



City of Kansas City, Missouri Economic Development & Incentive Policy Task Force Meeting #8

Date: Wednesday, August 15, 2007, 5:00 – 8:00 p.m.

Location: Gem Theater, 1615 E 18th Street

Time: 5:00 – 6:45 p.m. Business Session
7:00 – 8:00 p.m. Public Hearing

Meeting Purpose:

1. Discussing a points system to review applications for public investment.
2. Review of 8/8 survey results and identification of consensus policy statements
3. Review of policy statements where consensus was not shown from the survey

AGENDA

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|-----------|--|---|
| 5:00 p.m. | Welcome and introductions | Bill Haw, Chair |
| 5:05 p.m. | Discuss points system to review applications for public investment (see p. 13) <ol style="list-style-type: none">a. Points system concept and overall frameworkb. Policy factors (group discussion)—30 minutesc. Policy factor metrics (breakouts)<ol style="list-style-type: none">i. Quality Jobs, Economy/Wealth, Quality of Life—20 minutesii. Stewardship of City Resources, Housing, Education —20 minutes | Sheila Shockey/
Jeff White |
| 6:15 p.m. | Review of 8/8 survey results and identification of consensus policy statements (see p. 8) <ol style="list-style-type: none">a. Please review the policy statements derived from questions on the survey where responses showed a consensus of the Task Force or from Task Force discussions to date.b. We will briefly discuss any suggested changes to these statements at the meeting of 8/22c. Survey tabulations are provided in Appendix A to this agenda packet | Jeff White |
| 6:25 p.m. | Review of policy statements where consensus was not shown from the survey (see p. 17) <ol style="list-style-type: none">a. Finalize definition of “quality jobs”b. Fiscal impact of incentives on Cityc. Competitiveness of incentives offeredd. Fiscal impact on other taxing jurisdictions | Breakout Sessions
(no reports at this meeting) |

6:40 p.m. Announcements & meeting evaluation Sheila Shockey
1. What items need to be carried forward to the next meeting?
2. Are there requests for information before next meeting?
3. Discussion of future meeting agendas (see below)

6:50 p.m. Adjourn work session portion of Task Force meeting & break for 10 minutes until public hearing portion

7 – 8:00 p.m. Public hearing

Next meeting: Wednesday, Aug. 22—Doolin Educational Center Boardroom (NKC Schools) 1900 NE 46th St.
• Implementation Feasibility Workshop **CANCELLED**
• Task Force Worksession, 5-7 p.m.
• Public Hearing 7-8 p.m.

Resources:
• Wrap-up of Breakout Sessions from August 8—page 11
• Appendix A—Tabulations from the August 8 survey—page 19
• Appendix B—Updated information from Best Practices Report—page 25

FUTURE MEETING AGENDAS

(Fully Subject to Change)

August 22 Worksession on implementation feasibility at 4 p.m. **CANCELLED**

August 22 Finalize consensus specific policy statements (from 8/15)
Finalize draft policy statements from 8/15 breakout groups
Points System: Short review of previous week's work
Points System: Prioritization exercise for Policy Factors
Points System: Review of survey of staff asking: who measures now?
Points System: Discussion of how we use the output of the points system
Homework: review entire consensus document to date (distributed via email by 8/26 at 5p)

August 29 Finalize consensus on framework for Points System
Discuss and finalize consensus on framework for program evaluation
Finalize consensus on entire policy document
Homework: draft individual Task Member reports (if desired)

August 30 Final policy document released to Task Force members by electronic mail by 11:00a

August 31 Individual Task Member reports due by 1:00p
Consultants deliver final policy document with Task Member reports to City by end of business

ECONOMIC DEVELOPMENT AND INCENTIVES POLICY DRAFT

Statement of Purpose:

The purpose of the Kansas City's Economic Development and Incentive Policy is to:

- ✓ Define economic development in Kansas City;
- ✓ Establish a framework for actions needed to make Kansas City more livable for all residents;
- ✓ Generate lasting private investment in Kansas City, benefiting all residents; and
- ✓ Guide decision-making regarding how public investments are made in support of economic development

The City's Economic Development and Incentive Policy is a living document and is periodically evaluated to ensure that the policy direction reflects the City's desired outcomes.

Policy Outcomes:

For Kansas City, economic development is defined as:

Economic development is the process whereby a community creates the conditions which foster economic growth, the outcome of which is an improvement in the quality of life. The outcomes of economic development are the return for the City's investment in this process. Economic development which only benefits one segment of the community, despite an investment by all, is not sustainable. Therefore, sustainable economic development must encompass a process which produces outcomes for all concerned. Desired outcomes include: an increase in human capital development, such as education, job skills, and childcare; an increase in financial capital development, such as job growth, small business development and access to credit; the protection of natural capital, including natural and physical resources; and the betterment of community ~~and environment~~, such as ~~through~~ blight reduction, poverty reduction, crime reduction and increased recreational opportunities.

Quality of life and economic development are interdependent community priorities. Achieving one cannot be at the expense of the other. A strong, vibrant community attracts economic investment. Outcome-driven economic investment results in long-range financial returns, as well as community benefits that improve quality of life. To improve the quality of life for all residents and secure Kansas City's future as a vital, livable community, certain outcomes must be achieved as a result of economic development investments.

► Create Quality Jobs

Kansas City's Economic Development and Incentive Policy assists the City in generating and maintaining quality jobs. Quality jobs are **[(Alternative 1)]** regular, full-time jobs that pay a higher than average wage for a comparable position in the Metro

area, include health insurance with at least 50% of premiums paid by the employer, provide opportunities for advancement, and provide a comprehensive benefits package including opportunities to save for retirement (Alternative 2) those jobs meeting the definition set forth in the Missouri Quality Jobs Act (RSMo 620.1875 et seq.) (Alternative 3) full-time jobs that pay an average wage equal to or greater than the county average wage (as published by the Missouri Department of Economic Development), include affordable health insurance with at least 50% of the premium paid by the employer, provide opportunities for advancement and a comprehensive benefits package including opportunities to save for retirement (Alternative 4) full-time jobs that pay a wage higher than the average in the county in which the project is located, that offer health insurance with meaningful financial participation by the employer, that provide opportunities for advancement, and include a comprehensive benefits package with opportunities to save for retirement.

- ✓ **Business Assistance:** support small businesses in the city; preserve, develop and sustain businesses, and promote an entrepreneurial culture.
- ✓ **Focus on Economically Disadvantaged Areas:** target economic opportunities for economically disadvantaged areas of the city; ~~invest in neighborhoods identified by FOCUS as “stabilization areas.”~~
- ✓ **High Quality Benefits:** focus on jobs that provide quality benefits, including affordable health insurance and retirement; subsidize the health insurance costs of employers who employ workers who live and work within certain empowerment zones or communities.
- ✓ **Local Jobs for City Residents:** tie public investments in private enterprise to the creation of quality jobs for existing residents of the city, especially jobs that will create opportunities for the city’s unemployed.
- ✓ **Provide Connections:** connect skilled workers with employers needing skilled help using city partnerships, such as faith-based organizations, community colleges and vocational/technical facilities.
- ✓ **Workforce Development:** invest in workforce development activities, such as job training and development of life skills; improve opportunities for high-tech educational opportunities and jobs.
- ✓ **Workforce Support:** provide support to employees, such as assistance with day care, transportation or housing needs; ensure displaced employees are reintegrated quickly into the city’s workforce.

▶ Strengthen the Economy and Build the Wealth of the Kansas City

Kansas City’s Economic Development and Incentive Policy assists the City in strengthening the local economy and building the wealth of the city by increasing the income of all residents while reflecting a concern for the distribution of income, growing the profits of city businesses, reducing poverty and strengthening the tax bases of the city’s local governments.

- ✓ **Business Development:** grow small businesses into larger ones and create opportunities for new businesses to flourish; promote an entrepreneurial culture.
- ✓ **Business Recruitment:** recruit and relocate existing businesses from outside of the city.

- ✓ **Business Retention:** retain a diverse array of current businesses within the city. Develop and maintain business relationships with existing businesses and gather better business intelligence (who is growing and who is shrinking).
- ✓ **Cluster Development Promotion:** recruit, retain and grow multiple and complementary businesses in the same industry type. Kansas City, for instance, is seeking to develop a biosciences cluster following the construction of the Stowers Institute.
- ✓ **Improved Business Climate:** improve ~~actual or perceived~~the City's friendliness to business; ~~ensure that streamline local governments~~the City's practices and procedures ~~are as business-friendly as possible~~by which businesses obtain permits, licenses and other requirement for operation; ensure quality customer service by City employees through high expectations, training and multilingualism.
- ✓ **Integration of Diversity:** ensure the integration of all races, ethnicities and cultures into the City's economy and social structure.
- ✓ **Marketing Efforts:** promote Kansas City through electronic, print and other media to attract private investment, promote tourism and encourage enjoyment of the city's many benefits ~~to~~by residents of the Metro area.
- ~~✓ **Poverty:** reduce poverty within the city.~~
- ✓ **Sustainable Development:** ensure development meets both today's needs and those of future generations.
- ✓ **Target Development Areas:** identify specific areas within the city that will be the target of economic development activity.

▶ Sustain a High Quality of Life

Kansas City's Economic Development and Incentive Policy assists the City in enhancing Kansas City as a "most livable city" by supporting basic public services, promoting public safety (both real and perceived), protecting the environment and fostering a vital creative culture.

- ✓ **Blight Reduction:** reduce or eliminate blight.
- ✓ **Collaboration:** link neighborhood groups, religious institutions and businesses to work together in a collaborative way to improve quality of life.
- ✓ **Crime Reduction:** pursue strategies that reduce crime and enhance the perception of safety in every neighborhood.
- ✓ **Culture/Arts:** enhance existing or develop new arts and culture infrastructure, programs, activities and opportunities for residents and visitors to experience a diverse, high-quality mix of arts and culture (examples ~~for~~of outcomes to be measured include the numbers of resident artists, galleries, artist studios and live/work spaces, performance venues, arts organizations, and museums, as well as annual attendance at arts and cultural events and facilities).
- ✓ **Environment:** focus on development/redevelopment projects that are "climate-friendly" meaning they help minimize or reduce greenhouse gas emissions; promote "green construction," such as requiring developments to design and construct according to the U.S. Green Building Council's LEED (Leadership in Energy & Environmental Design) Standards.
- ✓ **Infrastructure Plans:** preserve, enhance & construct physical infrastructure to support economic development.

- ✓ **Land Preservation/Restoration:** acquire, preserve land as a tool of economic development. Examples include preserving the City's green infrastructure and remediating "brownfields" sites.
- ✓ **Livability:** create livable neighborhoods that help in making physical and social connections between people.
- ✓ **Maintain Unique Assets:** preserve and enhance the natural and man-made assets unique to the city.
- ✓ **Neighborhoods/Community Development:** preserve and enhance neighborhoods and small communities within the city. Examples include micro development business opportunities and the preservation of historic neighborhoods.
- ✓ **Partnerships:** build long-term partnerships between law enforcement, community groups, developers and other key parties in troubled communities to reduce persistent crime, disorder and fear.
- ✓ **Physical Improvements:** target physical improvements and improve development design to prevent crime and improve the perception of public safety.
- ✓ **Public Transit:** promote "transit-oriented design," promoting the use of public transportation as a tool of economic development.
- ✓ **Quality of Life:** promote city quality of life. Examples include park and open space development, walking/biking trails, and access to unique retail and dining within the city.
- ✓ **Youth Involvement:** develop programming and opportunities to engage the city's youth, including job opportunities and skills development, and to steer youth away from crime.

▶ Promote Stewardship of the City's Resources

Kansas City's Economic Development and Incentive Policy provides a framework to ensure that public investment in economic development is measured, appropriate, effective and affordable.

- ✓ **Fiscal Impact on City:** control the fiscal impacts of the economic development plan or policy on the city government.
- ✓ **Impact on Neighborhoods:** require development applications to include a statement of neighborhood impact including both examples of the positives from the development (for example, the opening of a community grocery) and the negatives (for example, traffic congestion and light pollution).
- ✓ **Measurement:** monitor, measure and report on each development's progress in delivering on its economic, social and environmental promises.
- ✓ **Social Impact on City:** ensure that private development benefiting from public investment produces benefits broader than just financial.
- ✓ **Sustainability:** make decisions and take actions promoting the "3 Es"—economic vitality, social equity, and environmental quality.

► Maintain and Develop Affordable, Quality Housing Opportunities

Kansas City's Economic Development and Incentive Policy assists the City in ensuring that every Kansas Citian—in every corner of the city—has access to quality, affordable housing. The City promotes a diverse housing supply through implementation of its own housing policy ([City Ordinance #070062](#)), and partners with state and local agencies, organizations, non-profits and community groups to ensure the success of its housing initiatives.

- ✓ **Compete for Development:** compete with neighboring communities for new ~~er~~ housing ~~developments~~[development projects](#).
- ✓ **Construct Quality, Affordable Housing:** use incentives and public/private partnerships to promote the construction of quality, affordable housing, especially in economically-challenged areas.
- ✓ **Encourage Mixed-Income Development:** de-concentrate areas of poverty and integrate market rate, affordable and public housing units in the same neighborhood (i.e. mixed income housing development).
- ✓ **Identify Market Impediments to Housing Development:** analyze impediments to quality, affordable and market-rate housing and use public investment to correct problem conditions.
- ✓ **Protect Existing Housing Stock:** Re-use and conserve existing buildings so that prevailing character of the neighborhood is maintained; ensure renters have access to rehabilitation and improvement funds, as well as owner-occupants.
- ✓ **Replace Housing Stock:** require the replacement of housing units that are viable and demolished as a result of development projects receiving incentives.
- ✓ **Target Development Areas:** identify specific areas within the city that will be the target of economic development activity.
- ✓ **Uniform Application of Housing Standards:** ~~ensure that apply in-fill housing complies with the same quality standards imposed on new construction~~[housing standards uniformly across the city for every type of new and rehabilitated housing to ensure quality construction](#).

► Promote Comprehensive Opportunities for Education, Skills Development and Lifelong Learning

Kansas City's Economic Development and Incentive Policy recognizes that a quality education for every Kansas Citian forms the foundation for all other economic development efforts. Quality academic, vocational, and technical education provides the existing and future workforce with the skills necessary to allow Kansas City to build its own knowledge asset base and to compete for private investment.

- ✓ **Early Childhood Education:** ensure availability and access to early childhood education for all families and involving all segments of the city in sponsoring youth education and recreation programs.
- ✓ **Lifelong Learning:** ensure that residents are afforded the opportunity to learn throughout their lives and in every phase of what they do.
- ✓ **Post-Secondary Education:** Provide opportunities for after high school and adult learning through a variety of alternatives, including post-secondary

education, continuing education and training, workforce development and on-the-job-training, and “recreational” or vocational learning.

- ✓ **Primary and Secondary Education:** Support kindergarten through high school education by demanding high quality education and supporting positive family involvement.
- ✓ **Quality and Perception:** improve both the quality of K-12 public education and the perception of public school quality in the city.

Organization, Application Review and Project Evaluation: [NEW]

[These policy statements were developed from prior Task Force work, including discussions of presentations, resources like the 2003 FOCUS plan, and breakout sessions, and from the August 8 survey results.]

▶ *Single Point-of-Contact*

- ✓ The City Manager will appoint a single point-of-contact for all applications for public investment in economic development projects. [Task Force work]

▶ *Use of Point System for Review of Project Applications*

- ✓ The City uses a point system to evaluate the extent to which project applications address the City’s economic development policy outcomes. [8/8 survey]
- ✓ Developers are required to identify how their proposed projects meet the policy objectives of the City. [8/8 survey]
- ✓ The impact of a proposed development on existing businesses is considered when incentives are proposed for new or expanding businesses. [8/8 survey]

▶ *Exceptions*

- ✓ If larger-than-standard investments are allowed for “exceptional” projects, there should be an objective, quantifiable definition of “exceptional.” [8/8 survey]

▶ *Investments Vary from Project to Project*

- ✓ The incentives available to a project vary depending upon the type of development proposed. [8/8 survey]
- ✓ The first project in a redeveloping area should receive larger incentives (incentivizing “first movers”) than those projects that follow. [8/8 survey]

▶ *On-Going Evaluation*

- ✓ The City has a formal process by which it measures, on a continuous basis over the life of any public investment granted, the extent to which the performance of a project meets or exceeds the promises identified in the application. [8/8 survey]
- ✓ The City routinely audits information provided in reports from projects having been granted public investment to verify the information provided. [8/8 survey]
- ✓ The City may employ a third-party to provide verification of project performance. [8/8 survey]

▶ *Role of City Council*

- ✓ The City Council has final approval over any incentive granted by the City or any of its partner economic development agencies. [8/8 survey]
- ✓ The City Council reviews a summary fiscal and social impact analysis, transmitted with any development-related agenda item to be considered by the City Council or its committees, for every project under consideration. [Task Force work]

▶ *Leveraging Economic Development Success*

- ✓ The City uses the “profits” from economic development investments to support key policy goals, such as housing, environmental protection and public transit. [8/8 survey]

▶ *Streamlined Process for Small Businesses*

- ✓ The City employs a formal, streamlined application review and ongoing evaluation process for small businesses. [Task Force work] “Small businesses” are those qualifying with the US Small Business Administration’s definitions as codified at 13 CFR §121.

Use of Incentives and other Public Investments: [NEW]

Kansas City maintains a wide array of tools it can employ to promote economic development. Many of these involve public investment. *Investments* involve choice, risk and a rate of return. The City is cognizant of these factors when making economic development investments.

One important role of the City’s Economic Development and Incentive Policy is to set policy related to its public investment. Specifically, the policy addresses: *when* public investments are used; *how much* and *for how long* investments will be made; *which* investments are used in which circumstances; the expected *return* on the City’s investment; and, the mechanisms by which *penalties* are assessed if the project does not perform as promised.

▶ *“But-For” Standard for All Incentives*

- ✓ The City and all of its partner agencies use a standard, “but-for” test that is broader than just a calculation of developer rate of return. [Task Force work]
- ✓ Incentives will only be granted to those projects that would not otherwise occur without the incentives requested. [8/8 survey]
- ✓ Projects qualifying for incentives will receive only those incentives required to make the project feasible, and no more. [8/8 survey]
- ✓ Not every economic development project will necessarily qualify for public investment. [8/8 survey]

▶ *Evaluation of Impact*

- ✓ The City will determine the economic, fiscal and social costs and benefits of its economic development investments. [Task Force work]
- ✓ Every project requesting incentives is analyzed to determine its potential impact on the City's finances. [8/8 survey]
- ✓ The City requires the use of clawbacks as a tool for accountability when making public investments in economic development projects. [Task Force work]

▶ *Appropriate Uses for Public Investment*

- ✓ Business recruitment, including from other areas in the Metro. [8/8 survey]
- ✓ Direct participation in programs to enhance job skills and develop qualified workers for local businesses. [8/8 survey]
- ✓ Direct participation in programs to create, develop and sustain small businesses in Kansas City [8/8 survey]
- ✓ The creation of high quality jobs. [8/8 survey]
- ✓ The expansion of existing Kansas City businesses. [8/8 survey]
- ✓ The creation of development-ready sites in economically distressed areas. [8/8 survey]
- ✓ Business retention, including preventing Kansas City businesses from moving to other parts of the Metro area. [8/8 survey]
- ✓ The development of public infrastructure. [8/8 survey]
- ✓ Downtown housing development (lofts, condos). [8/8 survey]
- ✓ Urban core, single-family infill housing. [8/8 survey]

▶ *Appropriate Local Tools for Public Investment*

- ✓ The use of tax increment finance (TIF) is an appropriate economic development tool. The redirection of up to 50% of incremental economic activity taxes is appropriate. [8/8 survey]
- ✓ The use of property tax abatement is an appropriate economic development tool. The duration of abatements of up to 15 years. [8/8 survey]
- ✓ The duration of a public investment is not longer than the useful life of the asset(s) financed by the investment. [8/8 survey]
- ✓ The use of tools that leverage investment by the State of Missouri. [8/8 survey]
- ✓ The use of General Fund guarantees of economic development debt is *not* appropriate. [8/8 survey]

SUMMARY WRAP-UP: BREAKOUT DISCUSSIONS FROM AUGUST 8

The paragraphs below provide a summary of the breakout table discussions from the August 8 meeting on the Task Force.

Are There Limits on Public Investments? Should the City Limit or Cap the Amount of Investment it Makes?

The breakout group that considered this question decided that there are limits on the amount of debt the City should incur or guarantee in connection with economic development purposes. The group believed that limits must be set as the “pie” (total financial resources available) does not get larger. However, the group believes the economic development and incentives policy must be flexible enough to accommodate exceptional projects. For example, while the group was generally opposed to the guarantee of development debt by the City, it believed that such a guarantee may be provided in the case of an exceptional project. While the group did not define “exceptional projects” it did establish that these projects are those which present a unique and golden opportunity for the city. Although exceptional projects may be able to avoid some of the requirements imposed on other projects, the group felt that it must still meet some basic underwriting assumptions. The group felt that, especially in those cases where the City has guaranteed the developer’s debt, it could reduce risk by participating in the “up-side” of the development. That is, if the development generates more cash than required, a portion of this increment could be captured by the City and applied to other uses.

Should the City Target its Investments in Some Way?

The breakout group reached a consensus that the City should not target investment to one pre-selected geographic area of the City. Rather, a more flexible and holistic approach was favored. The group believed that the targeting of areas for investment could lead to the neglecting of economically disadvantaged areas. This neglect would only exacerbate the current conditions. Instead, the group believed there are instances where an economically disadvantaged area should receive a higher level of investment to improve its economic marketability. The group believed that investment in the people should be stressed.

The group agreed that the FOCUS plan should be used as a resource to better determine the needs of certain geographic areas of the City. The redirection of the surplus from successful projects to neighborhood revitalization projects was also encouraged.

Should Public Investments in Economic Development be Tied to Policy Outcomes? How Should they be Tied?

The breakout group that addressed this issue agreed that public investments in economic development should be tied to policy outcomes. Their decision was based on the belief that a public investment should provide a public benefit. Regarding just how they should be tied was a more difficult question. The group considered the use of a point system which would be used to evaluate each project. It was suggested that each policy outcome would be assigned a different range of points, depending upon how the Task Force as a whole allots

to that outcome. Projects receiving the highest point total would be given a priority as to funding.

The group members agreed that the point system must be flexible, but must maintain accountability. The members indicated that the point system must not be too cumbersome and rigid: use it as a tool and not a rule. However, the group warned that the point system could not be perceived as arbitrary, as it would result in developers choosing not to participate in a rigged game.

Should the City Impose Penalties for Underperformance?

The group reached consensus regarding the need to impose “penalties” upon developers for underperformance. While the group agreed that some sort of assessment should be imposed, it did not believe the assessment should be called a “penalty” and felt that the term “clawback” was more appropriate. The group believed that the imposition of clawbacks would encourage developers to be more conservative in their financial assumptions. According to the group, clawbacks should be scaled to and be commensurate with the underperformance of the project. To the degree the developer failed to meet his/her assumptions, he/she may be required to make a financial commitment to replace the clawback. This would require the developer to put some “skin in the game.” As a consequence, the group was opposed to the City guaranteeing developer’s debt and obligating the general fund.

The imposition of clawbacks would require a well-developed monitoring program to assess the degree and basis for the underperformance. The group felt that the monitoring program could serve as a tool to detect underperformance at its earliest stage and afford the City an opportunity to provide the developer some technical assistance.

POINTS SYSTEM FOR APPLICATION REVIEW: FRAMEWORK

It became clear from last week’s meeting that the consensus of the Task Force is that some sort of points system should be used to evaluate the merits of projects seeking public investment. This consensus was further validated by the results of the August 8 survey. The framework would be built upon the foundation of the Policy Outcomes already identified by the Task Force.

Given the time constraints and mission of the Task Force, it is quite unlikely that a comprehensive system can be built in the remaining weeks of August. We can, however, produce a framework and some policy-level guidance for the implementation of a points system by the City after the work of the Task Force is complete. The graphic below depicts a framework for a points-based application review system.



Discussion of Framework

The following paragraphs describe the framework graphic presented above and discuss the role of the Task Force in “fleshing-out” each step:

- (a) Policy Outcomes *Completed by Task Force*
This work has already been completed by the Task Force. It has identified six policy outcome areas and provided some descriptions of some of the components of each area.

Example: Create Quality Jobs

- (b) Policy Factors *To Be Completed by Task Force*
Under each Policy Outcome, the Task Force will identify one or more Policy Factors—measures—that will be evaluated for each project application. To keep the process manageable, we recommend developing 18-25 factors/measures in total.

Example: Jobs Created That Are Filled by Unemployed Kansas City Residents

- (c) Factor Weights *To Be Initiated by Task Force*
Each factor will have a weight in the point system. The purpose of this step is to answer the questions: is Factor X more important than Factor Y? How much more important?

Example: 6 of a total weighting of 67 (or a percentage)

- (d) Factor Metrics *To Be Initiated by Task Force*
The actual items and/or calculation that will be measured by the City's application reviewers when assessing an application's compliance with the Policy Factors.

Example: Total Jobs Created by a Project That Will Be Filled by Unemployed Kansas City Residents

- (e) Factor Points *Beyond Scope of Task Force*
For each Policy Factor, a grade will be provided to the application based on its compliance with the developed Factor metrics. The points could be on a continuum, for instance, a score between 1 and 100. The points could be +15 for yes (such as development in an economically distressed area) or -10 for yes (such as producing significant air pollution). The points may simply be "fails to meet expectations," "meets expectations," or "exceeds expectations."

Example: Points = (Number of Jobs Filled by Unemployed Residents / Total Jobs Created by Project) * 100 or "Exceeds Expectations" = 2 Points

- (f) Score *Implications to be Discussed by Task Force*
Each application would receive a total score, calculated in this way:

Sum of (Factor Weight * Points Assigned to Each Metric)

The question to be addressed by the Task Force is: what does this score mean? Should there be a threshold level of points in order to qualify for public

investment? Should there be a sliding schedule of public investment available based upon a higher or lower total score?

Example: 272 points

Broader Context

The Points System is part of an on-going process of review, monitoring, reporting and feedback. There are three components to the program management function:

- **Application review** (points system; how does the project propose to meet the economic development goals of the City?)
- **Project compliance** (post-approval review; does the project's performance match or exceed its promised outcomes?)
- **Program evaluation** (global review of City economic development program; is the City's economic development program improving the community? Is the application review process asking the right questions and measuring the right things?)

The Task Force needs to discuss and provide the Mayor and City Council with some input on what party or parties is/are responsible for performing each of the functions above.

Mayor's Three Questions

The Mayor asked the Task Force to answer three questions with its work:

1) What do we want to achieve with incentives?

The work of the Task Force in identifying the Policy Outcomes answers this question.

2) When do we want to use incentives?

The work of the Task Force in developing a points-based application review process, as well as identifying some over-arching policy requirements, answers this question.

3) Who will be responsible for measuring the results?

The discussion and input of the Task Force in addressing the three components of the economic development program management function discussed under "Broader Context" above will provide the Mayor and City Council with guidance on this question.

Discussion Point: Policy Factors

The table below provides a proposal of the Policy Factors to be used in the points system. These factors were drawn directly from the Policy Outcomes developed by the Task Force.

- **Task Force Discussion Questions**
 - Are these the right Policy Factors?
 - Are we missing any Factors?
 - Do we need to delete any of the proposed Factors?
 - If we build an application review system using these Factors, will we get the result we want?

- **Breakout Group Discussion Questions**

- Using the Policy Factors from the group discussion:
 - What are the metrics by which an application should be reviewed for each factor? How should we measure an applicant’s attainment of our policy goal?
 - What is the rough prioritization of the Policy Factors for each Policy Outcome? For instance, if there are three Policy Factors under the Quality Jobs Outcome, what is the priority of those three Factors?

	Policy Measurement	Policy Objective
1	Protect or enhance existing housing stock	Affordable Housing
2	Produce affordable housing opportunities	Affordable Housing
3	Generate net new Quality Jobs	Create Quality Jobs
4	Generate net new jobs for unemployed residents	Create Quality Jobs
5	Offer workforce development activities (job training, advancement opportunities, skill development)	Create Quality Jobs
6	Provide workforce support to employees (day care, housing, transportation)	Create Quality Jobs
7	Provide opportunities for education	Education
8	Reduce or remove blight	Quality of Life
9	Enhance the cultural and arts environment of the City	Quality of Life
10	Promote environmental protection and conservation	Quality of Life
11	Preserve, enhance or build infrastructure in priority areas as defined by the City	Quality of Life

	Policy Measurement	Policy Objective
12	Promote access to and financial support for public transit	Quality of Life
13	Promote crime reduction and enhance perception of safety	Quality of Life
14	Results of City fiscal model show net positive benefit to the City	Stewardship of City Resources
15	Mitigates potential financial impacts on other taxing jurisdictions	Stewardship of City Resources
16	Does not over-leverage incentives	Stewardship of City Resources
17	Meets City standards on private/public investment ratio	Stewardship of City Resources
18	Contains provisions for clawbacks for underperformance	Stewardship of City Resources
19	Complement existing Kansas City businesses	Strengthen Economy
20	Provides opportunity for small business development	Strengthen Economy
21	Project adds synergistic value to existing development	Strengthen Economy
22	Impact on economically disadvantaged areas	Strengthen Economy

COMING TO CONSENSUS: AREAS OF DISAGREEMENT FROM THE SURVEY

There are a number of open questions, both from earlier work of the Task Force and from inconsistent results in the August 8 survey, that need to be resolved by the group. We will **break into small groups** for these discussions. Given our time constraints, we will not report out to the entire group tonight. Instead, the consultants will bring draft policy language to the August 22 meeting for review and approval by the Task Force.

Competitiveness

Missouri state law allows tax abatement for 25 years. Other states have a lower maximum. Kansas, for instance, only allows abatement for 10 years. The survey results showed that the Task Force *avored* allowing 25 year tax abatements, but also *opposed* extending incentives for the maximum time allowed under law (25 years for tax abatements; 23 years for TIF). The Task Force was basically neutral on the idea of structuring its menu of incentives tools to match the breadth and depth of those in competing cities.

Questions for this group include:

- What should the maximum number of years be for tax abatement in Kansas City to make it competitive?
- What should the maximum number of years be for TIF (state law maximum is 23 years)?
- Are restrictions to other public investments appropriate? What and how?
- How should Kansas City's incentives policy reflect the level of incentives offered in competing communities?

As a reference, updated information from the Best Practices report is provided as an Appendix to this agenda packet.

Impact on Other Taxing Jurisdictions

The Task Force has indicated a preference for protecting the fiscal condition of schools and other affected taxing jurisdictions. One major way these jurisdictions are being impacted is through 100% tax abatement, which was favored by the Task Force in the August 8 survey.

Questions for this group include:

- Should Kansas City give 100% tax abatement?
- Should PILOTS or other methods be used to compensate other jurisdictions for their loss in revenue (or a portion)?
- How else can the City protect the fiscal health of other taxing jurisdictions when awarding incentives.

Quality Jobs

Kansas City's Economic Development and Incentive Policy assists the City in generating and maintaining quality jobs. The question for this group is: what is a "quality" job?

- [(Alternative 1)] regular, full-time jobs that pay a higher than average wage for a *comparable position* in the Metro area, include health insurance with at least 50% of premiums paid by the employer, provide opportunities for advancement, and provide a comprehensive benefits package including opportunities to save for retirement.
- [(Alternative 2)] those jobs meeting the definition set forth in the Missouri Quality Jobs Act (RSMo 620.1875 et seq.)
- [(Alternative 3)] full-time jobs that pay an average wage equal to or greater than the county average wage (as published by the Missouri Department of Economic Development), include affordable health insurance with at least 50% of the premium paid by the employer, provide opportunities for advancement and a comprehensive benefits package including opportunities to save for retirement.
- [(Alternative 4)] full-time jobs that pay a wage higher than the average in the county in which the project is located, that offer health insurance with meaningful financial participation by the employer, that provide opportunities for advancement, and include a comprehensive benefits package with opportunities to save for retirement.-

Fiscal Impact on KCMO

The Task Force has indicated a strong preference for protecting the fiscal condition of Kansas City when making public investments. Participants agreed that: the impact on the City's operating budget should be considered when offering development incentives; economic development activities should not place the City's long-term financial position at risk; and, as the City continues to invest in growth and redevelopment, it should not be to the detriment of existing investments and services provided to existing communities.

Through the August 8 survey, the Task Force indicated that it was neutral on the question of the use of SuperTIF (that is, redirecting 100% of incremental property taxes *and* 100% of incremental economic activity taxes). We know from the Sustainability study that using SuperTIF, in every case, produces net negative fiscal results for the City.

Questions for this group include:

- Should the City grant SuperTIF?
- If not, why?
- If so, under what conditions? Any limitations?
- If so, what measures should the City take to mitigate the negative fiscal impact resulting from the use of this tool?

As a reference, updated information from the Best Practices report is provided as an Appendix to this agenda packet reflecting what other communities' TIF practices are.

APPENDIX A: TABULATIONS FROM AUGUST 8 SURVEY

Summary of Survey Results

Task Force Questionnaire of August 8, 2007

Incentives Tools

Question	Grouping	Question	Tabs					Score
			SA	A	N	D	SD	
Tax increment finance—redirecting some or all property taxes and economic activity taxes on newly created property value for a period of time—is an appropriate tool for Kansas City's economic development	Incentives Tools	28	4	9	1	0	0	4.21
The City's direct financial participation in programs to create, develop and sustain small businesses is an appropriate tool for Kansas City's economic development	Incentives Tools	41	4	9	1	0	0	4.21
The redirection of up to 50% of new economic activity taxes (sales tax, earnings tax, hotel/motel tax) to a TIF for an economic development project is an appropriate tool for Kansas City	Incentives Tools	15	3	6	5	0	0	3.86
Property tax abatements should be allowed to extend for as long as 15 years	Incentives Tools	49	1	9	4	0	0	3.79
Property tax abatement—forgiving some or all property taxes in newly created property value for a period of time—is an appropriate tool for Kansas City's economic development	Incentives Tools	25	4	6	0	4	0	3.71
The availability of State of Missouri investment should influence the City's decisions about which incentives to grant to a project	Incentives Tools	58	2	7	4	1	0	3.71
Property tax abatements extending 25 years—the maximum allowed under Missouri law—are appropriate for economic development in Kansas City	Incentives Tools	21	2	7	3	2	0	3.64
The redirection of all new property taxes to a TIF for an economic development project is an appropriate tool for Kansas City	Incentives Tools	35	3	5	4	2	0	3.64
The duration of public investments should be tied to the useful life of the project assets	Incentives Tools	53	1	8	3	2	0	3.57
The City should rely more heavily on "self-supporting" tools of economic development (NIDs, CIDs) than incentives that impact the taxpayers at large	Incentives Tools	39	2	5	2	5	0	3.29
Incentives should be structured with declining levels of incentive each year ("weaning the project off of incentives")	Incentives Tools	57	0	6	6	2	0	3.29
Schools, counties and other taxing jurisdictions should receive <i>immediate</i> fiscal benefits from economic development, rather than having to wait 10 years or more for incentives to expire	Incentives Tools	42	1	5	5	2	1	3.21
The redirection of <i>all</i> of the of new economic activity taxes (sales tax, earnings tax, hotel/motel tax) to a TIF for an economic development project is an appropriate tool for Kansas City	Incentives Tools	36	0	7	2	5	0	3.14
The City should model its incentive policy to provide roughly the same breadth and depth of incentives as other competing cities in the Midwest/Great Plains	Incentives Tools	24	0	4	7	3	0	3.07
The City should never support economic development debt by guaranteeing repayment by the City's general fund	Incentives Tools	19	2	3	2	7	0	3.00
In order to protect the fiscal condition of schools and other affected taxing jurisdictions, the City should never grant 100% tax abatements	Incentives Tools	23	2	2	2	7	1	2.79
Property tax abatements should be routinely limited to no more than 10 years in duration	Incentives Tools	34	0	4	3	7	0	2.79
Using the City's general fund to guarantee repayment of debt issued to construct economic development projects is an appropriate tool for Kansas City	Incentives Tools	3	0	4	3	3	3	2.62
Incentives should typically be extended for the maximum time allowed by law (e.g., 25 years for tax abatement, 23 years for TIF)	Incentives Tools	46	0	1	4	9	0	2.43

Summary of Survey Results

Task Force Questionnaire of August 8, 2007

Question	Grouping	Question	Tabs					Score
			SA	A	N	D	SD	
The City should formally review each application for incentives against adopted policy criteria	Measurement	33	5	8	1	0	0	4.29
The City should require developers to identify which of the City's economic development policy outcomes will be met as part of the application for development incentives	Measurement	50	2	12	0	0	0	4.14
The City should implement a standard application for development assistance to be used for all projects requesting incentives	Measurement	4	2	10	0	1	1	3.79
The City should develop objective criteria against which applications for economic development incentives will be assessed	Measurement	8	1	10	2	1	0	3.79
Projects qualifying for incentives should receive only those incentives required to make the project feasible, and no more	Measurement	26	2	9	1	2	0	3.79

Summary of Survey Results

Task Force Questionnaire of August 8, 2007

Question	Grouping	Question	Tabs					Score
			SA	A	N	D	SD	
Every project requesting incentives should be analyzed to determine its potential impact on the City's finances	Incentives Policy	10	7	7	0	0	0	4.50
If larger-than-standard investments are allowed for "exceptional" projects, there should be an objective, quantifiable definition of "exceptional"	Incentives Policy	5	8	3	1	2	0	4.21
The City Council should have final approval over any incentive granted by the City or any of its partner economic development agencies	Incentives Policy	64	4	9	0	1	0	4.14
Incentives available to a project should vary depending upon the location of the development proposed	Incentives Policy	20	2	11	0	1	0	4.00
The City should use the "profits" from successful developments to support key policy goals (housing, environment, public transit, etc.)	Incentives Policy	52	1	11	2	0	0	3.93
Incentives should be used to attract businesses from other Metro-area cities	Incentives Policy	67	3	8	1	2	0	3.86
Incentives should be provided only to those projects that would otherwise <i>not</i> occur without the incentives	Incentives Policy	14	1	8	3	2	0	3.57
Every project requesting incentives should be subject to the same, standard fiscal impact analysis	Incentives Policy	11	1	8	0	4	1	3.29
The City and all of its economic development partners should use the same set of standards/criteria to evaluate each project requesting incentives	Incentives Policy	18	0	9	1	3	1	3.29
The availability and awarding of incentives to private development is the most significant factor in Kansas City's growth over the last 5 to 7 years	Incentives Policy	29	1	5	5	3	0	3.29
Incentives should be available for private purposes, such as constructing privately owned buildings	Incentives Policy	54	1	7	2	3	1	3.29
"Exceptional" projects should be allowed to break the rules	Incentives Policy	55	2	5	3	3	1	3.29
The total amount of assessed valuation included in TIF districts should be limited to a certain percentage of the City's total assessed valuation	Incentives Policy	6	0	4	8	2	0	3.14
Every project receiving incentives should produce a net positive fiscal impact on the City's finances	Incentives Policy	13	1	6	1	6	0	3.14
The total amount of assessed valuation where property taxes are abated should be limited to a certain percentage of the City's total assessed valuation	Incentives Policy	45	0	6	3	5	0	3.07
Projects having received one form of incentive should not be allowed to apply for and receive additional incentives in the future	Incentives Policy	22	0	3	2	9	0	2.57
Every economic development project should be eligible for some level of incentive	Incentives Policy	12	0	1	0	9	4	1.86

Summary of Survey Results

Task Force Questionnaire of August 8, 2007

Targeting

Question	Grouping	Question	Tabs					Score
			SA	A	N	D	SD	
Incentives available to a project should vary depending upon the type of development proposed	Targeting	2	6	6	0	1	0	4.31
Incentives should be used to recruit new businesses to Kansas City	Targeting	43	5	8	1	0	0	4.29
The first project in a redeveloping area should receive larger incentives (incentivizing "first movers") than those projects that follow	Targeting	1	5	6	2	0	0	4.23
Impacts on existing businesses should be considered when incentives are to be granted to a new or expanding business	Targeting	59	3	11	0	0	0	4.21
The City's direct financial participation in programs to enhance job skills and develop qualified workers for local businesses is an appropriate tool for Kansas City's economic development	Targeting	17	2	12	0	0	0	4.14
Creating high quality jobs should be the number one priority for Kansas City's economic development program	Targeting	62	4	8	2	0	0	4.14
Incentives should be used to help existing local businesses expand their operations (more jobs, larger physical space, etc.)	Targeting	65	1	12	1	0	0	4.00
The City should invest to create development-ready sites in economically distressed areas	Targeting	61	2	10	1	1	0	3.93
Incentives should be used to keep existing local businesses from moving to other Metro-area cities	Targeting	38	1	9	3	1	0	3.71
The City should focus its incentives on the development of public infrastructure	Targeting	44	3	5	5	1	0	3.71
There are particular types of businesses or industries to which the City should never offer incentives	Targeting	32	0	8	4	2	0	3.43
Any project, anywhere in the city, should be eligible to receive incentives if the project meets all other incentives requirements	Targeting	56	2	6	2	4	0	3.43
Investing in neighborhoods should be the number one priority for Kansas City's economic development program	Targeting	47	2	7	0	4	1	3.36
Growing Kansas City's population is the highest priority for the City's economic development efforts	Targeting	51	1	4	5	4	0	3.14
The City should develop incentives used exclusively to assist existing Kansas City businesses	Targeting	60	0	7	2	5	0	3.14
Developing and redeveloping public infrastructure (streets, utilities, etc.) should be the number one priority for Kansas City's economic development program	Targeting	9	0	6	2	6	0	3.00
Incentives should be used to help existing local businesses relocate to other parts of Kansas City (within the city limits)	Targeting	30	0	3	6	5	0	2.86
Incentives should not be granted for "greenfield" residential housing developments	Targeting	16	0	3	5	4	2	2.64
There are particular areas of Kansas City where the City should never provide incentives for economic development	Targeting	66	0	4	2	6	2	2.57
Incentives should not be provided for downtown housing developments (lofts, condos, etc.)	Targeting	31	0	2	4	5	3	2.36
The City should designate geographic areas of the city where it desires development to occur and <i>only</i> provide incentives to projects in those areas	Targeting	27	0	1	2	8	3	2.07
Incentives should not be provided for urban core, single-family infill housing developments	Targeting	7	0	0	1	10	3	1.86

Summary of Survey Results

Task Force Questionnaire of August 8, 2007

Question	Grouping	Question	Tabs					Score
			SA	A	N	D	SD	
The City should monitor every project receiving incentives to ensure performance expectations are being met over the life of the investment	Evaluation	37	4	10	0	0	0	4.29
The City should routinely audit economic development projects to ensure promises made by the developer during the application process are being fulfilled	Evaluation	48	7	6	0	0	1	4.29
The City should use a third party to analyze the extent to which a project is meeting its performance promises	Evaluation	63	3	2	8	1	0	3.50
The City should measure the outcomes of its economic development activities (specific and measurable improvements to the community, like reduced crime rate) rather than outputs (units of production, like number of jobs created)	Evaluation	40	0	3	4	6	1	2.64

APPENDIX B: UPDATED INFORMATION FROM BEST PRACTICES REPORT

This section provides updated information from the Best Practices report on the incentives practices of comparable and competing cities.

City of Kansas City

Comparable Cities Analysis

Comparability Grid—Factor Indices

	Population (>1 = Larger)	Population Density (>1 = More Dense)	Population Growth (>1 = Faster Growth)	Metro Unemployment (>1 = Higher U/E)	Household Income (>1 = Higher Income)	Education Attainment (>1 = Higher Attain.)	Violent Crime (>1 = More Crime)	Fortune 500 HQs (# of Companies)	Major Cities w/in 300 mi (# of Cities)	Border City
Baseline										
Kansas City	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1	6	Yes
Tier 1										
Atlanta, GA	0.9	2.2	0.6	0.9	1.3	1.2	1.2	12	4	No
Des Moines, IA	0.4	1.8	(2.4)	0.7	0.9	0.9	0.4	1	7	No
Kansas City, KS	0.3	1.0	(1.5)	1.0	0.8	0.6	0.6	---	6	Yes
Lee's Summit, MO	0.2	1.0	11.8	n/a	1.6	1.5	n/a	---	6	Yes
Lenexa, KS	0.1	0.9	7.0	0.9	1.6	1.8	n/a	---	6	Yes
Minneapolis, MN	0.8	2.5	(1.4)	0.7	1.1	1.4	1.2	8	4	Yes
Oklahoma City, OK	1.2	0.6	4.8	0.8	1.0	0.9	0.6	2	5	No
Olathe, KS	0.3	1.4	16.5	0.9	1.5	1.5	0.2	---	6	Yes
Omaha, NE	0.9	2.7	1.1	0.7	1.1	1.1	0.4	5	5	Yes
Overland Park, KS	0.4	2.1	9.1	n/a	1.6	1.9	0.2	1	6	Yes
St. Louis, MO	0.8	3.8	(1.9)	1.0	0.8	0.8	1.7	7	9	Yes
Tulsa, OK	0.9	1.4	(2.8)	0.8	1.0	1.1	0.9	2	5	No
Tier 2										
Cleveland, OH	1.0	4.1	(4.5)	1.1	0.7	0.5	1.0	5	10	No
Colorado Springs, CO	0.8	1.4	2.1	0.9	1.2	1.4	0.3	---	2	No
Columbus, OH	1.6	2.7	2.3	0.9	1.0	1.1	0.6	5	8	No
Denver, CO	1.3	2.5	0.7	0.9	1.2	1.2	0.5	4	1	No
Indianapolis, IN	1.8	1.5	0.3	0.9	1.1	1.0	0.7	2	9	No
Milwaukee, WI	1.3	4.2	(2.2)	0.9	0.8	0.8	0.7	6	6	No
Tier 3										
Albuquerque, NM	1.1	2.6	8.5	0.8	1.1	1.2	0.6	---	2	No
Detroit, MI	2.0	4.4	(6.1)	1.4	0.8	0.5	1.6	3	9	Yes
Fresno, CA	1.0	3.3	7.0	1.6	0.9	0.8	0.6	---	5	No
Las Vegas, NV	1.2	4.7	12.9	0.8	1.1	0.8	1.2	2	3	No
Nashville-Davidson, TN	1.2	0.8	0.5	0.8	1.1	1.1	1.1	2	6	No
Sacramento, CA	1.0	3.4	11.9	0.9	1.0	1.0	0.6	---	1	No

Notes and Sources:

The format of this table allows the reader to compare Kansas City to other communities relatively, where an index of 1.0 means the other community is directly comparable to Kansas City. Numbers greater than one mean the community has proportionately higher levels of what is being measured compared with Kansas City. Numbers less than one indicate the opposite. For instance, Omaha has 90% of Kansas City's population, but 270% of its density.

Population:	Claritas	2006 Population Estimates
Population Density:	idcide.com	2006 Population/Land Area
Population Growth:	Claritas	Percentage population growth between 2000 and 2006
Metro Unemployment:	US Bur. of Labor Stats.	Unemployment rates for the Metropolitan Statistical Area (MSA) in 2006
Household Income:	Claritas	Average Household Income for 2006
Education Attainment:	Claritas	Percentage of population holding Associates' or higher degrees
Violent Crime:	US Bur. of Justice	Violent Crimes (murder, rape/sexual assault, robbery, assault) per 1,000 population for 2005
Fortune 500 Companies:	fortune.com	Number of Fortune 500 companies headquartered within the city limits
Major Cities w/in 300 mi.:	maps.google.com	Number of major cities located in a 300 mile radius around the city studies
Border City:	maps.google.com	Whether or not the city sits on (or within a few miles of) a state or international border

City of Kansas City
Comparable Cities Analysis

Comparability Grid—Raw Data

	Population	Population Growth	Land Area (sq. mi.)	General Fund (Expenditures \$000s)	Metro Unemployment	Household Income	Education Attainment	Violent Crime	Fortune 500 HQs	Major Cities w/in 300 mi	Border City	Formal Economic Dev. Policy?	Quality Jobs Requirement?
Baseline													
Kansas City	446,344	0.2%	Kansas City	350	5.0%	\$56,278	31.6%	14.6	1	6	Yes	No	No
Tier 1													
Atlanta, GA	419,483	0.1%	132	770	4.6%	\$73,903	38.5%	17.2	12	4	No	Yes	No
Des Moines, IA	193,063	-0.5%	75	326	3.4%	\$53,371	28.3%	6.3	1	7	No	No	Yes
Kansas City, KS	144,207	-0.3%	103	141	5.0%	\$47,542	17.6%	8.1	---	6	Yes	No	No
Lee's Summit, MO	81,324	2.4%	59	54	---	\$89,285	46.2%	n/a	---	6	Yes	No	No
Lenexa, KS	43,782	1.4%	34	39	4.7%	\$87,970	57.0%	n/a	---	6	Yes	No	No
Minneapolis, MN	376,248	-0.3%	106	292	3.7%	\$60,746	42.8%	17.0	8	4	Yes	Yes	Yes
Oklahoma City, OK	536,284	1.0%	608	335	3.9%	\$55,236	30.0%	8.5	2	5	No	Yes	No
Olathe, KS	112,700	3.3%	54	68	4.3%	\$82,917	48.9%	3.0	---	6	Yes	No	No
Omaha, NE	395,404	0.2%	101	410	3.4%	\$59,687	35.0%	5.9	5	5	Yes	Yes	No
Overland Park, KS	166,051	1.8%	56	70	---	\$91,878	59.9%	3.0	1	6	Yes	No	No
St. Louis, MO	340,122	-0.4%	62	436	5.0%	\$44,111	23.9%	24.5	7	9	Yes	Yes	Yes
Tulsa, OK	379,948	-0.6%	184	220	3.8%	\$57,939	35.0%	13.1	2	5	No	Yes	No
Tier 2													
Cleveland, OH	453,176	-0.9%	77	500	5.4%	\$38,974	15.9%	14.2	5	10	No	Yes	Yes
Colorado Springs, CO	370,258	0.4%	183	242	4.6%	\$67,021	43.5%	4.8	---	2	No	Yes	No
Columbus, OH	731,326	0.5%	191	630	4.7%	\$56,160	35.6%	8.5	5	8	No	No	Yes
Denver, CO	559,136	0.1%	153	838	4.4%	\$67,586	38.8%	8.0	4	1	No	Yes	No
Indianapolis, IN	784,844	0.1%	373	534	4.4%	\$60,576	31.2%	10.1	2	9	No	No	No
Milwaukee, WI	581,168	-0.4%	96	913	4.4%	\$46,648	24.3%	10.4	6	6	No	No	No
Tier 3													
Albuquerque, NM	496,349	1.7%	132	460	4.0%	\$59,413	37.7%	9.4	---	2	No	No	No
Detroit, MI	883,886	-1.2%	139	1476	7.2%	\$45,373	16.3%	24.0	3	9	Yes	No	Yes
Fresno, CA	464,965	1.4%	99	222	8.0%	\$52,035	26.2%	8.4	---	5	No	Yes	No
Las Vegas, NV	557,484	2.6%	83	555	4.1%	\$64,687	25.0%	17.1	2	3	No	Yes	No
Nashville-Davidson, TN	549,040	0.1%	473	813	4.2%	\$61,768	35.4%	16.3	2	6	No	Yes	No
Sacramento, CA	468,468	2.4%	96	516	4.7%	\$57,010	31.9%	8.8	---	1	No	Yes	No

Sources:

Population:	Claritas	2006 Population Estimates
Land Area:	idcide.com	2006 Population/Land Area
Population Growth:	Claritas	Percentage population growth between 2000 and 2006
Metro Unemployment:	US Bur. of Labor Stats.	Unemployment rates for the Metropolitan Statistical Area (MSA) in 2006
Household Income:	Claritas	Average Household Income for 2006
Education Attainment:	Claritas	Percentage of population holding Associates' or higher degrees
Violent Crime:	US Bur. of Justice	Violent Crimes (murder, rape/sexual assault, robbery, assault) per 1,000 population for 2005
Fortune 500 Companies:	fortune.com	Number of Fortune 500 companies headquartered within the city limits
Major Cities w/in 300 mi.:	maps.google.com	Number of major cities located in a 300 mile radius around the city studies
Border City:	maps.google.com	Whether or not the city sits on (or within a few miles of) a state or international border
Formal ED Policy:	Research of authors	Whether or not the community has a formal, written economic development plan or policy
Quality Jobs:	Good Jobs First (2003)	Whether or not the city ties incentives to the creation of "quality" jobs (higher than average wage, benefits, etc.)

		TIER 1 CITIES			
QUESTIONS	Kansas City, MO	Atlanta, GA	Omaha, NE	Minneapolis, MN	Oklahoma City, OK
1	Formal Economic Development Incentive policy?	No (currently developing)	No (guidelines only)	Yes	No (currently developing)
2	Adopted by governing body?	N/A	N/A	Yes	N/A
ABATEMENT					
3	Taxes subject to abatement	Real and personal property tax	Real and personal property tax	Property tax	Real and personal property tax
4	What portion is subject to abatement?	100%	100% declining to 0% in year 10	100% maximum (varies by project)	100%
5	Abate All or Incremental?	Increment	Increment	All or Increment	Increment
6	How many years?	10 years (100%) Plus 15 years (50%)	10 years	8 Years	5 years
7	How does City determine what projects will receive abatement?	Varies by statutory agency	*Property designated as a Urban Enterprise Zone (UEZ) * UEZ criteria include measurement of unemployment, general distress and underdevelopment	"Use adopted guidelines which are "very restrictive" "To date there has been only one use of tax abatement for economic development	"Size of project large "Targets manufacturing programs
8	Is any portion (of the tax) exempt from abatement?	No	Sometimes the County and School	Special district taxes, portion of State tax, sometimes the County and the School	No
9	Statutory limitations?	Maximum of 25 years at 100%	10 years (declining portion) UEZ criteria is also statutory	15- 20 years depending on circumstances	5 years
TAX INCREMENT FINANCING					
10	What taxes are captured in TIF?	Real and personal property tax Sales tax Hotel and Motel tax Earnings tax	Real property taxes only	Property tax	Real and personal property tax Sales tax
11	What portion can be captured?	100% Property 50% Sales and earnings tax (100% Super TIF) 90% Hotel and Motel (Super TIF only)	100%	100%	100%
12	How long can they be captured?	23 years	25 years in most cases	15 years	Redevelopment/Housing districts: 26 years Renewal and renovation: 16 years Economic development: 9 years
13	Common for the City to capture the taxes besides property tax?	Yes	N/A	N/A	Occurred twice
14	Is it common for the City to use TIF with no property tax?	No	N/A	N/A	No
15	Evalute on project by project basis or designated TIF area?	Project by project	Designated TIF area	Project by project within designated areas	Project by project
16	Can TIF proceeds be used for private improvements?	Yes	Yes	Yes	In some cases
17	How many active TIF projects?	Over 50 projects	22 Projects (21 additional projects in various stages of approval process)	134 active projects (31 pending approval)	101 projects
18	What portion are PAYGO?	75% PAYGO	None	Not Specified	75% PAYGO
19	Any TIF Bonds enhanced by City?	Annual appropriation (\$550M)	None (\$409M unenhanced revenue bonds)	No	General Obligation (\$178M)
					Morgal obligation (amount not specified) General obligation (amount not specified)

		TIER 1 CITIES				
QUESTIONS	Kansas City, MO	Tulsa, OK	Des Moines, IA	Overland Park, KS	Lenexa, KS	
1	Formal Economic Development Incentive policy?	No (currently developing)	Yes	No	Yes	Yes
2	Adopted by governing body?	N/A	Yes	N/A	Yes	Yes
ABATEMENT						
3	Taxes subject to abatement	Real and personal property tax	Property tax	Real and personal property tax	Real property tax	Property tax
4	What portion is subject to abatement?	100%	100%	Various levels depending on project (See #9)	50-100% depending on project	100% maximum (varies by project)
5	Abate All or Incremental?	Increment	Increment	Increment	Increment	Increment
6	How many years?	10 years (100%) Plus 15 years (50%)	6 years	Residential : 5 years Commercial and Retail: 3 years Target areas (downtown): 5 year	10 Years	10 years
7	How does City determine what projects will receive abatement?	Varies by statutory agency	Only in pre-determined areas (that are not in a TIF district). "But for" test required.	Guidelines which are administered through Permit and Development Center	*Formal application process *Two main criteria are the generation of jobs and increasing the City's tax base	*Formal application process involving analysis by financial advisor and bond counsel *Minimum investment requirement of \$10M by business entity
8	Is any portion (of the tax) exempt from abatement?	No	"Retail" classified taxes are excluded	No	No	No
9	Statutory limitations?	Maximum of 25 years at 100%	No more than 25% of total city land area or total property tax can be incentivized	Residential: 5 years at 100% Commercial/Industrial: 3 years at 100% or 10 years declining	10 Years	10 years
TAX INCREMENT FINANCING						
10	What taxes are captured in TIF?	Real and personal property tax Sales tax Hotel and Motel tax Earnings tax	Property tax Sales Tax	Real and personal property tax	City does not current have any TIFs	Property tax
11	What portion can be captured?	100% Property 50% Sales and earnings tax (100% Super TIF) 90% Hotel and Motel (Super TIF only)	100%, however the City generally captures only 2/3 of its sales tax	88% (12% is the portion of the levy reserved for debt service)	N/A	All but 20 mills dedicated to school district and 1.5 dedicated to State
12	How long can they be captured?	23 years	25 years	10 - 20 years	N/A	Generally 20 years
13	Common for the City to capture the taxes besides property tax?	Yes	Sales tax	N/A	N/A	N/A
14	Is it common for the City to use TIF with no property tax?	No	Possible, but not used	N/A	N/A	N/A
15	Evalute on project by project basis or designated TIF area?	Project by project	Project by project within designated areas	Designated TIF area	N/A	Designated TIF area
16	Can TIF proceeds be used for private improvements?	Yes	Yes through 2005 amendment to state statute	Yes	N/A	No
17	How many active TIF projects?	Over 50 projects	6 projects	"Too many to count"	N/A	5 projects
18	What portion are PAYGO?	75% PAYGO	5 PAYGO	50% PAYGO	N/A	2 PAYGO
19	Any TIF Bonds enhanced by City?	Annual appropriation (\$550M)	1 project with moral obligation only (\$18 million par; 15 year final maturity)	General obligation (\$126.5M) TIF Bonds structured with high levels of coverage (1.5x - 2.0x)	N/A	No

		TIER 1 CITIES	
QUESTIONS	Kansas City, MO	Lee's Summit, MO	
1	Formal Economic Development Incentive policy?	No (currently developing)	Interim Policy
2	Adopted by governing body?	N/A	Yes
ABATEMENT			
3	Taxes subject to abatement	Real and personal property tax	Real and personal property tax
4	What portion is subject to abatement?	100%	100%
5	Abate All or Incremental?	Increment	Increment
6	How many years?	10 years (100%) Plus 15 years (50%)	5 years (with additional 5 years pending review)
7	How does City determine what projects will receive abatement?	Varies by statutory agency	*Key factor is employment *Council goals may target certain industries than may *Requires blight
8	Is any portion (of the tax) exempt from abatement?	No	No
9	Statutory limitations?	Maximum of 25 years at 100%	25 years
TAX INCREMENT FINANCING			
10	What taxes are captured in TIF?	Real and personal property tax Sales tax Hotel and Motel tax Earnings tax	Real and personal property tax Sales tax Utility franchise tax
11	What portion can be captured?	100% Property 50% Sales and earnings tax (100% Super TIF) 90% Hotel and Motel (Super TIF only)	100% Property and utility franchise tax 50% Sales tax (100% Super TIF)
12	How long can they be captured?	23 years	23 years
13	Common for the City to capture the taxes besides property tax?	Yes	Two recently approved projects
14	Is it common for the City to use TIF with no property tax?	No	No
15	Evaluate on project by project basis or designated TIF area?	Project by project	Project by project
16	Can TIF proceeds be used for private improvements?	Yes	Yes
17	How many active TIF projects?	Over 50 projects	7 projects
18	What portion are PAYGO?	75% PAYGO	1 PAYGO
19	Any TIF Bonds enhanced by City?	Annual appropriation (\$550M)	No

		TIER 2 CITIES				
QUESTIONS	Kansas City, MO	Denver, CO*	Indianapolis, IN	Milwaukee, WI	Colorado Springs, CO	
1	Formal Economic Development Incentive policy?	No (currently developing)	Yes	Yes	No (guidelines only)	Yes
2	Adopted by governing body?	N/A	Yes	Yes	N/A	Yes
ABATEMENT						
3	Taxes subject to abatement	Real and personal property tax	Real and personal property tax Occupational privilege tax	Real property tax (excluding land) Personal property tax (on specified types of property)	None	Sales Tax Business personal property tax
4	What portion is subject to abatement?	100%	50%	100% in year one and declining thereafter	N/A	Generally all, but varies depending upon the level of investment made
5	Abate All or Incremental?	Increment	Increment	Incremental	N/A	Increment
6	How many years?	10 years (100%) Plus 15 years (50%)	5 years	Maximum of 10-years		Typically, 10 years with caps based upon economic impact analysis
7	How does City determine what projects will receive abatement?	Varies by statutory agency	*Evaluated on a case by case basis *Must generate jobs with wages greater than \$48,000	*Case by case basis *Target industries but are not limited to these industries	N/A	Economic impact analysis
8	Is any portion (of the tax) exempt from abatement?	No	No	No	N/A	No
9	Statutory limitations?	Maximum of 25 years at 100%	5 years at 50%	See #4	N/A	No
TAX INCREMENT FINANCING						
10	What taxes are captured in TIF?	Real and personal property tax Sales tax Hotel and Motel tax Earnings tax	Retail sales tax A portion of property tax	Real and personal property tax	Real and personal property tax	Sales Tax Property tax in Urban Renewal Authority areas only.
11	What portion can be captured?	100% Property 50% Sales and earnings tax (100% Super TIF) 90% Hotel and Motel (Super TIF only)	100% of real property taxes and sales taxes	Not Specified	100%	100% of sales tax
12	How long can they be captured?	23 years	20 years	Not Specified	Areas of blight: 27 years Mixed use projects: 20 years	20 years maximum Actual length is case-by-case depending upon economic impact analysis
13	Common for the City to capture the taxes besides property tax?	Yes	Not specified	No	N/A	N/A
14	Is it common for the City to use TIF with no property tax?	No	Yes	No	N/A	N/A
15	Evaluate on project by project basis or designated TIF area?	Project by project	Project by project	Project by project	Project by project	Project by project
16	Can TIF proceeds be used for private improvements?	Yes	Yes- Infrastructure	Typically only public but a few instances where it has funded private	Yes	No
17	How many active TIF projects?	Over 50 projects	Not specified	Not Specified	49 projects	1 project
18	What portion are PAYGO?	75% PAYGO	None	Most are bonded	10 PAYGO	None
19	Any TIF Bonds enhanced by City?	Annual appropriation (\$550M)	Moral obligation (\$71,000,000)	Moral obligation (amount not specified)	General obligation (\$367M) Refunding savings go to City	No

		TIER 2 CITIES	
QUESTIONS		Kansas City, MO	Columbus, OH
1	Formal Economic Development Incentive policy?	No (currently developing)	No
2	Adopted by governing body?	N/A	N/A
ABATEMENT			
3	Taxes subject to abatement	Real and personal property tax	Real property tax
4	What portion is subject to abatement?	100%	Community Reinvestment Area: 50-100% Enterprise Zones: 70-100%
5	Abate All or Incremental?	Increment	Increment
6	How many years?	10 years (100%) Plus 15 years (50%)	Community Reinvestment Area - 15 years Enterprise Zone - 10 years
7	How does City determine what projects will receive abatement?	Varies by statutory agency	*Projects within specified geographic boundary *Evaluate project on a case by case basis
8	Is any portion (of the tax) exempt from abatement?	No	No
9	Statutory limitations?	Maximum of 25 years at 100%	See #4 and #7
TAX INCREMENT FINANCING			
10	What taxes are captured in TIF?	Real and personal property tax Sales tax Hotel and Motel tax Earnings tax	Property tax
11	What portion can be captured?	100% Property 50% Sales and earnings tax (100% Super TIF) 90% Hotel and Motel (Super TIF only)	75% unless approved by the school board, then higher rate
12	How long can they be captured?	23 years	10 years unless approved by the school board, then longer term
13	Common for the City to capture the taxes besides property tax?	Yes	N/A
14	Is it common for the City to use TIF with no property tax?	No	N/A
15	Evalute on project by project basis or designated TIF area?	Project by project	Project by project within designated areas
16	Can TIF proceeds be used for private improvements?	Yes	Yes
17	How many active TIF projects?	Over 50 projects	Not specified - mostly bond financed
18	What portion are PAYGO?	75% PAYGO	Typically use bonds
19	Any TIF Bonds enhanced by City?	Annual appropriation (\$550M)	No

		TIER 3 CITIES				
QUESTIONS	Kansas City, MO	Las Vegas, NV	Albuquerque, NM	Olathe, KS	Nashville, TN	
1	Formal Economic Development Incentive policy?	No (currently developing)	Yes	No	Yes	No
2	Adopted by governing body?	N/A	Yes	No	Yes	
ABATEMENT						
3	Taxes subject to abatement	Real and personal property tax	None	None	Real property tax	None
4	What portion is subject to abatement?	100%	N/A	N/A	50% (typically)	N/A
5	Abate All or Incremental?	Increment	N/A	N/A	All	N/A
6	How many years?	10 years (100%) Plus 15 years (50%)	N/A	N/A	10 years (for capital investment greater than \$8M for new and \$4M for existing businesses)	N/A
7	How does City determine what projects will receive abatement?	Varies by statutory agency	N/A	N/A	*City identifies target industries within policy *Must add economic benefit to the city *Must add jobs to the community that pay above average wages	N/A
8	Is any portion (of the tax) exempt from abatement?	No	N/A	N/A	No	N/A
9	Statutory limitations?	Maximum of 25 years at 100%	N/A	N/A	10 years at 100%	N/A
TAX INCREMENT FINANCING						
10	What taxes are captured in TIF?	Real and personal property tax Sales tax Hotel and Motel tax Earnings tax	Real property tax	Gross receipts tax Real property tax	Property tax City's general sales tax	Real property tax
11	What portion can be captured?	100% Property 50% Sales and earnings tax (100% Super TIF) 90% Hotel and Motel (Super TIF only)	41% of abatement goes to Developer 41% to the City 18% to affordable housing	75% (maximum)	All property tax but 20 mills dedicated to school district and 1.5 dedicated to State	100%
12	How long can they be captured?	23 years	Maximum of 10 years (negotiated)	25 years (maximum)	20 years	15 - 20 years depending on type of district
13	Common for the City to capture the taxes besides property tax?	Yes	N/A	TIF legislation is only one year old - have used on one project	Yes	N/A
14	Is it common for the City to use TIF with no property tax?	No	N/A	Can be done but has not been done	No	N/A
15	Evaluate on project by project basis or designated TIF area?	Project by project	Only in pre-designated areas	Project by project	Both	Project by project within designated areas
16	Can TIF proceeds be used for private improvements?	Yes	No	No	No	No
17	How many active TIF projects?	Over 50 projects	24 Project	1 project	5 projects	35 projects
18	What portion are PAYGO?	75% PAYGO	Small portion	None	2 1/2 PAGO	None (private placement loans)
19	Any TIF Bonds enhanced by City?	Annual appropriation (\$550M)	No	No (not allowed by state statute)	No but bonds are issued by the City so they may consider them a "moral" obligation	No