

To: City Commission
From: Economic Development Advisory Board
Subject: Labette Health Care Center Incentive
Date: September 14, 2020

The Economic Development Advisory Board (EDAB) has reviewed pertinent documents, past Commission discussions, and other information regarding previous incentives offered to Labette Health by the City of Independence. As a part of that review, the EDAB has utilized a cost-benefit analysis to determine the appropriate investment in the proposed project, as it relates to the City of Independence.

After said review of the relevant information provided, the EDAB recommends approval of the incentive request in the form of a \$250,000 forgivable loan to be disbursed over a five-year period as follows:

1. Labette Health Independence Healthcare Center will show proof of five new full time equivalent (FTE) employees in Independence during 2022, over a base employment established at the end of 2021. Labette Health Independence Healthcare Center must maintain those five FTE's over the subsequent years to receive a maximum of \$50,000 per year. Should less than five FTE's be maintained during a reporting period, the annual incentive payment for that period will be discounted on a pro-rata basis.
2. The first payment will be made on March 1, 2023, and each March 1 of the four subsequent years (2024-2027).
3. This incentive will be paid out of the proposed Special Use Sales Tax (SUST) renewal of which 5% is to be designated for Economic Development. The incentive is contingent upon the passing of the SUST renewal.

The EDAB recommends the City Attorney draft an agreement and that the City Commission approves this proposed incentive to Labette Health for the expansion of the Labette Health Independence Healthcare Center on Peter Pan Road.

Attached: Summary Cost Benefit Analysis (2)

SUMMARY OF COSTS AND BENEFITS FOR THE CITY OF INDEPENDENCE

PROJECT: Labette County Medical Center d/b/a Labette Health

DATE: 9/9/2020

DISCOUNT RATE: 3.92%

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:

4.23

Ratio of Present Value of Total Benefits to Present Value of Total Costs:

3.84

(Typical desired ratio would be 1.3 to 1)

Average ROI

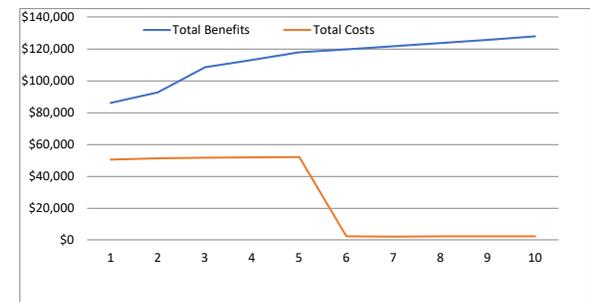
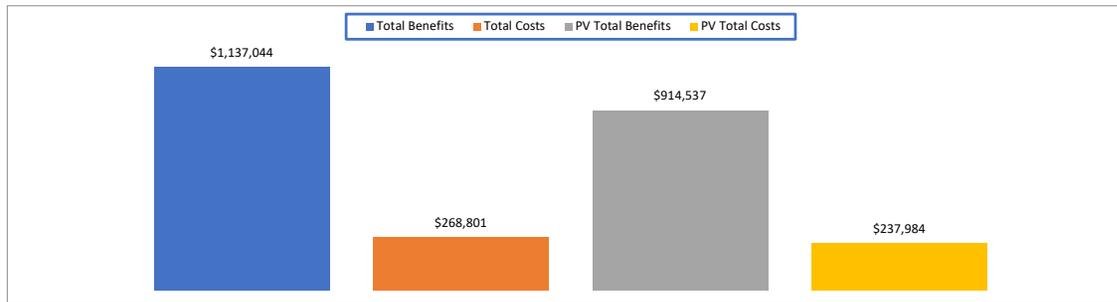
32.30%

[Back to Start](#)

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Year	Sales Taxes from Construction (Detail Below)	Sales Taxes from Organization Operations (Detail Below)	Sales Taxes From Existing Employee Spending	Sales Taxes From New Employee Spending	Sales Tax from Visitor	All New Property Taxes (Detail Below)	New City Utility Profits (Detail Below)	New Franchise Taxes (Detail Below)	RLF Loan Payment	PILOT Payment	Other City Revenues from New Families	Total Benefits	Net Present Value of Total Benefits	Marginal Cost of Various City Services	City Infrastructure and/or Loan	Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits
1	\$12,329	\$8,157	\$36,594	\$4,064	\$0	\$1,292	\$10,824	\$10,409	\$0	\$0	\$2,376	\$86,044	\$82,796	\$617	\$50,000	\$0	\$50,617	\$48,707	\$35,427	\$35,427	\$34,090
2	\$0	\$8,400	\$37,198	\$16,334	\$0	\$2,627	\$12,091	\$11,206	\$0	\$0	\$4,823	\$92,679	\$85,816	\$1,252	\$50,000	\$0	\$51,252	\$47,457	\$41,428	\$76,854	\$38,360
3	\$0	\$8,640	\$37,813	\$26,657	\$0	\$3,672	\$13,120	\$11,848	\$0	\$0	\$6,730	\$108,481	\$96,657	\$1,747	\$50,000	\$0	\$51,747	\$46,107	\$56,734	\$133,588	\$50,550
4	\$0	\$8,910	\$38,438	\$28,452	\$0	\$4,072	\$13,618	\$12,177	\$0	\$0	\$7,452	\$113,120	\$96,987	\$1,934	\$50,000	\$0	\$51,934	\$44,528	\$61,185	\$194,773	\$52,459
5	\$0	\$9,270	\$39,073	\$30,236	\$0	\$4,485	\$14,128	\$12,514	\$0	\$0	\$8,195	\$117,901	\$97,271	\$2,127	\$50,000	\$0	\$52,127	\$43,006	\$65,774	\$260,547	\$54,265
6	\$0	\$9,409	\$39,719	\$30,736	\$0	\$4,559	\$14,361	\$12,712	\$0	\$0	\$8,318	\$119,813	\$95,119	\$2,159	\$0	\$0	\$2,159	\$1,714	\$117,654	\$378,201	\$93,405
7	\$0	\$9,550	\$40,375	\$31,244	\$0	\$4,634	\$14,597	\$12,914	\$0	\$0	\$8,442	\$121,757	\$93,014	\$2,191	\$0	\$0	\$2,191	\$1,674	\$119,565	\$497,766	\$91,340
8	\$0	\$9,693	\$41,042	\$31,760	\$0	\$4,711	\$14,838	\$13,118	\$0	\$0	\$8,569	\$123,732	\$90,956	\$2,224	\$0	\$0	\$2,224	\$1,635	\$121,508	\$619,274	\$89,321
9	\$0	\$9,839	\$41,721	\$32,285	\$0	\$4,789	\$15,083	\$13,326	\$0	\$0	\$8,697	\$125,739	\$88,944	\$2,258	\$0	\$0	\$2,258	\$1,597	\$123,482	\$742,756	\$87,347
10	\$0	\$9,986	\$42,410	\$32,818	\$0	\$4,868	\$15,331	\$13,537	\$0	\$0	\$8,828	\$127,779	\$86,976	\$2,292	\$0	\$0	\$2,292	\$1,560	\$125,488	\$868,243	\$85,416
Total	\$12,329	\$91,855	\$394,383	\$264,586	\$0	\$39,789	\$137,989	\$123,763	\$0	\$0	\$72,430	\$1,137,044	\$914,537	\$18,801	\$250,000	\$0	\$268,801	\$237,984	\$868,243	\$868,243	\$676,553



Year	Sales Taxes From Construction Worker Spending	Sales Taxes From Construction Worker Hotels	Sales Taxes From Company Sales	Sales Taxes From Company Purchases	Company New Property Taxes	New Family Property Taxes	Company Utility Profits	Utility Profits From Existing Families	Utility Profits From New Families	Company Franchise Taxes	Franchise Taxes From Existing Families	Franchise Taxes From New Families
1	\$12,191	\$137	\$0	\$8,157	\$0	\$1,292	\$378	\$9,375	\$1,071	\$5,144	\$4,725	\$540
2	\$0	\$0	\$0	\$8,400	\$0	\$2,627	\$384	\$9,529	\$2,178	\$5,306	\$4,803	\$1,097
3	\$0	\$0	\$0	\$8,640	\$0	\$3,672	\$390	\$9,687	\$3,044	\$5,432	\$4,882	\$1,534
4	\$0	\$0	\$0	\$8,910	\$0	\$4,072	\$395	\$9,847	\$3,375	\$5,513	\$4,963	\$1,701
5	\$0	\$0	\$0	\$9,270	\$0	\$4,485	\$401	\$10,010	\$3,717	\$5,596	\$5,045	\$1,873
6	\$0	\$0	\$0	\$9,409	\$0	\$4,559	\$407	\$10,175	\$3,778	\$5,680	\$5,128	\$1,904
7	\$0	\$0	\$0	\$9,550	\$0	\$4,634	\$413	\$10,343	\$3,841	\$5,765	\$5,213	\$1,936
8	\$0	\$0	\$0	\$9,693	\$0	\$4,711	\$420	\$10,514	\$3,904	\$5,852	\$5,299	\$1,968
9	\$0	\$0	\$0	\$9,839	\$0	\$4,789	\$426	\$10,688	\$3,969	\$5,940	\$5,387	\$2,000
10	\$0	\$0	\$0	\$9,986	\$0	\$4,868	\$432	\$10,865	\$4,034	\$6,029	\$5,476	\$2,033
Total	\$12,191	\$137	\$0	\$91,855	\$0	\$39,709	\$4,047	\$101,033	\$32,910	\$56,257	\$50,919	\$16,586

Includes previous \$200,000 incentive.

SUMMARY OF COSTS AND BENEFITS FOR THE CITY OF INDEPENDENCE

PROJECT: **Labette County Medical Center d/b/a Labette Health**

Ratio of Actual Benefits to Actual Costs Over the 10-Year Period: **2.43**

Ratio of Present Value of Total Benefits to Present Value of Total Costs: **2.12**

[Back to Start](#)

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DATE: 9/10/2020

DISCOUNT RATE: 3.92%

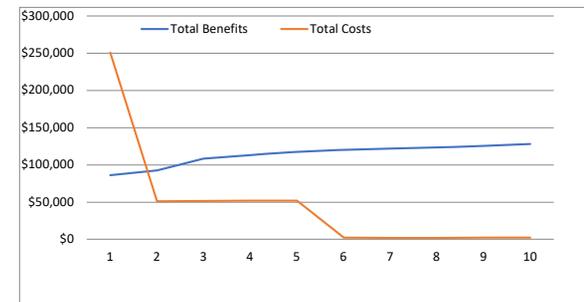
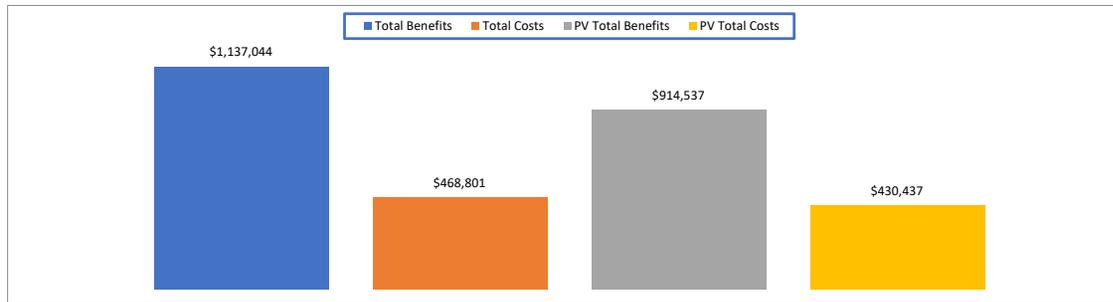
(Typical desired ratio would be 1.3 to 1)

Average ROI

14.25%

[General Data Entry](#)

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2	\$0	\$8,400	\$37,198	\$16,334	\$0	\$2,627	\$12,091	\$11,206	\$0	\$0	\$4,823	\$92,679	\$85,816	\$1,252	\$50,000	\$0	\$51,252	\$47,457	\$41,428	-\$123,146	\$38,360
3	\$0	\$8,640	\$37,813	\$26,657	\$0	\$3,672	\$13,120	\$11,848	\$0	\$0	\$6,730	\$108,481	\$96,657	\$1,747	\$50,000	\$0	\$51,747	\$46,107	\$56,734	-\$66,412	\$50,550
4	\$0	\$8,910	\$38,438	\$28,452	\$0	\$4,072	\$13,618	\$12,177	\$0	\$0	\$7,452	\$113,120	\$96,987	\$1,934	\$50,000	\$0	\$51,934	\$44,528	\$61,185	-\$5,227	\$52,459
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Total	\$12,329	\$91,855	\$394,383	\$264,586	\$0	\$39,789	\$137,989	\$123,763	\$0	\$0	\$72,438	\$1,137,044	\$914,537	\$18,801	\$450,000	\$0	\$468,801	\$430,437	\$668,243	\$668,243	\$484,188



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Total	\$12,191	\$137	\$0	\$91,855	\$0	\$39,789	\$4,847	\$101,833	\$32,918	\$56,257	\$50,919	\$16,586