

Economic Development & Incentive Policy Implementation

Progress Update

PARTICIPANTS

- City of Kansas City, Missouri
 - ✓City Planning and Development
 - ✓City Finance
 - ✓City Law
- Economic Development Corporation
 - ✓Tax Increment Financing Commission
 - ✓Land Clearance for Redevelopment Authority
 - ✓Enhanced Enterprise Zone Boards
- Planned Industrial Expansion Authority

<http://www.kcmo.org/finance.nsf/web/edpolicy>

Economic Development & Incentive Policy Implementation

Progress Update

PURPOSE

Use of Incentives and Other Public Investment

- Achievement of 6 Policy outcomes
 - ✓ Create quality jobs
 - ✓ Strengthen the economy and build wealth of Kansas City
 - ✓ Sustain a high quality of life
 - ✓ Promote stewardship of City resources
 - ✓ Maintain and develop affordable, quality housing opportunities
 - ✓ Promote comprehensive opportunities for education, skills development and lifelong learning
- Incentives are available throughout the City, but are limited
- Substantive and early role for City staff in review process

PROCESS

Application Intake and Review

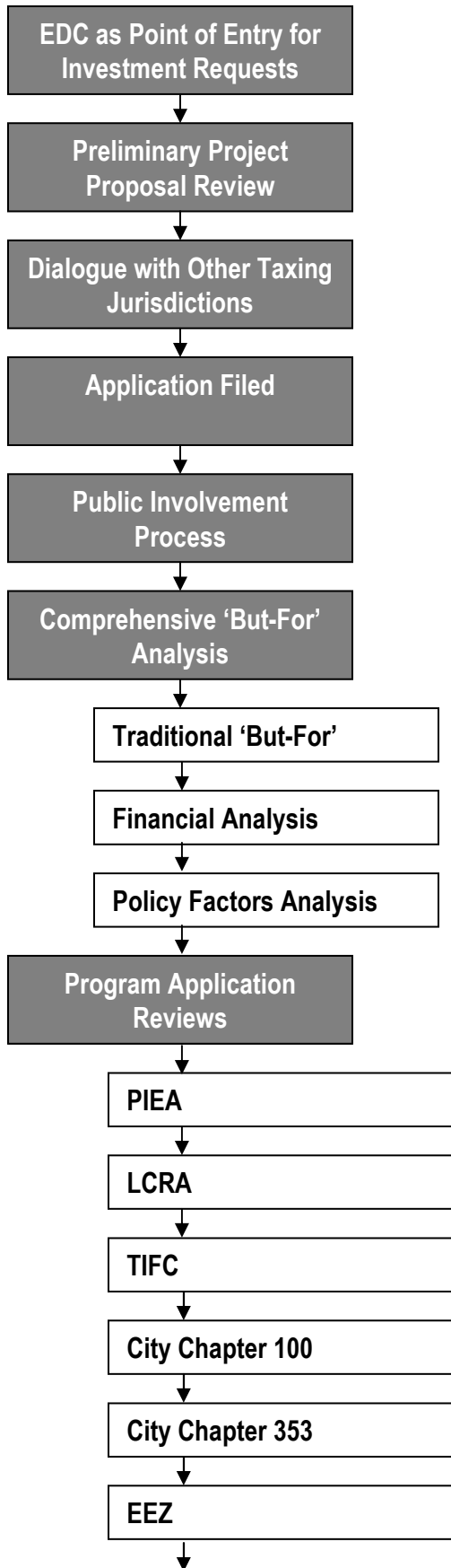
- Consistent process
- Public access
- Transparent
- 22 Policy factors – Social/Fiscal impacts
- City Council approval of all incentives
- Substantive involvement of other taxing entities

PERFORMANCE

Project Evaluation/Policy Compliance

- Standardized approach to project performance monitoring
- Enforcement of contract
- Performance thresholds
- Citizens' Evaluation Committee

Pre-Application & Application Review Process



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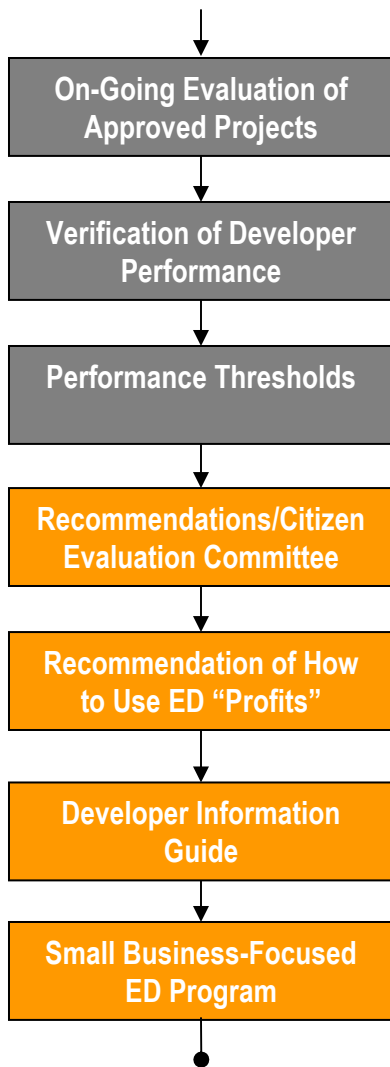
High-Level Implementation Brief

Key

Process Substantively Complete

Future Work

April 23, 2008



Economic Development & Incentive Policy Implementation

High-Level Implementation Brief

Key

Process Substantively Complete

Future Work

Preliminary Project Proposal Review

- Not specifically required by ED&I policy
- Intended to provide early guidance to developers on most likely path to successful conclusion

Dialogue with Other Taxing Jurisdictions

- EDC serves as coordinator of developer contact with other taxing entities
- Intended to garner early input of the taxing entities to inform the developer and policy makers about the impacts of the proposed development
- Requires upfront developer payments to other taxing entities be fully disclosed and accounted for in the 'but-for' analysis

Public Involvement Process

- Intended to engage public early in process
- Two stage implementation based upon budget and technical capacity
 - > *Stage One*: basic website with mailing list manager (electronic mail) notifications when new information is posted to website
 - > *Stage Two*: advanced website with GIS integration providing must greater public control over what ED information they receive, as well as ability to access project files online

Economic Development & Incentive Policy Implementation

Detailed-Level Implementation Brief

Comprehensive 'But-For' Analysis

Traditional 'But-For'

- Required for every project
- Standardized requirements for third-party analyst reports
- Standardized RFP format for selection of third-party analysts

Financial Analysis

- Standardized inputs
- Standardized assumptions
- Presentation of a single, comprehensive analytical tool with detailed information for policymakers on interpretation of results

Policy Factors Analysis

- Standardized approach
- Uses qualitative, quantitative and informational measures of compliance with the ED&I policy
- Includes some mandatory requirements: context and net benefit (which can be financial or otherwise)
- Includes a focus on a number of "key" factors: removal of blight; creation of quality jobs; etc.
- Provides a framework of general guidance of a staff recommendation, but does not take a formulaic approach

Economic Development & Incentive Policy Implementation

Detailed-Level Implementation Brief

Program Application Reviews

- ED&I Policy requires all incentives to be approved by City Council
- City and EDC staff have spent significant time reconciling this requirement with the statutory framework of the various ED programs
- Approvals fall into three categories: (1) statutory board recommendation, City Council approval; (2) City Council delegation of final approval to statutory agency; and (3) a blend based upon circumstances.

PIEA

- Council approves all incentives
- Process modified to require City Council approval of BOTH district creation and plan authorization

LCRA

- Council delegates approval to statutory agency
- Incentives are limited to no more than 10 years at no more than 100%

TIFC

- Council approves all incentives
- Process significantly revised to provide a greater role for City staff earlier in the process
- Process modified to prevent material changes to items before TIFC after packets have been distributed

City Chapter 100

- Council approves all incentives
- Process modified to allow EDC to perform “go/no-go” recommendation
- Incorporates other components of ‘but-for’

City Chapter 353

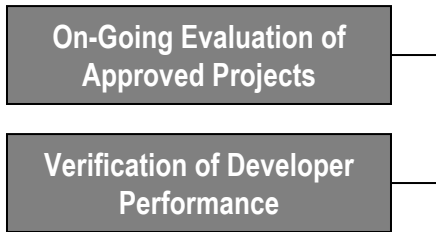
- EDC responsible for administration
- Flexibility of program remains in place

EEZ

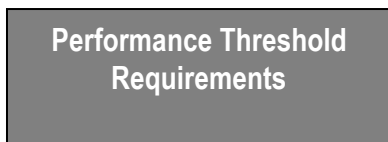
- Blend approval
- Council delegates approval for abatements of up to 10 years and up to 100% to EEZ Boards
- Higher intensity incentives require a complete ‘but-for’ analysis and are subject to Council approval

Economic Development & Incentive Policy Implementation

Detailed-Level Implementation Brief

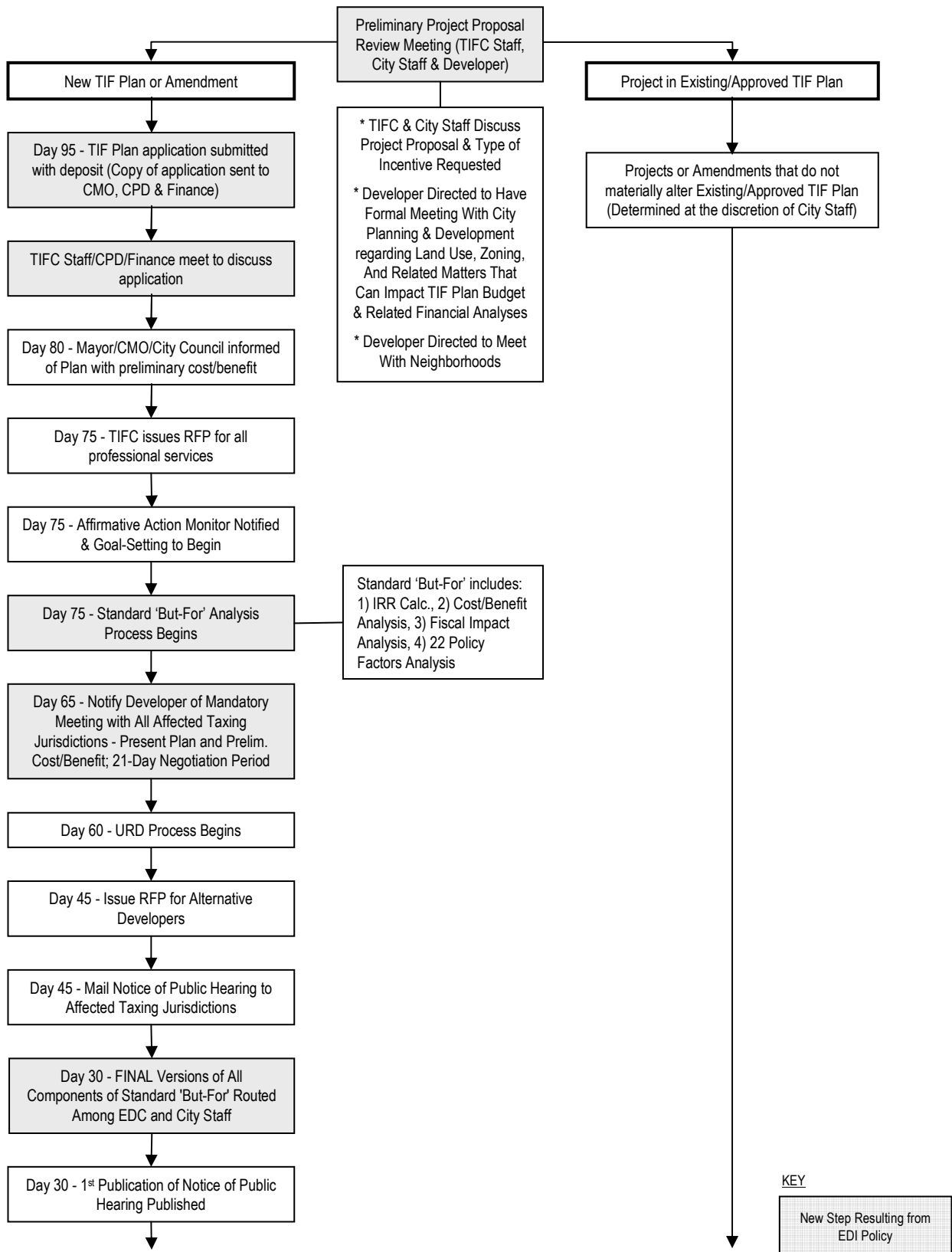


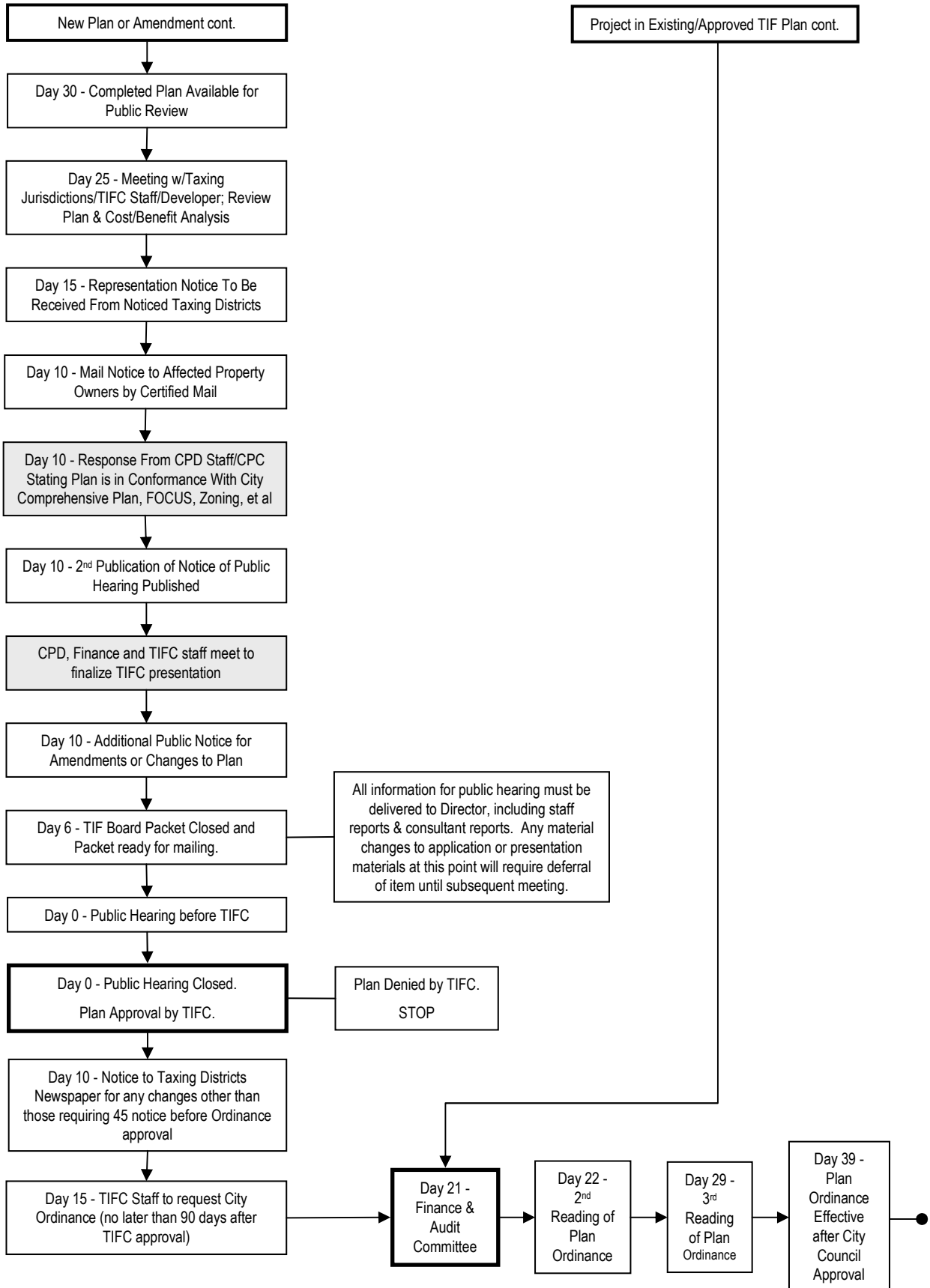
- Items for evaluation/performance review are negotiated and included in a schedule adopted by the City Council at the time of approval of an incentive grant
- Projects are assigned to “frequent” or “infrequent” review categories based upon the type of project and risk to the City
- City coordinates with statutory agencies to prevent overlap and undue burden to the developer in managing project performance
- Performance thresholds are triggered by unmitigated underperformance



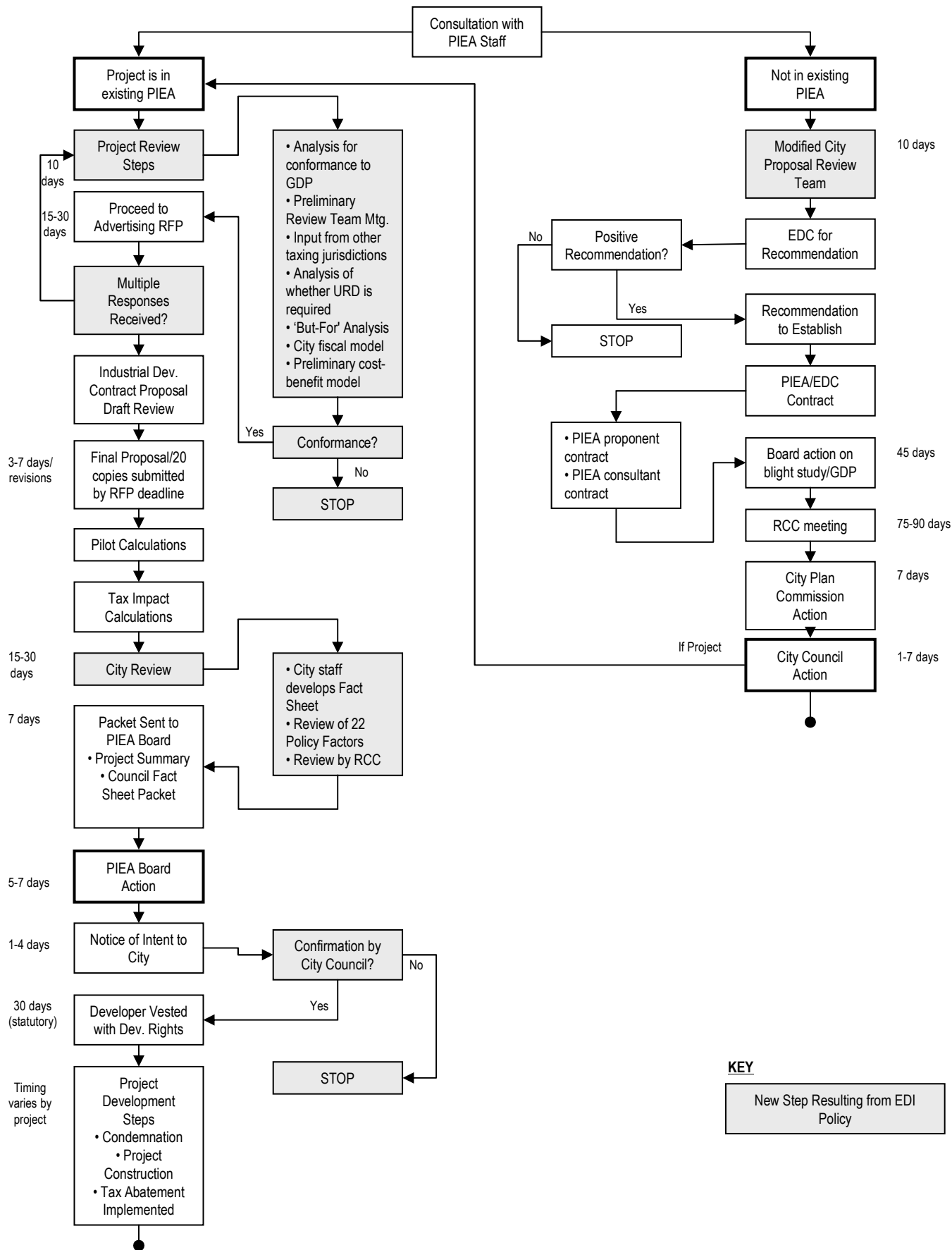
- Performance thresholds are specified for every economic development project receiving incentives
- Performance thresholds are tied to performance representations made in application for assistance
- Performance thresholds are imposed proportionately to level of underperformance
- Developer will be provided with a reasonable period to cure underperformance

Highlighted TIFC Review Process

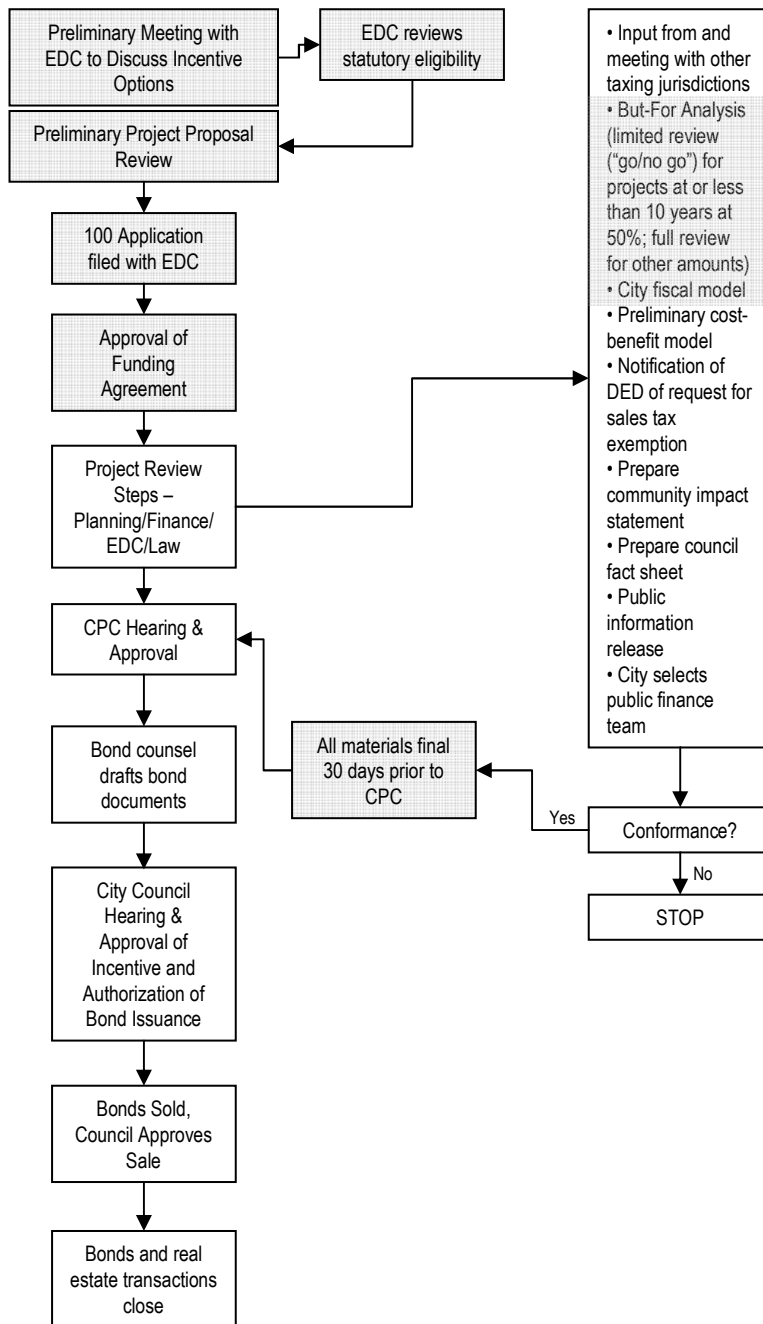




PIEA Review Process



City Chapter 100 Program Process

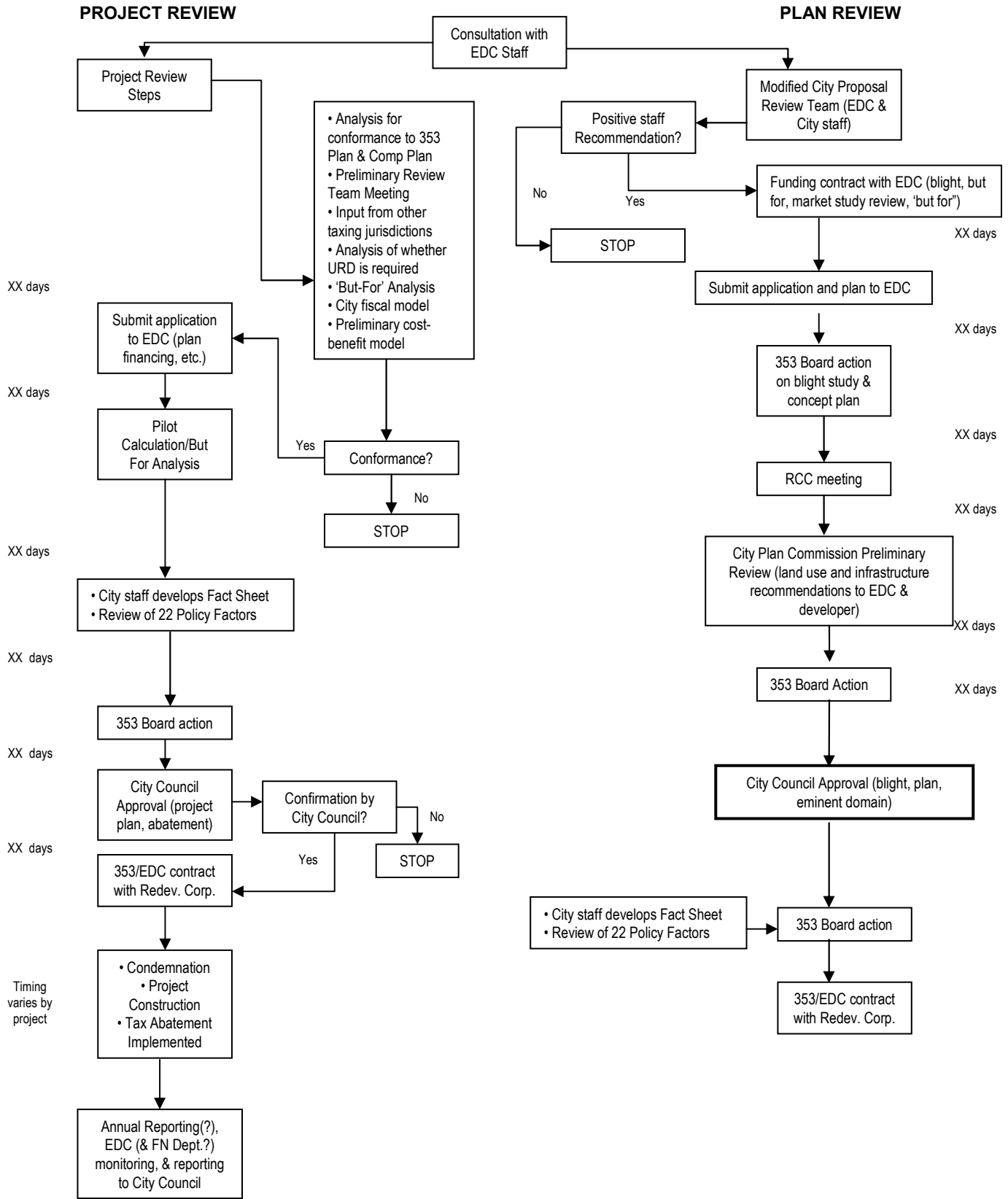


KEY

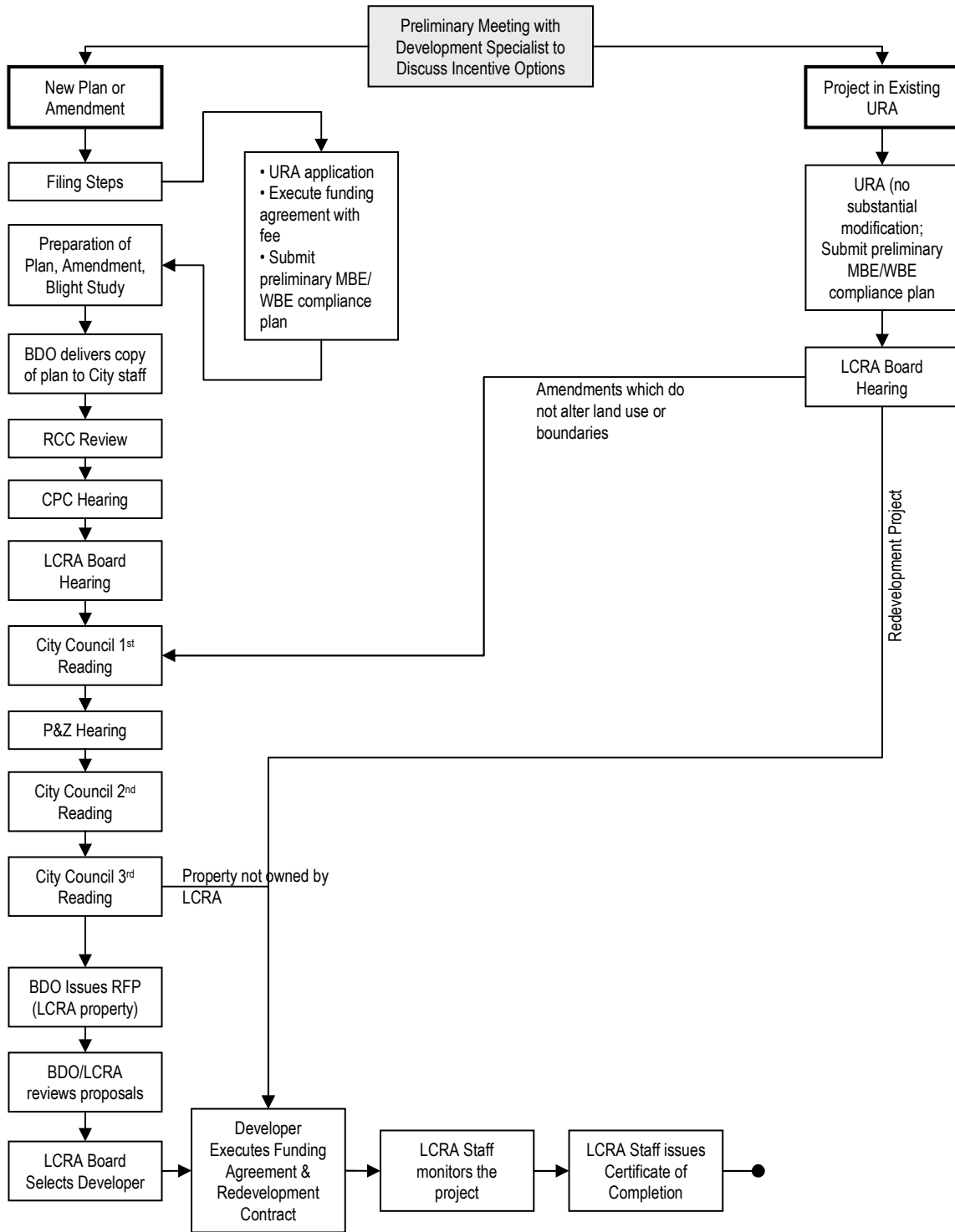
New Step Resulting from EDI Policy

Revised 353 Review Process

March 20, 2008



LCRA Review Process



KEY

