

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 160757

Authorizing the City Manager to execute certain agreements with the Land Clearance for Redevelopment Authority of Kansas City, Missouri, Kansas City Downtown Hotel Group, LLC, and Broadway Square Partners, LLP for the purposes of providing financial assistance in the renovation of the Marriott-Muehlebach hotel complex, and obtaining the right to utilize up to two hundred parking spaces for purposes of encouraging economic development in the downtown loop; authorizing the City Manager to execute a petition to establish the 12th & Wyandotte Community Improvement District; and establishing a delayed effective date with respect to Section 1 of this ordinance.

WHEREAS, Kansas City Downtown Hotel Group, LLC ("KCDH") owns the approximately 990 room Marriott-Muehlebach hotel complex (the "Hotel") located on the northwest and southeast corners of 12th Street and Wyandotte Street, and across the street from the Barney Allis Plaza, in Kansas City, Missouri; and

WHEREAS, City owns the multi-level underground parking garage ("Hotel Garage"), as well as the land lying beneath that portion of the Hotel located on the northwest corner of 12th Street and Wyandotte Street; and

WHEREAS, KCDH leases the land and Hotel Garage from City and holds an option to purchase the same, which option is exercisable pursuant to the payment of a purchase price as prescribed in the First Amendment to Hotel Garage Lease authorized herein; and

WHEREAS, in order to finance certain costs related to the Hotel and the Hotel Garage, as well as certain costs relating to the renovation of Barney Allis Plaza, the Barney Allis Plaza Garage and other public facilities, the Land Clearance for Redevelopment Authority of Kansas City, Missouri ("LCRA") has previously issued revenue bonds that are payable from certain public revenues generated by the Hotel and its operation. The Existing Bonds are scheduled to be retired in 2019; and

WHEREAS, during the years 2009 through 2015, KCDH invested approximately \$24,000,000.00 in capital improvements to the Hotel, including a complete renovation of public areas, ballrooms and meeting rooms. Neither City nor LCRA participated in the funding of those capital improvements; and

WHEREAS, KCDH currently intends to proceed with an additional capital investment, in the form of replacement of much of the existing furnishings within the Hotel, at an estimated cost of approximately \$1,700,000.00 in private funds (with no public funding); and

WHEREAS, KCDH has considered another substantial additional capital investment in the Hotel, consisting of a complete renovation of all of the Hotel's guest rooms and adjacent guest spaces (the "Renovation") at an estimated cost of approximately \$32,800,000.00, but has determined that the Renovation is not financially feasible if all of the funding for the Renovation must be provided by KCDH; and

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 160757

WHEREAS, City desires to cause the Renovation to occur, so that, upon completion of the Renovation, together with the completion of the previously-approved convention hotel project proposed to be located at approximately 16th Street and Wyandotte Street, approximately 1,800 new or newly renovated rooms in close proximity or attached to City's convention complex would be available for marketing to convention planners and users; and

WHEREAS, the addition of such new or newly renovated rooms is critical to the economic vitality of City's convention business and City's interests in promoting City as a premier convention destination, and without such an investment, the realization of City's objectives would be hindered; and

WHEREAS, in order to assure the public benefits that will accrue if the Renovation is carried out, City is willing to provide funding for a portion of the cost of the Renovation, and KCDH is willing to proceed with the Renovation if City provides funding for a portion of the cost of the Renovation; and

WHEREAS, City will contribute, subject to future appropriations, a defined portion of the revenues derived from the conventions sales taxes generated at the Hotel in a principal amount not to exceed one-half of the estimated Renovation costs; and

WHEREAS, KCDH will seek to establish the 12th & Wyandotte Community Improvement District ("District") and impose a one percent (1%) sales tax, the proceeds of which will be used to offset on a dollar-for-dollar basis the funding to be provided by City; and

WHEREAS, City owns real property within the contemplated District and wishes to consider, at a future date, whether it is advisable that a District incorporating such property be established in accordance with the provisions of the Community Improvement District Act; and

WHEREAS, Second Committee Substitute for Resolution No. 120605, passed by the City Council on March 7, 2013, provides that the City Manager shall not execute any such petition unless authorized to do so by the City Council; and

WHEREAS, LCRA owns a parking garage (the "Wyandotte Garage") on the block bounded by 10th Street on the north, Baltimore Avenue on the east, 11th Street on the south, and Wyandotte Street on the west, in Kansas City, Missouri; and

WHEREAS, Broadway Square Partners, LLP ("BSP") leases the Wyandotte Garage from LCRA; and

WHEREAS, City desires to acquire a long-term right to grant to third parties the right to use up to 200 parking spaces within the Wyandotte Garage; and

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 160757

WHEREAS, BSP is willing to grant such rights if City agrees to provide a portion of the funding for the Renovation as provided herein; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized to execute, on behalf of City, the Cooperative and Funding Agreement, the Wyandotte Garage Parking Rights Agreement and the First Amendment to Hotel Garage Lease. The agreements are approved in substantial form as attached hereto with such additional revisions as are consistent therewith and which the City Manager determines to be advisable.

Section 2. That the City Manager is hereby authorized, on behalf of the City of Kansas City, Missouri, to execute a petition to establish the 12th & Wyandotte Community Improvement District for the purposes of establishing such district as he deems advisable to recommend to the City Council for its further consideration.

Section 3. That Section 1 of this ordinance shall not become effective until such time as the 12th & Wyandotte Community Improvement District has been established and the election approving the imposition of a sales and use tax of not less than one percent (1%), the proceeds of which are made available for such purposes as are provided in the Cooperative and Funding Agreement authorized herein, has been completed and the results of such election certified to the City by the board of directors of the community improvement district. All other sections of this ordinance shall become effective at such time as is otherwise provided for by law.

Approved as to form and legality:

Brian T. Rabineau
Associate City Attorney