ORDINANCE NO. 250250

..title
Sponsors: Councilmembers Kevin O'Neill, Nathan Willett, Lindsay French and Mayor Quinton Lucas

Approving a plan of finance for City's contribution to the Northland Workforce Development Center; establishing Fund No. 3456, 2026A Taxable Special Obligation Bond Fund; estimating and appropriating bond proceeds in the amount of $25,000,000.00 for the purpose of providing the City's contribution to the project; renaming Fund No. 5250, the Valencia Place – Debt Fund as the Northland Workforce Ctr Debt Fund in the books and records of the City; providing direction to the City Manager on funding sources for the project and future debt service; authorizing the City Manager to execute an agreement to establish certain conditions for the City's contribution; directing the City Manager, as necessary, to identify in the initial quarterly budget clean-up sources to fill any funding gaps existing in project delivery; and declaring the effective date of this ordinance to be May 1, 2025.

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WHEREAS, on February 13, 2025, the City Council adopted Committee Substitute for Ordinance No. 250132 directing the City Manager to develop a plan of finance to support the development of the new workforce development facility in an amount not to exceed $30,000,000.00; and

WHEREAS, the total cost of the new workforce development facility is estimated to be approximately $74,000,000.00 and the State of Missouri has appropriated $37,000,000.00 towards the development of a Northland Workforce Development Center with the balance to come from $7 million in private donations and a City contribution; and

WHEREAS, the City Council allocated $500,000.00 as a contribution to the Northland Workforce Development Center through its FY2024-25 Adopted Budget and said contribution was made on October 16, 2024, with said contribution being counted toward the estimated $7 million in private donations; and

WHEREAS, the City desires to support the project but will have no responsibility for maintenance or operation of the facility and will impose certain conditions to reflect the level of contribution being made by the City; and

WHEREAS, the Finance Department has developed several options for a plan of finance to fund debt service on bonds issued to provide cash for the City's contribution in an amount not to exceed $25,000,000.00 and the City Council desires to approve the plan outlined in Attachment A to this ordinance; and

WHEREAS, the plan includes revenues from potential Northland Data Center and Industrial and Logistics projects (the "Potential Projects"); and

WHEREAS, the revenues from the Potential Projects may reduce the need to utilize other sources of revenues included in the plan; and

WHEREAS, the Finance Department has identified additional resources which may become available to fund debt service or reduce the amount of the City's borrowing; and

WHEREAS, the City desires to minimize its use of existing revenues to pay debt service on the bonds; and

WHEREAS, the City desires to minimize its use of Payments in-Lieu of Taxes (PILOTs) which would otherwise be deposited in the Shared Success Fund; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the plan of finance outlined as Attachment A to this ordinance is hereby approved.

Section 2. Prior to the bonds being issued for the Northland Workforce Development Project and in an effort to reduce the amount of the City's borrowing for the Project, the City Manager is hereby directed to:

- Work with the Tax Increment Financing Commission to identify potential City surplus funds from Northland Tax Increment Financing plans.
- Work with the Northland School Districts to identify potential School District surplus funds from Northland Tax Increment Financing plans which could be contributed.

Section 3. That the City Manager is hereby directed to utilize the following sources, to the extent needed, for payment of debt service on the bonds issued to finance the Project:

- Payments in-Lieu of Taxes which are received by the City in connection with tax abatement granted to Northland Data Center and Industrial / Logistics projects (the "Northland Data Center and Industrial PILOTs"), which would otherwise be deposited within the Shared Success Fund.
- Redirection of economic activity taxes, consisting of up to 50% of the earnings taxes and up to 100% of the utilities taxes, received by the City for Northland Data Center projects, and which are recorded within the City's General Fund, (the "Redirected Data Center EATs"), to the Northland Workforce Ctr Debt Fund.

Section 4. That the City Manager is authorized to replenish the City's General Fund in an amount not to exceed any General Fund subsidy needed for debt service in prior years, to the extent the revenue sources in Section 3 exceed the amount needed for debt service in a given year.

Section 5. That the City Manager is hereby directed to reduce the amount of Northland Data Center and Industrial PILOTs estimated in the Northland Workforce Ctr Debt Fund, to the

extent such amounts are not needed for debt service, and only if the General Fund has been replenished for any General Fund subsidy in prior years.

Section 6. That Fund No. 3456, 2026A Taxable Special Obligation Bond Fund, is hereby established in the records of the City of Kansas City, Missouri.

Section 7. That revenue of $25,000,000.00 is hereby estimated in Fund No. 3456, the 2026A Taxable Special Obligation Bond Fund, in the following amount:

AL-3456-120000-590000	Bond Proceeds	$25,000,000.00

Section 8. That the sum of $25,000,000.00 is hereby appropriated from the Unappropriated Fund Balance of Fund No. 3456, the 2026A Taxable Special Obligation Bond Fund, by the following amount:

AL-3456-107522-B-10007014 Northland Workforce Development Center $25,000,000.00

Section 9. That the City Manager is hereby designated requisitioning authority for Account No. AL-3456-107522-B-10007014.

Section 10. That the City Manager is hereby authorized to execute a contribution agreement with the Northland Workforce Development Center to provide a City contribution not to exceed $25.0 million towards the Northland Workforce Development Center, to include the following conditions:

a) That the City shall have no financial, legal, or operational responsibility for the maintenance, upkeep, or repair of the Northland Workforce Development Center, either now or in the future.

b) That the City shall have the ability to use the Northland Workforce Development Center, at no charge, for activities including, but not limited to, community meetings, training facilities/courses for City Departments, and career fairs.

c) That the Northland Workforce Development Center's student population must be comprised of no less than two-thirds (2/3) from incorporated Kansas City, Missouri.

d) That the Northland Workforce Development Center will provide a discounted tuition rate for employees of the City of Kansas City, Missouri.

Section 11. That the Director of Finance is hereby authorized to close accounts, open encumbrances and retainage related to the account in Section 4 and return the unspent portion to the Fund Balance from which it came upon the earliest of: (i) the provisions of this ordinance; (ii) final maturity of financing or (iii) five years after issuance.

Section 12. That the City Council hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this Ordinance with respect to appropriations in Section 4, (the "Appropriation") with the proceeds of bonds expected to be issued by the City. The maximum principal amount of bonds expected to be issued for the Appropriations is not to exceed $25,000,000.00. This constitutes a declaration of official intent under Treasury Regulation 1.150-2.

Section 13. That the City Manager is hereby directed, as necessary, to identify in the initial quarterly budget clean-up sources to fill any funding gaps existing in project delivery.

Section 14. That this ordinance shall become effective on May 1, 2025.

..end

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

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Tammy L. Queen
Director of Finance

Approved as to form:

_____
Samuel Miller
Assistant City Attorney