# **GENERAL**

aggregate 10 year

<b>Ordinance Fact Sheet</b>	Ordinance Number			
Brief Title Approval Deadline	Reason			
Cerner Corporation Industrial Development Plan		To approve an Industrial Development Plan for Cerner Corporation for the purpos of equipping an internal data center.		
Details	Positions/Recommendation	ons		
Reason for Legislation	Sponsor			
Approving an Industrial Development Plan for Cerner Corporation for the purpose of the expansion, renovation, improvement, and equipping of an office industry consisting of a data center located at 3512 NE 33rd Terrace; authorizing and approving various agreement for the purpose of setting forth covenants, agreements and obligations of the City and Cerner	Programs, Departments, or Groups Affected	City Planning City Finance		
Corporation; authorizing the issuance of taxable idustrial revenue bonds in a maximum aggregate principal amount not to exceed \$100,000,000; authorizing and approving certain other documents; and authorizing certin other actions in connection with the issuance of said bonds.	Applicants / Proponents	Applicant  City Department		
		Other		
<b>Discussion</b> (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account numbers, ordinance references, and budget page numbers.)  In 2009, Cerner purchased a property on NE 33 <sup>rd</sup> Terrace in	Opponents	Groups or Individuals  None Known  Basis of opposition		
Kansas City Missouri and converted a portion (approximately 1/3) of the existing building into a data center, while the remaining area was used for warehouse space pending future expansion. During the second phase of expansion an additional 1/3 of the 3512 NE 33 <sup>rd</sup> Terrace facility will be converted from warehouse space to a data center. In addition to the 16 jobs retained at the facility, two new people will be employed as a result of this project (average starting salary of \$80,000/year) and 35 will be temporarily employed during the construction period.	Staff Recommendation	X For Against Reason Against		
The total anticipated cost of this phase of expansion is \$116 million. Cerner has requested up to \$100 million from multiple bond issuances over a six year term under Chapter 100 to fund the acquisition and installation of personal property (machinery/equipment/furniture/ fixtures) for use within the facility. The personal property purchased with the bond proceeds will be owned by the City and leased back to Cerner	Board or Commission Recommendation	By  For Against No action taken  For, with revisions or conditions (see details column for conditions)		
under a lease agreement. The bonds will be repaid solely by Cerner under the terms of the lease agreement.  Cerner is seeking ad valorem tax abatement on the personal property associated with the project (up to a five-year abatement period in connection with each bond issuance). No real property tax abatement is being sought. Staff estimates tota personal property tax abatement to be \$5,117,607 during an	Committee Actions	☐ Do pass ☐ Do pass (as amended) ☐ Committee Sub. ☐ Without Recommendation		

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Hold

Do not pass

#### Details

period (the 5-year exemption applies to each year's new or replacement equipment, such that equipment purchased in Year 1 would be exempt for Years 2-6, beginning in 2016, and equipment purchased in Year 6 would be exempt for Years 7-11 beginning in 2021). The City's portion of this tax abatement is approximately \$887,622. Pursuant to the City's Chapter 100 policy, Cerner will make annual payments in lieu of taxes (PILOTS) equal to 50% of the personal property taxes to the affected taxing jurisdictions that would have been payable had the personal property been fully taxed.

Cerner, as the City's contractor, will purchase and install personal property on the project site in accordance with the lease agreement. The City shall be the sole owner of the personal property during the lease term. While the personal property is owned by the City and is subject to the lease, Cerner's leasehold interest will be exempt from all ad valorem property taxes, while Cerner will make PILOT payments. During the lease term, Cerner has agreed to both earnings tax and investment thresholds. Each item of personal property shall be conveyed by the City to Cerner on the 5th anniversary of Cerner's conveyance to the City (or sooner at Cerner's option).

The cost/benefit report for the project shows a net positive benefit for all the affected taxing jurisdictions as follows:

City: \$3,846,068

North Kansas City School District: \$3,184,158

Clay County: \$992,414

Metropolitan Community College \$115,997

The affecting taxing jurisdictions were given notice of the project by certified mailing in accordance with Section 100.059.1 of the Revised Statutes of Missouri on April 27, 2015.

### Policy/Program Impact

No X Yes
None
Any future bond issuance associated with this project would be considered "conduit debt" of the City solely repaid by Cerner's resources. The bond issue will not count against the City's debt capacity and will only appear on the City's financial statements as a footnote.
Yes. The Cerner Corporation Project is an important economic development to the City because it is expected to generate additional investment in the City and the creation of 2 jobs and the retention of 16 jobs.

### **Applicable Dates:**

### Fact Sheet Prepared by:

Katherine Carttar, City Planning and Development Department

Reviewed by:

Reference Numbers

# **CONTRACT**

## **Ordinance Fact Sheet**

Brief Title	Approval Deadline	Reason	
Details		Roles and Respo	nsibilities
Reason for Contract		Sponsor	
		Department or Programs	
		Affected Recommended	
		Awardee	
		Contract Compliance Certification Obtained?	No Yes
<b>Discussion</b> (explain all financial aspecincluding future implications, any direct/in numbers, ordinance references, and bud	ndirect costs, specific account	Opponents	Groups or Individuals
			Reason for Opposition
		Responsibilities	Design Engineering:
			Inspections:
			Construction or Project Management:
			Service Monitoring:
		Policy/Program I	mpact
		Policy or Program Emphasis Change	NoYes
		Operational Impact Assessment	

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Details		Finances		
		City's Estimate		
		of Cost		\$
		Bid or	Lowest Contract	
		Proposal Data	Cost Submitted	\$
			No .of Proposals Considered	
			Reason for rejecting lowest	t contract cost submitted
			Other Biddens on	0
			Other Bidders or Contractors Considered	Contract Costs Submitted
			Contractors Considered	\$
				\$
				\$
				\$
				\$
				\$
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				\$
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				\$
				\$
		Fund Sources		
		and Appropriation		
		Account Codes		
		For This		
		Contract		
		Source of		
		Future		
		Operating Funds		
		Maximum Amount		
		of Proposed		\$
		Contract  Amount of		Ψ
		Contingency		\$
Estimated Duration of Contract:		Engineering &		*
Estimated Buration of Contract.		Administration		\$
				<b>Y</b>
Fact Sheet Prepared by:	Date:	TOTAL		\$
		Council Committe	ee Actions	
Reviewed by:	Date:	Do Pass		Hold
		Do Pass (as amen	ded)	W/o Recommendation
Reference Numbers:		Committee Sub.		Do Not Pass

# **BUDGET ADJUSTMENT**

## **Ordinance Fact Sheet**

**Ordinance Number** 

Brief Title	Approval Deadline	Reason	
Details		Department, Program, o	r Accounts Affected
Reason for Adjustment		Sponsor	
		From/Transferor(s) or Fu	und Title(s)
		, ,	, ,
Discussion (symbol all financial concetts		To/Transferee(s) or Fund	d Title(s)
<b>Discussion</b> (explain all financial aspects including future implications, any direct/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirect/indirec	rect costs, specific account	,	`,
numbers, ordinance references, and budge	t page numbers.)		
		Policy / Program Impact	
		Dalian an Brannan	□ Na □ Vaa
		Policy or Program Emphasis Change	No Yes
		Onematical	
		Operational Impact	
		Assessment	
		Council Committee Action	ons
		Do Pass	Hold
		Do Pass (as amend	ded) w/o Recommendation
		Committee Sub.	Do Not Pass
		Foot Chart was and I	Data
		Fact Sheet prepared by:	Date
		Fact Sheet reviewed by:	Date
		Reference Numbers	