

Affinity Worldwide – Consideration for Approval of Tax Abatement

Project Description: Affinity Worldwide is a family of companies spanning a broad spectrum of industries including insurance, investing, real estate and publishing. Brands include, but are not limited to, Thinking Bigger Business Media, CEED, Wrenn Co. Financial, Kansas City Sports & Fitness, Rivet, American Association of Private Lenders, and CoprSecurity Innovations.

Currently headquartered at 7509 NW Tiffany Springs Parkway Ste. 200, the company plans to renovate 7310 NW Tiffany Springs Parkway to create one centralized office location in Kansas City, Missouri. (Exhibit 2-B & 2-C)

This project received an **AdvanceKC score of 56** (*Standard impact*). (Exhibit 2-D)

Investment & Employment: The company employs 116 employees and estimates adding **100 new full-time employees** over a five year period.

The average annual salary for new employees is estimated at **\$40,000** with projected new earnings of **\$4,000,000**.

Projected Growth	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
New Employees		20	20	20	20	20
Total Headcount	116	136	156	176	196	216

The company anticipates a capital investment of **\$1,704,160** for building renovations. (Exhibit 2-E)

Abatement Request: Affinity Worldwide is requesting 75 percent tax abatement on improvements for a 12-year period.

Financial Impact Analysis: The estimated value of 75 percent tax abatement for 7310 NW Tiffany Springs Parkway over a 12-year period is **\$311,786** with a return on abatement ratio of **22**. (Exhibit 2-F)

The requirement for above-standard EEZ abatement is a minimum of 20:1 return on abatement ratio thus this project meets the criteria to be considered for longer and deeper abatement.

Staff Recommendation: Staff recommends EEZ Board 1 approval of the request by Affinity Worldwide for real property tax abatement of 75 percent for a 12-year period and further recommends a favorable referral by the Board to the City Council.

Action recommended:

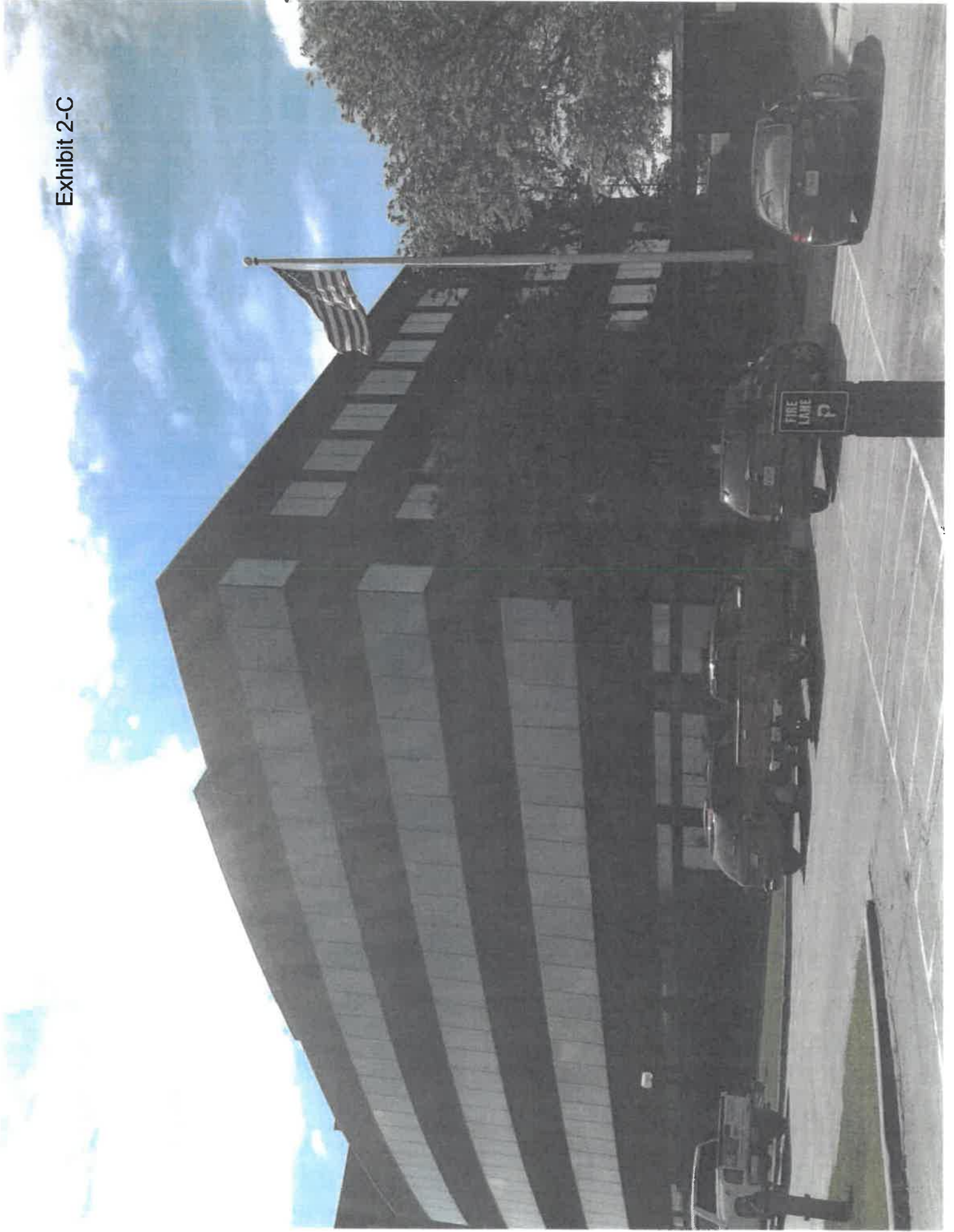
APPROVAL OF AFFINITY WORLDWIDE'S
REQUEST FOR 75 PERCENT TAX
ABATEMENT FOR 12 YEARS

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Map of Potential Project Location:



Exhibit 2-C



Job Based Project Evaluation

Instructions: Using the drop down menu in the grey boxes, select the points and multipliers for the project. Clicking a grey box will cause an arrow to appear; clicking the arrow will show a dropdown menu where you can select options.

Project Name: BAKERScore: 56

PART I - JOB CREDIT SCORE

The **Job Credit Score** is based on the number of jobs and the average wage. To determine the job credits score:

- (a) Determine Job Points - the number of points earned due to the amount of jobs created or retained;
(b) Find the Wage Multiplier that corresponds to the average wage per job and the quadrant of the City where the project is located; and

Your total score for Part I will automatically appear in the dark grey box.

- (a) Job Points - Number of jobs created or retained by the project.

Point Value: 15

Jobs Created or Retained	Point Value
2 - 40	5
41 - 99	10
100 - 300	15
301+	20

- (b) Wage Multiplier - Find the quadrant of the City where the project is located (use the list below).

Multiplier: 1

	Less than Living Wage	Less than Average Wage	100% - 120%	Greater than 120%
Non-Distressed	< \$21,672	\$21,672 - 61,662	\$61,662 - 73,994	> \$73,994
Distressed	< \$21,672	\$21,672 - 45,654	\$45,654 - 54,785	> \$54,785
Severely Distressed	< \$21,672	\$21,672 - 40,226	\$40,226 - 48,272	> \$48,272
Continuously Distressed	< \$21,672	\$21,672 - 31,620	\$31,620 - 37,944	> \$37,944
Wage Multiplier	0	1	1.5	2

TOTAL Point Value for Part I: 15

PART II- PROJECTED NEW PAYROLL

Determine the **net new** payroll projected the project will bring to the City (total number of jobs created multiplied by the average wage per job). Depending on where the project originates (existing KCMO company, new to Missouri, or new to the KC region entirely), select the appropriate point value.

	Projected Net New Payroll			
	\$0 - \$1 M	\$1 M - \$5 M	\$5 M - \$12 M	\$12 M+
New to KCMO	0	1	3	5
New to Missouri	1	3	5	7
New to KC Region	3	5	7	10

Point Value: 1TOTAL Point Value for Part II: 1

PART III - INVESTMENT IMPACT

The amount of **personal property** investment (including lease payments) over the first 10 years of the project corresponds to the point values below.

Total Investment	Point Value
\$0 - \$500 K	10
\$500 K - \$4 M	15
\$4 M - \$15 M	20
\$15 M+	25

Point Value: 15TOTAL Point Value for Part III: 15

PART IV - TARGETED SECTOR

Does the project fall into one of the business types listed as a target sectors (listed below)? If so, receive 15 points.

Select One: YES

NAICS Code (First Four Digits):

- Design & Engineering - 5413, 5414, 5418, 5419
- Non-Profit Management - 8132, 8133, 8134, 8139, 7121
- Health Sciences & Services - 5417, 6211, 6214, 6215, 6221, 6222, 6223
- Arts - 3323, 3372, 3399, 5111, 5112, 5121, 5122, 5151, 5191, 7111, 7113, 7114, 7115
- Supply Chain Management - 2212, 4242, 4821, 4841, 4842, 4882, 4885, 4231, 4236, 4238, 4246
- Financial and Technical Services - 5182, 5191, 5221, 5222, 5223, 5231, 5232, 5239, 5241, 5242, 5251, 5259, 5412, 5416
- Specialized Manufacturing - 3251, 3252, 3253, 3259, 3261, 3262, 3315, 3323, 3327, 3328, 3329, 3335, 3361, 3362, 3363, 3364, 3365, 3369

TOTAL Point Value for Part IV: 15

PART V - PROJECT ENHANCEMENTS

A maximum of **10 points** possible. Check "yes" for all that apply.

a) Headquarters Facility (5 pts)	Yes or No? YES	5
b) Project includes a Full Employment Council (FEC) or Metropolitan CC-approved workforce training program (5 pts)	N/A	0
c) Project includes second chance programs (e.g. Ban the Box)(5 pts)	N/A	0
d) Project Includes veteran hiring programs (5 pts)	N/A	0
e) Project is part of competitive attraction or retention effort (10 pts)	N/A	

TOTAL Point Value for Part V: 10

TOTAL JOB-BASED SCORE (Out of 100 Possible Points):

56

Score	Not Recommended	Low Impact	Standard Impact	High Impact
Impact	0 – 29	30 – 49	50 – 74	75 – 100

Buildout Estimates

Category	Description	Cost	Notes
HVAC	Duct work Cleaning	\$ 25,000.00	
	New HVAC	\$ 550,000.00	
Electrical			
	Electrical Updates	\$ 20,000.00	
	Elevator Updates	\$ 45,000.00	
	Generator Update	\$ -	
Plumbing	Rest Room Updates	\$ 5,000.00	
Security / Fire	New Fire Alarm System	\$ 42,000.00	
	New Security Alarm System	\$ 25,000.00	
Exterior	Parking Lot	\$ 190,000.00	
	Sprinklers	\$ 5,000.00	
TI	4th Floor	\$ 150,000.00	
	3rd Floor	\$ 150,000.00	
	Lobby	\$ 50,000.00	
	Kitchen	\$ 40,000.00	
Misc.	Lighting	\$ 100,000.00	
	Permits	\$ 10,000.00	
	Furnishings (Stoves, Fridges,dishwashers,etc)	\$ 50,000.00	
	Signage	\$ 20,000.00	
	Architect / M/E/P	\$ 100,000.00	
		\$ 1,577,000.00	
	With contingency of 8%	\$ 1,703,160.00	

7310 NW Tiffany Springs Pkwy	
Number of new jobs	100
Average Salary	\$ 40,000
Acquisition Price	\$ 1,574,000
Rehab/Construction Costs	\$ 1,703,160
Levy Rate	8.3338%
Replacement Tax	0.3600%
Current Tax	\$ 43,788.92

Exhibit
2-F

Abatement Scenarios						
	Phase 1		Phase 2		Value Of	
	Number of Years	Abatement %	Number of Years	Abatement %	Abatement	RoA
Scenario #1	10	50%	0	0%	\$ 173,214	39
Scenario #2	10	75%	0	0%	\$ 259,821	26
Scenario #3	10	100%	0	0%	\$ 346,429	20
Scenario #4	12	75%	0	0%	\$ 311,786	22
Scenario #5	12	100%	2	50%	\$ 415,714	16
Scenario #6					\$ -	
Scenario #7			0	0%	\$ -	
Scenario #8			0	0%	\$ -	
Scenario #9			0	0%	\$ -	
Scenario #10			0	0%	\$ -	