

STAFF REPORT

DATE: March 25, 2024

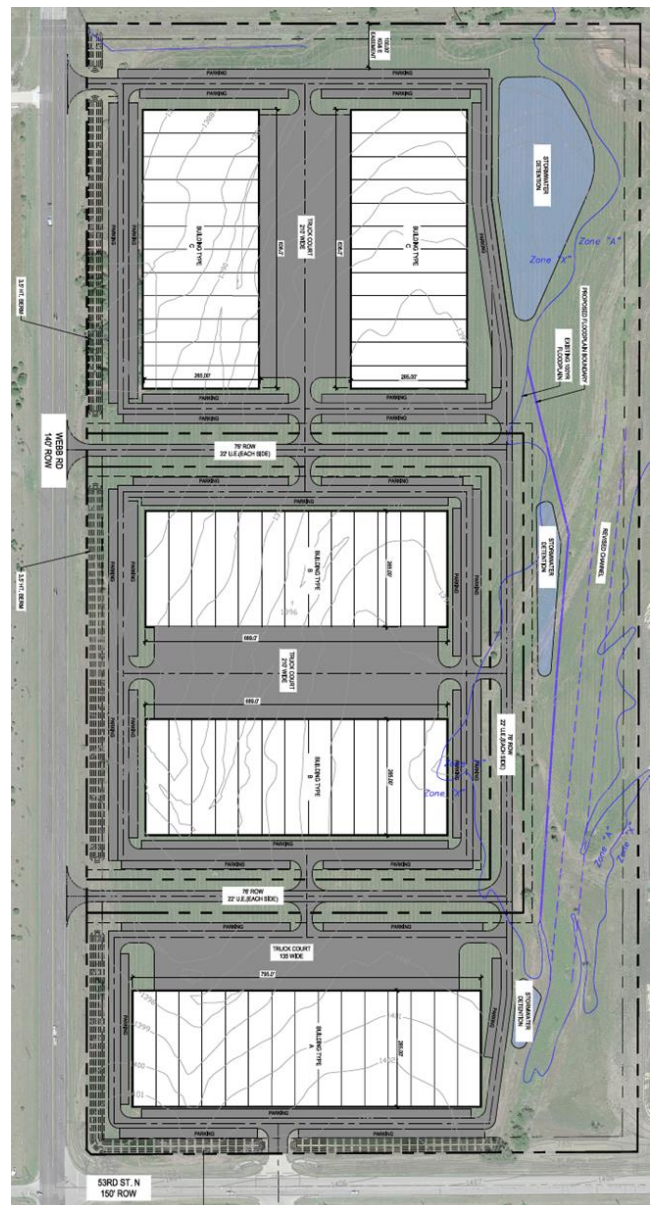
TO: City Council

FROM: Ted Henry, City Manager

SUB: Aspen Funds LLC

The City of Bel Aire was contacted by Aspen Funds LLC., indicating their interest in constructing a new speculative building development on the northeast corner of 53rd Street and Webb Road.

Aspen Funds proposes an investment of \$105,000,000 to finance the construction of five buildings. It is anticipated that completing and fully leasing the 912,925 square foot development has the potential to create roughly 609 jobs with an average salary of \$44,000 in today's market.



As with other Industrial Revenue Bonds (IRBs) issued for such developments within the City of Bel Aire and surrounding communities, Aspen Funds wishes to approve a master Letter of Intent (LOI) that can be applied to all buildings as they are built in phases. The first phase will be to construct Building 1 (the southernmost facility) at an estimated cost of \$23,000,000. After the completion of the first phase, Aspen Funds will evaluate market demand and construct more buildings. All five buildings are anticipated to be completed around the end of Q4 of 2034.

Aspen Funds 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 endeavors. Based on the value of the buildings and the anticipated number of employees, Aspen Funds and City Staff have agreed to an abatement schedule of 100% property tax exemption for the first years and 75% property tax exemption for years 6-10 (10 years in total). Staff feels this is not only in line with what other companies within the Sunflower Commerce Park have received but also a step in the right direction.

Additionally, Aspen Funds LLC has agreed to a 1% origination fee, not to exceed \$100,000, as set forth by the IRB Policy.

As part of the IRB process, two cost-benefit analyses have been conducted to assess the potential impact of Aspen Funds' development.

CBA of Building 1 Only:

The cost-benefit study, conducted by the Wichita State University Center for Economic Development and Business Research, indicates a favorable cost-benefit ratio of 1.34. A ratio exceeding 1.00 signifies that public benefits outweigh public costs during the evaluated period. Furthermore, Aspen Funds anticipates that upon the completion and full leasing of Building 1, which will consist of approximately 210,675 square feet, approximately 140 jobs will be created.

CBA of All 5 Buildings:

The cost-benefit study, conducted by the Wichita State University Center for Economic Development and Business Research, indicates a favorable cost-benefit ratio of 1.38. This ratio also signifies that public benefits outweigh public costs during the evaluated period. Furthermore, Aspen Funds anticipates that upon the completion and full leasing of all five buildings, which will consist of approximately 912,925 square feet, approximately 609 jobs will be created.

Given the positive findings and the potential benefits to our community, our staff recommends setting a public hearing at the April 16, 2024, City Council Meeting to further discuss and consider the Aspen Funds proposal.