

March 8, 2021

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Councilmembers:

SUBJECT: An ordinance authorizing the city manager to enter into a sign lease agreement with the Central Bank of Warrensburg.

BACKGROUND:

The display sign known as the Hawthorne Plaza sign is owned by the City, and retailers in the shopping area lease space from the City. In 2020, the City entered into an agreement to reimburse up to \$225,000 to Central Bank of Warrensburg (lessee) for public improvements in the Hawthorne Plaza development. These improvements included modifications to the sign including providing electricity to the sign. These improvements were necessary to bring in a national retailer, a Marshall's retail store.

This agreement authorizes the improvements to the sign and waives the rent payments for 20 years as long as the space is continuously operated as a Marshall's. In this agreement, the city maintains ownership of the sign and is responsible for all maintenance and repairs. The lessee maintains ownership of the sign panels and is responsible for all maintenance and repairs. If the space is not operated as a Marshall's for 180 days, this agreement will be terminated.

STRATEGIC PLAN:

Focus I: Invest in Infrastructure
Focus III: Growth and Development

FISCAL IMPACT:

The rent payment for space on the sign is estimated to be \$4,000 annually; therefore, the city is forgoing approximately \$80,000 in rent payments over the 20-year term of this agreement. However, the sales tax revenue generated from a retailer such as Marshall's will be much greater over the 20-year period.

RECOMMENDATION:

Passage of the ordinance.

Sincerely,

Danielle Dulin
Interim City Manager

Attachment: 1. Ordinance
2. Agreement