



**City of Kansas City, Missouri
Economic Development & Incentive Policy
Task Force
Meeting #6**

Date: Wednesday, August 1, 2007, 5:00 – 8:00 p.m.

Location: Bruce R. Watkins Cultural Heritage Center, 3700 Blue Parkway, Kansas City MO 64130

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

Meeting Purpose:

1. Review draft purpose statement and policy outcomes (goals).
2. Review draft policy language – items where there was consensus.
3. Discuss proposed policy statements.
4. Receive public input.

AGENDA

5:00 p.m.	Welcome and introductions	Bill Haw, Chair
5:05 p.m.	Discussion of time allowed for formal organizations to present at public hearings	Bill Haw, Chair
5:15 p.m.	Discussion of the outcome of the policy <ol style="list-style-type: none"> 1. A one-page document with 10-15 policy statements? 2. A somewhat lengthier document with more description? 	
5:25 p.m.	Review of draft purpose statement and draft policy outcomes (goals)	Sheila Shockey, Facilitator
6:15 p.m.	Discussion of results of questionnaire and of areas of disagreement	Sheila Shockey, Facilitator
6:35 p.m.	Announcements & Meeting Evaluation <ol style="list-style-type: none"> 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 	Sheila Shockey, Facilitator
6:45 p.m.	Adjourn Work Session Portion of Task Force Meeting & Break for 15 minutes until public hearing portion	
7 – 8:00 p.m.	Public Hearing	
Next meeting:	Wednesday, Aug. 8, 5-7 p.m. Task Force Worksession & 7-8 p.m. Public Hearing Guadalupe Center, 1015 Avenida Cesar E. Chavez, Kansas City, MO	

DISCUSSION ATTACHMENT

Statement of Purpose: [FOR REVIEW]

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

- ✓ Define economic development in Kansas City;
- ✓ Direct 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 REVIEW]

For Kansas City, economic development is defined as:

[to be defined]

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 regular, full-time jobs that pay a higher than the 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 benefits package including opportunities to save for retirement.

- ✓ **Business Assistance:** preserve, develop and sustain businesses in the community, especially small businesses, and promote an entrepreneurial culture
- ✓ **Provide Connections:** connect skilled workers with employers needing skilled help using community partnerships, such as faith-based organizations, junior colleges and vocational/technical facilities
- ✓ **Workforce Support:** provide support to employees, such as assistance with day care, transportation or housing needs; ensure displaced employees are reintegrated quickly into the community's workforce

- ✓ **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
- ✓ **Focus on Underserved Areas:** target economic opportunities for traditionally underserved areas of the community.
- ✓ **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 high-quality jobs for existing residents of the community

▶ Strengthen the Economy and Build the Wealth of the Community

Kansas City's Economic Development and Incentive Policy assists the City in strengthening the local economy and building the wealth of the community by increasing the income of all residents, reducing poverty and strengthening the tax bases of the community's local governments.

- ✓ **Business Recruitment:** recruit and relocate existing businesses from outside of the community.
- ✓ **Business Retention:** retain a diverse array of current businesses within the community. 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 friendliness to business. Examples include streamlined permitting processes and business outreach programs.
- ✓ **Target Development Areas:** identify discrete areas within the city that will be the target of economic development activity.

- ✓ **Marketing Efforts:** promote Kansas City for economic development purposes through electronic, print and other media.

- ✓ **Integration of Diversity:** ensure the integration of all races, ethnicities and cultures into the City's economy and social structure.
- ✓ **Poverty:** reduce poverty within the community.
- ✓ **Sustainable Development:** ensure development meets both today's needs and those of future generations.

▶ 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 reduce the crime rate
- ✓ **Crime Reduction:** pursue strategies that eradicate crime and enhance the perception of safety in every neighborhood.
- ✓ **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 that community. Examples include preservation of rivers and lakefronts.
- ✓ **Neighborhoods/Community Development:** preserve and enhance neighborhoods and small communities within the city. Examples include micro development opportunities and the preservation of historic neighborhoods. Require development applications to include a statement of neighborhood impact.
- ✓ **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 ("CPTED").
- ✓ **Quality of Life:** promote community quality of life. Examples include park and open space development, walking/biking trails, and access to unique retail and dining within the community.
- ✓ **Youth Involvement:** develop programming and opportunities to engage the community's youth, including job opportunities and skills development, and to steer youth away from crime.

- ✓ **Culture/Arts:** enhance existing or develop new culture and arts infrastructure (artist live/work communities; symphonies and art galleries).
- ✓ **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
- ✓ **Land Preservation/Restoration:** acquire, preserve land as a tool of economic development. Examples include preserving the City's green infrastructure and remediating "brownfields" sites.
- ✓ **Public Transit:** promote "transit-oriented design," promoting the use of public transportation as a tool of economic development.

- ✓ **Sustainability:** make decisions and take actions that benefits promoting the “3 Es”—economic vitality, social equity, and environmental quality
- ✓ **Fiscal Impact on City:** control the fiscal impacts of the economic development plan or policy on the city government. Examples include limits on incentives granted each year or specific strategies to enhance revenues to the city from economic development activity.
- ✓ **Infrastructure Plans:** preserve, enhance & construct physical infrastructure to support economic development.

▶ 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 community—has access to quality, affordable housing. The City promotes a diverse housing supply 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 newer housing developments.
- ✓ **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 correct problem conditions.
- ✓ **Target Development Areas:** identify discrete areas within the city that will be the target of economic development activity.

- ✓ **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.
- ✓ **Uniform Application of Housing Standards:** ensure that in-fill housing complies with the same quality standards imposed on new 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 compete for private investment.

- ✓ **Early Childhood Education:** ensure availability and access to early childhood education for all families and involving all segments of the community 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.
- ✓ **Primary and Secondary Education:** Support kindergarten through high school education by demanding high quality education and supporting positive parent involvement.
- ✓ **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.
- ✓ **Quality and Perception:** improve both the quality of K-12 public education and the perception of public school quality in the city.

Use of Incentives: [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.

▶ *What to achieve with incentives*

- ✓ The City will determine the economic, fiscal and social costs and benefits of its economic development investments.

▶ *When to use incentives*

- ✓ The City will target resources to:
 - Retain current businesses;
 - Expand current businesses; and
 - Recruit new businesses.
- ✓ The City will use incentives to achieve policy outcomes described earlier in this paper.

- ✓ In addition to providing incentives, the City will make targeted investments in public infrastructure and services to achieve the policy outcomes described above.
- ✓ What about incentives outside of TIF, abatement, etc.? Additional funding of community services, workforce development, crime prevention, infrastructure developments?
- ✓ Targeted geographies?

▶ *What limits the City places on incentives*

- ✓ Incentives will *not* be provided that place the City’s long-range financial position at risk.
- ✓ Incentives will *not* be provided that place school districts’ and other taxing jurisdictions’ long-range financial position at risk.
- ✓ Projects receiving incentives must meet LEED standards (green building design).
- ✓ Public investments in economic development must not be at the detriment of existing investments and services provided to the existing community.
- ✓ This policy will be flexible to allow for the exceptional project that does not meet all of the requirements but is in the long-term best interest of the community. “Exceptional” is defined as...[to be determined]

Evaluation of Success: [NEW]

Kansas City’s Economic Development and Incentive Policy does not exist in a vacuum. Thousands of residents, employees and businesses rely upon the success of these programs to ensure the long-term value of their personal investments in the community.

Kansas City recognizes that measuring the success of its economic development efforts is challenging if done right. But Kansas City is committed to measuring the outcomes of the policy, not just the outputs.

▶ *Who measures success?*

[policy statement]

▶ *How is progress reported to the community?*

[policy statement]

▶ *What is measured?*

[policy statement]

EXAMPLES:		
Perception of crime/safety	Average household income	Household income at 25th percentile
Tax base growth vs. index of some sort	Number households in "Intensive Care" neighborhoods	Community perception of quality of life
Number of "quality jobs" in KC	Private public investment ratio	Perception of KC businesses of KC's business climate
Rate of families in poverty	Rate of unemployment	High school graduation rate/some measure of graduate skills levels
Job growth created without incentives		

Structure of Economic Development Organization: **[NEW]**

▶ *Who is the point-of-contact for the City's economic development effort?*

[policy statement]

▶ *How does the City interface with the EDC and statutory agencies?*

[policy statement]

▶ *At what point does the City Council and its committees engage?*

[policy statement]

Email questions or comments to edpolicy@kcmo.org. For more information, check out www.kcmo.org/finance.nsf/web/edpolicy.

FUTURE POLICY ISSUE PAPERS

The consulting team will bring one- to two-page policy papers on statements addressed in the questionnaire distributed to the Task Force on July 25, 2007, where there are not areas of agreement. Examples include:

- 1) Kansas City should not provide incentives to businesses relocating from one part of KCMO to another.
- 2) The City should provide incentives only to businesses locating or expanding in distressed areas.
- 3) Projects receiving incentives should be required to create high paying jobs with employee benefits.
- 4) A penalty should be imposed on projects that under-perform or differ from the project benefits.