

GENERAL

Ordinance Fact Sheet

190336

Ordinance Number

Brief Title

Ordinance authorizes entering into an Agreement with the TIF Commission for the funding of a sanitary sewer line in a TIF area. The ordinance also approves an inter-fund loan between the City's Finance and Water Services Departments in order to provide monies for funding of the sanitary sewer line.

Reason

The financing and construction of a sanitary sewer line in the TIF area will provide infrastructure for future development.

<p>Reason for Legislation</p> <p>Authorizing the City Manager to enter into a Funding Agreement ("Agreement") between the City and the Tax Increment Financing Commission of the City of Kansas City, Missouri ("Commission") in order to provide the City's contribution ("City's Contribution") for a sanitary sewer line ("the Project") being constructed by the Hunt Midwest Real Estate Development, Inc. ("Developer") pursuant to the Second Amended and Restated Agreement between the Developer and the Commission, authorizing the Director of Finance to borrow \$1.6 million from the Kansas City Water Services Department, appropriating \$1.6 million from the unappropriated fund balance of Fund Number 8010, the Water Fund, estimating revenues and appropriating \$1.6 million in Fund Number 3090, the Capital Improvements Fund; authorizing the Director of Water services to expend up to \$1.6 million towards the Project; designating requisitioning authority; and recognizing this ordinance as having an accelerated effective date.</p>	<p>Sponsor Randall J. Landes, Director of Finance</p> <p>Programs, Departments, or Groups Affected Finance Department</p>
<p>Discussion (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account numbers, ordinance references, and budget page numbers.)</p> <p>On November 6, 2014, the City Council of Kansas City, Missouri (the "Council"), by way of Committee Substitute for Ordinance No. 140916, approved the Arlington Road Tax Increment Financing Plan, which has been amended from time to time (the "Plan"). The Plan provides, among other things, for the installation of 6,500 linear feet of sanitary sewer lines along N. Arlington Avenue between Parvin Road and Shoal Creek.</p> <p>On February 5, 2015, the Council, pursuant to Resolution No. 150090, contemplated contributing funds toward the actual costs of constructing the Project that are identified by the Plan and that have been certified by the Commission, pursuant to a Redevelopment Agreement, and such costs are estimated to be One Million Six Hundred Thousand Dollars (\$1,600,000).</p> <p>The City and the Commission desire to enter into an Agreement in order to fund the Project. The City will fund it's obligations under the Agreement with an inter-fund loan between the City Finance and Water Departments for a period not to exceed three years at an interest rate of 2.75%.</p>	<p>Applicants / Proponents Applicant City Department Finance Department Other</p> <p>Opponents Groups or Individuals None Known Basis of opposition</p> <p>Staff Recommendation <input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against</p>
	<p>Board or Commission Recommendation By <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)</p>
	<p>Council Committee Actions <input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold</p>

Details

Is it good for the children?

Yes. This bond issue will provide funds to create discrete infrastructure to an area under development within the City.

How will this contribute to a sustainable Kansas City?

Development expands the City's future tax base and provides economic opportunities to its citizens.

Policy/Program Impact

Policy or Program Change	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Operational Impact Assessment	

Finances

Cost & Revenue Projections -- Including Indirect Costs	Based on an April 24, 2019 analysis prepared by Hilltop Securities, Inc., the City's co-financial advisor, the following are the debt service estimates: Principal Amount: \$1,600,000 Annual Debt Service: \$845,000.00 Total Debt Service: \$1,692,354.17
Financial Impact	
Fund Source (s) and Appropriation Account Codes	Source of repayment for debt service is the capital improvement sales tax or Water Fund PILOTS.

(Use this space for further discussion, if necessary)

Applicable Dates:

Fact Sheet Prepared by:

Name: Dan Grandcolas Date 4/24/2019
Title: Public Finance Manager

Reviewed by:

Name: Douglas Buehler Date 4/24/2019
Title: City Treasurer

Reference Numbers