

ORDINANCE NO. 210179, AS AMENDED

Amending Article IV, "Contracting Program Requirements" of Chapter 3, "Contracts and Leases," by adding a new Division 5, "Prevailing Wage," requiring the payment of a prevailing wage for projects receiving economic development incentives; and establishing an effective date.

WHEREAS, Section 807 of the City Charter requires that the Council enact by ordinance policies which reflect best practices for the prudent use of economic incentives and Council always intends to act as good stewards of public funds when considering tax abatements; and

WHEREAS, Council desires to maintain and grow a vibrant economy in the City; and

WHEREAS, Council believes providing economic development incentives allows the City to increase its industrial, commercial, housing and office space markets, which results in ensuring regional and national competitiveness, a stronger economy, and improved livability for its residents; and

WHEREAS, one of the economic development tax incentives often requested is the abatement redirection, or exemption of ad valorem property taxes; and

WHEREAS, these requests for the abatement, redirection or exemption of ad valorem property taxes are presented either directly to the City or through one or more of the economic development agencies authorized by Missouri statute and created by an ordinance of the City Council; and

WHEREAS, pursuant to the Land Clearance for Redevelopment Authority Law, Sections 99.300 to 99.660 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Ordinance No. 16120 passed on November 21, 1952, created the Land Clearance for Redevelopment Authority of Kansas City, Missouri (the "LCRA"); and

WHEREAS, pursuant to the Planned Industrial Expansion Law, Sections 100.300 to 100.620 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Ordinance No. 34677 passed on February 9, 1968, created the Planned Industrial Expansion Authority of Kansas City, Missouri (the "PIEA"); and

WHEREAS, pursuant to the provisions of Chapter 68 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Resolution No. 47523 adopted on February 11, 1977, created the Kansas City, Missouri Port Authority ("Port KC"); and

WHEREAS, pursuant to the provisions of Sections 135.950 to 135.973 of the Revised Statutes of Missouri, as amended, and the provisions of Resolution No. 050844 adopted by the City Council on July 28, 2005, Enhanced Enterprise Zones (EEZ) have been authorized and established in Kansas City; and

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WHEREAS, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Ordinance No. 54556 passed on November 24, 1982, and thereafter amended in certain respects by Committee Substitute for Ordinance No. 911076, As Amended, passed on August 29, 1991, Ordinance No. 100089, As Amended, passed on January 28, 2010, Ordinance No. 130986, passed on December 19, 2013, and Committee Substitute for Ordinance No. 140823, As Amended, passed on June 18, 2015, created the Tax Increment Financing Commission of Kansas City, Missouri (the "TIF Commission"); and

WHEREAS, pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and the provisions of Committee Substitute for Resolution No. 041033 adopted on September 16, 2004, the City Council of Kansas City, Missouri is authorized to approve the issuance of revenue bonds for the purpose of promoting industrial development through, among other things, the abatement of real property taxes; and

WHEREAS, pursuant to Committee Substitute for Resolution No. 121013 adopted on December 20, 2012, and Committee Substitute for Resolution No. 130297 adopted on April 25, 2013, the City Council of Kansas City, Missouri expressed its support for and authorized the use of sale-leasebacks by certain economic development entities as a mechanism for abating, among other things, real property taxes; and

WHEREAS, pursuant to Urban Redevelopment Corporations Law, Sections 353.010 to 353.190 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri is authorized to promote urban renewal through the abatement of real property taxes and has, by Committee Substitute for Ordinance No. 140306, passed on May 1, 2014, created the Kansas City Chapter 353 Advisory Board and vested it with certain powers in furtherance of such urban renewal efforts; and

WHEREAS, the City is empowered, directly or through one or more of the aforementioned agencies, to offer public incentives for economic development projects in the form of, among other things, a capture of payments in lieu of taxes or abatement or exemption, in whole or in part, of real property taxes; and

WHEREAS, payment of a prevailing wage is required on all projects constructed for public use or benefit or paid for wholly or in part out of public funds with an estimated cost in excess of \$75,000.00 by Sections 290.210 to 290.340 of the Revised Statutes of Missouri; and

WHEREAS, Council wishes to extend the requirement to pay a prevailing wage to certain projects receiving economic development incentives; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Article IV, "Contracting Program Requirements" of Chapter 3, "Contracts and Leases," be amended by adding a new Division 5, "Prevailing Wage," to read as follows:

DIVISION 5. PREVAILING WAGE

Sec. 3-622. Prevailing Wage Application to Incentive Plans.

(a) For any new development plan, or substantial modification to an existing plan, that is approved by the city council or any economic development agency created by the city and that seeks ad valorem real and personal property tax abatement, exemption or redirection, the developer, redeveloper or other entity that applies for approval of such plan or modification shall pay or cause to be paid a Prevailing Wage Rate to all workmen performing work as a part of the construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair of any project for which the total project cost exceeds seventy-five thousand dollars conducted as part of the plan.

(b) For the purposes of this section, Prevailing Wage Rate shall be determined as set forth in Sections 290.210 to 290.340 of the Revised Statutes of Missouri.

(c) The director of the human relations department of the city shall promulgate rules and regulation as are necessary to carry out the provisions of this section. All such rules and regulations shall be provided to the economic development agencies created by the city and authorized to approve tax abatement, exemption or redirection within 10 days of their promulgation.

(d) Notwithstanding the foregoing provisions of this section, the City Council and any economic development agency created by the City shall retain the discretion to authorize the abatement, redirection or exemption, in whole or in part, of ad valorem real property taxes to the full extent authorized by any provision of law. The City Council shall give particular consideration to the following exceptions ("Extraordinary Qualifications") in determining whether to authorize any abatement or exemption structure, or approve any development plan providing for incentives to be conveyed on a project-specific basis that is not in compliance with this section:

1. Projects located in a severely distressed census tract that has continuously maintained such status for not less than ten (10) years immediately prior to the effective date of the request; or
2. Projects that support affordable housing and extremely affordable housing by meeting the requirements of Committee Substitute for Ordinance No. 201038, as Amended, for such housing.
3. Projects that connect residents living in continuously distressed census tracts to new employment opportunities by:
 - (i) providing at least 100 new entry-level jobs to Kansas City with an annual salary of at least \$32,000, or \$42,000 inclusive of wages and benefits; and
 - (ii) incorporating options for mass public transportation or locating in an established high-frequency transit corridor.

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4. Projects that involve the renovation or rehabilitation of a building has been designated by a government entity as a local or national historic landmark or contribute to a historic district, or projects that have filed an application with the National Park Service to be placed on the National Register of Historic Places, in which case the exclusion would be subject to such designation being approved.

Determination of eligibility for Extraordinary Qualifications shall be made upon receipt by the City or any economic development agency created by the City of an application or request for ad valorem real and personal property tax abatement, exemption or redirection.

(e) This section shall apply only to projects that have not yet submitted an application for the abatement, redirection or exemption of taxes and shall not be construed in a manner as to apply to any tax abatement or transaction authorized by the City or any other public entity prior to May 14, 2021. Notwithstanding the foregoing, the requirements of this ordinance shall be imposed on any project that has submitted an application for the abatement, redirection or exemption of taxes prior to its effective date but has not received final approval from the relevant authorizing body within three years of May 14, 2021.

Section 2. For any new development plan, or substantial modification to an existing plan, that is not required to have approval of the City Council and that seeks ad valorem real and personal property tax abatement, exemption or redirection, the City Council recommends that any economic development agency created by the City, including Port KC, shall only approve abatements, exemptions or redirections for projects that a prevailing wage rate is paid to all workmen performing work as a part of the construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair of any project if the total project cost exceeds seventy-five thousand dollars.

Section 3. That this ordinance shall have an effective date of May 14, 2021, which is an additional 60 days beyond the minimum effective date established by the City Charter.

Approved as to form and legality:



Authenticated as Passed

Quinton Lucas, Mayor

Marilyn Sanders, City Clerk

MAR 04 2021

Date Passed

Katherine Chandler
Assistant City Attorney