

## **MEMORANDUM**

**TO:** City Council of Kansas City

**FROM:** Doug Stone/Lewis Rice LLC on behalf of Cas-KC-Neda, LLC (“Petitioner”)

**DATE:** September 12, 2023

**RE:** Petition for the Establishment of the 1108-1110 Grand Community Improvement District

**230832**

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Per Section 74-303 of Chapter 74 of the Kansas City Code of Ordinances, this memorandum is provided by Petitioner for the purpose of addressing the criteria that the City Council is obligated to consider prior to approving a petition to establish a Community Improvement District (“CID”).

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### **I. Considerations Not Specific to Blighted Areas**

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

The rehabilitation of a Kansas City building listed on the National Register of Historic Places is consistent with the goals expressed in the City’s Comprehensive Plan, applicable Area Plan, and economic development policies. The building is located in a heavily visited area of Downtown Kansas City, and the transformation of the deteriorated property will enhance the current development pattern along this part of Grand Boulevard. The restoration of the building and its copper façade will add vibrancy and activity to a less developed block of this major corridor, contributing to a heightened atmosphere of hospitality and security while simultaneously aiding in the revitalization of an over 100-year old historic attribute within the city’s urban core. The relatively small increase in the number of hotel accommodations will offer visitors a wider range of choices for downtown lodging and the proposed public lounge will expand the array of dining options available to both residents and visitors.

#### **(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.**

The project constitutes a comprehensive strategy to rehabilitate the blighted property, one that entails the restoration of the building's copper façade, enhancements in exterior lighting, and a small outdoor seating area; all benefits aimed at enriching the experience of

those seeking to enjoy Downtown Kansas City. The endeavor will afford the community the previously mentioned benefits of both lodging and dining, while also preserving the community's sense of historic character. The building's prime location on Grand Boulevard, close to various downtown attractions, makes it easily accessible to pedestrians and passersby.

(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.

The Downtown Community Improvement District is within the boundaries of the proposed CID. A letter from the Downtown Community Improvement District in support of the establishment of this CID is attached.

(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. Such information shall be provided by the finance department.

The CID proposes to impose a 1% sales tax within its boundaries.

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

The CID revenue is needed to supplement other development incentives to make the project financially feasible. The relatively modest number of hotel rooms in the project leads to much lower potential CID revenue than larger projects, and therefore the requested 20-year term for the CID is crucial to the overall financial feasibility of the project. The SB Friedman report shows that even with the requested development assistance, the returns are still slightly under market and the full amount of the requested development assistance is necessary based on SB Friedman's independent analysis.

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## **II. Considerations Specific to Blighted Areas**

(1) Whether the completion of exterior improvements and public improvements is prioritized above all other improvements.

Petitioner considers the restoration efforts focused on the building's exterior one of the most noteworthy goals in the overall rehabilitation of the building. The rehabilitation will include the restoration of the building's impressive and historically significant copper façade, with the restoration work expected to be completed by A. Zahner Company, a Kansas City based internationally-renowned metalworking company whose original artisans crafted the building's façade initially in 1906. Additionally, Petitioner recognizes the significance of fortifying the sidewalk and undertaking the necessary repairs to the vault under the public sidewalk, putting a high priority on these actions for the overall preservation and maintenance of the area and the safety of visitors.

(2) Whether any petitioner was the owner of property within the proposed CID boundaries at such time as the blighting factors and conditions might reasonably have been determined to first occur and remain unabated. For purposes of this provision, any current property owner sharing one or more common partners, members, directors or officers with the property owner(s) identified as being responsible for the blighting factors and conditions shall be deemed the same owner(s).

Petitioner, the present owner of the building, acquired the property in 2020, long after the initial emergence of blighted factors and adverse conditions in the area had taken place. Since the acquisition, Petitioner has solely pursued the redevelopment of the building, demonstrating its commitment towards its revitalization.

(3) Whether more than 25 percent of the costs of remediation of blighting conditions located on the interior of any private property shall be funded by public revenues.

Public revenues will not fund more than 25% of the remediation costs. It is anticipated that the CID will generate revenue of approximately \$400,000 over 20 years, constituting only a nominal proportion of the expected total project costs of approximately \$24,000,000. The entirety of the development incentives (CID, sales tax redirection and real property tax abatement and STECM) have a projected present value of approximately \$3 Million, or 12.5% of total project costs.



September 15, 2023

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City Council of Kansas City, Missouri  
414 E. 12<sup>th</sup> Street  
Kansas City, MO 64106

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**Re: The Establishment of the 1108-1110 Grand Community Improvement District**

Dear Council Members:

On behalf of the Downtown Kansas City Community Improvement District, please accept this letter of support for the establishment of the 1108-1110 Grand Community Improvement District (the "**1108-1110 CID**").

As an organization, we are inclined to support others who share our goal of further redeveloping Downtown Kansas City. We strive to better our community, and we believe the 1108-1110 CID will be a benefit to existing businesses, residents, and visitors in the Downtown Kansas City Community.

We believe the rehabilitation of the blighted property near 11<sup>th</sup> Street and Grand Boulevard will have a positive impact on the Downtown area. The project will restore one of Kansas City's historic landmarks while simultaneously providing more hotel accommodations and dining options, and an enhanced Grand Boulevard corridor, building upon the redevelopment north and south of the location and across Grand Boulevard to the east.

If you have any questions, please contact me at [sean@downtownkc.org](mailto:sean@downtownkc.org).

Sincerely,

A handwritten signature in black ink that reads "Sean O'Byrne". The signature is fluid and cursive, with the first name "Sean" and last name "O'Byrne" clearly legible.

Sean O'Byrne

Executive Director

Downtown Kansas City Community Improvement District

**Downtown Community Improvement District**

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