City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 250479
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 Progress Rail Services Corporation, an Alabama Corporation (together with its successors and assigns, the "Company") for the purpose of acquiring and constructing a project for industrial development consisting of the purchase and installation of machinery and equipment to be located 5600 Stilwell Street in Kansas City, Missouri; authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and the Company; authorizing the issuance of taxable industrial revenue bonds in a maximum aggregate principal amount not to exceed $38,000,000.00; authorizing and approving certain other documents; and authorizing certain other actions in connection with the issuance of said bonds.

Discussion

The Company (Progress Rail Services Corporation) is seeking to refit an industrial facility in the Industrial Riverfront area of Kansas City, Missouri. The project will consist of purchasing and installing new machinery and equipment at a facility in northeast Kansas City at a site located at 5600 Stilwell Street.

The Project will retain 2 jobs with an average wage of approximately $70,000 and create 85 new jobs at an average salary of $55,694. Total investment will be approximately $31.7 million in equipment and installation costs. The City will offer 90% abatement of this personal property for 10 years.

The total cost of the Project is expected to be approximately $31,723,073. The City has offered the issuance of a maximum of $38 million of Chapter 100 bonds to fund the costs associated with the purchase and installation of personal property. The issuance of the Bonds is designed to provide a means for abatement for the Project. The personal property purchased and installed with the proceeds of the Bonds will be owned by the City and leased back to the Company pursuant to a Lease Agreement. The Bonds will be repaid solely by the Company under the terms of the

Lease, and do not create an obligation of the City and do not reflect on the City's credit rating.

The Project will benefit from MoWorks benefits through the State of Missouri, a benefit valued at approximately $986,000. The Project will also benefit from Missouri One Start, with a benefit valued at approximately $70,000. The 10-year, 90% abatement on personal property is valued at approximately $3,512,534. These are estimates and not a guarantee.

The Company will be subject to operational/performance standards commensurate with the anticipated investment for this Project, standards which will be incorporated into the Lease.

Fiscal Impact

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

2. What is the funding source?
   Funding source from private developer

3. How does the legislation affect the current fiscal year?
   N/A

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
   N/A

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
   N/A

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)

Click or tap here to enter text.

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

N/A

Service Level Impacts

No service level impacts identified

Other Impacts

1. What will be the potential health impacts to any affected groups?
   None Identified

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?

By incentivizing the use of existing industrial space for new job creation

4. Does this legislation create or preserve new housing units?
   Please Select (Press tab after selecting)

   No
   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.

   Yes - I have submitted documents for CREO Review (Press tab after selecting)
   Please attach or copy and paste CREO's review.
   Click or tap here to enter text.

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)