

City of Bel Aire, Kansas

STAFF REPORT

DATE: March 12, 2024

TO: Ty Lasher, City Manager

FROM: Ted Henry, Assistant City Manager / Director of Finance

SUB: Walton's Inc.



The City of Bel Aire was contacted by Walton's Inc., indicating their interest in expanding operations by constructing a new facility within our Sunflower Commerce Park. With a current workforce of 60 employees, Walton's Inc. is a leading provider of supplies and equipment to both commercial and home-based meat processors across North America.

Having experienced 22 years of consecutive growth, Walton's Inc. has outgrown its existing 60,000 square foot facility in Wichita. As part of their expansion plans, they intend to build a new 100,000 square foot facility, with an additional 50,000 square feet earmarked for future growth.

The proposed investment from Walton's Inc. into our community stands at \$12,000,000 for the construction of this new facility. Walton's has submitted an Industrial Revenue Bond (IRB) application to secure property tax abatement and sales tax exemptions, thereby reducing the financial burden associated with their expansion endeavors. Walton's and City Staff have agreed to the recommended abatement scale outlined in our IRB Policy, which spans over a period of 10 years, gradually reducing the abatement percentage annually.

Additionally, Walton's Inc. has agreed to the 1% origination fee as stipulated by our IRB Policy, with a request to spread this fee over a 5-year period, a request deemed reasonable by our staff, which has been included in the Letter of Intent (LOI) for your consideration.

As part of the IRB process, a cost-benefit analysis has been conducted to assess the potential impact of Walton's Inc.'s expansion. The study, conducted by the Wichita State University Center for Economic Development and Business Research, indicates a favorable 1.74 cost-benefit ratio. A ratio exceeding 1.00 signifies that public benefits outweigh public costs during the evaluated period. Furthermore, Walton's Inc. anticipates hiring 10 new employees within the first five years following the expansion.

Given the positive findings and the potential benefits to our community, our staff recommends setting a public hearing at the April 2, 2024, City Council Meeting to further discuss and consider Walton's Inc.'s proposal.