



From City Council meeting . . . to Business Council MEMBERS ONLY

Prepared by Rich Groves, Executive Director
North Kansas City Business Council
May 16, 2023

Note: As a reminder, the notes below represent topics that, in my judgement, might be of interest to the business community. It does not include everything that was on the agenda.

Reminders:

City Council meetings now start at 6:00 p.m. What was previously covered in Work Sessions are now referred to as “Discussion Items” in the agenda. “Comments from the Public” occur early in the agenda, just a few minutes past 6:00 p.m.

Mayor and City Council representatives as of the most recent election:

Bryant DeLong – Mayor
Tabitha Todd – Ward 1
Anthony Saper – Ward 1
Lisa Tull – Ward 2
Jesse Smith – Ward 2
Connor Fitzgerald – Ward 3
Linda Alvarez – Ward 3
Amie Clarke – Ward 4
Katie Stokes – Ward 4

Comments from the Public

Discussion Items

Joint Meeting with the Parks Board to review design alternatives for a new River Forest Park

No notes on this topic are included in this report.

One North Development Project Update

Master Developer for the One North Development project Rick Worner gave a comprehensive report, patiently explaining early stages and goals as well as current status and challenges that have been faced.

The most difficult challenge has been to find a grocery store that will be willing to fit within the limited population of North Kansas City. According to Rick Worner the “Gravity model” is used for measuring feasibility of a grocery store. It has to do with population density within a certain distance. North Kansas City does not have enough density within distance to qualify for most grocery stores. Approximately 20 different grocery store chains were approached and none were willing. Trader Joe’s was even offered almost a “free” facility and they refused.

The next project to move forward is the Genesis Fitness project with sand volleyball fields, fitness center and “surfing” theme restaurant. It will be located between the two hotels and the Milhaus apartment complex currently under construction. According to Rick Worner, the Genesis facility will not have a pickle ball component.



Overall Update

- Project started in 2016
- At that time, the City desired a fairly dense development
- As outlined in the original Master Development Agreement, the City desired:
 - Hotel
 - Grocery Store
 - Apartments

Current Development

- The City also desired unique North Kansas City restaurants and attractions.
- To date, we have been able to develop the following:
 - Two Westin Hotels & Conference Center - Aloft & Element - Opened December 2020.
 - Two market-rate apartment developments totaling 500 units - Opened in November 2020.
 - Starbucks - an international brand - Opened in September 2020.
 - Old Chicago - designed to bring in lunch & dinner customers - Opened in January 2020.
 - Medical office plaza - Opened in 2019.
 - Meierotto Jewelers - first on-site tenant - not part of the Master Development Agreement - Opened in November 2017.

Proposed Development

We have the following projects under potential development:

- Genesis Health Clubs – sand volleyball & surfing venue.
- Grocery Store.
- Destination restaurant.
- Entertainment venue with ZIP lines – Missouri ARPA Tourism Grant Funding.
- Two potential fast casual restaurants (can only accommodate one)

A \$1.3 million ARPA grant for an entertainment venue with restaurants in half of Lot 7 has been obtained.



Development Challenges

- COVID essentially put the development on hold for 24 months.
- COVID has changed the need for office space as more people work from home.
- Rapid Increase in interest rates – over 500 basis points in increases.
- Change in Council direction – moved from desiring 1,000 apartments to capping them.
- Delays with the Missouri Department of Transportation.
- Inability to attract a Grocery Store.
- Inability of private development to raise the required equity.
- The sale of Cerner to Oracle.

Grocery Store Challenges

- Rapid increases in interest rates.
- Rapid increases in material costs.
- Operator reluctance without major subsidy.
- Access challenges with MoDOT.
- Access challenges with infrastructure.
- Demographics of area – income & population density.

Grocery Store Historical Process

- Collectively (City & Developer) have contacted over 2 dozen potential operators.
- Examined store sizes from 10,000 sq. ft. to 40,000 sq. ft.
- Considered both regular grocery stores and boutique grocery stores.
- Offered sizable subsidies to operators.
- Contracted for market studies, feasibility studies, engineering, etc.
- Expended over \$1,000,000 to date in documented costs.
- Store is completely designed and ready for a building permit.

Progress Since Last Update

- Have an Owner Operator prepared to proceed subject to financing.
- Have received a term sheet for financing subject to USDA guarantee from a local bank
- Have submitted all documents for USDA review and approval.
- USDA review and approval generally takes up to 60 days.
- USDA has given preliminary feedback and requested clarifications.
- There is no firm date that USDA is required to meet.

Summary

- Expect to hear from USDA soon.
- Closing should occur within 45-60 days of USDA approval.
- Construction Contract would be signed immediately.
- Construction Materials would be ordered immediately.
- The exact timing of construction is hostage to the availability of materials.
- If materials are generally available, construction should take less than 12 months.

The USDA only responds to banks. Will not respond to developer. Need to go through a third party bank.

Regular Agenda

Short Term Contract with KCATA for bus services

After a very lengthy discussion City Council reluctantly agreed to a 7-month contract. There were many questions about the terms and calculations leading up to the proposed contract.

Blume NKC Purchase Agreement

Two amendments to the sale agreement and the development agreement that were discussed at a previous City Council meeting were approved.

Encroachment Adjustment for 1600 Swift

Storsafe IV, LLC, owner of the mixed-use building located at 1600 Swift Street requested approval of a right-of-way encroachment license agreement to accommodate a new tenant, Axis Construction Management Group KC. Storsafe IV has been readapting the original railcar offloading warehouse building formerly operated by US Rubber Company, into a mixed-use warehouse and business office occupancy. Approved.

Staff Comments

Acting City Administrator Kim Nakahodo asked for administrative permission to approve two permits for events by Big Rip that were submitted too late for this meeting and will be occurring before the next City Council meeting in three weeks.

The full agenda for this meeting with links to critical documents is available on the City's website www.nkc.org under the heading of Agendas and Minutes. As always, additional details about City Council agenda topics are often available as attachments on the City's website www.nkc.org and later as <https://www.youtube.com/watch?v=Z-6WpmTG2Ss> part of the approved minutes.