



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: City Manager's Office

Revised 3/24/2023

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

Ordinance approves an Industrial Development Plan to allow for the redevelopment of the property at 1108-1110 Grand into a 35 room boutique hotel. The project will be completed through the issuance of chapter 100 bonds.

Discussion

The project will convert an underutilized 38,600 SF office building into a 35-key boutique hotel. The building is listed in the National Register of Historic Places. This is the second hotel planned by the developer who has previously developed a similar hotel in Lincoln, Nebraska.

The overall cost of the project is approximately \$24 million. The city intends to issue \$18 million in chapter 100 bonds for the project. Under the chapter 100 bond structure, real property is owned by the City and leased back to the developer. The bonds are paid solely by the lease payments. The arrangement allows for the project to benefit from sales tax exemption on construction materials and a tax abatement. This specific project will receive a 100% tax abatement for 10 years followed by 5 years of tax abatement at 50%. The developer will make payments in lieu of taxes (PILOTs) in the amount of \$31,817 for the first 10 years of the lease. PILOT payments will increase to \$78,413 after the first 10 years.

Additional funding sources for the project include owner equity, PACE (Property Assessed Clean Energy), historic tax credits, and brownfield tax credits.

Fiscal Impact

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

2. What is the funding source?

Not applicable

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

No

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

No

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

Yes.

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

Additional Discussion (if needed)

Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Finance and Governance (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Reform the City's economic incentives to meet the policy objectives of the City Council
- Ensure the resiliency of City government
- Engage in workforce planning including employee recruitment, development, retention, and engagement
- Ensure a responsive, representative, engaged, and transparent City government
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Prior Legislation

Click or tap here to list prior related ordinances/resolutions.

Service Level Impacts

Click or tap here to provide a description of how this ordinance will impact service levels. List any related key performance indicators and impact.

Other Impacts

1. What will be the potential health impacts to any affected groups?

Click or tap here to enter text.

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

Click or tap here to enter text.

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

The project will rehabilitate a historic building that is otherwise underutilized.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances ([Chapter 38, titled "Civil Rights"](#))?

Yes. Industrial Development Plan includes all provisions related to Chapter 38.

5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances ([Chapter 3, titled "Contracts and Leases"](#))?

Yes