

West Bottoms Public Infrastructure

Committee Substitute for Ordinance No. 240647

July 30, 2024

Finance, Governance and Public Safety Committee



CS for Ordinance No. 240647

- Establishes 2025B Special Obligation Projects Fund
- Estimates and appropriates **\$14.85 million in special obligation bond proceeds**
- Authorizes a construction contract with Infrastructure Solutions, Inc. in the amount of \$14.8 million funded from:
 - Special obligation bond proceeds
 - Previously appropriated funds - Water bond proceeds and Sewer fund balance
- Authorizes a reimbursement agreement with PIEA for design professional services

Overview of Public Improvements

- Ordinance 221064 approved a **Pre-development Agreement for West Bottoms**
- **Public infrastructure in two phases** including water mains, sanitary sewers, storm sewers, streets, curbs & sidewalks, streetscape, and streetlights.
 - Expected to encourage the development of 108,000 sq ft of office, 108,300 sq ft of retail, 589 multifamily units, which may include affordable units, and 40 hotel rooms
- **City Special Obligation Bonds anticipated to be issued in at least three (3) tranches**
 - TIF Economic Activity Taxes (EATs)
 - Additional City EATs
 - Community Improvement District (CID) sales tax (90%)
 - Any legally available revenue of the City – **annual appropriation pledge**
- If Developer completes Phase 1 of Private Development and provides notice of its intent to proceed with further phases, the City shall undertake construction of the Phase 2 Public Improvements.

Financial Plan - Phases 1a and 1b

Public Improvements

	FY 2025	FY 2026	FY 2027	Total
Ordinance 240647	\$ 14,850,000	\$ -	\$ -	\$ 14,850,000
Existing Approps	\$ 4,564,173	\$ -	\$ -	\$ 4,564,173
Phase 1a (tranche 1)	\$ 19,414,173	\$ -	\$ -	\$ 19,414,173
Phase 1a (tranche 2)	\$ -	\$ 12,000,000 ①	\$ -	\$ 12,000,000
Phase 1b	\$ -	\$ -	\$ 11,000,000 ①	\$ 11,000,000
Total	\$ 19,414,173	\$ 12,000,000	\$ 11,000,000	\$ 42,414,173

① Project costs estimated

Financial Plan – Phase 1a

Phase 1a Public Improvements (tranche 1)

▪ Infrastructure Solutions	\$ 14,771,134
▪ Design Work	\$ 3,600,000
▪ Inspection Services	\$ 873,400
▪ Financial	\$ 75,000
▪ Legal	\$ 50,000
▪ Contingency	\$ 44,639
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	\$ 19,414,173
Credit for Previously Appropriated Funds:	
▪ Water Mains	\$ (1,914,173)
▪ Sewers	\$ (2,650,000)
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	\$ (4,564,173)
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Special Obligation Bond Proceeds	<u>\$ 14,850,000</u>

Financial Plan – Phase 1a (Tranche 1)

- Tax Exempt Special Obligation Bonds to be sold in **April 2025**
- Debt Service to begin in FY 2026
- Bond Proceeds will include:
 - \$14,850,000 Project Fund
 - \$598,000 of Capitalized Interest
 - Cost of Issuance and Underwriting
- **Projected coverage ratio > 1.25x, per codified Debt Policy**

Financial Plan – Phase 1a (Tranche 2)

- Tax Exempt Special Obligation Bonds to be sold in **April 2026**
- Debt Service to begin in FY 2027
- Bond Proceeds will include:
 - \$12,000,000 Project Fund
 - \$575,000 of Capitalized Interest
 - Cost of Issuance and Underwriting
- **Projected coverage ratio > 1.25x, per codified Debt Policy**

Financial Plan – Phase 1b

- Tax Exempt Special Obligation Bonds to be sold in **April 2027**
- Debt Service to begin in FY 2028
- Bond Proceeds will include:
 - **\$11,000,000 Project Fund**
 - \$560,000 of Capitalized Interest
 - Cost of Issuance and Underwriting
- **Projected coverage ratio <1.25x**
 - \$8,450,000 Project Fund would comply with Debt Policy

Project Improvements (Somera Road)

- **2026 – Moline Plow, Perfection Stove, Firehouse**
 - 121 residential units – 32,752 sq ft office – 50,476 sq ft retail
 - **2027 – Avery, Crooks Terminal, Weld Wheel (1)**
 - 290 residential units - 75,250 sq ft office - 45,404 sq ft retail
 - 40 hotel rooms
 - **2030 – Boxing Gym (1)**
 - 178 residential units – 12,457 sq ft retail
- (1) New construction project

Project Revenues

- **\$86,451,234 estimated over 35 years**
 - Increased taxes generated by Somera Road developments
 - Redeveloped as 7 TIF projects
 - \$43,414,347 of TIF EATs (City, County, Zoo, CID)
 - \$36,389,348 of Additional EATs (City Super TIF)
 - \$6,647,539 of CID Revenue (remaining 40%)

Risks with Special Obligation Bond

- **The private development may not occur in total or in part** which would impact the TIF Revenues.
 - Mitigation: Permits issued in July 2024 for Perfection Stove and Moline Plow buildings
- **Voters may not renew certain taxes** which would impact the TIF Revenues.
 - Sales Tax Expirations: Public Safety – 06/30/26, Fire – 12/31/36, Capital Improvements – 12/31/38
 - Earnings Tax Expiration – 12/31/26 - Subject to renewal every 5 years - 10-year stepdown if not renewed
- The private development may not generate the projected TIF Revenues.
 - SB Friedman (Third Party Analysis) reviewed the developer's TIF projections
 - TIF Revenue projections included in the TIF Plan have been revised to be based on Kansas City tax data rather than national data
 - **To the extent projected revenues are not adequate to pay debt service, the City will make debt payments from any legally available revenue source (the City's annual appropriation pledge).**

Building Permits issued in July 2024

Moline Plow Building



Perfection Stove Building



Questions?

