



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: TMP-6387
Submitted Department/Preparer: Finance
Revised 6/10/24

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Authorizing the Director of Finance to accept a proposal of Banc of America Public Capital Corp ("BAPCC") to finance the acquisition of municipal golf course equipment ("Project"); authorizing the execution of any and all documents and agreements necessary for the financing; estimating revenue and appropriating 658,000.00 in the 3230 Fund; designating requisitioning authorities; authorizing the Director of Finance to close project accounts; approving Lease Counsel in connection with the transaction; declaring the intent of the City to reimburse itself from the lease purchase proceeds for certain expenditures.

Discussion

The ordinance requests authorization to finance the acquisition of the project with one draw upon the Master Lease Purchase Agreement between the City and BAPCC. The lease term is expected to not exceed a four (4) year period.

Ordinance No. 230999, passed on December 7, 2023, authorized the financing of \$875,000.00 of turf management equipment for the Heart of America, Minor Park and Swope Memorial Golf Courses.

Some of the existing turf management equipment for the Shoal Creek and Hodge Park Golf Courses has reached the end of its useful life. This ordinance will replace the most needed pieces of equipment that are in poor condition.

On May 1, 2020, BAPCC was selected as the Master Lease Purchase Agreement ("MLPA") vendor via a competitive RFP process for a 5-year engagement and approved in Ordinance No. 200273 passed on April 23, 2020. The MLPA sets forth terms, conditions, and contract rates for short-term (no more than 10 years) financings, secured by the assets being financed and the City's pledge of annually appropriating debt service under the Schedule. The contract rate is based upon current market swap rates and a credit spread. Common terms under the MLPA provide for more efficient financing with lower transaction costs than a conventional bond issue. The City retains the title to the asset during the term of the schedule as long as there are no events of default under the MLPA.

This MLPA is currently in the RFP process for renewal.

Fiscal Impact

1. Is this legislation included in the adopted budget? ☐ Yes ☒ No

2. What is the funding source?

Debt service is anticipated to be paid from future annual appropriations in the Golf Course Operations Fund No. 2050.

3. How does the legislation affect the current fiscal year?

Project appropriations will become available for use in the current fiscal year upon passage of this ordinance.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes. At a federally tax-exempt interest rate of 3.8% and aggregate principal amount of \$658,000, average annual debt service is estimated at \$182,000 over a four-year period. Debt service is assumed to begin in fiscal year 2027. There is a one-time cost of issuance allowance of \$8,000.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

The city golf courses operate solely on the revenues they generate. Having quality turf equipment enables them to provide the best possible golf experience and thus continue to generate high revenues.

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. ☐ Yes ☒ No

2. This fund has a structural imbalance. ☐ Yes ☒ No

3. Account string has been verified/confirmed. ☒ Yes ☐ No

The Golf Fund (2050) has adequate capacity to handle the debt service for this bond issuance.

Citywide Business Plan (CWBP) Impact

1. View the [Adopted 2025-2029 Citywide Business Plan](#)
2. Which CWBP goal is most impacted by this legislation?
Infrastructure and Accessibility (Press tab after selecting.)
3. Which objectives are impacted by this legislation (select all that apply):
 - ☐ Engage in thoughtful planning and redesign of existing road networks to ensure safety, access, and mobility of users of all ages and abilities.
 - ☐ Enhance the City's connectivity, resiliency, and equity through a better-connected multi-modal transportation system for all users.
 - ☐ Build on existing strengths while developing a comprehensive transportation plan for the future.
 - ☐ Develop environmentally sustainable infrastructure strategies that improve quality of life and foster economic growth.
 - ☒ Ensure adequate resources are provided for continued maintenance of existing infrastructure.
 - ☐ Focus on delivery of safe connections to schools.

Prior Legislation

Ordinance No. 230999 passed on December 7, 2023, authorized the financing of \$880,000 of turf management equipment for the Heart of America, Minor Park, and Swope Memorial Golf Courses.

Ordinance No. 220211 passed on March 10, 2022, authorized the financing of \$404,000 of turf management equipment for the Shoal Creek and Hodge Golf Courses.

Ordinance No. 180413 passed on June 7, 2018, authorized the financing of \$650,000 to replace equipment prone to breakage incurring excessive downtime.

Ordinance No. 200273, passed on April 23, 2020, authorized a five-year engagement with BAPCC as the City's Master Lease Purchase Agreement vendor.

Service Level Impacts

City courses serve as the hub for the First Tee of Kansas City. This organization teaches life skills through golf to thousands of Kansas City youth.

Other Impacts

1. What will be the potential health impacts to any affected groups?
None

2. How have those groups been engaged and involved in the development of this ordinance?

N/A

3. How does this legislation contribute to a sustainable Kansas City?

Newer mowers use less fuel and burn cleaner. The Parks Department is also using hybrid mowers when possible.

4. Does this legislation create or preserve new housing units?

No

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

No, CREO's review is not applicable.

The Master Lease Purchase Agreement, by which BAPCC is financing the City's Fleet Vehicles, was submitted to CREO in 2020 for evaluation and CREO set goals at 0%.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

No

This was accomplished in Ordinance No. 200273 passed by City Council on April 23, 2020. The equipment will be purchased through a national purchasing agreement with John Deere and Toro.

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?

No