

GENERAL

Ordinance Fact Sheet

Brief Title:

**Approval
Deadline**

Reason:

Approving various modified economic development incentives in relation to the vacant structure and related facilities at 925 Grand Boulevard.

Taking certain actions and approving various modified economic development incentives in relation to the redevelopment of the Historic Federal Reserve building at 925 Grand Boulevard and accepting the recommendations of the Tax Increment Financing Commission of Kansas City, Missouri.

Details

Reason for Legislation

Taking certain actions and approving various modified economic development incentives in relation to the redevelopment of the vacant structure and related facilities of the Historic Federal Reserve building located at 925 Grand Boulevard. Accepting the recommendations of the Tax Increment Financing Commission as to the findings related to a First Amendment to the Grand Reserve Tax Increment Financing Plan. Previously approved in 2016 by Committee Substitute for Ordinance 160163.

Description of proposed Agreement/Council Action

Delta Quad Holdings, LLC has proposed the redevelopment of the historic Federal Reserve building located at 925 Grand Boulevard into a 284 room all-suite hotel with numerous amenities; a 450-stall parking garage; and replacing the previously proposed 85,000 square foot data center with a 40,000 square foot Family Entertainment Center. This amendment will also eliminate the former 24 room boutique hotel. These buildings have been effectively vacant since 2008.

This project was previously approved for a tax redirection in combination with TIF and Ch. 100 - which included a Sales Tax Exemption on Construction Materials.

An independent third-party financial analysis was updated for this project following the AdvanceKC process to determine the but-for and level of assistance needed by the project.

Based on that analysis, conducted by the EDC's financial analysis consulting firm – Baker Tilly Municipal Advisors, it was determined that the project would need the remaining period of the full 23-year tax increment financing period plus other incentives, including a sales tax redirection, to be feasible. This project was not projected to be feasible with tax increment financing alone.

Positions/Recommendations

Sponsor	Councilmember Bunch
Programs, Departments, or Groups Affected	City Manager's Office, Finance Department
Applicants / Proponents	Applicant City Department
Opponents	Other Groups or Individuals
Staff Recommendation	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against By
Board or Commission Recommendation	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken TIF Commission of KCMO <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)
Council Committee Action	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold <input type="checkbox"/> Do not pass

Requested action:

- Approve TIF Plan amendments
- Reduce boundary of the TIF Project area
- Authorize execution of sales tax contribution agreement amendments
- Approve amendments to Ch 100 plan and re-authorize issuance of up to \$135,000,000 in bonds

Financing/Incentive Package

Project Costs

Total project costs: \$182,000,000

\$500K in Public Improvements – Streetscape, Sidewalks, Lighting

TIF

The original TIF redevelopment project area was activated in 2016, resulting in a loss of 5.5 years of redirection. The Developer is not seeking to restart the 23-year TIF period. The proposed TIF amendment provides for a maximum TIF reimbursement of \$2,173,568 (\$4,199,137 with interest over time).

Sales Tax Redirection

This amendment proposes as a 23-year sales tax redirection not to exceed \$4,868,048 (\$10,461,180 with interest over time) as follows:

Project 1 – 50% Certain Sales Taxes Not Otherwise Captured by TIF; 70% F&B Taxes Not Otherwise Captured by TIF; and 70% Hotel/Motel Taxes Not Available via TIF.

Redirection is set to commence upon completion of the hotel. Average annual capture of \$455,000.

Ch. 100 Plan

This amendment seeks a reauthorized issuance of up to \$135,000,000 in bonds with a breakout as follows:

- \$116.5M Real Property Investment (increased)
- \$18.5M Personal Property Investment (decreased)

The real property abatement has a duration of 17 years, and the personal property abatement has a duration of 10 years for Project 1; and 5 years for Project 2.

The amendment retains the clawback provision which increases the PILOT on a pro rata basis if the Developer’s capital investment does not meet the stated goals.

Job Creation

This project will create 126 new hospitality jobs through the hotel, and 35 new hospitality jobs through the Family Entertainment Center for a total of 161 new jobs.

Public Benefit

	2016 (original)	2020 (amended)
City	\$51.1M	\$40.8M
Jackson County	\$10.9M	\$7.1M
KCMSD	\$1.5M	\$4.9M
KC Public Library	\$363K	\$642K
Other	\$62.7M	\$32.1M*

*\$31.1M benefits state; other \$1M split between remaining TJs

\$200,000 lump sum contribution to KCMSD once the hotel opens for business.

Policy or Program Change

No Yes

Operational Impact Assessment

Finances

Costs & Revenue Projections - Including Indirect Costs

Financial Impact

Fund Source(s) and Appropriation Account Codes

Is this Ordinance or Resolution Good for the Children

Applicable Dates:

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Reviewed by:

Reference Numbers