

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 240980

Authorizing the City Manager to negotiate and execute an amendment to the Cooperative Agreement with the Linwood Shopping Center CID; authorizing the City Manager to negotiate and execute an amendment to the lease with Midtown Grocers, LLC; authorizing the use of \$250,000.00 from previously appropriated funds from the General Fund; appropriating \$250,000.00 from the Health Levy Fund; appropriating \$250,000.00 from the Shared Success Fund; the use of \$250,000.00 from previously appropriated Community Development Block Grant funds; directing the City Manager to apply for a Community Development Block Grant for an additional \$750,000.00 for long-term planning, sustainability, and viability for the Linwood Shopping Center Community Improvement District and its surrounding area; and recognizing this ordinance as having an accelerated effective date.

WHEREAS, the City of Kansas City recognizes the importance of vibrant entrepreneurship and safety in our communities, including on the City's East Side which has long been the subject to pervasive disinvestment and adverse community conditions; and

WHEREAS, in furtherance of its commitment to East Side revitalization and equity and pursuant to Ordinance Nos. 160448 and 160451, the City invested more than \$15 million to acquire, construct and equip the Linwood Shopping Center located at the intersection of Linwood Boulevard and Prospect Avenue in Kansas City's East Side, including a grocery store located at 3110 Prospect Avenue now known as Sun Fresh; and

WHEREAS, pursuant to the authority granted by Ordinance No. 170145, the Director of the former Neighborhoods and Housing Services Department entered into a Lease Agreement for 3110 Prospect Avenue dated March 30, 2017 with Lipari Brothers, Inc. for the grocery store for an initial term of 20 years with four renewal options totaling an additional 20 years, as amended pursuant to Committee Substitute for Ordinance No. 190484 ("Grocery Lease"); and

WHEREAS, in 2021, Lipari Brothers Inc. assigned its interest in the Grocery Lease to Midtown Grocers, LLC, a Missouri limited liability company wholly owned and operated by Community Builders of Kansas City ("Community Builders"), in furtherance of its nonprofit purpose to serve communities and to fulfill the needs of Kansas City residents residing within a food desert and to prevent the closure of the grocery store; and

WHEREAS, pursuant to Ordinance No. 180778, the Linwood Shopping Center Community Improvement District (the "CID") was established as a Missouri political subdivision in accordance with Sections 67.1401 through 67.1571, RSMo.; and

WHEREAS, the City entered into a Cooperative Agreement in October 2020 to set forth the respective duties and obligations with respect to the administration, enforcement, and operation of the CID's sales and use tax, revenues collected, and administration of property management and security for properties located within the CID, including the grocery store located at 3110 Prospect Avenue; and

WHEREAS, the magnitude of the foregoing conditions threatens the viability and ongoing operational sustainability of the grocery store has caused Community Builders to invest an unsustainable amount of capital to continue in its capacity as a tenant of the City's Linwood Shopping Center, and prevents Community Builders from growing basic entrepreneurial opportunities originally contemplated when entering into the Grocery Lease; and

WHEREAS, the City, pursuant to Ordinance No. 190484, determined it is in the City's best interests to provide funding for certain common area maintenance expenses, for collateral for a line of credit for the operations of the grocery store and for marketing the grocery store, which was appropriated in the amount of \$250,000.00; and

WHEREAS, the City has determined that the appropriation, previously established via Ordinance No. 190484 in the General Fund, can be used for providing assistance with the operation and safety of the Linwood Shopping Center; and

WHEREAS, the City has identified that a fiscal year 2025 allocation of \$250,000.00 from the Health Fund to assist with providing healthy food options to the community and \$250,000.00 from the Shared Success Fund to assist with providing a safe and secure location for shoppers and visitors to the Linwood Shopping Center are available; and

WHEREAS, the City previously appropriated \$500,000.00 of Community Development Block Grant Funds from CARES Act Funding to supplement security for shops along Prospect Avenue and Linwood Boulevard pursuant to Committee Substitute for Ordinance No. 200531, which must be spent by 2026; and

WHEREAS, the Housing and Community Development Department will increase the previously approved Community Development Block Grant Funds from CARES Act Funding to supplement security for shops along Prospect Avenue and Linwood Boulevard pursuant to Committee Substitute for Ordinance No. 200531 by \$300,000.00, totaling \$800,000.00, which must be spent by 2026; and

WHEREAS, the City's investment as contemplated in this Ordinance will address additional City goals of fostering a thriving local economy, supporting nonprofit organizations and small businesses, and creating vibrant, livable neighborhoods, and is necessary for the ongoing operation of the grocery store and improving public health to those living in food deserts by providing access to sustenance to those who may not otherwise have easy access to groceries and healthy food options.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager or his designee is hereby authorized to negotiate and execute an amendment to the Cooperative Agreement with Linwood Shopping Center Community Improvement District ("Linwood CID") to provide the Linwood CID with the funds appropriated by this Ordinance to accomplish the goals set forth in this Ordinance, including but not limited to:

- a. The Grocery Store must remain open for at least thirty-six (36) months from the effective date of the amendment;
- b. The Grocery Store must rebrand and begin an aggressive marketing campaign within ninety (90) days;
- c. Monthly revenue and expense information must be provided to the City; and
- d. The parties shall work in good faith and in collaboration with the Economic Development Corporation of Kansas City to advance the purpose of this Ordinance; and
- e. Aside from those designated for security, City funds appropriated in this Ordinance shall be used for the purchase of infrastructure and/or equipment to support the continued operation of the Grocery Store.

Section 2. That the City Manager or his designee is hereby authorized to negotiate and execute any necessary lease amendment with Midtown Grocers, LLC for the grocery store located at 3110 Prospect Avenue (the “Grocery Store”) to accomplish the goals set forth in this Ordinance, including but not limited to those described in Section 1.

Section 3. That the City Manager is hereby authorized to utilize the sum of \$250,000.00 from funds previously appropriated in the following account of the General Fund:

25-1000-101466-B	Linwood Shopping Center Operation and Security	\$250,000.00
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Section 4. That the sum of \$250,000.00 is hereby appropriated from the Unappropriated Fund Balance of the Health Fund to the following account:

25-2330-101466-B	Linwood Shopping Center Operation and Security	\$250,000.00
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Section 5. That the sum of \$250,000.00 is hereby appropriated from the Unappropriated Fund Balance of the Shared Success Fund to the following account:

25-2590-101466-B	Linwood Shopping Center Operation and Security	\$250,000.00
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Section 6. That the City Manager is hereby designated as requisitioning authority for Account Nos. 25-1000-101466-B, 25-2330-101466-B, and 25-2590-101466-B.

Section 7. That the Director of Housing and Community Development is hereby authorized to utilize the sum of \$250,000.00 for security at the Linwood Shopping Center from funds previously appropriated in the following accounts:

2600-575308-B-G57CDBG20CVD19	Economic Development	\$250,000.00
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Section 8. That the City Manager is directed to apply for a Community Development Block Grant (“CDBG”) in the amount of \$750,000.00 for additional funding to be used for long-term planning, sustainability, and viability for the Linwood CID and its surrounding area.

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Section 9. To the extent legally permissible, the City shall reimburse funds expended from the General Fund pursuant to this Ordinance and future expenses of the Linwood CID and Linwood Shopping Center through CDBG funds, following the proper application procedures.

Section 10. That the City Manager is directed to work with the Linwood CID to recover CDBG Funds and other City funding sources expended pursuant to this Ordinance.

Section 11. That this Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money and shall take effect in accordance with that section.

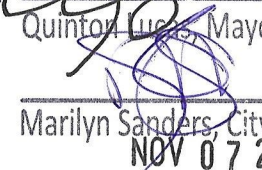
I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the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



Authenticated as Passed



Quinton Lucas, Mayor



Marilyn Sanders, City Clerk


NOV 07 2024

Date Passed



Tammy L. Queen
Director of Finance

Approved as to form:



Abigail Judah
Assistant City Attorney