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City Council

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Councilmember Nathan Willett (nathan.willett@kcmo.org)
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Councilmember Melissa Patterson-Hazley (melissa.patterson-hazley@kcmo.org)
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Councilmember Eric Bunch (eric.bunch@kcmo.org)
Councilmember Darrell Curls (darrell.curls@kcmo.org)
Councilmember Ryana Parks-Shaw (ryana.parks-shaw@kcmo.org)
Councilmember Andrea Bough (andrea.bough@kcmo.org)
Councilmember Johnathan Duncan (johnathan.duncan@kcmo.org)

RE: Palestine Community Improvement District

Dear Councilmembers:

This letter addresses the criteria for establishment of a CID in accordance with Municipal Code Section 74-303, in connection with the Ordinance No. 230835, which would approve and establish the Palestine Community Improvement District ("Palestine CID"). I have attached the Palestine CID District Boundary Map ("Attachment 1") which includes properties on both sides of Prospect Avenue from Linwood Boulevard south to 36th Street. The proposed district will include existing and planned senior living residences for senior residents of central Kansas City, and a number of commercial businesses including a convenience store.

I have also attached the Palestine CID Five-Year Plan ("Attachment 2") which includes the purposes of the district, and the projected services, projects, public improvements, and anticipated funding for the first five years of the district. The Five-Year Plan gives priority to services that promote public safety, and additionally during the initial five years, the Palestine CID will collaborate with the private sector and the City to expand the resources reflected in the proposed budget to extend to other services including but not limited to trash removal, economic development, and business expansion within the proposed district. The Board representatives include representatives of both operators and owners of District businesses. The District Services and its administration will be financed by a sales tax and by assistance from the Public Improvements Advisory Committee.

Prior to approving a petition to establish a CID, Section 74-303 of the Municipal Code instructs the City Council to consider:

(1) alignment with City goals expressed in the City's comprehensive plan, area plans, and economic development policies;

(2) benefits to the community with preference for petitions that allocate at least ten percent of the CID's total projected sales tax revenues toward community benefits and services, including blight remediation;

(3) whether there are any existing CIDs within the boundaries of the proposed CID and if such existing CIDs support the establishment of the proposed CID as evidenced by a letter or similar evidence of support;

(4) the current tax rate and a breakdown of taxes being imposed within the proposed CID boundaries, how the proposed overall tax rate compares to neighboring cities in Missouri, and any impact on the city's ability to impose additional taxes; and

(5) whether a shorter term is desirable based upon the nature of improvements and services and the projected budget.

1. Alignment with City goals expressed in the city's comprehensive plan, area plans, and economic development policies

The proposed Palestine CID is located within the Heart of the City Area Plan (the "Area Plan"), the 35th and Prospect Station Area Plan, and the US TOD Overlay Plan. The Area Plan contains 4 primary goals: (1) people first, (2) create jobs, (3) promote sustainability, and (4) repopulation. Each of these goals is furthered by the purposes of the proposed Palestine CID.

a. People First: Focus on human investments, creating residents that are productive, healthy, and caring

The People First goal has several core tactics which the Palestine CID will support, including creating clean, safe, and walkable communities, encouraging, and promoting alternative modes of transportation, pursuing crime reduction and prevention strategies, and improving access to healthy food. The proximity to the Kansas City Area Transportation Authority ("KCATA") Prospect Bus Rapid Transit System promotes the public transit. The Palestine CID's top priorities are public safety and community development services, which will be a positive force to improve the residential and commercial developments and the existing environment of the corridor. The Palestine CID has already partnered with businesses within the proposed district, including Big D's Liquor and Grocery store, to reorient the focus from alcohol and liquor sales to healthy and fresh foods. These circumstances and efforts combined will ensure that the focus of the Palestine CID is on the citizens in the area.

The Palestine CID is a collaborative effort of the City of Kansas City, Palestine Economic Development Corporation, and the Kansas City Area Transportation Authority. The City, Palestine, and the KCATA executed that certain Funding Agreement effective July 7, 2022 under which the City funded Palestine's transportation-oriented development ("Palestine TOD"). The Palestine TOD has resulted in the commencement of an \$18,000,000 rehabilitation and reinvestment in the Palestine senior housing projects. The Plan also includes an assisted senior living project to be located near 35th & Prospect on the Project's campus. In connection with the objectives of the Funding Agreement, Palestine and the KCATA entered into a Settlement Agreement on November 30, 2022, with Basra LLC, which was the owner of Big D's Liquor and Grocery store. Basra has cooperated with Palestine and the KCATA to reduce liquor sales, increase the sale of healthy foods, change the store's name to "Big D's Convenience Store," and cooperate in a number of ways in the neighborhood. One of the cooperative objectives is the founding of the CID. Basra will have representatives on the Board of Directors and is subject to a sales tax of up to 1% on all sales which will provide revenue for the services of the CID. The KCATA is paying for transit improvements being added to 35th Street, just east of Prospect. The KCATA is also contributing land it owns for the Palestine TOD and providing funding for demolition

of blighted improvements and environmental remediation. The residents of Palestine and the neighborhood will benefit from both these improvements and the added safety for neighbors and users of the Prospect Bus Rapid Transit.

b. Create Jobs: Increase employment opportunities within the Heart of the City and provide job skills

The Palestine CID aligns with the core tactics of the Create Jobs goal, including creating an interconnected multimodal transportation system to ensure access for area employers and businesses and prioritizing infrastructure improvements that support growth and new development. The services provided by the Palestine CID will enhance the economic prospects of the area and will attract and retain additional businesses. Additionally, the proposed district's proximity to and cooperation with nearby CIDs associated with the Linwood Shopping Center provide a boost to the growth and prosperity of these areas.

c. Promote Sustainability: Use sustainable practices to guide policy recommendations and development decisions

The proposed Palestine CID's location on the KCATA's Prospect Bus Rapid Transit System will promote transportation-oriented development in the district, which will work towards the Area Plan's goal of promoting sustainability through reinforcing alternative modes of transportation, increasing transportation options and decreasing dependency on single occupancy automobiles. The Palestine CID will partner with the Kansas City Police Department and the KCATA's Transit Security Force to ensure the safety of and promote the public transportation.

d. Repopulation: Increase population and focus on rebuilding desirable urban neighborhoods

The Palestine CID furthers the Repopulation goal of the Area Plan through its focus and priority on public safety and community development services. In addition to the partnerships described above, the Palestine CID will work with private sector businesses including Palestine Economic Development Corporation, the Prospect Mini-Mart on the corner of 35th Street and Prospect Avenue, and Big D's Convenience Store to coordinate and implement the public safety efforts in the Prospect Corridor. These efforts will help to increase the public safety and desirability of the area within the district, attracting and retaining businesses and ultimately residents.

2. Benefits to the community and CID's total projected sales tax revenues allocated toward community benefits and services

As shown by the attached budget, nearly all of the revenue of the Palestine CID will go towards community benefits and services. Over 29% of the projected revenue of the Palestine CID will be used for the projected costs of security services that directly serve the public. The remaining revenue after covering administrative expenses (which are projected to total less than 5% of revenue in the initial five years) will go towards landscaping, streetscaping, maintenance, and other beautification efforts within the district.

3. Existing CIDs within the boundaries of the proposed CID

There are no existing CIDs within the boundaries of the proposed CID.

4. Tax information

The current tax rate within the proposed district is 8.9750%, consisting of the following:

- 4.2250 % Missouri Sales Tax
- 1.3750 % Jackson County Sales Tax
- 3.2500 % Kansas City Sales Tax
- 0.1250 % Kansas City Zoological District Jackson County Sales Tax

If approved, the Palestine CID would have the power to impose a sales and use tax at a rate of up to one percent upon approval by the qualified voters of the district. Neighboring cities in Missouri have a similar or higher sales tax; in Downtown Lees Summit, the total tax rate is 9.4750%; in Raytown, the total tax rate is 8.4750%, and in Grandview, the total tax rate is 8.7250%.

5. Term

Based upon the nature of the improvements and services and the projected budget, the petition requests that the Palestine CID have a term of 20 years. This is consistent with the 20-year limit permitted by Section 74-302 of the Municipal Code. A 20-year term will enable the district to obtain a greater number of the stated objectives and to improve the area and the environment. This impact will help the neighborhood and have a positive fiscal impact for the City. A shorter term would frustrate accomplishing the purposes of the district.

We appreciate your consideration of the Petition that has been filed. We would suggest that you attend the public hearing on November 8, 2023 before the Neighborhood Planning and Development Committee. We will make representatives of the proposed CID available at the hearing for any related questions. On behalf of the CID, please consider voting for the Ordinance and making this important improvement to this area of the City.

Very truly yours,

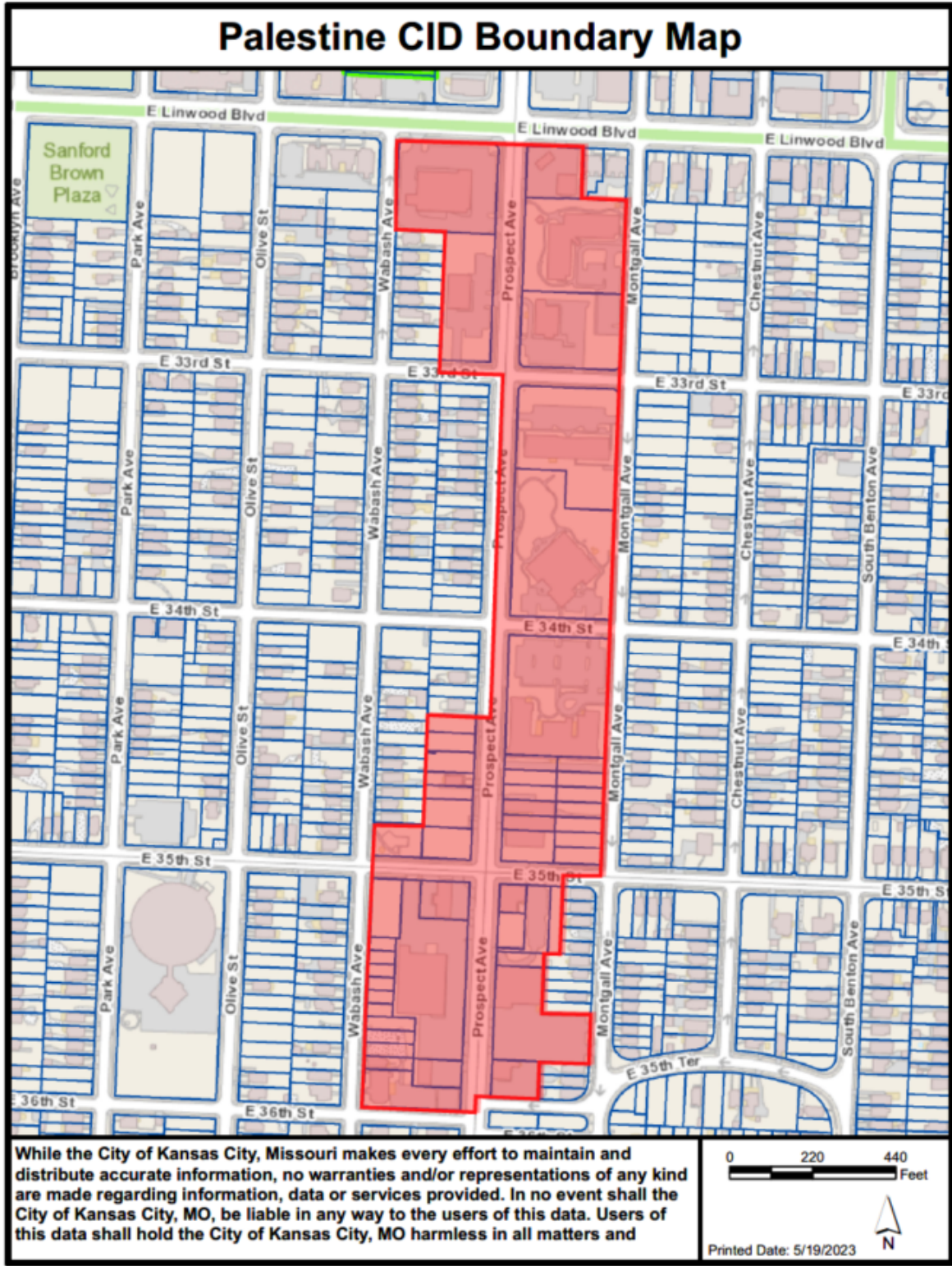
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Senior Counsel

JDR:td
Attachments

Attachment 1
CID District Boundary Map



Attachment 2
Five-Year Plan

See Attached.

This Five-Year Plan of the Palestine Community Improvement District considers the District’s purposes, services, proposed projects and public improvements, and anticipated funding for the District as a management plan for the first five years of the District Term. The Five-Year Plan will commence upon the establishment of the District with the acknowledgement that these activities may continue for the entirety of the District Term. The implementation of the District Sales Tax is to occur within the first year of the District Term following voter approval.

I. DISTRICT PURPOSES

The District’s purposes shall be implemented according to the provisions of Section 67.1461.1 of the CID Act. In addition to those purposes set forth in Section 7 of this Petition, the District shall serve the following purposes:

- 1) Provide or cause to be provided for the benefit of the District, any of the services set forth in this Petition or in Section 2 of the Five-Year Plan;
- 2) Assist and implement financing tools such as bond issues, leaseback transactions, and other incentives to finance the costs incurred by carrying out the purposes District, District services and public improvement projects, or other costs of issuance, capitalized interest and a debt service reserve fund related to the issuance of the bonds;
- 3) Authorize and collect the District Sales Tax;
- 4) Hold fee simple interest in District properties;
- 5) Enter into agreements and partner with the City, development agencies, and other third-parties to complete projects, improvements, and services proposed by the District; and
- 6) Serve as an economic development tool that allows property or business owners, community partners, and others in the District to:
 - Coordinate efforts to improve the District and meet the District purposes;
 - Plan the District services and/or public improvements which are deemed by the District to be necessary and desirable to the economic viability of the District;
 - Implement the District services and public improvements; and
 - Share the costs incurred by the District through sales and use taxes which are imposed and collected in accordance with this Petition and the Act.
 - Initiate a petition to terminate the District pursuant to the CID Act and this Petition.

II. IMPLEMENTATION OF PUBLIC SAFETY PRIORITY DURING THE FIRST FIVE YEARS

The District has established an initial budget of approximately One Hundred Thousand Dollars (\$150,000) annually, as shown in the budget attached to this Five-Year Plan and incorporated herein (the “Proposed District Budget”). The Board of Directors of the District intends to concentrate this funding on collaborative public safety efforts with the City of Kansas City, the Kansas City Area Transportation Authority, and the Linwood Shopping Center Community Improvement Districts located north of Linwood Boulevard on Prospect Avenue. The District is located on the KCATA’s Prospect Bus Rapid Transit System and will promote transportation-oriented development in the District. The public safety plan to be implemented will include common security services and coordinated public safety objectives with the cooperative parties. The District will collaborate with the Kansas City Police Department and KCATA’s professional security staff to better coordinate and implement new public safety efforts in the Prospect Corridor. Private sector businesses participating in the public safety plan will include Palestine and the Prospect Mini-Mart at the corner of 35th Street and Prospect Avenue. The Plan will also involve

residential and retail entities such as the Walgreens located at Linwood Boulevard and Prospect Avenue. The parties will include in the Plan common security services and coordinated public safety objectives that implement creative approaches to reducing crime resulting from environmental conditions in the Prospect Corridor.

III. DISTRICT SERVICES & PUBLIC SAFETY

The District may undertake any service or activity set forth in Section 67.1461.1 of the CID Act or otherwise noted in this Petition to carry out the purposes and proposed improvements of the District. As stated herein, the Five-Year Plan will give priority to services that promote public safety. During the initial five (5) years, the District will also collaborate with the private sector and the City to expand the resources reflected in the Proposed District Budget to extend the Plan to other services authorized herein, including but not limited to trash removal, economic development, and business expansion of the District. The services will include the following:

- 1) Maintain, repair, construct, install or equip multi-modal transportation infrastructure and facilities to facilitate and improve access to public transportation within the District;
- 2) Manage and support transit-oriented development connecting to or within the District;
- 3) Contract, finance, coordinate, and provide public safety and security personnel and equipment within the District;
- 4) The cooperative parties will examine environmental conditions and implement specific actions that reduce crime. For example, a specific action as to a surface parking lot contributing to crime might be addressed with the cooperation of the property's owner.
- 5) Identify and address public nuisances, exterior code violations, and other issues requiring stabilization;
- 6) Coordinate communications, economic development, public improvements and projects, and public safety efforts between the City, District personnel, residents and/or businesses within the District, and other organizations, such as nearby Community Improvement Districts (CID) and partners;
- 7) Develop partnerships with the Linwood Shopping Center Community Improvement District and Linwood Square Community Improvement District to support the purposes and services of all CIDs and efficiently share resources;
- 8) Provide for the repair, maintenance, cleaning, and ongoing upkeep of public and private areas within the District, including but not limited to cleaning, litter and graffiti removal, landscaping, or snow and ice removal;
- 9) Assist and develop partnerships, marketing efforts, or other initiatives to attract investment and foster business expansion within the District; and
- 10) Plan, manage, finance, and implement the public improvements and economic development projects described in Section 67.1461.1 of the CID Act and this Petition.

IV. PROJECTS AND PUBLIC IMPROVEMENTS

Notwithstanding anything in the CID Act or this Petition to the contrary, the District may initiate any activity related to facilitating the management, planning, repair, maintenance, renovation, construction, or installation of any of the public improvements listed in RSMo. Section 67.1461.1, including but not limited to the following:

- 1) Pedestrian or shopping plazas;
- 2) Parks, lawns, trees, and landscaping;
- 3) Sidewalks, streets, alleys, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, drainage, water, and storm and sewer systems;
- 4) Streetscape and lighting, signage,
- 5) Site improvements that may include earthwork, retaining walls, abandoned or structurally unsound buildings;
- 6) Restrooms, information booths, kiosks, canopies, and other shelters;
- 7) Construction of pedestrian pathways and access improvements; and
- 8) Public transit, public transit facilities and connections, parking areas, and other facilities related to multi-modal transportation.

V. PROPOSED DISTRICT BUDGET FOR ESTIMATED COSTS OF DISTRICT SERVICES AND PROJECTS

The Five-Year Budget includes the estimated costs incurred for District services and public improvements as well as the anticipated sources of funding and their term to pay the costs.

REVENUE					
Source	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Tax Income	\$160,000	\$168,000	\$176,400	\$185,220	\$204,205
<i>(throughout term of District)</i>					
PIAC		\$200,000	\$200,000		
<i>(two years only)</i>					
Total revenue	\$160,000	\$368,000	\$376,400	\$185,220	\$204,205
EXPENSES					
Type	Year 1	Year 2	Year 3	Year 4	Year 5
Security Services	\$105,000	\$109,200	\$113,568	\$118,111	\$122,835
Administration / Office					
Expenses	\$8,000	\$8,400	\$8,736	\$9,085	\$9,449
Events				\$5,000	\$5,200
Landscaping / Streetscape		\$200,000	\$200,000		
Maintenance	\$45,000	\$47,700	\$50,085	\$52,589	\$55,219
Total expenses	\$53,000	\$256,100	\$258,821	\$66,674	\$69,868