



**City of Kansas City, Missouri
Economic Development & Incentive Policy
Task Force
Meeting #9**

Date: Wednesday, August 22, 2007, 5:00 – 8:00 p.m.

Location: Doolin Educational Center Boardroom (NKC Schools) 1900 NE 46th St.

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

Meeting Purpose:

1. Discussion of policy suggestions from public testimony
2. Discussion of open policy questions
3. Review of changes to policy statements from 8/15 meeting
4. Determine method to address policy factor prioritization

REVISED AGENDA

5:00 p.m.	Discussion of policy suggestions from public testimony a. Handout b. Recommendations from public already addressed in draft policy to date	Sheila Shockey
5:05 p.m.	Discussion of open policy questions a. Open questions listed on page 16 b. Task Force consensus on each item	Sheila Shockey
5:45 p.m.	Review of changes to policy statements from 8/15 meeting	Sheila Shockey
5:55 p.m.	Output of Points System/Who is responsible for measuring? a. What do we do with the output of the points system? b. Who is responsible for measuring the results? (see page 13)	Sheila Shockey
6:15 p.m.	Discussion of policy suggestions from public testimony (part 2) a. See handout b. Are there any suggestions from the public that need to be incorporated into your policy statements?	Sheila Shockey

continues

- 6:30 p.m. Discussion of Prioritization Technique for Policy Factors Sheila Shockey
c. Linwood Tauheed's categorization (City, Developer, System; see page 19)
d. Consultants' proposal from 8/15 (see page 21)
e. Other
- 6:45 p.m. Adjourn work session portion of Task Force meeting
- 7:00–8:00 p.m. Public hearing
- Next meeting:** Wednesday, Aug. 29—St. James Lutheran Church (North Oak Trafficway)
1104 N.E. Vivion Road
• Task Force Worksession, 5-7 p.m.
• Public Hearing 7-8 p.m.

FUTURE MEETING AGENDA (Fully Subject to Change)

- August 29** Review Policy Factors prioritization (from emailed survey)
Review work of 8/22
Finalize policy document

For more information, please view suggested material at:
www.kcmo.org/finance.nsf/web/edpolicy

E-mail comments, questions to:
EDPolicy@kcmo.org

or call 816.513.1005

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, such as blight reduction, poverty reduction, crime reduction and increased recreational opportunities.

[Alternative, suggested by Bob Berkebile] Economic development is the process whereby our community creates the conditions that foster economic vitality, the outcome of which is an improvement in quality of life for all Kansas Citians. Sustainable economic development must be informed by an evolving strategic plan which informs our community decisions and investments and ensures that each opportunity being considered is judged on the basis of its potential to increase social, economic and environmental systems simultaneously.

Desired outcomes include: an increase in human capital (education, job skills, child care, health, and sense of community), an increase in economic vitality (job growth, productivity, greater efficiency, small business development, and access to credit), and an increase in natural capital (air, water, and soil quality, quantity and quality of natural systems,). Achieving these outcomes consistently will require a clear vision,

specific tools for evaluation, decision-making and monitoring individual projects, supported by strong partnerships, creative leadership and political will.

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.
- ✓ **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 the City’s friendliness to business; streamline the City’s practices and procedures 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 by residents of the Metro area.
- ✓ **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 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 housing 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:** apply 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:** 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:

▶ *Single Point-of-Contact*

- ✓ ~~The City Manager will appoint a~~The Economic Development Corporation serves as the single point-of-contact for the intake of all applications for public investment in economic development projects, working in partnership with the the City Manager's Office, and the Finance and Planning and Development Departments to review each application. ~~[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."~~The City Council may grant exceptions to the point system review for projects after making a

finding -or findings that the project cannot or should not be evaluated using the standard process. [8/8 survey]

▶ *Investments Vary from Project to Project*

- ✓ The incentives available to a project vary depending upon the type of development proposed.
- ✓ A project in any part of the community has the potential to qualify for public investment.[8/8 survey]
- ✓ ~~The first project~~Early projects 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:

▶ “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 determines 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 and enforcement of clawbacks as a tool for accountability when making public investments in economic development projects. ~~{Task Force work}~~
- ✓ The City favors projects that provide immediate financial benefit to other taxing jurisdictions, unless those taxing jurisdictions have explicitly consented to the full abatement or redirection of their portion of incremental taxes.

▶ 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.
- ✓ The revitalization of economically distressed areas.~~{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, except in extraordinary cases. [8/8 survey]

FRAMEWORK FOR APPLICATION REVIEW, PROJECT COMPLIANCE AND PROGRAM EVALUATION

Application Review

The City uses a points-based system to review requests for public investment against the Policy Objectives of the City. The points system is depicted and described below:

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

The Task Force has identified six Policy Outcome areas for Kansas City’s economic development efforts.

(b) **Policy Factors**

Under each Policy Outcome, the Task Force has identified one or more Policy Factors—measures—that will be evaluated for each project application.

(c) **Factor Weights**

Each Policy 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?

(d) **Factor Metrics**

The actual items and/or calculation that will be measured by application reviewers when assessing an application's compliance with the Policy Factors.

(e) **Factor Points**

For each Policy Factor, a grade will be provided to the application based on its compliance with the developed Factor metrics.

(f) **Score**

Each application will receive a total score, calculated in this way:

$$\text{Sum of (Factor Weight * Points Assigned to Each Metric)}$$

Broader Context Review, Compliance and Evaluation System and Responsibilities

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?)~~ EDC serves as single point-of-contact for all requests for public investment and works closely with the City Manager's Office, City Finance and Planning and Development staff to assess attention to policy goals through the use of a points system. Projects, additionally, run through the normal City review process, up to and including consideration by the City Council.
- **Application acceptance:** ~~is this a separate step prior to consideration by the City Council? If so, who is responsible?~~
- **Project compliance:** ~~(post approval review; does the project's performance match or exceed its promised outcomes?)~~ after a project is approved by the City, the City's Finance Department, in partnership with City Planning and Development, the EDC and statutory agencies, continuously monitors the performance of the project to ensure it meets or exceeds the project's promised outcomes. City staff ensures clawbacks in the case of underperformance.
- **Program Policy 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?)~~ regularly, a citizens' task force, with the assistance

of City staff, EDC and, as desired, the assistance of a third-party, assesses the impact of the City's overall economic development program on the financial and social health of Kansas City. This group also reviews the public investment decision-making process and recommends improvements to the City Council.

~~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.~~

POLICY RECOMMENDATIONS FROM PUBLIC TESTIMONY

The grid below reflects the policy recommendations of organizations and members of the public who have provided testimony at meetings of the task force. For each recommendation, we have identified if the draft policy to date addresses the recommendation.

[To be distributed at meeting]

DISCUSSION OF OPEN POLICY QUESTIONS

Duration and Impact of Tax Abatements

Missouri state law allows tax abatement for as long as 25 years for some programs (PIEA, for instance). Other Missouri programs and many other states have lower maximums. Kansas, for instance, only allows abatement for 10 years.

The August 8 Task Force 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 also *avored* protecting the financial condition of other taxing entities, including schools, which rely very heavily of property tax revenues to support their operations. Finally, 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.

- What should the City's policy be on tax abatements longer than 15 years?
- What about the idea of declining levels of abatement over time?
- Should any specific measures be taken to ensure school districts and other taxing entities some immediate share of the incremental revenues?

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.

What is an "economically distressed" neighborhood?

Policy statements and Policy Factors for which the Task Force has developed consensus encourage economic activity in targeted or "economically distressed" areas.

- Should “economically distressed” be defined to be consistent with RSMo 135.530? (see below)

Distressed community defined.

135.530. For the purposes of sections 100.010, 100.710 and 100.850, RSMo, sections 135.110, 135.200, 135.258, 135.313, 135.403, 135.405, 135.503, 135.530 and 135.545, section 215.030, RSMo, sections 348.300 and 348.302, RSMo, and sections 620.1400 to 620.1460*, RSMo, "distressed community" means either a Missouri municipality within a metropolitan statistical area which has a median household income of under seventy percent of the median household income for the metropolitan statistical area, according to the last decennial census, or a United States census block group or contiguous group of block groups within a metropolitan statistical area which has a population of at least two thousand five hundred, and each block group having a median household income of under seventy percent of the median household income for the metropolitan area in Missouri, according to the last decennial census. In addition the definition shall include municipalities not in a metropolitan statistical area, with a median household income of under seventy percent of the median household income for the nonmetropolitan areas in Missouri according to the last decennial census or a census block group or contiguous group of block groups which has a population of at least two thousand five hundred each block group having a median household income of under seventy percent of the median household income for the nonmetropolitan areas of Missouri, according to the last decennial census. In metropolitan statistical areas, the definition shall include areas that were designated as either a federal empowerment zone; or a federal enhanced enterprise community; or a state enterprise zone that was originally designated before January 1, 1986, but shall not include expansions of such state enterprise zones done after March 16, 1988.

Small Business Application and Review Process

The Task Force has indicated its desire for small business development to have special consideration in the Economic Development and Incentive Policy. While developing the details behind a streamlined small business path is likely beyond the time available to the Task Force, there are two key questions, the answers to which will assist staff in formulating a response to the Task Force’s direction:

- What is a “small” business?
- How should special consideration be granted?

▶ *What is “Small” Business?*

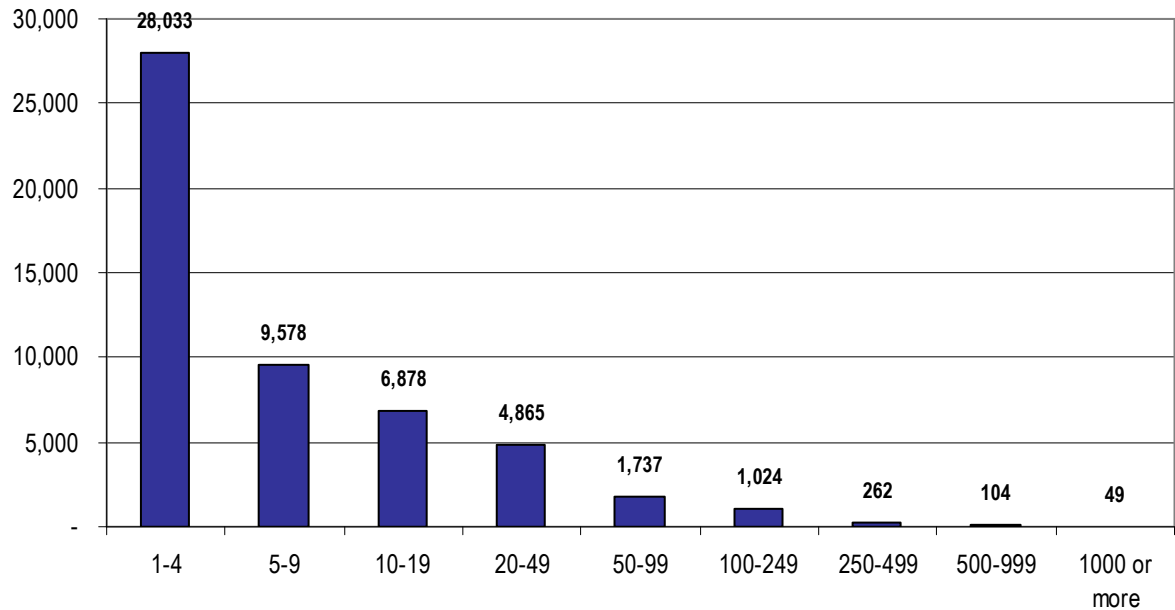
One definition, from the US Small Business Administration, is an entity with 500 or fewer employees with annual revenues less than \$5 million. The Association for Enterprise Opportunity uses the term “microenterprise,” defined as a business with five or fewer employees requiring less than \$35,000 in start-up capital.

According to the US Census Bureau, the average employment for Kansas City Metro area businesses (52,530 of them) was 17 employees in 2005.

It seems that the SBA definition may be too large and the AEO definition too small. **So what’s the right level for Kansas City?**

Kansas City Metro MSA:

Number of Firms by Employee Count



► *How Should Special Consideration Be Granted?*

What are the ways in which the Task Force believes consideration could be granted to small business to make small business development easier, less costly and more beneficial?

- Fee waivers or reductions?
- Fees on large businesses/projects to fund an assistance pool for small businesses?
- City or EDC small business ombudsman?
- Direct City investment in incubators, technical assistance programs, and the like?
- Additional consideration in a points system for application review?
- Others?

POLICY FACTOR PRIORITIZATION PROCESS

Linwood Tauheed's Categorization Proposal

Factor	Outcome	Origin	"Responsibility"
21. Environment	Sustain High Quality of Life	"Community"	
23. Land Preservation/Restoration	Sustain High Quality of Life	"Community"	Developer
24. Livability (neighborhoods)	Sustain High Quality of Life	"Community"	System
25. Maintain Unique Assets	Sustain High Quality of Life	"Community"	Developer
26. Neighborhoods/Community Development	Sustain High Quality of Life	"Community"	System
30. Quality of Life	Sustain High Quality of Life	"Community"	System
36. Sustainability	Stewardship of Resources	"Community"	System
1. Business Assistance	Create Quality Jobs	Business Development	City
8. Business Development	Strengthen Economy/Build Wealth	Business Development	City
9. Business Recruitment	Strengthen Economy/Build Wealth	Business Development	City
10. Business Retention	Strengthen Economy/Build Wealth	Business Development	City
11. Cluster Development Promotion	Strengthen Economy/Build Wealth	Business Development	
12. Improved Business Climate	Strengthen Economy/Build Wealth	Business Development	System
14. Marketing Efforts	Strengthen Economy/Build Wealth	Business Development	City
18. Collaboration	Sustain High Quality of Life	Crime and Public Safety	
19. Crime Reduction	Sustain High Quality of Life	Crime and Public Safety	System
27. Partnerships	Sustain High Quality of Life	Crime and Public Safety	
28. Physical Improvements (crime prevention)	Sustain High Quality of Life	Crime and Public Safety	
45. Early Childhood Education	Education, Skills, Learning	Education	
46. Lifelong Learning	Education, Skills, Learning	Education	
47. Post-Secondary Education	Education, Skills, Learning	Education	
48. Primary and Secondary Education	Education, Skills, Learning	Education	
49. Quality [of Schools]	Education, Skills,	Education	

	Learning		
32. Fiscal Impact on City	Stewardship of Resources	Fiscal Impact	Developer
2. Focus/Economically Disadvantaged Areas (jobs)	Create Quality Jobs	Focus on Distressed Areas	Developer
16. Target Development Areas (geographic)	Strengthen Economy/Build Wealth	Focus on Distressed Areas	Developer
43. Target Development Areas (housing)	Quality, Affordable Housing	Focus on Distressed Areas	Developer
37. Compete for Development	Quality, Affordable Housing	Housing	City
38. Construct Quality, Affordable Housing	Quality, Affordable Housing	Housing	Developer
39. Encourage Mixed-Income Development	Quality, Affordable Housing	Housing	Developer
40. Identify Market Impediments to Housing Dev.	Quality, Affordable Housing	Housing	City
41. Protect Existing Housing Stock	Quality, Affordable Housing	Housing	Developer
42. Replace Housing Stock	Quality, Affordable Housing	Housing	Developer
44. Uniform Application of Housing Standards	Quality, Affordable Housing	Housing	
20. Culture/Arts	Sustain High Quality of Life	Infrastructure	
22. Infrastructure Plans	Sustain High Quality of Life	Infrastructure	
29. Public Transit	Sustain High Quality of Life	Infrastructure	Developer
3. High Quality Benefits	Create Quality Jobs	Jobs	Developer
4. Local Jobs for City Residents	Create Quality Jobs	Jobs	Developer
5. Provide Connections	Create Quality Jobs	Workforce	
6. Workforce Development	Create Quality Jobs	Workforce	Developer
7. Workforce Support	Create Quality Jobs	Workforce	City
31. Youth Involvement	Sustain High Quality of Life	Workforce	Developer
13. Integration of Diversity	Strengthen Economy/Build Wealth	XXX	Developer
15. Sustainable Development	Strengthen Economy/Build Wealth	XXX	System
17. Blight Reduction	Sustain High Quality of Life	XXX	Developer
33. Impact on Neighborhoods	Stewardship of Resources	YYY	
34. Measurement	Stewardship of Resources	YYY	
35. Social Impact on City	Stewardship of Resources	YYY	System

Consultants' Proposal from August 15

	Policy Measurement	Policy Objective		Policy Measurement	Policy Objective
	1 Protect or enhance existing housing stock	Affordable Housing		12 Promote access to and financial support for public transit	Quality of Life
	2 Produce affordable housing opportunities	Affordable Housing		13 Promote crime reduction and enhance perception of safety	Quality of Life
	3 Generate net new Quality Jobs	Create Quality Jobs		14 Results of City fiscal model show net positive benefit to the City	Stewardship of City Resources
	4 Generate net new jobs for unemployed residents	Create Quality Jobs		15 Mitigates potential financial impacts on other taxing jurisdictions	Stewardship of City Resources
	5 Offer workforce development activities (job training, advancement opportunities, skill development)	Create Quality Jobs		16 Does not over-leverage incentives	Stewardship of City Resources
	6 Provide workforce support to employees (day care, housing, transportation)	Create Quality Jobs		17 Meets City standards on private/public investment ratio	Stewardship of City Resources
	7 Provide opportunities for education	Education		18 Contains provisions for clawbacks for underperformance	Stewardship of City Resources
	8 Reduce or remove blight	Quality of Life		19 Complement existing Kansas City businesses	Strengthen Economy
	9 Enhance the cultural and arts environment of the City	Quality of Life		20 Provides opportunity for small business development	Strengthen Economy
	10 Promote environmental protection and conservation	Quality of Life		21 Project adds synergistic value to existing development	Strengthen Economy
	11 Preserve, enhance or build infrastructure in priority areas as defined by the City	Quality of Life		22 Impact on economically disadvantaged areas	Strengthen Economy