

STAFF REPORT

DATE: 1/14/25
TO: City Council
FROM: Ted Henry, City Manager
SUB: Authorizing Land Bank Transfer



SUMMARY

In April 2023, the City of Bel Aire was awarded a BASE Grant to support improvements at Sunflower Commerce Park. Shortly after the grant application was submitted, Integra Technologies announced its planned expansion in Bel Aire. This project is contingent on Integra receiving a federal "CHIPS Act" grant aimed at reshoring the semiconductor supply chain to the United States. The status of the CHIPS Act grant and Integra's expansion remains uncertain.

Given this uncertainty and the timeline for utilizing BASE Grant funds, city staff determined that the use of our grant funding should be revised. The Kansas Department of Commerce approved the building of a new utilities and public works facility as the revised project. This facility will enhance the reliability and service capabilities of critical infrastructure, supporting the area and economic development within Sunflower Commerce Park. Key improvements include an equipment storage facility, additional administrative space, and upgraded cybersecurity measures.

With grant deadlines approaching, the city has taken key steps to ensure the project's progress. These steps include hiring an owner's representative and architect, completing architectural and engineering designs, and conducting a bidding process to secure contractors.

DISCUSSION

Current estimates are based on the following:

Construction	\$ 5,648,000
A&E (6.5%)	\$ 418,490
OR (4%)	\$ 257,532
Equipment	\$ 500,000
10% Contingency	\$ 564,800
Total	\$ 7,388,822
BASE	\$ 4,716,225
BASE (25% CITY MATCH)	\$ 1,572,075
	\$ 6,288,300
AMOUNT OVER MATCH	\$ 1,100,522
TOTAL CITY	\$ 2,672,597

The City of Bel Aire was awarded \$4,716,225 in grant proceeds, requiring a \$1,572,075 match from the City. This leaves an additional \$1,100,522 to be funded, bringing the total City contribution to \$2,672,597.

This project supports public utilities, economic development, and every citizen in Bel Aire. We have three primary reserves that address these areas: the Water, Sewer, and Land Funds. The largest reserve account to consider is the Land Fund, which has accumulated over \$6,000,000 from land sales and interest in recent years. The Water Reserve account is projected to end FY25 with \$1,873,153, and the Sewer Reserve account is projected to end FY25 with \$3,055,307.

Looking ahead, the City's water and sewer needs are expected to grow significantly over the next five years. On the sewer side, we are currently expanding our sewer treatment plant. On the water side, two significant risks are anticipated: the need for a future water tower and potential short-term impacts from water restrictions.

Timing is another critical factor. The grant funds of \$4,716,225 and the City's match of \$1,572,075 must be expended by July 1, 2025. While I am working with the Department of Commerce to request an extension, even with additional time, the timeline will remain tight. The remaining \$1,100,522 serves as a helpful buffer to complete the project without being tied to a strict deadline.

After a brief discussion at the January 7, 2025, City Council meeting, I recommend utilizing our Land Funds by transferring \$2,672,597 from the Land Bank to the General Fund, followed by a further transfer to the special projects account established for the Public Works Facility Project.

Since 2005, we have spent \$29.7 million in debt payments to purchase land for growth purposes. In 2016, we established the Land Bank Fund, allocating another \$2.7 million to cover special assessments related to land acquisitions.

Staff recommends approving the motion as presented.