

# CITY COUNCIL STUDY SESSION

**TO:** Mayor and City Council

**FROM:** Mari E. Macomber, City Manager

**SESSION DATE:** January 26, 2015

**TIME:** 4:30 pm

**PLACE:** Second Floor Conference Room

## **AGENDA:**

- **ECONOMIC DEVELOPMENT AGREEMENT – K-REDI**

The City Council has met several times to discuss this agreement and has also met with members of K-REDI. It is important that this matter be resolved so that efforts can move forward. Included with this document are three agreements. The first is the current agreement.

The second is the one previously submitted to the Council in December and includes city representation of nine (9), which includes the four named appointees to the executive board (Mayor, Mayor Pro Tem, City Manager and Assistant City Manager).

There is only one change to this document and that is the inclusion of an out clause for both parties.

The third document, based on conversation with K-REDI, removes some of the items in the contract, placing them in an Exhibit. This document focuses the agreement on the most important components, placing lesser items in the exhibit.

K-REDI has communicated to the City Council that they do not wish to have any additional appointees to their board. They have concerns about the size of the board and ability to get things done. The City Council discussed the need to improve communications and expand the community's knowledge of what K-REDI is doing. Certainly a board can be too large. K-REDI has already addressed their ability to conduct a meeting by limiting which positions are included in a quorum. Only those positions elected to K-REDI are counted for quorum. One other point that had not been discussed was the fact that K-REDI, through its membership program, will allow additional board members if the highest membership level is purchased.

## Attachments

Current Agreement

Agreement 1

Agreement 2 with Exhibit A

## 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 K-REDI 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 Rill 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.

**PREVIOUSLY SUBMITTED**  
**ECONOMIC DEVELOPMENT AGREEMENT**

This Agreement made and entered into this **1<sup>st</sup> day of February 2015** by and between the City of Kirksville, MO, hereinafter referred to as "City", and Kirksville Regional Economic Development, Inc. 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 1<sup>st</sup> day of February 2015 and ending the 31<sup>st</sup> day of January 2018. This Agreement may be terminated by either party at any time after the first year upon thirty (30) days advance written notice to the other party.
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 appoint nine (9) individuals to represent the City on Board of Directors. The appointments shall include the Mayor, Mayor Pro Tem, City Manager and Assistant City Manager. All of whom shall serve as voting members on K-REDI's Executive Committee. In the event the City Manager is not able to attend a K-REDI meeting, the Assistant City Manager shall serve as the City Manager's proxy, and the City Manager shall do the same in the absence of the Assistant City Manager to the K-REDI Board of Directors and Executive Committee. The City Council reserves the right to determine the qualifications of the City's remaining appointees. Should the Council wish to add more members in the future; the Council will utilize its named appointees to negotiate an agreeable number of additional appointees that insures K-REDI the ability to conduct business in a professional and timely manner.
4. K-REDI shall hold a Town Hall meeting at least once a year, extending an invitation to the community to learn more about K-REDI's mission, its current efforts and plans for future economic development.
5. K-REDI shall hire and employ a suitably qualified economic developer or industrial recruiter, who shall be the executive director of K-REDI. Said executive director 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. In addition, the executive director shall run the day-to-day operations of K-REDI to possess a thorough understanding of the administrative and

financial position of K-REDI. The K-REDI Board of Directors shall evaluate the performance of said executive director 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. Such goals shall include performance measures that are measurable and communicate successful attainment of each goal.

6. Said executive director 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 Council. Said executive director 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 for the purpose of evaluating further steps needed to improve economic development within the City of Kirksville.
7. The economic development efforts of K-REDI should focus on retention, expansion, and recruitment of industrial, technology based, and service sector businesses including education and health care. These efforts shall include the maintenance of website and other technology based marketing efforts; thorough knowledge of available buildings, land and other community resources; and the completion of the acquisition of land for future building sites. K-REDI shall complete the appropriate platting and environmental certifications that make both their site and any city-owned parcels development ready including obtaining cost estimates and preliminary plans for location of all necessary utilities. To sustain existing businesses, K-REDI's Executive Director or a member of the K-REDI Board will be expected to visit face to face with members of each company's management teams located outside of Kirksville who have input and knowledge beyond the local information.
8. K-REDI shall take the lead on securing additional economic development funding through the continuation of the ½ cent Economic Development Tax set to sunset in 2019. K-REDI shall work closely with the City to develop a long range plan outlining the use of the sales tax and educating the public on the plan, securing community support through an annual election paid for by the City of Kirksville.
9. K-REDI's Board of Directors shall revise its bylaws to clearly explain how the Executive Committee is appointed, and shall adhere to the laws of the State of Missouri as they relate to quasi-governmental body which is defined in § 610.010(4), RSMo
10. K-REDI shall adopt an annual budget and submit such budget to the City Council within 30 days before the start of K-REDI's fiscal year.

11. K-REDI shall work to support economic development efforts outside of the city limits of Kirksville and in doing so must secure ongoing financial support from each city and county receiving economic benefit from K-REDI's efforts.
12. 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) 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 director. 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.
13. The City and K-REDI further agree that each will provide one-quarter of the cost for the salary and benefits of one support employee who will provide administrative assistance and support to the Executive Director. K-REDI 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 K-REDI choosing not to have administrative support for their operations.
14. 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.

**NEW DRAFT**  
**ECONOMIC DEVELOPMENT AGREEMENT**

This Agreement made and entered into this \_\_\_\_ day of **February 2015** by and between the City of Kirksville, MO, hereinafter referred to as "City", and Kirksville Regional Economic Development, Inc. dba K-REDI, a Missouri not-for-profit corporation, hereinafter referred to as "K-REDI".

**Whereas**, the City and K-REDI value economic development; and

**Whereas**, the City and K-REDI agree that some economic development efforts are more effective and efficient provided through an economic development organization as opposed to the City; and

**Whereas**, the City is entrusted by the citizens of Kirksville to be fiscally responsible and accountable for the use of public funds.

**Now therefore in consideration of the terms contained herein, the parties hereto agree as follows:**

- A. The term of the Agreement shall be for a period of three (3) years commencing the day of February 2015 and ending the 31st day of January 2018. This Agreement may be terminated by either party at any time after the first year upon thirty (30) days advance written notice to the other party.
- B. 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.
- C. The City shall provide office space to K-REDI. The City shall be responsible for building maintenance, janitorial services, snow removal and all utilities, excluding telephone. K-REDI shall be responsible for all other operational expenses.
- D. The City shall appoint nine (9) individuals to represent the City on Board of Directors. The appointments shall include the Mayor, Mayor Pro Tem, City Manager and Assistant City Manager. All of whom shall serve as voting members on K-REDI's Executive Committee. In the event the City Manager is not able to attend a K-REDI meeting, the Assistant City Manager shall serve as the City Manager's proxy, and the City Manager shall do the same in the absence of the Assistant City Manager to the K-REDI Board of Directors and Executive Committee. Should the Council wish to add more members in the future; the Council will utilize its named appointees to negotiate an agreeable number of additional

appointees that insures K-REDI the ability to conduct business in a professional and timely manner.

- E. K-REDI shall submit an annual economic development work plan to the City Council for the Council's approval no less than thirty (30) days prior to the start of the calendar year.
- F. K-REDI shall hire and employ a suitably qualified economic developer or industrial recruiter, who shall be the executive director. K-REDI shall evaluate said executive director providing the City Council a summary assessment of the evaluation, along with annual performance goals that include measurable outcomes.
- G. K-REDI shall take the lead in securing an extension of the City's ½ cent economic development sales tax, set to sunset in 2019. K-REDI will also take the lead in educating the community on the importance of this funding source and will work with the City to secure its passage.
- H. The City and K-REDI further agree that each will provide one-quarter of the cost for the salary and benefits of one support employee who will provide administrative assistance and support to the Executive Director. K-REDI reserves the right to evaluate the benefit of the administrative support position to its organization when and if there is a change in personnel to determine if its participation will continue.
- I. In addition to the above, both the City and K-REDI agree that Exhibit A shall be considered a component part of this agreement.

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.

## **EXHIBIT A**

- 1) K-REDI shall focus its economic development efforts on retention, expansion, and recruitment of industrial, technology based, and service sector businesses, (service sector includes education and health care related businesses). These efforts shall include:
  - a) Hosting a Town Hall Meeting at least once a year, extending an invitation to the community to learn more about K-REDI's mission, its current efforts and plans for future economic development and encouraging public input.
  - b) The maintenance of website and other technology based marketing efforts
  - c) The completion of the acquisition of land for future building sites, including obtaining environmental certification, subdivision platting and thorough knowledge of available buildings, land and other community resources.
  - d) Work with the City to insure any city-owned parcels are development ready including obtaining cost estimates and preliminary plans for location of all necessary utilities. To sustain existing businesses, K-REDI's Executive Director or a member of the K-REDI Board will be expected to visit face to face with members of each company's management teams located outside of Kirksville who have input and knowledge beyond the local information
  
- 2) In addition, K-REDI shall update its bylaws to clearly explain the makeup of the Executive Committee, and shall adhere to the laws of the State of Missouri as they relate to quasi-governmental body which is defined in § 610.010(4), RSMo.