

# GENERAL

## Ordinance Fact Sheet

**Brief Title:** Authorizing the City Manager to execute a Master Development Financing Agreement among the City, the Port Authority of Kansas City, Missouri and Power Tower Block 124, LP in relation to the construction of a Class A office tower and parking garage in the Power & Light District; and recognizing this ordinance as having an accelerated effective date.

**Approval Deadline:**

**Reason:** Ordinance 190498 approves a master development agreement between the City and Power Tower Block 124 LP for the development of a 250,000 sq ft Class A office tower and 750 space parking garage at the SW corner of 13th and Main St in downtown Kansas City.

**Details**

**Reason for Legislation**

Ordinance 190498 approves a master development agreement between the City and Power Tower Block 124 LP for the development of a 250,000 sq ft Class A office tower and 750 space parking garage at the SW corner of 13th and Main St in downtown Kansas City.

**Discussion (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account numbers, ordinance references, and budget page numbers.)**

Under the terms of a development agreement originally signed with HR Block in 2004, the City was responsible for the construction of up to 1,575 parking spaces associated with a second office tower to be constructed by HR Block. The cost of this original agreement to the City could have approached \$85 million.

This new master development agreement calls for the construction of a 750 space parking garage at a cost not to exceed \$36 million. In addition, the City will guarantee \$27 million to support a 28% revenue stake in the Strata office tower itself.

As per Ordinance #180982 any “profits” realized by the City shall be reinvested in affordable housing projects within the City.

**Recommendation**

This ordinance will approve a master development agreement for the development of office space with parking. Staff recommends passage of this ordinance.

**Positions/Recommendations**

<b>Sponsor</b>	Schulte
<b>Programs, Departments, or Groups Affected</b>	City Manager’s Office, City Planning and Development, Finance
<b>Applicants / Proponents</b>	<b>Applicant</b> City Department City Manager’s Office
<b>Opponents</b>	<b>Other Groups or Individuals</b>
<b>Staff Recommendation</b>	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against
<b>Board or Commission Recommendation</b>	By <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions ( see details column for conditions)
<b>Council Committee Action</b>	<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

Financing/Incentive Package

Net parking revenues assuming \$75/month/space and the use of AIM Zone (1100 jobs at annual salary of \$60,000) to capture state withholding taxes over a term of 30 years will support the debt service on the garage. Under the terms of the Master development agreement, the garage will be privately financed with the City providing the financial guarantee only in the event of underperformance.

A 28% share of building rents and assuming \$32 annual lease rates per square foot will support the City investment in the office tower. Under the terms of the Master Development Agreement, this \$27 million investment will be privately financed with the City obligated to pay debt service only if the project underperforms.

<b>Policy or Program Change</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Operational Impact Assessment</b>	
<b>Finances</b>	
<b>Costs &amp; Revenue Projections - Including Indirect Costs</b>	
<b>Financial Impact</b>	
<b>Fund Source(s) and Appropriation Account Codes</b>	
<b>Is this Ordinance or Resolution Good for the Children</b>	

**Applicable Dates:**

**Prepared by:** Matthew Wilks, City Manager's Office

**Reviewed by:**

**Reference Numbers**