



City of Lawrence

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**City of Lawrence
Economic Development
Goals, Process and
Procedures**

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INTRODUCTION

The purpose of this document is to establish the official policy and procedures of the City for the granting of economic development incentives, including cash incentives and exclusive infrastructure assistance associated with projects within the City of Lawrence.

GENERAL OBJECTIVE.

In Horizons 2020, the City identifies three goals for economic development: job growth in excess of population growth; increasing the share of the tax base coming from non-residential growth; and increasing career opportunities by attracting high-skilled jobs in expanding industries.

Various economic incentives are available under Kansas law to help municipalities achieve their public objectives. This ordinance establishes the policy, procedures and requirements to govern the fair, effective and judicious use of these incentives by the City in order to help meet its economic development goals.

Because of Lawrence's assets and the desire of area residents to plan for the future and retain a community that is different from other growing suburban areas, economic incentives may not be offered to every firm that is eligible under state statutes. Instead, incentives will be targeted toward businesses meeting the objectives defined below. (Ord. 7706)

ECONOMIC DEVELOPMENT OBJECTIVES.

The City works in cooperation with Douglas County and the Lawrence Chamber of Commerce to achieve the general objectives outlined in the section above. This partnership enables the community to maximize its resources and to develop a consensus regarding the kind of economic development that best advances the interests of the entire community. (Ord. 7706)

All of the partners in this effort share a commitment to:

- encourage existing industry to expand
- assist new business start-ups
- recruit new companies from out-of-state and internationally
- encourage high technology and research based-businesses
- encourage training and development of Lawrence area employees
- encourage the location and retention of businesses which are good "corporate citizens" that will add to the quality of life in Lawrence through their leadership and support of local civic and philanthropic organizations.

While it is the new companies from out-of-state that typically generate the most publicity, it is the policy of the City, County, and the Chamber to place a high priority on the retention and expansion of existing businesses.

The City's role in this economic development partnership involves:

- providing the land, zoning and infrastructure that are required to create new jobs and new investment;
- providing policies, processes and procedures for clear standards and timely reviews of applications; and
- providing the personal assistance and in some cases the incentives necessary to achieve the objectives set forth in this document.

All partners believe that Lawrence and Douglas County should be selective as to the kinds of businesses that are recruited and assisted. Horizons 2020 specifies that businesses within the following industries should particularly be a focus of economic development efforts:

- Life Sciences/Research;
- Information Technology;
- Aviation and Aerospace;
- Value-added Agriculture; and
- Light Manufacturing and Distribution.

ECONOMIC DEVELOPMENT INCENTIVES:

When appropriate, the City may utilize incentives in order to achieve its economic development goals. One or more incentives may be utilized, depending on the application. These include, but are not necessarily limited to, the following:

- **Loans/Grants:** Provide capital to existing and new businesses for projects related to new growth and expansion, providing job training, assisting with business relocation expenses, and other types of assistance which further the community's economic development goals.
- **Infrastructure:** Provide infrastructure improvements related to needs of businesses or to assist in making property useable and available for businesses or other designated economic development activities (i.e. infrastructure for industrial property, etc.)
- **Property Tax Abatement:** The City may utilize property tax abatements to spur investments. The City has a separate policy regarding providing tax abatements.
- **Tax Increment Financing:** The City may judiciously utilize Tax Increment Financing (TIF) for the purpose of encouraging projects with an emphasis on redevelopment activities. The City has a separate policy regarding tax increment financing.
- **Transportation Development Districts:** The City may utilize transportation development districts to encourage quality transportation-related infrastructure. The City has a separate policy regarding transportation development districts.

APPLICATION PROCEDURES:

1. Applicant picks up a blank Application form at City Hall (City Manager's Office) or the Application is downloaded from the Internet. Applicant's business/project must be located in the City of Lawrence or near the City of Lawrence such that there will be direct economic benefit to the City.

2. An Application must include a project plan that:

- summarizes the project;
- demonstrates the financial and professional capability to complete the project;
- proposes a timeline for project completion;
- provides a proforma financial statement showing costs and revenues associated with the project, as well as equity, debt, and public financing of the project; and
- provides a summary of project benefits to and assistance requested from the City.

4. When the Application (with an attached Project Plan) is completed, it will be submitted to City Hall (City Manager's Office).

5. City Staff will facilitate the review of all applications before they are considered by the City Commission. In preparing such review, City Staff will utilize the City's resources or other professional assistance as deemed appropriate by the City Manager.

In most cases in which sensitive financial information needs to be shared to evaluate an application, the City will utilize a third party to review such information and write a report that summarizes any major concerns with the ability of the applicant to complete the project. The third party will also make recommendations regarding appropriate provisions the City may consider to secure its investment.

The application review will be summarized in writing and presented no later than the time the application is presented to the City Commission. This review will include but not be limited to:

- A. Phone calls to listed references for banking, other financing, major suppliers, and major customers
- B. Oral verification of major indebtedness with lender/mortgage holders
- C. Review of financial documents for reasonableness
- D. cursory reconciliation of future year cash flow projections with current cash status, requested monies, etc.
- E. Correlation with other requests from the City (subsidized land costs, property tax abatements, City industrial revenue bonds, utility improvements)
- F. Adequacy of performance provisions
- G. Any significant positive or negative aspects of the application
- H. Benefit/cost analysis (as prepared by City staff)

Results of this review will be shared with the applicant as soon as possible to ensure accuracy of the application before its official presentation to the City Commission. This review will not be construed as a “screening” procedure. Each applicant has the privilege to present its application intact and unchanged to the City Commission.

6. The City Manager will provide the information concerning the Application to the members of the City Commission for study. Copies will also be provided to professional staff.

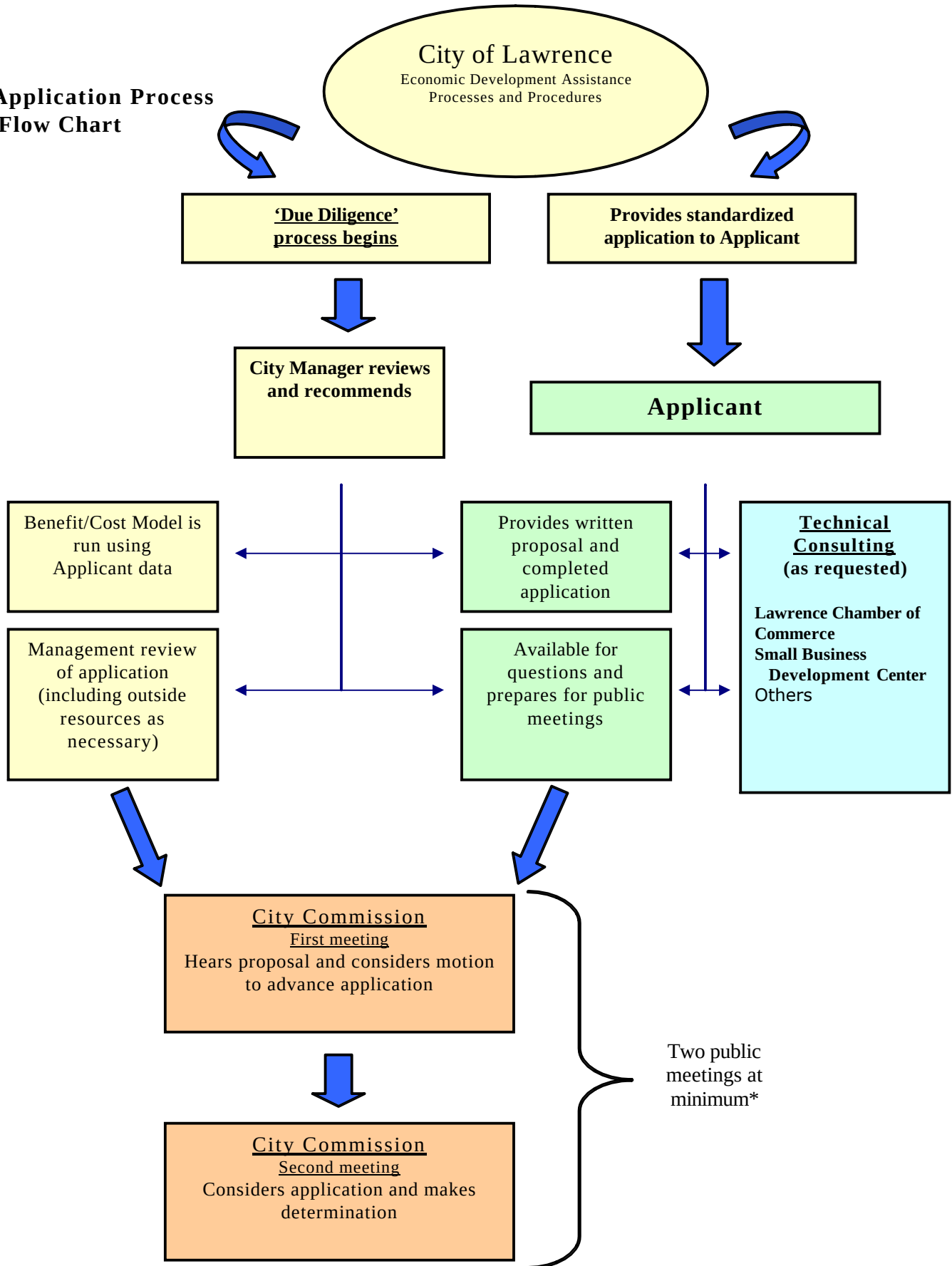
7. The City Manager will determine when the Application will be considered at a City Commission Meeting.

8. Upon review by City Staff and the City Manager, and with the consent of the Applicant, a review committee (City Manager or his/her designee, Economic Development staff of the Lawrence Chamber of Commerce and/or the Lawrence-Douglas County Bioscience Authority) will analyze the proposal and have an opportunity to recommend support if it so desires. If appropriate, a meeting may be held with the applicant to seek additional information or clarification concerning the Application.

9. The City Commission will consider the application during a minimum of two public meetings. At the first City Commission meeting, the Commission will hear the proposal and will consider a motion to determine whether or not to advance the application for formal consideration at a second City Commission Meeting. At the second City Commission meeting, the Commission may consider the application and make a determination. Additional City Commission meetings may be necessary. The City Commission retains the prerogative of rejecting any Application.

10. If the City Commission has approved an Application, it is then turned over to the City Manager for implementation and administration.

Application Process Flow Chart



* Additional City Commission meetings may be necessary

BENEFIT/COST MODEL:

The City, in determining whether incentives should be granted; shall conduct a benefit/cost analysis which will consider various factors including, but not limited to, the following: (Ord. 7706)

- the increase in appraised valuation of the property;
- the sales and income tax revenue which may result;
- the number of new jobs, the earnings and the benefits that will be provided;
- additional jobs created through secondary or “multiplier” effects, as well as the associated tax revenues from these jobs and residents;
- the capital expenditures that local government will need to make to expand public services, for example parks and police stations, to both the company and new residents;
- the operating expenditures that local government will need to make on a regular basis for public services, for example fire protection and street maintenance, to both the company and new residents;
- the expenditures by the local school district to provide the facilities and to educate the students of the new residents associated with the company;
- any expenditures by the State of Kansas, such as per-student funding in local school systems, created by the firm and new residents;
- other public expenditures associated with attracting the new company.

In addition to the results of the cost-benefit analysis, the following factors may also be considered:

- the degree to which the business improves the diversification of the economy;
- the kinds of jobs created in relation to the types of skills available from the local labor market;
- the degree to which the ultimate market for the business products and services is outside the community, recognizing that outside markets bring “new money” to the local economy;
- the potential of the business for future expansion and additional job creation;
- the beneficial impacts the business may have by creating other new jobs and businesses, including the utilization of local products or other materials and substances in manufacturing and creation of niche businesses, such as those in the bioscience area;
- the beneficial economic impact the business will have on a particular area of the City, including designated enterprise zones and areas of needed revitalization or redevelopment; and
- the compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services.

PERFORMANCE PROVISIONS:

Each company funded through the City will be held accountable to certain performance provisions, based upon substantial compliance with anticipated capital investment, job creation and wage structure. These provisions will be included in agreements between the company and the City. Annual targets for capital investment, job creation and wage structure will be developed, utilizing information from the company's funding application, which will, when averaged together, create an overall annual percentage of compliance for that year. These annual targets will then determine the amount of annual incentives that the company will receive for that year. Substantial compliance and incentives received will be determined by the following chart:

% compliance with annual target	Amount of incentive to be received
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	No incentive

Depending upon the funding mechanism utilized and the application, additional performance criteria may be utilized.

Regardless of the funding mechanism used, the City should be mindful to secure its assets and ensure satisfactory performance by the Applicant. A number of tools can be utilized by the City, and be included in the performance agreement, in order to accomplish this.

ACCOUNTABILITY:

Annually, City Staff will be responsible to review the performance of each recipient of funds. The purpose of such review is to check for compliance with the performance agreement and to gather information regarding cumulative job creation, wage structure, and other such information necessary to gauge the performance of the company. The accountability review may include a site visit.

The fund recipient will be required to certify, to the City, compliance with the performance agreement. Such certification will be signed and returned to the City. The accountability period will last only as long as required to meet the performance obligations outlined in the performance agreement.

Utilizing the information gathered from the accountability reviews, City Administration will compile an annual report, showing statistics and other information relative to each recipient of funds, as well as the overall performance of the fund. The report will be provided to the Public Incentive Review Committee and the City Commission.