

February 5, 2020

TO: Planning Commission Members

FROM: Beth Linn, City Administrator

SUBJECT: Economic Impact Analysis

On January 12th, the Edgerton Planning Commission directed staff to assemble a presentation of the possible economic impacts on the applicant properties and to neighboring properties as a result of the requested rezoning. In preparing that presentation staff has used Criteria No. 15 “the economic impact on the community from the uses allowed in the proposed rezoning” as a guide. The analysis below starts by examining the economic impact of the properties requested to be rezoned. The analysis then continues to get broader in nature to address the economic impact of the adjacent properties and finally the economic impact more regionally.

Economic Impact of Parcels Requested to be Rezoned

Property Tax Revenues

To determine the economic impact of the parcels requested to be rezoned the City’s Financial Advisor, Columbia Capital Management (CCM), prepared the chart below of actual and projected revenues generated to all taxing jurisdictions for these properties. Below is a chart summarizing those revenues.

- Current Tax Generation - amount of taxes paid now based on 2020 mill levy rate and current appraised value
- Abatement Tax Generation – projected amount of taxes paid if the properties were developed as logistics park using a similar structure to other LPKC projects
- Post-Abatement Tax Generation – projected amount of taxes paid if the properties were developed as logistics park using a similar structure to other LPKC projects once the abatement expires (after ten years) based on estimated full appraised value

Taxing Jurisdiction	2020 Levy Rate	Current Tax Generation	Abatement Tax Generation	Post- Abatement Tax Generation
USD 231 (Non-Capital)	64.682	\$6,346	\$633,663	\$7,837,599
USD 231 (Capital)	8.000	\$785	\$969,370	\$969,370
JCCC	9.191	\$902	\$90,041	\$1,113,685
City of Edgerton	30.381	\$2,981	\$297,630	\$3,681,304
JoCo Fire #1	17.807	\$1,747	\$174,448	\$2,157,696
JoCo Library	3.905	\$383	\$38,256	\$473,174
JoCo Parks	3.093	\$303	\$30,301	\$374,783
Johnson County	18.799	\$1,844	\$184,166	\$2,277,898
State of Kansas	1.500	\$147	\$14,695	\$181,757
TOTAL	157.358	\$15,439	\$2,432,570	\$19,067,266

Note – NO site plan has been filed at the City for any of these properties. However, in order to complete the analysis of economic impact requested by the Planning Commission staff used logistics park development patterns similar to other areas of LPKC. Any development of these properties would still require all the development process steps to be completed, including but not limited to applications, public hearings, required approvals, etc.

Job Creation

Since opening in 2013, Logistics Park Kansas City has created 4,600 new direct jobs in Edgerton. These jobs range widely in responsibility from warehouse associates and forklift operators to human resources, distribution center managers and even corporate officers.

According to the Economic Policy Institute in January 2019, for every 100 jobs created in the transportation and warehousing sector, there are 276 indirect jobs created in “supplier and induced jobs.” Using this multiplier, a total of 12,696 indirect jobs have been created. Adding direct and indirect job together results in 17,296 job created by LPKC.

Economic Impact to Adjacent Properties

In preparing this portion of the analysis, staff analyzed historical property valuations of residential property (traditional single family, two family/duplex and large lot rural single family) adjacent to the development of warehouse and distribution centers, manufacturing or other similar uses. Staff focused on two example areas for this analysis: area adjacent to Logistics Park Kansas City (LPKC) development in Edgerton; and area adjacent to I-35 Logistics Park/New Century Air Center development in Olathe. Below is a summary of the analysis. All property valuation data was provided by Johnson County.

Adjacent to LPKC/Edgerton

This analysis focuses on several types of residential development adjacent to Logistics Park Kansas City (LPKC). LPKC Phase I (north of Interstate 35) began construction in 2013. LPKC Phase II (south of Interstate 35) began construction in 2018.

- Traditional Single Family and Two Family/Duplex Residential – Staff analyzed property valuation data adjacent to LPKC Phase I in the BlueHawk and Genesis Farms developments located north of 181st Street and just east of the Edgerton city limits, which started in 2003. This area developed before, during and after LPKC.
 - This area had 85 new housing starts after LPKC opened in 2013.
 - The average appraised value in this area for properties constructed prior to 2013 increased 53% from 2013 to 2020. For those constructed after 2013, the average appraised value increased 48%.
 - In 2013, the average appraised value for properties in the area was \$132,775.
 - In 2020, the average appraised value for properties in this area is \$210,986.
- Traditional Single Family – Staff also examined valuation data in the Sherman Estates development located south of 181st Street just east of the Edgerton city limits. This area generally developed prior to the start of LPKC.
 - While most of the development was constructed prior to 2013, there were 6 new housing starts since 2013.
 - The average appraised value in this area for properties constructed prior to 2013 increased 45% from 2013 to 2020. For those constructed after 2013, the average appraised value increased 22%.
 - In 2020, the average appraised value for properties in this area was \$258,517.
- Large Lot Rural Single Family Residential – Staff analyzed property valuation data for large lot rural single family residential properties located within LPKC and/or the Overweight Corridor (i.e. along 191st Street, Waverly Road, Homestead Lane, Four Corners Road).
 - The average appraised value for large lot rural single family residential within LPKC and/or in the Overweight Corridor has increased 697% since 2013.
 - In 2013, the average appraised value for properties in the area was \$101,724.
 - In 2020, the average appraised value for properties in this area is \$447,090.
- Large Lot Rural Single Family Residential – Staff analyzed property valuation data for large lot rural single family residential properties in the Peppertree neighborhood south of 199th Street and east of Homestead Lane. Most of these properties were developed before LPKC opened in 2013. One property in Peppertree was built in 2014.
 - The average appraised value for large lot rural single family residential in the Peppertree neighborhood has increased 56% since 2013.
 - In 2013, the average appraised value for properties in the area was \$234,635.
 - In 2020, the average appraised value for properties in this area is \$369,048.

- Large Lot Rural Single Family Residential – Staff analyzed property valuation data for large lot rural single family residential properties adjacent to LPKC Phase II across the street from the Kubota North American Distribution Center (207th Street from Homestead Lane to Waverly Road). Kubota began construction in 2018.
 - The average appraised value in this area has increased 13% since 2018.
 - In 2018, the average appraised value for properties in the area was \$242,026.
 - In 2020, the average appraised value for properties in this area is \$266,771.

Adjacent to I-35 Logistics Park/New Century Air Center

This area includes several uses similar and more intensive uses than what is permitted in the City of Edgerton Logistics Park (L-P) District such as warehouse and industrial at I-35 Logistics Park; various manufacturing at New Century Air Center; and an asphalt plant and quarry at Hamm Asphalt Plant and Quarry.

- Traditional Single Family Residential – This analysis examines property valuation data for the Reserve at Prairie Highlands development north of 151st Street and South Clare Road within one-half mile to the I-35 Logistics Park development and within one mile of New Century Area Center. This area developed before, during and after the development of the I-35 Logistics Park and New Century Air Center.
 - The average appraised value for traditional single family residential property constructed prior to 2013 has increased 34%.
 - This area included 76 new housing starts since 2013.
 - Average appraised value for homes constructed after 2013 have increased by 51%.
 - In 2013, the average appraised value for properties in the area was \$265,616.
 - In 2020, the average appraised value for properties in this area is \$351,103.

Economic Impact for Region

Finally, development of Logistics Park Kansas City has driven significant private investment regionally as well. Commercial construction projects in our neighboring jurisdictions including development of the Hampton Inn, Groundhouse South, Olathe Health Gardner Edgerton Urgent Care and the future Quik Trip in Gardner. Just down Interstate 35, the City of Wellsville is home to the newly constructed Bert's Truck Plaza, a full service truck stop with large parking area for trucks, truck wash on site, large drivers lounge, private showers and laundry machines. Located next to Bert's is the home of Keim Trucking including their commercial drivers license (CDL) training center.

Neighboring jurisdictions have also experienced significant growth in housing starts. Since LPKC opened in 2013, the City of Gardner had 879 residential building permits issued (both single family and multi family) and the City of Spring Hill had 702 residential building permits issued. While not all of these can be attributed directly to the development of Logistics Park Kansas City, certainly there is a link between growth in employment opportunity in this area with the demand for housing options in close proximity.