

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council
FROM: Mari E. Macomber, City Manager
SESSION DATE: October 6, 2014
TIME: 4:30 pm
PLACE: Second Floor Conference Room of City Hall

AGENDA:

- **ECONOMIC DEVELOPMENT PARTNERS & INCENTIVES**
- **ROADWAY DESIGN – ENTRYWAYS INTO THE CITY**
- **2015 GOALS**
- **REVIEW CITY COUNCIL AGENDA**
- **REVIEW NEWSLETTER – October 1**
- **COMMITTEE REPORTS**

ECONOMIC DEVELOPMENT PARTNER AND INCENTIVES

In 2009, after providing incentives to several companies, the City Council began to question whether or not a policy guiding the Council on incentive awards was warranted. In April of that same year, the City Council met with representatives from the other taxing districts and discussed how incentives and tax abatements were determined. From this conversation, the Council directed staff to develop a policy.

A policy was developed after researching what other communities do, evaluating how these practices would work in Kirksville and fine tuning the Policy based on City Council review. The policy is intended to serve as a guide for the City Council and establishes some thresholds to determine how much incentives the City should provide. The policy establishes seven considerations the City Council should take into account before incentives are considered. Such considerations include: the enhancement or preservation of the tax base; provision of employment opportunities; and improvement to infrastructure.

The policy also outlines the criteria to be considered when determining the level of incentive: the value of the abatement, the term of the abatement and whether or not the City can afford the abatement. The policy requires the review of the proposed benefit to the community, the credibility of the developer and whether or not the City can afford the incentives. The policy also requires the City to adhere to all applicable laws and expects the City to inform the other taxing districts when tax abatement is being considered.

The City Council is asked to review the policy.

In addition to the Policy review, the Council is asked to review the economic development agreements between the City and its economic development partners. The City has been the single most significant contributor to K-REDI providing \$100,000 annually to this organization starting in 2003. Our agreement with K-REDI expires at the end of January. The second agreement is with MREIC. This agreement provides, space, and an annual contribution of ¼ of the salary and benefits of the administrative support position. The final agreement is with the Chamber of Commerce. This agreement has been in effect since the lodging tax was passed in 2006. The Tourism Office receives all but one percent (1%) of the lodging tax. The majority of the funds are used for tourism efforts, since the Tourism office is part of the Chamber approximately \$7,000 each year is paid to the Chamber to offset some of the office expenses.

The City Council is asked to review the agreements and be prepared to discuss each. Does the City Council believe they are receiving a good return on their investment with each of the organizations? Are there any efforts the City Council would like to discuss or require from one or all of the partners?

Included are copies of the agreements with Kirksville Regional Economic Development, Inc. (K-REDI), Missouri Rural Enterprise and Innovation Center (MREIC) and Kirksville Area Chamber of Commerce for Tourism.

Terms of each agreement;

K-REDI – Expires January 31, 2015

MREIC – Renews annually February 1 of each year unless 90 day notice is given of intent not to renew

Tourism – Ongoing unless notice not to renew is given 30 days in advance of May 18, 2006 (original date of agreement).

ROADWAY DESIGN – ENTRYWAYS INTO THE CITY

The completion of the alternate route, which was made possible through a partnership between the City and MoDOT, has created some issues when it comes to letting people know on this roadway where and how to enter our community. Though it has taken truck traffic off of Baltimore, it has also probably taken some consumer traffic off of Baltimore, as well. ATSU and TSU had met with MoDOT on several occasions to try and improve the signage for both institutions hoping to bring visitors to their campuses from the north in on Illinois. This effort did not work, as MoDOT cited strict regulations regarding signage that would not allow the placement of either institution's signs at the Illinois and Highway 63 intersection.

The City Council has also talked briefly about the importance of Illinois as a way in and out of the community. We have several ways that people can enter our community – Highway 63 from the north, south, Shepherd, Illinois and Route P; Highway 11 from south Baltimore'; and Highway 6 from north Baltimore. The Tourism office has placed a Welcome Sign at Illinois and Highway 63 and there are Welcome Signs sponsored by the Chamber at Shepherd and Baltimore and then at Highway 6 and Baltimore. These signs were more effective prior to the alternate route. What ideas, thoughts and directions might the City Council have regarding signage and entryways into the

community? It seems like more and effort needs to be done to get visitors and potential customers traveling on Highway 63 into our community. We established wayfinding signs that are located at both the north and south interchanges. What other things should we be doing?

Is an entryway important? Some would argue that a clearly defined entrance can help to create an identity, and that these entryways mark the space where the outside world ends and your city begins. Should we be looking at doing more signage? Would you want to require the Tourism office to spend some additional funds on banners and welcome signs? Should we be talking to MoDOT about their policies?

Would the City want to explore possible improvements to Illinois from Highway 63 to Marion Street? We would have to partner with MoDOT since they own Illinois from Highway 63 to Baltimore. Another street might be north Baltimore, again this is owned by MoDOT but would the City want to invest in some improvements along this stretch of roadway. We have talked about the cost of pavement repairs and discussed the amount of roadway miles that we have to maintain, would the City Council want to discuss and explore the design of the streets. For example, again using Illinois, what would your thoughts be about using a similar design like we did on Franklin through Truman's campus? In talking with staff, one of the things that struck me was when we are planning to do a street project we simply look at the surface and drainage. We don't consider other improvements that could possibly make a difference. For example, as costs continue to rise, what should the City's responsibility be toward providing on street parking for residents? Should we begin eliminating parking, like we did on Halliburton? As a reminder, Halliburton used to allow parking from Jefferson to Patterson. A couple of years ago, the decision to remove the parking was made, which has improved the traffic flow on this street.

Over the course of the next year, we will need to get our complete streets policy developed and considered by the Council. But before we do what others aspects should we be considering.

2015 GOALS

At our Planning meeting, you did not have an opportunity to discuss your Goals for 2015. Please review the current goals and discuss on Monday.

REVIEW COUNCIL AGENDA

REVIEW COUNCIL NEWSLETTER – October 1

COMMITTEE REPORTS - *Meetings held from September 15 – October 6 include the following:*

Friends of Forest Llewellyn
Historic Preservation Commission

Attachments

Economic Development Policy
KREDI Agreement
MREIC Agreement
Tourism Agreement

Enclosure

2014 Goals

ECONOMIC DEVELOPMENT POLICY

I. Purpose

The City of Kirksville is committed to the promotion and retention of high quality development in all parts of the City; and to an on-going improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of Kirksville will, on a case-by-case basis, give consideration to providing tax abatements as stimulation for economic development in Kirksville. It is the policy of the City of Kirksville that said consideration will be provided in accordance with established criteria. Nothing herein shall imply or suggest that the City of Kirksville is under any obligation to provide tax abatement to any applicant.

II. Considerations

The following factors will be considered when considering whether an abatement of taxes will be considered.

- A. Does the proposal increase or preserve the tax base – real, personal or sales
- B. Does the proposal provide employment opportunities within Kirksville
- C. Does the proposal provide or help construct public infrastructure
- D. Does the proposal help to redevelop, renew or eliminate a blighted area
- E. Does the proposal provide access to services for residents of Kirksville
- F. What is the previous experience of the developer
- G. What is the Developer's Rate of Investment (ROI) on the proposal

III. Incentive Assessment

Each development project should be evaluated on its own merit with consideration given to whether or not the project furthers the goals and objectives of the City, as well as the relative impact of the project on the City and other affected taxing districts as to expected revenue enhancements and estimated costs for services. Such considerations should include impact on the local housing market, required infrastructure enhancements and effects on the environment.

This assessment will direct the City toward the total amount of abatement a project should be given.

- A. Value of Abatement – Before a project is considered as a possible recipient of tax abatement, the project must include a minimum investment of \$1 million and new job creation. The amount of the abatement will be determined based on the merits of the project, including, but not limited to - total capital investment, added employment, and average annual salary.
- B. Term of Abatement – The developer must be able to provide proof of the need for tax abatement. Such proof shall include the project ROI with and without the requested abatement. Duration and amount limits shall be for the minimum amount necessary to meet the financial goals of the project.

- C. Limit of Abatement – The City relies on the tax base to generate needed funds to provide services to citizens, therefore, the City will establish an annual abatement limit for all tax abatement.

IV. Qualifications of Developer

- A. Must agree to comply with all City policies and ordinances
- B. Must show proof of exploring and exhausting other available funding options
- C. Proof of most recent tax bill for subject property

V. Benefits to Consider

- A. Increased real and personal property valuations
- B. Elimination of blight
- C. The project supports and further enhances the City's Comprehensive Plan
- D. Development would not place extraordinary demands on city services

VI. Limitations

- A. Any recipient of Tax Abatement assistance will be required to provide an equity investment in the project.
- B. Tax Abatement will not be used in circumstances where land and/or property price is in excess of fair market value.
- C. Tax Abatement will not be utilized in cases where it would create an unfair competitive financial advantage over other projects or businesses in the area.
- D. No abatement of taxes will be granted on property currently in a TIF District.
- E. The project shall comply with all provisions as allowed by the state's abatement laws.
- F. Abatement can only be granted, if it benefits the City to a level equal to or greater than the abatement cost to the City.
- G. In any year, the total amount of property taxes abated by the City may not exceed five percent (5%) of the current City levy.
- H. The City Council has the right to establish a cap on city incentives per project.
- I. Total local incentives will not exceed a per job creation amount that when divided by the number of jobs pledged does not exceed the average annual projected salary for all new jobs created in the first year of the project.

VII. Public Information

It is important to the City that the affected taxing districts and residents of the community are informed about economic development projects. The City will abide by confidentiality requirements of the developer and adherence to the requirements of the State of Missouri Sunshine Law. The City will inform affected taxing districts and residents as soon as possible of pending development projects and tax abatement requests.

ECONOMIC DEVELOPMENT AGREEMENT

This Agreement made and entered into this 1st day of February 2012 by and between the City of Kirksville, MO, hereinafter referred to as "City, and Northeast Missouri Economic Development Corporation dba K-REDI, a Missouri not-for-profit corporation, hereinafter referred to as "K-REDI".

In consideration of the terms contained herein, the parties hereto agree as follows:

1. The term of the Agreement shall be for a period of three (3) years commencing the 1st day of February 2012 and ending the 31st day of January 2015.
2. The City shall pay K-REDI the sum of One Hundred Thousand Dollars (\$100,000.00) annually during the term of this Agreement, which shall be payable each year in twelve (12) equal consecutive monthly payments.
3. The City shall have the ability to appoint up to four (4) individuals to represent the City and who shall be members of the K-REDI Board of Directors, one of which shall be a City Council member, and another the City Manager, with the City Manager serving on the Executive Committee of said Board of Directors. In the event the City Manager is not able to attend a KREDI meeting, the Assistant City Manager shall serve as the City Manager's proxy to the K-REDI Board of Directors. The City Council reserves the right to determine the qualifications of the City's remaining two appointees.
4. K-REDI shall hire and employ a suitably qualified economic developer or industrial recruiter, who shall be an executive employee of K-REDI. Said executive employee shall perform such duties as are provided for in this Agreement together with such other economic development activities as may be assigned and required by K-REDI, and requested by the City. The K-REDI Board of Directors shall evaluate the performance of said executive employee on a semiannual basis during the first year of employment and on an annual basis each year thereafter, providing a summary assessment to the city along with expected goals for the coming year.
5. Said executive employee shall prepare an annual economic development work plan which shall be submitted to and approved by the K-REDI Board of Directors and the City. Said executive employee shall complete a written status report of said economic development work plan quarterly presenting it to the K-REDI Board of Directors. The quarterly economic development status report will then be shared with the City Council of Kirksville for the purpose of evaluating further steps needed to improve economic development within the City of Kirksville.
6. The economic development efforts of K-REDI should focus on retention, expansion, and recruitment of industrial, technology based, and service sector businesses. This effort shall include the maintenance of website, and other technology

based marketing efforts; and the development of an acquisition plan for future building sites.

7. K-REDI shall adopt an annual budget and submit such budget to the City Council within 30 days after the start of the fiscal year.

8. K-REDI shall make written contact with the Adair County Commission requesting increased financial support and the Kirksville RIII School District for annual cash contributions equal to a seat on the KREDI Board of Directors.

9. The City shall provide office space for said executive employee. The location of this space shall be property owned by the City at 315 South Franklin Street, a shared location with the Missouri Rural Enterprise and Innovation Center (MREIC), and the Kirksville Downtown Improvement Committee (KDIC). The City shall be responsible for building maintenance, janitorial services, snow removal and all utilities, excluding telephone. K-REDI shall be responsible for providing all necessary office equipment, furnishings and supplies for said executive employee. Should the City find it necessary to dispose of said property, or MREIC vacates the building, the City will offer office space at no cost to KREDI at City Hall.

10. The City and KREDI further agree that each will provide one-quarter of the cost to Truman State University for the salary and benefits of one support employee who will provide administrative assistance and support to the Director of Job Creation. The cost of which will be reimbursed to Truman State University in the time and manner requested by Truman State University. KREDI reserves the right to evaluate the benefit of the administrative support position to its organization at the completion of the first year of this agreement. This evaluation may result in KREDI choosing not to have administrative support for their operations.

11. The City has budgeted and appropriated the necessary funds to make all of the City's payments required hereunder for the remainder of the fiscal year in which this Agreement is executed; and the City intends to make all of the payments required hereunder so long as funds are appropriated in each fiscal year by its governing body. The City reasonably believes that moneys in an amount sufficient to make all payments required hereunder can and will lawfully be appropriated and made available therefore. All payments required hereunder shall be payable out of the general funds of the City or out of other funds legally available therefore. If the City's governing body fails to appropriate sufficient funds in any fiscal year for payments, then a "Non-Appropriation Event" shall be deemed to have occurred. If a Non-Appropriation Event occurs, then the City shall give K-REDI immediate notice of said event, and this Agreement shall immediately terminate without penalty or expense to the City, provided that the City shall pay such amounts hereunder for which funds shall have been appropriated or are otherwise available.

IN WITNESS WHEREOF, this Agreement has been executed the day and year first written above.

ECONOMIC DEVELOPMENT PARTNERSHIP AGREEMENT

This Agreement made and entered into this 1st day of February 2012 by and between the City of Kirksville, MO, hereinafter referred to as "City, and the Missouri Rural Enterprise and Innovation Center incorporated dba MREIC, a Missouri not-for-profit corporation, hereinafter referred to as "MREIC".

In consideration of the terms contained herein, the parties hereto agree as follows:

1. The term of the Agreement shall be for a period of one (1) year commencing the 1st day of February 2012 and will automatically renew on the anniversary date of this Agreement, unless one of the parties gives notice not less than ninety (90) days in advance of the anniversary date of this Agreement of the intent of the party to not renew this Agreement.
2. The City agrees to provide office space located at 315 South Franklin Street to MREIC which shall serve as a shared location with Kirksville Regional Economic Development, Inc. (K-REDI), and the Kirksville Downtown Improvement Committee (KDIC).
3. The City agrees to provide building maintenance, janitorial services, snow removal and all utilities, excluding telephone. The City has a contract for IT services which will be provided to MREIC, so long as the cost of services remains within the monthly service hours paid for by the City, any IT services requested of MREIC in excess of this monthly contract will be the responsibility of MREIC.
4. MREIC shall be responsible for providing all necessary office equipment, furnishings and supplies for MREIC's operation.
5. The City agrees to provide one-quarter the cost to Truman State University for the salary and benefits of one support employee who will provide administrative assistance and support to the Executive Director of MREIC and the Director of Job Creation for K-REDI. The cost of which will be reimbursed to Truman State University in the time and manner requested by Truman State University.
6. The City agrees to enter into an agreement with K-REDI that will require K-REDI's financial participation of one-quarter the cost of salary and benefits for at least a one year period for the before mentioned administrative assistant.
7. The MREIC Executive Director shall be responsible for the supervision of the administrative assistant, but shall allow input from the Director of Job Creation regarding the selection and subsequent performance of this employee.

8. The City has budgeted and appropriated the necessary funds to make all of the City's payments required hereunder for the remainder of the fiscal year in which this Agreement is executed; and the City intends to make all of the payments required hereunder so long as funds are appropriated in each fiscal year by its governing body. The City reasonably believes that moneys in an amount sufficient to make all payments required hereunder can and will lawfully be appropriated and made available therefore. All payments required hereunder shall be payable out of the general funds of the City or out of other funds legally available therefore. If the City's governing body fails to appropriate sufficient funds in any fiscal year for payments, then a "Non-Appropriation Event" shall be deemed to have occurred. If a Non-Appropriation Event occurs, then the City shall give MREIC immediate notice of said event, and this Agreement shall immediately terminate without penalty or expense to the City, provided that the City shall pay such amounts hereunder for which funds shall have been appropriated or are otherwise available.

IN WITNESS WHEREOF, this Agreement has been executed the day and year first written above.

CITY OF KIRKSVILLE, MO

MISSOURI RURAL ENTERPRISE AND
INNOVATION CENTER dba MREIC

By: Mari E. Macomber

Mari E. Macomber
City Manager

By: Robert J. Behnen

Robert Behnen
President

AGREEMENT FOR SERVICES

This Agreement made and entered into on this 18th day of June, 2012 by and between the City of Kirksville, Missouri (hereinafter referred to as the "City") and the Kirksville Area Chamber of Commerce, a not-for-profit Missouri Corporation (hereinafter referred to as the "Chamber").

WITNESSETH:

WHEREAS, the Citizens approved a transient guest tax, hereinafter referred to as a "Lodging Tax" on the charges for all sleeping rooms paid by the transient guests of hotels or motels situated in the City at a rate of 3.6%; and

WHEREAS, the Lodging Tax became effective after its approval at the municipal election on August 8, 2006.

WHEREAS, the City and the Chamber entered into our first Agreement for services whereby the City was responsible for the collection of the Lodging Tax and the Chamber was responsible for the expenditure of said funds for the promotion of tourism and to attract visitors and conventions to the City in 2006.

NOW THEREFORE, in consideration of these premises and the mutual covenants herein contained, the City and Chamber agree as follows:

Lodging Tax. This agreement shall be effective based upon the Lodging Tax approved by qualified voters as provided herein.

Term of Agreement. ~~The Term of Agreement will be ongoing from the date of approval for Addendum A, signed July 20, 2009, unless one of the parties gives notice not less than thirty (30) days in advance of the anniversary date of the original agreement, signed May 18, 2006, of the intent of the party to not renew this Agreement.~~

Lodging Tax Collection. The City agrees to collect 3.6% Lodging Tax on the gross daily rent due and paid by transient guests of all sleeping rooms occupied and rented by transient guests of hotels and motels located in the City. The City shall deposit the funds received from this tax in a fund to be created and known as the Convention and Tourism Fund.

Administrative Fee. The City shall retain 1% of the total tax collected per year to cover the costs of the collection and administration of the convention and tourism fund.

Lodging Tax Remittance. The City will pay the Chamber 99% of all of the City Lodging Tax collected by the City. The City will make the aforementioned payment to the Chamber within sixty (60) days after the tax proceeds are collected by the City.

Use of Funds. The Chamber agrees at all times during the term of this Agreement to (a) be responsible for the expenditure of the funds in the City's convention and tourism

fund submitting an annual budget in November for review by the City Council; (b) use good and professional judgment in the expenditure of such funds; and (c) utilize the funds from the convention and tourism fund only for the purpose of the promotion of tourism and the attraction of visitors and conventions to the City of Kirksville, as allowed by law.

Annual Report. The Chamber shall provide an annual report to the City Council in February of each year. The annual report shall be comprehensive including a review of the budget to actual expenses, list of tourism supported/attracted events resulting in overnight lodging, annual occupancy rates by hotel, list of advertising partnership sponsorships including sponsorship amounts and details of use of funds, and marketing efforts.

Convention and Tourism Advisory Board. A Convention and Tourism Advisory Board was established consisting of nine (9) members, with two (2) members appointed by the City Council; five (5) members appointed by the Chamber of Commerce (with at least three of those members from the lodging industry within Kirksville); one (1) member appointed by the President of Truman State University; and one (1) member appointed by the President of A. T. Still University.

Advisory Board Conditions and Terms. The Convention and Tourism Advisory Board shall meet and organize themselves by the election of a chairman, vice-chairman, and a secretary/treasurer. The Convention and Tourism Advisory Board shall make and adopt bylaws, rules and regulations and other operating procedures which shall be approved by both the City and Chamber, and thereafter serve in an advisory capacity as to the expenditure of funds to promote tourism under this Agreement.

Personnel. The parties agree that any and all personnel shall be considered employees of the Chamber. The Chamber Executive Director shall conduct an annual performance evaluation of said personnel responsible for the execution of the Tourism program. Upon completion, the Chamber Executive Director shall provide a summary assessment to the City Manager and City Council, including expected goals for the coming year.

Hold Harmless. The Chamber agrees to save and hold harmless the City from any and all liability or damages, including legal fees and court costs, which may arise out of the Chamber's performance on the Agreement.

Breach. In the event Chamber shall breach any of the terms and provisions of this Agreement, and the Chamber shall fail to cure such breach after 10 (ten) days written notice thereof from the City, then the City may terminate this Agreement. Failure of the City to exercise such right of termination for breach hereof shall not prevent the City from exercising such election upon the occurrence of any subsequent breach of the same term or provision of this Agreement.

Agreement Changes. This Agreement may only be changed or amended mutually in writing.

Complete Agreement. This writing contains all of the terms and conditions of the Agreement and no prior oral or written representations of the parties, not contained in writing herein, are part of the Agreement.

Notice. Any notice to be given pertaining to this Agreement is to be provided to the following:

Executive Director
Kirksville Area Chamber of Commerce
304 S. Franklin Street
P.O. Box 251
Kirksville, MO 63501

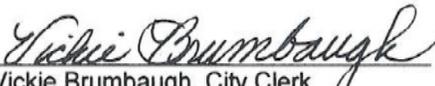
City Manager
City of Kirksville
201 South Franklin Street
Kirksville, MO 63501

In witness whereof, the undersigned have placed their signatures as representatives of the parties hereto as of the day and year first above written.

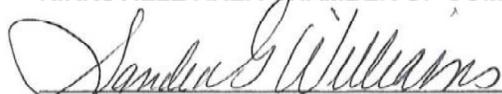
CITY OF KIRKSVILLE


Richard L. Detweiler, Mayor

ATTEST:


Vickie Brumbaugh, City Clerk

KIRKSVILLE AREA CHAMBER OF COMMERCE


Executive Director

ATTEST:


Secretary