas City, Missouri, to house four units previously located at four separate sites in the metropolitan area. The transfer involved approximately 900 active-duty Marines, Marine Reservists, and civilian employees. One Marine unit (MOBCOM) is scheduled to be relocated to New Orleans in 2012.

The Marines join the Army and Navy in lending a continued military presence to Richards-Gebaur. Six Army reserve units with a combined strength of 1,000 personnel drill at the former base exchange that has been converted to an Army Reserve Center. Naval Mobile Construction Battalion 15, a reserve Seabee unit, drills south of the airport.

With the conveyance of transit military housing to the Marine Corps, the Marines own and operate all military housing either near or on Richards-Gebaur. For several years, the Marines owned and operated the 240 family housing units formerly reserved for Air Force officers and their families adjoining the airport along Kensington Avenue south of Bong Avenue. Transit military housing totaled 168 rooms of which 125 were double occupancy. Most of this aging housing was demolished in 2006 and replaced with modern homes. Other base housing south of Markey Road was transferred to civilian ownerships.

In addition to the land leased to the Marines, several airport properties were leased to civilian and municipal entities. The most notable tenants were the City of Belton, Missouri, Calvary Bible College, and a few industrial users. Belton leased the former base golf course for use as a municipal golf course, while Calvary Bible College leased the former enlisted barracks for use as a theological seminary. Subsequently, the City of Belton purchased the golf course while Calvary continues to lease their space.

Shortly after acquiring title to most of the airport in 1985, Kansas City commissioned a land use plan for the non-aeronautical portion that measured 835 acres. The plan was prepared by



Peckham Guyton Albers & Viets and envisioned development of a mixed-use business center called Southport Center. Southport Center was to encompass over 5.5 million square feet of single-tenant and multi-tenant showroom, warehouse, office, business services, retail, and light industrial/distribution development. However, nearly fifteen years after completion of the Southport Center plan, the only new non-aeronautical development at Richards-Gebaur Memorial Airport was the new Marine Corps office building. The lack of development activity could be attributed to several factors: a national real estate recession, a surplus of developable industrial land within the metropolitan area, and the city's desire to lease rather than sell building sites.

In 1999, voters in Kansas City approved the development of an intermodal freight hub at Richards-Gebaur. Kansas City Southern Railway Company then leased 497 acres encompassing the former runway at Richards-Gebaur for 50 years for the development of an international freight gateway. Currently Mazda Motor Company, under contract to KCSR, has developed an automobile distribution center at this location utilizing the former runway, aircraft aprons, a small office building and a hangar.

Subsequent to the public vote to approve changes at Richards-Gebaur the Aviation Department hired Burns & McDonnell to work in partnership with a Public Advisory Committee (PAC) to develop a Master Plan for Richards-Gebaur. The City Council and Mayor eventually approved the plan for intermodal conversion.

In 2007, the Port Authority and the City of Kansas City, Missouri, completed the sale of 1,340 acres of the Richards-Gebaur to CenterPoint Properties, a seasoned intermodal developer with global experience, for \$5.6 million. (The sale was subsequently challenged by the FAA on behalf of the Aviation Department of KCMO, arguing that the price was too low. The city, wanting to finalize the deal, agreed to make \$5,000,000 in infrastructure improvements to the property. The buyer then agreed to pay \$10,600,000. However, the cash equivalent price, less the \$5,000,000 in improvements was \$5,600,000.) CenterPoint Properties is the master developer for the site and plans to utilize the property for diverse uses, including industrial, distribution, light manufacturing and warehouse.

Richards-Gebaur will capitalize on Kansas City's status as the second largest rail hub and the third largest trucking hub in the nation. Transportation and logistics companies will find Richards-Gebaur to be an ideal location for future investment. With more Foreign Trade Zone space than any other American city, Kansas City has inked trade agreements with Mexican and Canadian officials, taking advantage of major trade corridors moving North to South (I-29 and I-35) and East to West (I-70).

Most of development south of the airport property is in Belton, Missouri and is residential in nature. However, burgeoning commercial development (grocers, movie theaters, lodging, medical, drugstores, and assorted retail) is taking place to the south along Scott and North Avenues in Belton proper. A small enclave of industrial buildings between Scott Avenue and US Highway 71 and south of Locust Hill Road is the largest concentration of industrial development south of the airport, consisting primarily of small, nondescript, metal buildings. The exceptions are a customer service center for Missouri Public Service and a rather large QuikTrip distribution center.

The Eagles’ Landing Golf Course lies south of 155<sup>th</sup> Street. The course is owned by the city of Belton and consists of 18 holes. Eagles’ Landing is the former Belton Golf Course that was completely redesigned between July of 1998 and October of 1999 at a cost of \$2,213,644 million (\$122,980 per hole). The par 72 public course measures 6,888 yards from the blue tees and generates roundly 30,000 rounds of golf per year.

A short distance north of Missouri Highway 150 along both sides of US Highway 71 is Grandview, Missouri (population 24,881 in 2000). Over the past 25 years, an industrial area comprising 63 buildings containing over 2,500,000 square feet of space including the former House of Lloyd distribution warehouse (500,000 Sq.Ft.), Peterson Manufacturing (450,000 Sq.Ft.), US Toy (348,800 Sq.Ft.), Sika Corp. (221,000 Sq.Ft.), and CJ Patterson (137,234 Sq.Ft.) have been constructed on the north side of the south city limit of Grandview directly across from the proposed redevelopment area. Much of the above described development within Grandview has been via the use of Tax Increment Financing (TIF). The boundaries of the Botts Road Industrial Redevelopment Area are shown on the following page. In addition, Jeff Teague is developing the Upland industrial Park along E 141<sup>st</sup> Street and the project has been designated for Tax Increment Financing (TIF) assistance. Prier Products is planning to development five or six new buildings (100,000 Sq.Ft. in all) on its 10-acre site with the aid of another TIF district. Sika Corp. received assistance from the city of Grandview that included 100% abatement of real estate taxes for 10 years followed by 75% abatement the succeeding ten years. The vacant land located directly north of the proposed redevelopment area has been designated an enhanced enterprise zone.

Single-family suburban development ranging from new to 30 years in age is east of US Highway 71 in Grandview. The older areas of Grandview are west of US Highway 71 together with industrial development on or near the Kansas City Southern and Frisco railroads. Commercial development, including some big box retailers, adjoins US Highway 71, as it extends south through Grandview.

**Neighborhood Demographics**

Due to nature of the fluctuating military activity at Richards-Gebaur the demographics of the two census tracts comprising the subject neighborhood have also fluctuated widely. The following tables provide population, households and income trends for the two census tracts comprising the subject neighborhood. Demographic data was provided by the US Census Bureau and MARC.

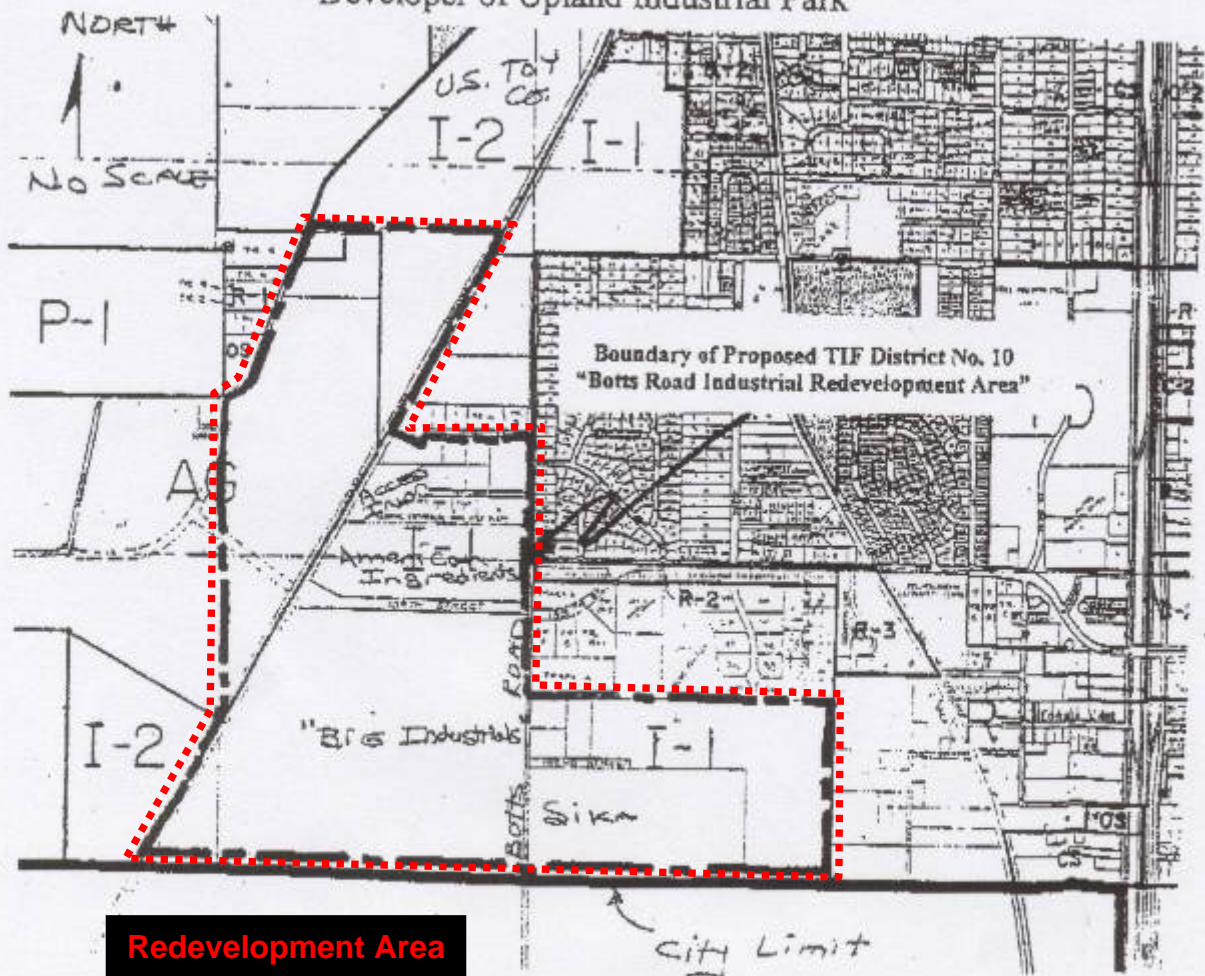
**POPULATION DATA**

Census Tract	Population					
	1970	1980	1990	2000	2007	2012
134.05 (Jackson)	1,217	1,369	1,791	1,747	2,067	2,580
601 (Cass)	3,143	828	2,307	2,625	2,112	2,240
Total	4,360	2,197	4,098	4,372	4,179	4,820
% chg. by decade		-49.6%	86.5%	6.7%	-4.4%	15.3%
% chg. 1970 to 2006					-4.2%	

# Tax Increment Financing Plan (Botts Road Industrial Redevelopment Area) Grandview, Missouri

Botts Investment, LLC

Developer of Upland Industrial Park



**Redevelopment Area**

Prepared by:  
Grandview Tax Increment Financing Commission  
Municipal Services Building  
Community Development Department  
1200 Main Street  
Grandview, Missouri, 64030

Submitted January 21, 2004

**HOUSEHOLD DATA**

Census Tract	Households					
	1970	1980	1990	2000	2007	2012
134.05 (Jackson)	369	550	664	673	852	939
601 (Cass)	587	214	627	671	687	733
Total	956	764	1,291	1,344	1,539	1,672
% chg. by decade		-20.1%	+69.0%	+4.1%	+14.5%	+8.6%
% chg. 1970 to 2006					+61.0%	

**HOUSEHOLD INCOME DATA**

Census Tract	Median HH Income			
	1990	2000	2007	2012
134.05 (Jackson)	\$23,690	\$35,263	\$35,121	\$39,582
601 (Cass)	\$31,004	\$50,878	\$50,688	\$59,376
Average	\$27,242	\$43,326	\$39,241	\$48,260
% chg.		+59.0%	-9.4%	+81.3%

The census figures indicate population has fluctuated up and down by decade over the 37-year study period but overall population decreased 4.2% between 1970 and 2007. Typically, households fluctuate with population but because of the presence of barracks at the air base households have actually increased over the study period (61.0%). Household income has also fluctuated with the changing military presence. During the 1990s median household income increased 59.0% but between 2000 and 2007 income declined 9.4%.

**Real Estate Trends**

The dominant non-residential property type within the subject neighborhood is industrial. The area is too small to be tracked by any of the local real estate surveys. The consultant’s inspection of the neighborhood indicated few vacancies. The majority of the industrial improvements are of smaller size at 5,000 to 20,000 square feet. Larger projects (all located in adjoining Grandview, Missouri) include the following:

Company	Sq.Ft.
Former House of Lloyd	500,000
Peterson Mfg.	450,000
US Toy	348,800
Sika Corp.	221,000
CJ Patterson	137,234
Thyssen Access	81,563
Cedar Creek	68,350
McCray Finishing	56,060
Three Rivers	42,350
Total	1,905,357

Modest commercial development exists along the US Highway 71 frontage road. Westlake Hardware and Frontier Bag have large industrial facilities on the west side of US Highway 71 at Missouri Highway 150. Gail Harley Davidson, Zipps-Shell Oil, and Sonic have newer structures on the east side of US Highway 71 at Missouri Highway 150 (Gateway Commons). Additional

commercial and industrial development is in Martin City to the northwest of the proposed redevelopment area.

Heartland MLS figures indicate the South KCMO/Grandview area had 1,686 home sales over the past 12 months. The minimum and maximum sale prices were \$10,000 and \$500,000, respectively. The average sale price was \$101,684 and the median sale price was \$96,000. The fairly low average and median sale prices reflect the advancing age of the surrounding housing inventory. The average days on market (DOM) was a fairly low 30.

## **Adjoining Development**

Vacant agricultural land exists to the west, north, and east of the proposed redevelopment area. North of the proposed redevelopment area (in Grandview, MO) is a vacant industrial tract (enhanced enterprise zone) and then the former distribution warehouse for House of Lloyd (14100 Botts Road). The warehouse contains 500,000 square feet, was built in 1987, and is of modern design with 37-foot ceiling heights. After House of Lloyd went bankrupt the property was sold twice, the most recent purchase occurring in February 2007 for \$12,850,000 (\$25.70 per square foot). Directly to the northeast of the proposed redevelopment area is the \$15-million, 221,000-square-foot plant of Sika Corp., an international maker of adhesives and auto sealants. The City of Grandview granted Sika 100% abatement of real estate taxes for 10 years followed by 75% abatement the next ten years. Sika has a \$5 million payroll with roundly 400 employees. Just west of the KCSR rail tracks, along the west perimeter of the proposed redevelopment area, are structures housing McCray Lumber.

## **Conclusion**

The character of the subject neighborhood has changed with the departure of the 442<sup>nd</sup> Tactical Fighter Wing from Richards-Gebaur Memorial Airport (1994) and the closure of air operations (2000). The impact of the change on the neighborhood and the economy was lessened due to the Marine Corps relocation of 900 personnel to the airport, and the early stages of development of an international freight gateway. Low quality development associated with the former Air Force base continues to impede area development, as does a large inventory of more centrally located (attractive) industrial property within the metropolitan area. The hoped for future success of the CenterPoint development and the KCSR intermodal facility will strengthen the neighborhood.

## **BLIGHT ANALYSIS**

## BLIGHT ANALYSIS

### Blight Defined

As presented earlier, blight is defined as follows:

“Blighted area”, an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use; (RSMo ch. 100.310 (2)).

Chapter 100 of the Missouri Revised Statutes also emphasizes redevelopment of “insanitary areas” and “undeveloped industrial areas” which are defined as follows:

“Insanitary area”, an area in which there is a predominance of buildings and improvements which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population and overcrowding of buildings, overcrowding of land, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime or constitutes an economic or social liability and is detrimental to the public health, safety, morals or welfare; (RSMo ch. 100.310 (11)).

“Undeveloped industrial area”, any area which, by reason of defective and inadequate street layout or location of physical improvements, obsolescence and inadequate subdivision and platting contains parcels of land not used economically; contains old, decaying, obsolete buildings, plants, stores, shops, shopping centers, office buildings, hotels and motels and parking garages, warehouses, distribution centers, structures; contains buildings, plants, stores, shops, shopping centers, office buildings, hotels and motels and parking garages, multi-family housing facilities, warehouses, distribution centers and structures whose operation is not economically feasible; contains intermittent commercial and industrial structures in a primarily industrial or commercial area; or contains insufficient space for the and efficient use of land for industrial plants and commercial uses amounting to conditions which retard economic or social growth, are economic waste and social liabilities and represent an inability to pay reasonable taxes to the detriment and injury of the public health, safety, morals and welfare. (RSMo ch. 100.310 (18)).

Several court cases provide additional direction in the consideration of blight:

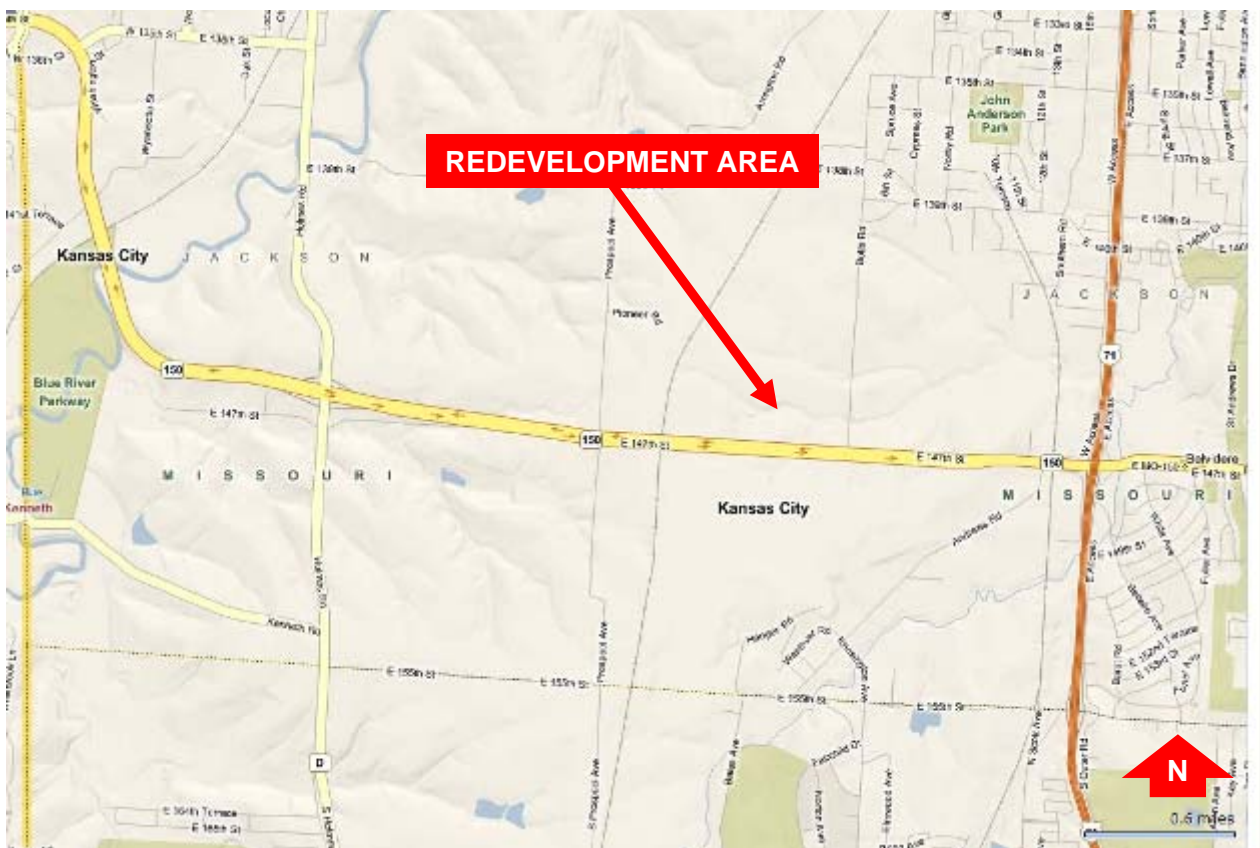
- The courts have determined that it is not necessary for an area to be what commonly would be considered a “slum” in order to be blighted. Parking Systems, Inc. v. Kansas City Downtown Redevelopment Corporation, 518 S.W.2d 11, 15 (Mo. 1974).

- An otherwise viable use of a property may be considered blighted if it is an economic under utilization of the property. Crestwood Commons Redevelopment Corporation v. 66 Drive-In, Inc., 812 S.W.2d 903, 910 (MO.App.E.D. 1991).
- It is not necessary for every property within an area designated as blighted to conform to the blight definition. A preponderance of blight conditions is adequate to designate an area for redevelopment. Maryland Plaza Redevelopment Corporation v. Greenberg, 594 S.W.2d 284, 288 (MO.App.E.D. 1979).

### Component 1: Defective or Inadequate Street Layout

Though located in the southern portion of the metropolitan area the proposed redevelopment area has good linkage with other portions of the metroplex via US Highway 71, Missouri Highway 150, and Interstate 435. Although Missouri Highway 150 (east-west) and US Highway 71 (north-south) provide good access, the agricultural nature of much of the area results in minimal roadways as noted in the city’s area plan: “As an emerging district, the planning area does not yet have a fully developed arterial network.” The undeveloped street layout is illustrated by the road map shown below:

#### STREET MAP



Missouri Highway 150 was improved in recent years, although, a deceleration/turn lane at Botts Road would greatly increase safety. During an inspection of the proposed redevelopment area a traffic sign was observed that apparently had been knocked over by a vehicle trying to exit too



quickly from Missouri Highway 150 where the speed limit is 60 miles per hour (see **Blight Photographs** later in report). A deceleration lane would likely resolve this danger and expense. Botts Road itself is of narrow 20-foot wide design. From Missouri Highway 150 north to the city limits the roadway is fairly undulating, lacks safe shoulders, has deep unguarded drop offs at creek drainage pipes, and has been poorly maintained. To the north in Grandview, Botts Road is of wide two-lane design with an additional third center turn lane and concrete curbs and gutters. Note the pictures below that demonstrate the difference in roadway in the two municipalities:



Looking North on Botts Road into the City of Grandview, Missouri



Looking South on Botts Road from the City of Grandview, Missouri



Truck Traffic Along Botts Road

The consultant observed considerable auto and semi trailer traffic on Botts Road. Even without the development of the proposed redevelopment area Botts Road is a safety concern that should be upgraded and improved.

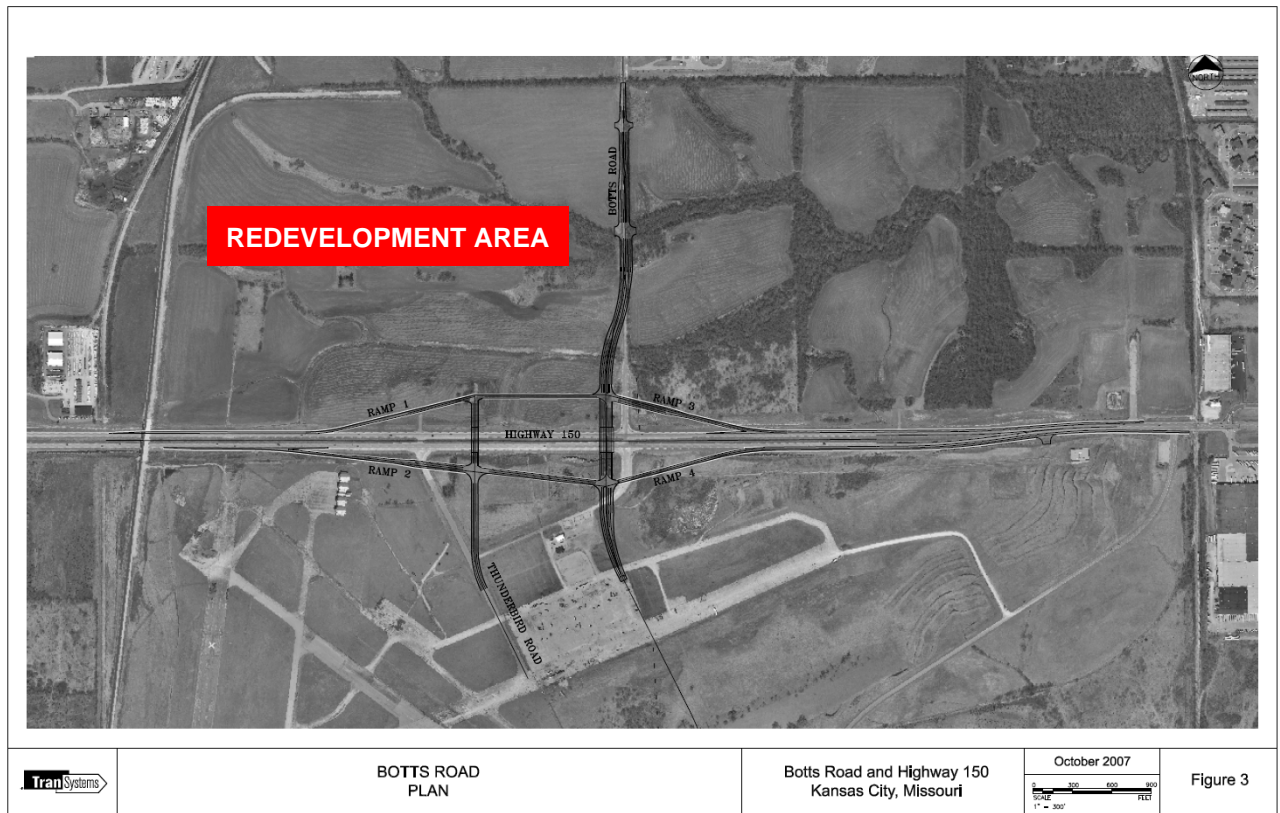
The presence of Richards-Gebaur within the neighborhood for over six decades has not been enough impetus to create the industrial and associated development anticipated with the growth of the air base facility. In fact, the city of Grandview, Missouri adjoining to the north of the proposed redevelopment area has seen much more industrial development in recent years including the former House of Lloyd (500,000 Sq.Ft.) distribution warehouse, the Sika Corp. (221,000 Sq.Ft.) campus, US Toy (348,800 Sq.Ft.), and Peterson Manufacturing (450,000 Sq.Ft.).

Now with the impending transformation of Richards-Gebaur into intermodal and surface and subsurface industrial park development the transition of the proposed redevelopment area to its legally permissible and highest and best use (industrial) is hindered by the agricultural-based road system. A Traffic Impact Study prepared by TranSystems (August 2007) for use by KCMO and MoDOT indicates a number of intersections along the Missouri Highway 150 corridor appear to be failing under existing traffic loads during A.M. and P.M. Peak Hours.

GSA has entered into a contract to purchase the 185.643-acre proposed redevelopment area. The contract would be transferred to a developer who will construct a new campus for the Kansas City NNSA/Honeywell operation currently housed at the Bannister Federal Complex. The proposed redevelopment would include 1.85 million gross square feet of structures resulting in a rather spacious land-to-building ratio of 4.4 : 1. The use would bring a minimum of 2,100

employees to the campus and require up to 2,500 parking spaces. TranSystems suggests that the NNSA/Honeywell use will generate 5,900 additional daily trips. In addition, TranSystems indicates that with build out of Richards-Gebaur, KCSR Intermodal, the underground industrial development, and the adjoining 320 acres, the existing road systems would have to sustain an additional 52,983 daily trips (3.0 times the current traffic load). The TranSystems study indicates that a split-diamond interchange will be needed to handle the increased traffic flows resulting from the development of the area to its highest and best use. MoDOT is in concurrence with the TranSystems findings and has concluded that a \$29-million split diamond interchange at Botts Road and Thunderbird Road is required if the area is to develop at its highest and best use. The proposed interchange design is shown below.

**SPLIT-DIAMOND INTERCHANGE DESIGN**



The \$29 million cost includes the Botts Road and Thunderbird Road overpasses, the access ramps, and improvement to Botts Road from Missouri Highway 150 north to the city limit, and tie in roads south of Missouri Highway 150 at Botts Road and Thunderbird Road into the southerly adjoining new development (CenterPoint & KCS Intermodal). Included in the cost are monies to immediately address the current unsafe conditions at intersections (addition of turn lanes and temporary signalization at Botts Road and Thunderbird Road).

The \$29 million cost of the required intersection improvements equates to \$156,214 per acre (\$3.59 per Sq.Ft.) if the cost is ascribed solely to the 185.643-acre proposed redevelopment area, \$57,353 per acre (\$1.32 per Sq.Ft.) if applied to the proposed redevelopment area and the easterly adjoining 320 acres of industrial land, and \$15,218 per acre (\$0.35 per Sq.Ft.) if the 1,400 acres at Richards-Gebaur is included. The proposed redevelopment area is currently under

contract for \$25,856 per acre. If the proposed redevelopment area were required to bear the cost of the new interchange the cost would be 6.0 times the apparent market value of the tract (or 2.2 times the contract price based upon 505.643 acres or 59% of the contract price based upon 1,905.643 acres). By any measure, the cost of the required split-diamond interchange cannot feasibly be absorbed by the adjoining property.

In conclusion, the proposed redevelopment area has good linkage and a visible location. However, as the city's area plan indicates the current road network serving the neighborhood is modest and generally of rural design. No internal street system exists within the 185.643-acre proposed redevelopment area. Development of an internal street system will be costly due to the size of the tract, the topography, creeks that bisect the tract and a buried gas pipeline easement. Botts Road is a narrow 20-foot wide undulating rural roadway with nearly nonexistent shoulders in poor to fair condition. Traffic studies indicate portions of the neighborhood road system currently fail at peak A.M. and P.M. hours. The Botts Road and Missouri Highway 150 intersection lacks dedicated turn lanes, which creates safety issues in exiting an expressway with a speed limit of 60 miles per hour. Significant traffic, including semi-trailer traffic utilizes Botts Road. In order to develop the proposed redevelopment area the cost of road improvements projected by MoDOT (\$29 million) would amount to 6.0 times the apparent market value of the land and equate to \$3.59 per square foot of proposed redevelopment land area. All told, defective or inadequate street layout is judged to be a major blighting influence on the proposed redevelopment area.

## **Component 2: Insanitary or Unsafe Conditions**

The defective and inadequate road systems described previously under Component #1 result in unsafe conditions.

Properties that are not achieving their highest and best use often lack adequate policing and supervision. As demonstrated by the numerous photographs included later in the report, a significant amount of illegal dumping has occurred within the proposed redevelopment area (and the vacant property lying east of Botts Road). Detrimental conditions observed during visits to the proposed redevelopment area indicate:

- Broken glass (windshields and bottles)
- Furniture (sofas, chairs, recliners, mattress, cushions, TV stand, cabinets)
- Appliances (refrigerator (with door on), washing machine)
- Electronics (televisions, computer monitors)
- Construction materials (paint buckets, parking blocks, windows, doors, pallets, carpets and pads, cinder blocks, asphalt, telephone pole, plywood)
- Yard waste (tree limbs, grass, leaves)
- Tires and automobile parts

- Metal tanks (3)
- General rubbish
- Alcoholic containers

It is noticeable and noteworthy that upon crossing the city limits into northerly adjoining Grandview, Missouri none of these conditions exist. Illegal dumping and vagrancy are health, fire, environmental, and social liabilities which generally results from lack of policing and supervision.

A number of insanitary or unsafe conditions result in blighting influence within the proposed redevelopment area.

### **Component 3: Deteriorating Site Improvements**

The proposed redevelopment area contains no habitable improvements. However, a small abandoned structure (former air base use), and former site improvement rubbish piles, abandoned concrete foundations and wall structures, metal tanks, and a storm shelter and water well exist on the site. (Note the numerous photographs included later in the report depicting these negative influences.) All of these issues will need to be addressed (removed) prior to redevelopment. Abandoned structures can lead to vagrancy and crime while rubbish piles can lead to the spread of vermin and health issues.

The issues described above create a negative influence for redevelopment of the proposed redevelopment area and the improvement of the neighborhood.

### **Component 4: Improper Subdivision/Platting**

This component of blight generally applies to urban settings where fractionated interests prohibit development of modern functional structures (e.g., numerous 25-foot wide city lots must be combined to create a footprint for an office building). The redevelopment area includes two tax parcels in common ownership.

Improper subdivision/platting is not considered a blighting influence.

### **Component 5: Endangerment By Fire Or Other Causes**

The redevelopment area is generally conveniently located for police and fire service. Fire hydrants were noted along Missouri Highway 150 within the neighborhood. Extending these services across a 185.643-acre undeveloped tract is difficult. Significant costs will be incurred to extend fire protection across the tract during redevelopment. It appears the tract may require an elevated water tower to create adequate water pressure to fuel the fire sprinkler (wet) system required to protect a development the size proposed by NNSA (1.85 million gross square feet). The numerous blighting factors previously discussed concerning insanitary or unsafe conditions and deteriorating site improvements are also considered negative influences under this Component.

Policing a vacant 185.643-acre tract with unrestricted access is difficult and supervision is lacking. Illegal dumping was noted in multiple areas within the redevelopment expansion area. On each trip to the proposed redevelopment area the consultant observed new and extensive illegal dumping. Rubbish and trash piles can result in the breeding of vermin, the spread of disease, are fire hazards, and environmental hazards (discarded tanks, construction materials).

Several factors discussed above are judged to endanger life by fire or other causes.

## **Component 6: Hindrance to Housing Accommodation**

The intent of this component of the blight definition deals with the natural process of growth and development of a neighborhood. The proposed redevelopment area has remained in agricultural use despite the presence of Richards-Gebaur (a 1,400-acre development) to the south for 67 years and the addition of over 2.5 million square feet of industrial and residential development immediately to the north in Grandview, Missouri. It is easily argued that the development to the north in Grandview would be more appropriate at the proposed redevelopment area due to access and visibility and proximity to Missouri Highway 150 and Richards-Gebaur. The Grandview sites are more remote and lack Missouri Highway 150 frontage. Yet, significant development has occurred in Grandview while the proposed redevelopment area remains in agricultural use. The ready availability of Tax Increment Financing and the ease of the development process (compared to KCMO) have helped fuel development in Grandview.

The presence or absence of utilities, particularly sewers, has a strong affect on development progress. The nearest sanitary sewer connection for the proposed redevelopment area is a quarter mile to the northeast. The cost to bring sanitary sewers to the proposed redevelopment area is estimated at \$550,000. (The cost will increase if an upsize agreement is required by the city. Estimated site costs included in this section were provided by JE Dunn Construction or the corresponding utility provider.) The cost to extend sanitary and storm sewers through the extensive 185.643-acre site is estimated at \$3,825,000. The cost to extend domestic water is estimated at \$550,000 while fire water service is projected at a higher \$1,600,000. If an elevated water tower is required to insure adequate fire sprinkler pressure the projected cost will increase substantially. Natural gas will need to be extended nearly 800 feet south along Botts Road. The estimated cost is \$45,000. Electrical lines will also have to be extended several hundred feet from the north along Botts Road. The projected cost is \$895,000. Design and management costs add \$650,000 to the above items. The petroleum pipeline owned by Williams Brother Pipe Line Company, which bisects the northern portion of the property in an east-west direction (see **Land Title Survey**), would likely need to be moved prior to intense development of the site. The cost to move the pipeline to the north perimeter of the property is estimated at \$1,000,000. The utility extension costs mentioned above that are needed prior to development of the proposed redevelopment area total \$9,115,000 or \$49,100 per acre or \$1.13 per square foot. (These costs do not include an elevated water tower which maybe necessary to provide adequate fire sprinkler pressure.) The total estimated costs of \$49,100 per acre equate to 190% of the apparent market value (\$25,856 per acre) of the proposed redevelopment area.

Wetland mitigation at the proposed redevelopment area is projected to cost \$450,000 with another \$100,000 needed for plant materials. Rough grading of the rolling topography (approximately the northern two-thirds of the tract) is estimated to cost \$6,035,000 with structural and backfill grading adding another \$700,000.

Development at the industrial highest and best use will not occur if a potential purchaser of the proposed redevelopment area is required to pay \$9,115,000 for utility related costs, \$550,000 for wetland issues, \$6,735,000 for grading, and \$29,000,000 for road improvements (or a total of \$45,400,000 equating to \$5.61 per square foot of proposed redevelopment land area).

Full development of the proposed redevelopment area at the industrial highest and best use would create employment opportunities that would likely fuel housing provisions and would greatly aid the Grandview School District while placing no additional demand on school district resources. (The development of the NNSA campus would likely increase annual real estate tax payments from the proposed redevelopment area to the Grandview School District from \$652.69 to approximately \$1.58 million.) Fiscally sound school districts also benefit residents and create appeal for new housing provisions while strengthening neighborhoods.

Hindrance to housing accommodations is judged a blighting factor for the proposed redevelopment area.

## **Component 7: Economic or Social Liability/Underutilization**

Section 74-2 of the KCMO Code notes the following economic characteristics of blighted areas:

- Reduced or negligible income
- Impaired economic value
- Depreciated values
- Impaired investments
- Negligible income

The Missouri Supreme Court has determined that “the concept of urban redevelopment has gone far beyond ‘slum clearance’ and the concept of economic underutilization is a valid one.”

GSA desires to develop a new campus for NNSA/Honeywell on the proposed redevelopment area and has a contract to purchase the 185.643 acres for \$25,856 per acre. NNSA/Honeywell is involved in the production and procurement of electrical and mechanical non-nuclear components for nuclear weapons. These components constitute approximately 85% of all the components contained in nuclear weapons. The new campus was approved for funding by the US Congress on January 16, 2008. The campus would include approximately 1,850,000 gross square feet (1,400,000 rentable square feet and 1,225,000 usable square feet) of office, manufacturing, research, and warehouse space supported by up to 2,500 surface parking spaces. The proposed development would be a LEED® Gold Rated “Green” campus. The current estimated development cost for the project is \$500 million (\$270 per gross square foot).

GSA would actually solicit bids from developers. After the winning developer is chosen, GSA would transfer the land purchase contract to the developer who would close on the site and build the campus. GSA would sign a lease with the developer on behalf of NNSA for the campus for a fixed term of 20 years with the potential for 10 years of options. The US Congress has approved funding of up to \$38 per rentable square foot of campus improvement based upon 1,552,500 rentable square foot or up to \$58,995,000 annually in lease payments.

In 2007, the proposed redevelopment area generated a mere \$1,072.89 in real estate taxes. The Jackson County Assessor has determined the proposed redevelopment area should generate roundly \$5,200,000 annually in real estate taxes if developed with a good quality industrial complex containing 1.0 million square feet. Other public benefits foregone by the current underutilization include significant personal earnings tax, sales tax, utility tax, and property tax, as outlined in the spreadsheet on the following page.

NNSA/Honeywell will employ a minimum of 2,100 workers at the campus in good quality jobs (wages and benefits). The average payroll for 2008 is approximately \$95,000 per employee. NNSA/Honeywell has approximately 890 employees with Bachelor Degrees, 200 with Master's Degrees, and 20 with Doctorates. The payroll includes 37% hourly employees, 63% salaried employees, 25% female, and 17% minority. At the 2008 average payroll figures, the city earnings tax amounts to \$1,995,000. Over a 20-years span at a 3% annual salary increase the city earnings tax collection would amount to \$56,871,027.

The addition of 2,100 quality jobs would also fuel addition development (housing, retail, and services) within the general area.

The proposed redevelopment area lies within the Grandview GC-4 School District. In 2007, the school district collected \$652.69 in real estate taxes from the proposed redevelopment area and incurred no added expenses (no pupils). The development of the NNSA/Honeywell campus on the proposed redevelopment area would generate approximately \$5,200,000 in real estate taxes of which approximately \$1,580,000 would be given to the school district. The NNSA complex would add no expenses to the school district (pupils).

Honeywell FM&T procures approximately \$75,000,000 annually in products and services from Missouri and Kansas businesses.



**ECONOMIC GROWTH WITH NNSA/HONEYWELL CAMPUS**

Period Year	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019	11 2020	12 2021	13 2022	14 2023	15 2024	16 2025	17 2026	18 2027	19 2028	20 2029	TOTAL
<b>REAL ESTATE TAX</b>																					
Acreage	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643	185,643
Land MV per Acre	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856	\$25,856
Land Market Value	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000
KCMO Land Mill Levy	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132	\$2.2132
KCMO Land RETs	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75	\$33,994.75
Gross Sq Ft.	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Imp. MV per GSF	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Imp. Market Value	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000	\$277,500,000
KCMO Imp. Mill Levy	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632	\$1.4632
KCMO Imp. RETs	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60	\$1,299,321.60
JackMO Mill Levy	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455	\$6.7455
JackMO RETs	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88	\$6,093,614.88
<b>Total RETs</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>	<b>\$7,426,931.23</b>
<b>PERSONAL PROPERTY TAX</b>																					
Taxable MV	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000
PP Mill Levy (JackMO)	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955	8.1955
Taxable PP Taxes	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58	\$8,669.58
<b>EARNINGS TAX</b>																					
Employees	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Average Salary	\$100,786	\$103,809	\$106,923	\$110,131	\$113,435	\$116,838	\$120,343	\$123,953	\$127,672	\$131,502	\$135,447	\$139,511	\$143,696	\$148,007	\$152,447	\$157,021	\$161,731	\$166,583	\$171,581	\$176,728	\$182,072
Total Payroll	\$211,648,560	\$217,999,037	\$224,538,008	\$231,278,178	\$238,213,433	\$245,359,836	\$252,720,631	\$260,302,250	\$268,111,318	\$276,154,657	\$284,439,297	\$292,972,476	\$301,761,680	\$310,814,500	\$320,138,036	\$329,743,100	\$339,636,396	\$349,824,458	\$360,319,191	\$371,128,767	\$382,269,664
Earnings Taxes	\$2,116,485.50	\$2,179,990.37	\$2,245,390.06	\$2,312,751.78	\$2,382,134.33	\$2,453,599.36	\$2,527,206.21	\$2,603,022.90	\$2,681,113.18	\$2,761,548.57	\$2,844,392.97	\$2,929,724.78	\$3,017,616.50	\$3,108,146.00	\$3,201,389.35	\$3,297,431.00	\$3,396,353.96	\$3,498,244.58	\$3,603,191.91	\$3,711,287.67	\$3,822,649.64
<b>UTILITY TAX</b>																					
Gross Sq Ft.	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Utility Exp. PSF	\$3.15	\$3.24	\$3.34	\$3.44	\$3.55	\$3.66	\$3.76	\$3.87	\$3.99	\$4.11	\$4.23	\$4.36	\$4.49	\$4.63	\$4.76	\$4.81	\$5.05	\$5.21	\$5.36	\$5.52	\$5.68
Taxable Utility Exp. PSF	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90
Total Utility Exp.	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00	\$5,365,000.00
Utility Tax Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Utility Taxes	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00	\$536,500.00
<b>SALES TAX (Operations)</b>																					
Purchases	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000
Sales Tax Rate	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%	2.375%
Sales Taxes	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25	\$16,031.25
<b>TOTAL ANNUAL TAX GROWTH</b>	<b>\$10,104,827.56</b>	<b>\$10,168,322.43</b>	<b>\$10,233,722.14</b>	<b>\$10,301,083.84</b>	<b>\$10,370,408.36</b>	<b>\$10,441,830.42</b>	<b>\$10,515,336.37</b>	<b>\$10,591,354.96</b>	<b>\$10,669,445.24</b>	<b>\$10,749,878.83</b>	<b>\$10,832,725.03</b>	<b>\$10,918,056.82</b>	<b>\$11,005,948.96</b>	<b>\$11,096,477.06</b>	<b>\$11,189,721.41</b>	<b>\$11,285,763.09</b>	<b>\$11,384,886.02</b>	<b>\$11,486,576.64</b>	<b>\$11,591,523.98</b>	<b>\$11,699,619.73</b>	<b>\$11,810,707.53</b>
present value @ 10%	\$9,196,206.57	\$8,403,572.25	\$7,693,746.91	\$7,035,778.87	\$6,439,243.71	\$5,894,197.50	\$5,398,133.88	\$4,940,845.07	\$4,524,886.32	\$4,144,543.67	\$3,796,904.04	\$3,478,829.37	\$3,188,031.26	\$2,922,049.22	\$2,678,730.34	\$2,456,110.87	\$2,252,300.44	\$2,065,961.77	\$1,895,306.80	\$1,739,073.92	\$90,127,552.00
present value @ 9%	\$9,270,494.00	\$8,556,473.55	\$7,902,311.17	\$7,297,547.49	\$6,740,091.80	\$6,236,181.94	\$5,752,359.59	\$5,315,443.71	\$4,912,506.98	\$4,540,864.91	\$4,198,036.81	\$3,881,748.33	\$3,589,905.41	\$3,320,581.93	\$3,072,004.20	\$2,842,642.47	\$2,630,895.56	\$2,435,082.34	\$2,254,401.07	\$2,087,573.55	\$96,808,868.64
present value @ 8%	\$9,358,321.82	\$8,717,697.55	\$8,123,858.38	\$7,571,804.14	\$7,057,965.17	\$6,580,187.40	\$6,135,715.64	\$5,722,179.32	\$5,337,378.96	\$4,979,273.78	\$4,646,970.09	\$4,336,710.98	\$4,046,864.45	\$3,777,918.13	\$3,527,466.85	\$3,294,206.66	\$3,076,927.15	\$2,874,504.65	\$2,685,885.95	\$2,510,132.44	\$104,357,779.32
present value @ 7%	\$9,443,754.08	\$8,861,406.61	\$8,353,795.05	\$7,858,647.54	\$7,383,998.21	\$6,917,899.14	\$6,484,548.81	\$6,084,264.79	\$5,703,471.25	\$5,346,693.19	\$5,014,549.63	\$4,704,747.80	\$4,416,077.37	\$4,143,405.12	\$3,885,989.00	\$3,642,878.42	\$3,404,100.04	\$3,178,463.55	\$2,965,152.97	\$2,763,404.08	\$112,844,905.24

The economic underutilization of the proposed redevelopment area is clearly demonstrated by the extensive industrial development lying just to the north in the city of Grandview, Missouri. Along Botts Road from roundly E 135<sup>th</sup> Street south one mile to the city limits, 63 industrial properties have been developed. Much of this development has occurred within the past 25 years. A partial list of uses is shown below:

Company	Sq.Ft.
Former House of Lloyd	500,000
Peterson Mfg.	450,000
US Toy	348,800
Sika Corp.	221,000
CJ Patterson	137,234
Thyssen Access	81,563
Cedar Creek	68,350
McCray Finishing	56,060
Three Rivers	42,350
Total	1,905,357

Much of the above described development within Grandview has been via the use of Tax Increment Financing (TIF). The extensive boundaries of the Botts Road Industrial Redevelopment Area lie just to the north of the proposed redevelopment area. In addition to the above notable developments, Jeff Teague is developing the Upland industrial Park along E 141<sup>st</sup> Street and the project has been designated for Tax Increment Financing (TIF) assistance. Prier Products is planning to development five or six new buildings (100,000 Sq.Ft. in all) on its 10-acre site with the aid of another proposed TIF district. Sika Corp. received assistance from the city of Grandview that included 100% abatement of real estate taxes for 10 years followed by 75% abatement the next ten years. The vacant land located directly north of the proposed redevelopment area has been designated an enhanced enterprise zone.

Redevelopment of the proposed redevelopment area would mean new employment opportunities for the area (including development, construction and permanent employees). The new NNSA/Honeywell campus would generate real estate, personal property, sales, employment, and utility taxes estimated at \$10,104,828 in 2010 and amounting to \$216,637,668 over the 20-year span of the initial lease term. Honeywell FM&T also reportedly procures roundly \$75,000,000 annually in products and services from Missouri and Kansas businesses.

Economic underutilization—evidenced by extended agricultural use (of a suburban tract) and inability to generate reasonable assessment—in this location adjoining a 1,400-acre former aviation facility and identified for industrial use for the past 20 years by the city indicates the proposed Highway 150 & Botts Road PIEA Redevelopment Area, is both blighted and an undeveloped industrial area.

## Conclusion

Despite being located across Missouri Highway 150 from a 1,400-acre property (first municipal airfield, then US Air Force Base, then municipal airport, then intermodal facility) for an extended period of 67 years, the proposed redevelopment area has remained in agricultural use. The city has designated the proposed redevelopment area for planned industrial park

development, the obvious highest and best use of the tract, for at least the past 20 years. Large industrial uses containing from 220,000 to 500,000 square feet, often aided by public incentives, have been developed on tracts adjoining to the north of the proposed redevelopment area in Grandview, Missouri. Thus, the proposed redevelopment area constitutes economic “liability” or “waste” described in the Chapter 100 definitions of a blighted area and an undeveloped industrial area.

Due to lack of policing and supervision the proposed redevelopment area is a dumping ground for nearby businesses and residents. Trash and illegal dumping can result in breeding of vermin, the spread of disease, fire hazards, and environmental hazards. The poor design and lack of maintenance of Botts Road and the lack of a deceleration lane from Missouri Highway 150 create additional public safety issues. Such health and safety factors are addressed in the Chapter 100 definitions of a blighted area, insanitary area, and undeveloped industrial area.

An excellent representation of the maximally productive use of the proposed redevelopment area is the announced desire of GSA to develop a new campus containing 1,850,000 gross square feet on the 185.643-acre tract for NNSA/Honeywell. The LEED<sup>®</sup> Gold Rated “Green” campus would include office, manufacturing, research, and warehouse space. GSA would sign a lease for the campus on behalf of NNSA/Honeywell for fixed term of 20 years with a potential for 10 years of options. The US Congress has approved funding of up to \$38 per rentable square foot or \$58.995 million annually in lease payments. A minimum of 2,100 workers will be employed at the campus in quality jobs (averaging \$95,000 annually per worker). The Jackson County Assessor has determined the proposed redevelopment area should generate roundly \$5,200,000 annually in real estate taxes if developed with a good quality complex containing 1.0 million square feet. Other public benefits foregone by the current underutilization include significant earnings tax, utility tax, sales tax, and personal property tax. The foregone economic benefit over a 20-year period from these factors is estimated at \$216.6 million. The addition of 2,100 quality jobs would also fuel addition development within the general area. The Grandview GC-4 School District would receive a significant tax increase (\$1.58 million) without the burden of any expenses (new students). Honeywell FM&T also reportedly procures roundly \$75,000,000 annually in products and services from Missouri and Kansas businesses.

However, in order to realize the enormous economic benefits described above, the proposed redevelopment area would incur overwhelmingly onerous first mover development costs amounting to an estimated \$45,400,000 (\$244,555 per acre or \$ 5.61 per square foot of land).

Therefore, the consultant has determined that the proposed Highway 150 & Botts Road PIEA Redevelopment Area located in the northwest quadrant of Missouri Highway 150 and Botts Road in southern Kansas City, Missouri, as of May 5, 2008, is a “blighted area” and an “undeveloped industrial area” according to the definitions provided in Missouri’s Industrial Development statutes (RSMo ch. 100) and is an economic underutilization with inadequate infrastructure and safety concerns that results in an inability to pay reasonable taxes to the detriment and injury of the public welfare. (These blighting influences equally affect both of the tax parcels comprising the proposed redevelopment area.)