City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 241094
Submitted Department/Preparer: City Manager's Office
Revised 6/10/24

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in Administrative Regulation (AR) 4-1.

Executive Summary

Approving an Industrial Development Plan for Blue Cross Blue Shield of Kansas City (together with its successors or assigns, the "Company") for an industrial development project consisting of the purchase and installation of personal property to at the Company's new office location (the "Project") 1400 Baltimore Avenue in Kansas City, Missouri (the "Project Site"); authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Company; authorizing the issuance of taxable industrial revenue bonds in an amount not to exceed $22,000,000.00; authorizing and approving other documents; and authorizing certain other actions in connection with the issuance of said bonds.

Discussion

The Company anticipates retaining 1,150 jobs at an average salary of $105,000, relocating 75 jobs at an average salary of $75,000, and creating 50 jobs at an average salary of $90,000, and the City desires to encourage the Project for the purposes of promoting economic growth in the City and creating jobs.

Acquisition, equipping and installation of the Project located on the Project Site in the City and related improvements to real property to accommodate the Project. A total estimated project cost is approximately $75,000,000, with furniture, fixture and equipment purchases comprising $21,000,000; and the City has offered 50% property tax abatement for 10 years on personal property comprising the Project. The costs of acquiring the personal will be funded from proceeds of the sale of up to $22,000,000 maximum principal amount of Taxable Industrial Revenue Bonds to be issued by the City and purchased by the Company.

The improvements to real property funded with the proceeds of the Bonds will be owned by the City and leased back to the Company pursuant to a Lease Agreement. The The Bonds will be repaid solely by the Company under the terms of the Lease, and the maximum term of the Lease will be approximately 11 years, with the precise length to account for a 1-year construction and acquisition period and a 10 year abatement period thereafter

Fiscal Impact

1. Is this legislation included in the adopted budget? ☐ Yes ☒ No

2. What is the funding source?
   This ordinance has no direct fiscal impact.

3. How does the legislation affect the current fiscal year?
   This ordinance has no direct fiscal impact.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
   This ordinance has no direct fiscal impact.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
   Will generate revenue through new tax revenue

Office of Management and Budget Review
(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. ☐ Yes ☒ No

2. This fund has a structural imbalance. ☐ Yes ☒ No

3. Account string has been verified/confirmed. ☐ Yes ☒ No

Additional Discussion (if needed)
This ordinance authorizes agreements, a bond issuance, and authorizes and approves other actions in association with the issuance of bonds related to an Industrial Development Plan. There is no direct fiscal impact as a result of this ordinance.

Citywide Business Plan (CWBP) Impact

1. View the Adopted 2025-2029 Citywide Business Plan

2. Which CWBP goal is most impacted by this legislation?
   Inclusive Growth and Development (Press tab after selecting.)

3. Which objectives are impacted by this legislation (select all that apply):

- ☒ Align the City's economic development strategies with the objectives of the City Council to ensure attention on areas traditionally underserved by economic development and redevelopment efforts.
- ☒ Ensure quality, lasting development of new growth.
- ☒ Increase and support local workforce development and minority, women, and locally owned businesses.
- ☒ Create a solutions-oriented culture to foster a more welcoming business environment.
- ☐ Leverage existing institutional assets to maintain and grow Kansas City's position as an economic hub in the Central United States.
- ☐

Prior Legislation

Click or tap here to list prior, related ordinances/resolutions.

Service Level Impacts

Click or tap here to provide a description of how this ordinance will impact service levels. List any related key performance indicators and impact.

Other Impacts

1. What will be the potential health impacts to any affected groups?
   NO known health impacts

2. How have those groups been engaged and involved in the development of this ordinance?
   n/a

3. How does this legislation contribute to a sustainable Kansas City?
   Contributes to a more robust business community and encourages growth

4. Does this legislation create or preserve new housing units?
   No (Press tab after selecting)

Click or tap here to enter text.
Click or tap here to enter text.

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

   No - CREO's review is not applicable (Press tab after selecting)
   Please provide reasoning why not:
   CREO'S review of any relevant CUP's and LOI's will be completed prior to execution of the agreements authorized by this ordinance.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

   No(Press tab after selecting)

   Click or tap here to enter text.

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?
   No(Press tab after selecting)