

Minutes

The City Council of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Monday, November 2, 2015. Mayor Peggy Dunn presided.

Councilmembers Present: James Azeltine, Jim Rawlings, Lou Rasmussen, Carrie Rezac, Debra Filla, Julie Cain and Chuck Sipple

Councilmembers Absent: Andrew Osman

Staff Present: Scott Lambers, City Administrator Joe Johnson, Public Works Director
Patty Bennett, City Attorney Chris Claxton, Parks & Recreation Dir.
Dawn Long, Finance Director Cindy Jacobus, Assistant City Clerk
Debra Harper, City Clerk

Leawood Chamber of Commerce: Kevin Jeffries, President, Chief Executive Officer and Director of Economic Development
Ben Biller, Board Vice Chair
John Arnold, Economic Development Chair

Others Present: None

Review Chamber of Commerce's Economic Plan

Mayor Dunn welcomed attendees, including several Boy Scouts, and introductions were made.

Mr. Jeffries thanked Mayor Dunn and stated he would provide an overview of the abbreviated Leawood Chamber Economic Development Report, and invited input from the Governing Body. He stated today was the 9 month anniversary of the kick-off of the Leawood Chamber Economic Development Council. Two supplemental documents, a half-page *Urban Land Magazine* ad and "New Structures of Any Value & Additions Over \$250,000 through 9/30/2015" were distributed. Highlights of the report follow, with discussion presented at the end of the report overview.

Throughout the reporting period, great strides were made in building relationships in the real estate and economic development communities. Networking connections made through Councilmembers Rezac and Azeltine, as well as through Mr. Bob Marcusse, retiring president Kansas City Area Development Council [KCADC], were of benefit. Business retention and expansion calls were quite successful.

Work in the first quarter of 2015 focused on the purchase and initiation of tracking systems and search software. EcoDev Tracker, sponsored by Kansas City Power & Light [KCPL], is used to track economic development activity such as new business and retention calls. Xceligent is a commercial property tracking tool used to search for available real estate. Currently, there is no one perfect tracker available.

Budget

Approximately 75% of budget is expended to keep existing business customers happy and 25% is expended on recruiting and ensuring visibility of opportunities to businesses who might be considering locating in the City. A recent success in this regard is Aratana, who will be relocating to Leawood from Kansas City, Kansas. Work continues on retail opportunities for State Line vacancies and bringing retailers to Park Place that would be a good fit for the center and the community.

Office

In discussions with real estate developers, they view Leawood as homogenous; no major perceived difference in the office market. The Leawood office market does not have numerous vacancies, but there are several significant spaces that are unoccupied or underutilized that are available for sublease. On Tomahawk Creek Parkway, CBIZ who relocated to the Plaza in the former Polsinelli Building on Ward Parkway, is obligated to pay rent until June 2018. Block Real Estate is trying to lease the building and has had some interest. The building was designed for one company and the space may have to be reapportioned. Pinnacle V is nearly 100% leased. At \$30 per sq. ft., space is somewhat higher than the Johnson County market, and remaining space may need to be reapportioned into smaller 2,500 to 5,000 sq. ft. tenants. In Park Place, the 17,000 sq. ft. space formerly occupied by SFP, who was acquired by Verdesian Life Sciences, is available for a short-term sublease at very attractive rates. There are currently 15 people in the space. Location challenges associated with acquisitions of fast-growing companies happen county-wide. Also, there is a delicate balance between new opportunities and filling vacant properties.

Smaller start-up companies would like to be part of Leawood, but price of space is a challenge. The opportunity for state funding as a business incubator may be investigated.

Retail

Met with Mr. Jeff Berg and his Colliers team in regard to the center and former home of Hy-Vee at 123rd and State Line Road. Since the center does not have an anchor, there is not much interest by other retailers. Hy-Vee is asking \$4 Million and has a deed restriction, which only they can release, that no grocery store can be located in the entire center. The former Hy-Vee space has heating and air conditioning challenges, as grocery store requirements are different than other types of retailers, which a new tenant would need to retrofit. Other challenges are the building is fully depreciated with no cost to own from a profit-loss perspective, so Hy-Vee may not be motivated to sell, and Hy-Vee may not wish to have another store in their trade area.

Ranchmart has opted to proceed with the plan approved in 2010 before the approval expired versus proceeding with the Community Improvement District [CID] project. They will begin work on the east side of the complex, the former Seasonal Concepts space, and proceed west, then north. Comments from the owner indicated the CID process was proving too complex and costly to justify additional time and effort.

Residential

On the residential front, this is typically a slow time of year. Leawood has a very limited amount of new home sites available, but there is increased interest in townhome/maintenance-provided space in the \$350,000 to \$450,000 range. There is significant activity in retirement living space due to empty-nesters, aging baby boomers and Leawood population, and also from Leawood residents relocating loved ones to the City for better access to family members. Moving forward, consideration should be given on how to best provide this type of space throughout Leawood and the 135th Street Corridor. The Kansas City Area Transit Authority [KCATA] has discussed a RideKC connection at Prairiefire and this may be incorporated into the Economic Development Council's plan for the 135th Street Corridor.

Media

Based on a referral from Community Development Director Richard Coleman, a half-page ad to promote Leawood has been submitted for the November/December 2015 issue of *Urban Land Magazine*. This issue will be heavily focused on retail development and was an affordable opportunity for exposure to a national community. The ad includes mention of Leawood's great demographics for average home value, average gross household income and 5-mile radius daytime population.

Working with Metromedia on a "Leawood Business Matters" publication to distribute to businesses near Leawood. Currently, there are few large national projects and most successes this year were from established businesses, but it is important to ensure Leawood's visibility to any prospects.

A separate Economic Development website is under construction, with assistance from Lifted Logic and KCPL, and is planned for launch in the fourth quarter of 2015. The website will contain key demographic data with search function. It will include listings of known available sites, integrating with Xceligent. Businesses looking for space typically begin with data research, followed by telephone inquiry.

Travel

A trip is planned to visit and study the economic development of six suburbs of Dallas which have demographics and communities very similar to Leawood.

Marketing Plan

The late 2015 – 2016 Economic Development marketing plan is presented on Page 9 of the report. There are three types of business owners: 1) Reside outside of Leawood, 2) Reside in Leawood, but own business outside of Leawood, and 3) Reside and own a business in Leawood. Although most new businesses relocate from other cities, the Governing Body and the Economic Development Council wish to maintain congenial relationships with nearby cities and do not actively recruit businesses. Information to promote Leawood can be shared and businesses should be interested in the excellent opportunities and lifestyle of the City.

Business Retention and Expansion [BRE]

The success rate for scheduling BRE calls has been 90%; the rate for Overland Park is 20%. This high rate may be the result of the Economic Director making the call versus a Chamber member. Many of these calls are the starting point for further interactions, networking and successful negotiations.

Page 7 of the report lists five new businesses, with the first four of these being quite large. Aratana will now move in early spring 2016 rather than 2015. These projects total 164 initial jobs in 2015, 475 jobs when fully staffed, total investment of over \$14 Million, total initial payroll of \$11.5 Million and full staff projected payroll of \$34.8 Million.

Business owners have reported they favor having grocery stores, dry cleaners and pharmacies nearby for their employees to use during the lunch hour.

New Structures of Any Value & Additions Over \$250,000 through 9/30/2015

The second page of this hand-out provides a listing of County Economic Research Institute [CERI] 5-year data for commercial, not residential, building based on permits. For Leawood, the Church of the Resurrection accounted for a large amount in 2015. It was noted that a portion of their new construction and currently owned structures would now become taxable.

DISCUSSION HIGHLIGHTS

Mayor Dunn expressed surprise in regard to the status of Ranchmart presented in the report. Mr. Jeffries stated the information presented in the report was from a telephone message left by the owner the week of October 26, 2015.

Mayor Dunn stated the City Attorney had communicated action from the recent Council meeting to the owner's attorney, John Petersen, and Ranchmart is on an upcoming Governing Body meeting agenda, as a continuance from six weeks ago; it will remain until any notice is provided.

Mr. Lambers pointed out some permits had been pulled in advance of the expiration of the 5-year plan timeline. He stated if the City was at the core of the issues, he should be contacted and he would work to resolve; closure is needed.

It was noted that based on the stated phased progression of the project, it may take 15 years to complete the entire center which is in disrepair. Also, many tenants report they currently have leaky storefronts.

Mayor Dunn stated Overland Park had approved a CID for the far east of the south half of Ranchmart only. It was noted the southern portion of the Overland Park parking lot had some structural issues.

Mr. Jeffries stated there could be alternative plans or updates that he was not aware of and stated he would follow-up with the owner tomorrow.

Mr. Jeffries inquired about the status of the 135th Corridor. Mr. Lambers stated it was delayed as proposals sent out did not receive a good response. It was determined that recipients had overlooked the matching grant clause in the proposal, which would be clarified. He stated his hope to have complete by the end of 2016.

Councilmember Rasmussen inquired about the Johnson County appraisal amount for the former Hy-Vee space at the 123rd and State Line center. Mr. Jeffries stated his belief that the amount was \$4 Million and that this would be public record.

Councilmember Sipple asked if the 123rd and State Line Road center might be the location of a restaurant. Mr. Jeffries replied there had been interest by a bar and grill, but the prior restaurant deal fell through, and the bar and grill would like the center to have an anchor. He stated there is a data facility for a bank in the basement.

Councilmember Sipple noted that major Sprint cut-backs resulting in empty space on their campus might impact Leawood's development efforts. Mr. Jeffries stated that Overland Park is concerned in this regard as well, for both residential and commercial markets. Mr. Lambers stated that diversity can be beneficial in the long-term, but sometimes difficult in the short-term.

Mayor Dunn pointed out that Mariner is low on office space with a few employees working from home, and suggested the former 120,000 sq. ft. former CBIZ building might be a nice fit.

Councilmember Rasmussen asked if the development of the live/work units and UMB in Park Place were stalled. Mayor Dunn stated plans have been approved and although the developer has five years before they must start, work may begin in spring 2016; Mr. Lambers confirmed.

Councilmember Cain inquired about the residential lease rates at Park Place. Mr. Jeffries replied he was not aware of the residential rate. Mayor Dunn noted the developers have stated they are 80% leased and they are very pleased.

Councilmember Rezac asked if economic development inquiries previously made to Mayor Dunn or City Administrator Scott Lambers were now shifted to Mr. Jeffries. Mr. Jeffries replied Mayor Dunn, Mr. Lambers and he will all continue to handle these inquiries. Mr. Lambers stated Leawood is very limited on space. He stated Hallbrook has office space and the 135th Corridor is on hold. He does receive inquiries about possible rezoning from mixed-use to residential.

Councilmember Cain requested additional information on the planned "Leawood Business Matters" publication. Mr. Jeffries stated that Metromedia writers would speak with businesses and write stories of interest. The publication would be small magazine and include information about retail and office offerings. Mailing cost is estimated to be \$4,000 and Metromedia will sell advertising to defray their production cost. He stated that due to cost, publication could only happen once or twice a year.

Mayor Dunn suggested Mr. Jeffries partner with *Leawood Lifestyle* and *435* magazines, which are distributed at no cost. Mr. Jeffries stated the 2016 budget includes an increased amount for advertising, as funded by a portion of member dues, which could be used to place ads in these magazines.

Councilmember Rawlings stated he was pleased with the economic development progress, the promotion of Leawood and the 2016 Economic Development Council budget. He asked Mr. Jeffries if there were any challenges for which the Council might provide support. Mr. Jeffries stated he would like to speak more frequently with Mr. Lambers, and that as development continues there would be more opportunities to do so.

Councilmember Azeltine stated long-term economic development would not be successful without a steady exchange of information, even if the activity level was minimal. Communication ensures work in unison.

Mr. Lambers noted that Leawood needs alternative housing rather than apartments to accommodate empty-nesters who do not require large homes.

Mr. Jeffries requested he be contacted with any questions or to schedule attendance at one of the economic development meetings.

There being no further business, the Work Session was adjourned at 7:26 P.M.

Debra Harper, CMC, City Clerk

Cindy Jacobus, Assistant City Clerk