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525 North Main Street 3rd
Floor
Wichita, KS 67203

Legislation Text

File #: 18-946, Version: 1

CONSIDERATION OF THE ISSUANCE BY THE CITY OF WICHITA OF ITS TAXABLE INDUSTRIAL REVENUE BONDS TO PAY THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MANUFACTURING FACILITY TO BE LEASED TO AIR CAPITAL FLIGHTLINE, LLC AND SUBLEASED TO SPIRIT AEROSYSTEMS, INC., WHICH FACILITY IS LOCATED WITHIN AN UNINCORPORATED AREA OF THE COUNTY.

Presented by: Brent Shelton, Director of Economic Development and Tax Systems, Division of Finance.

RECOMMENDED ACTION: Approve the Resolution.

Air Capital Flight Line - City of Wichita Letter of Intent for IRBs & Ad Valorem Tax Exemption.

The City of Wichita approved, on Tuesday, November 13, 2018, by a 7-0 vote; a letter of intent to issue Industrial Revenue Bonds to Air Capital Flight Line LLC in an amount not to exceed \$18,000,000; and to grant a 100% tax exemption for a period of 5 + 5 years pending the creation of an additional 320 new jobs at an average annual wage of \$54,500.

The proceeds of the bonds would be used to construct a new 144,000 sf manufacturing facility on the Spirit AeroSystems campus at 3800 S. Oliver. The site is located on the east side of Oliver; across the street from Spirit's headquarters.

The parcel on which the proposed construction would take place is located outside the city limits of Wichita, within the Boeing Industrial District. As such, Kansas Statutes provides the County Commission with the authority to influence the City's granting of the property tax exemption by considering the item within 7 days after at the next County Commission meeting subsequent to the City's approval of the letter of intent. The only scheduled BOCC meeting within this time frame is Wednesday, November 14, 2018.

Alternatives: There are three options for the BOCC:

- Vote to approve the exemption;
- Vote to deny the exemption; or
- Take no action, which allows the exemption to proceed.

The proposed facility is owned by a partnership between Johnny Stevens and Dave Murfin. The building will be leased to Spirit AeroSystems, who will be creating the 320 new jobs. These new jobs are in addition to the 1,000 new jobs Spirit AeroSystems committed to last year.

Financial Considerations: See attached cost-benefit analysis.

The Center for Economic Development and Business Research (CEDBR) at WSU has performed a benefit to cost ratio analysis for this project. With a 320 job commitment, the analysis indicates a ROI

to the County of 30.2% with a 1.3 to 1 benefit to cost ratio.

According to the County Economic Development Incentive Policy, a benefit to cost ratio of 1.3 to 1 or greater is desired for the County to consider approval of the tax exemption. This project meets that requirement.

Legal Considerations: Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 et seq.

Policy Considerations: N/A

Outside Attendees: Debbie Gann of Spirit AeroSystems, Joe Norton of Gilmore & Bell, and others.

Multimedia Presentation: N/A