



REQUEST FOR COMMISSION ACTION
CITY OF INDEPENDENCE
August 27, 2020

Department Administration

Director Approval *Kelly Passauer*

AGENDA ITEM Consider adopting a resolution establishing a Business Incentive Policy as recommended by the Economic Development Advisory Board.

SUMMARY RECOMMENDATION City Staff recommends adopting the resolution.

BACKGROUND The Economic Development Advisory Board and the City Commission have jointly been working on a Business Incentive Policy. Attached is the policy with revisions from the Joint City Commission/Economic Development Advisory Board meeting held on July 7, 2020.

BUDGET IMPACT The budget impact is contingent on the number of incentives requested and approved.

SUGGESTED MOTION I move to adopt a resolution establishing a Business Incentive Policy as recommended by the Economic Development Advisory Board.

SUPPORTING DOCUMENTS Business Incentive Policy Resolution

RESOLUTION NO. 2020-_____

**A Resolution Adopting a
Business Incentive Policy for the City of Independence, Kansas**

BE IT RESOLVED by the Governing Body of the City of Independence, Kansas:

Section 1. The governing body hereby adopts the Business Incentive Policy, attached hereto and incorporated herein by reference.

Section 2. The Business Incentive Policy shall take effect immediately upon its adoption.

Adopted by the Governing Body of the City of Independence, Kansas, on the 27th day of August, 2020.

LEONHARD CAFLISCH, Mayor

ATTEST:

DAVID W. SCHWENKER, City Clerk

**BUSINESS INCENTIVE POLICY
THE CITY OF INDEPENDENCE, KANSAS**

Section 1. Purpose.

1.1. Growth. The City of Independence recognizes that the growth and development of new businesses is essential to Independence's economic and social well-being. The City is committed to working collaboratively with its economic development partners to expand Independence's economic base through incentive programs and development through the recruitment, retention, and expansion of a diverse mix of businesses in the local economy.

1.2. Overview. To stimulate economic growth, the City adopts the Business Incentive Policy to offer businesses assistance provided by the City and its economic development partners. Various incentive programs to new and expanding businesses and entrepreneurs are available which may include:

- a. Offering an employee-based Incentive Program to new and expanding businesses;
- b. Assisting businesses in finding available buildings, sites and lease space in partnership with Montgomery County Action Council "MCAC", the Independence Chamber of Commerce, and Independence Main Street;
- c. Establishing relationships with national and local manufacturers, brokers and developers, market analytics, and provide data and resources as needed;
- d. Recruiting targeted industries and service providers;
- e. Recruiting new retail opportunities;
- f. Supporting new business inquiries for escalating entrepreneurial endeavors expanding into viable businesses.

1.3. Incentive Program Benefits/Eligible Uses. This program is established to aid new and existing businesses in setting up or expanding their company in Independence. The incentive funding provided can be utilized for a variety of purposes including moving expenses, property acquisition, capital expenditures, utilities/services, personnel expansion, or materials and supplies.

1.4. Authorization. The Incentive Program will be funded by the "Economic Development/ Transportation Fund." Authorization for disbursement of incentives from this fund for the purposes of the Incentive Program must be approved by the City Commission or its designee.

Section 2. Eligibility.

2.1. Eligible Areas. Businesses located, or which will be located, within the city limits of the City of Independence are eligible. If a business locates outside the city limits, the property must be annexed by the City, or sign a pre-annexation agreement if the property is not currently eligible for annexation.

2.2. Eligible Applicants. Applicants should meet established qualification criteria such as:

a. Hiring or retaining five (5) or more full-time equivalent (FTE) employees, as defined by the Kansas Department of Labor, for a minimum of a five (5) year period and/or having annual or projected Gross Revenue of \$500,000; and

b. Pay a median wage in an amount equal to at least 100% of the county median wage or industry NAICS as published by the Kansas Department of Labor for the Southeast Kansas region at time of application. (*Note: If the median wage does not qualify for the incentive, then the annual average wage for the newly created jobs can be used.*)

Note: The NAICS Code lookup for median wages in Southeast Kansas is: <https://public.tableau.com/profile/kdol#!/vizhome/shared/HY6CPS9RZ>

c. Achieve an acceptable cost benefit analysis result for the specific business category as determined by the City Commission. While the results of the cost benefit analysis weigh heavily in the decisioning process, other criteria may be considered when it is in the best interest or promotes the well-being of the public.

Section 3. Categories.

3.1. In General. The Incentive Program shall include five (5) categories of businesses to which incentives may be given depending on but not limited to economic impact, creditworthiness, job impact, and immediate need. See Appendix "A" for potential incentive terms and rates.

3.2. Large Industrial. A large industrial business is a business that employs over one hundred (100) FTE employees and has pay rates that exceed the median wage for their industry NAICS code. This business is eligible for incentives that can be used toward any expense related to opening the location in Independence.

3.3. Small Industrial. A small industry prospect would employ five (5) or more FTE employees that exceed the county median wage or average NAICS code wage standards.

3.4. Large Retail. Includes large retail businesses that have been specifically identified as priorities through market research such as a retail gap study, etc. Such businesses are typically identified in strategic planning documents by the City and/or one of its economic development partners. Annual sales are typically larger than \$1,000,000. Funds are encouraged to be used for facility or infrastructure improvements but may be used for capital, personnel, safety, or any other use that the company outlines in their project.

3.5. Small Retail. Includes small retail businesses that have been specifically identified as priorities through market research such as a retail gap study, etc. Annual sales are typically less than \$1,000,000. Funds are encouraged to be used for facility or infrastructure improvements but may be used for capital, personnel, safety, or any other use that the company outlines in their project.

3.6. Service. Service type businesses that have been identified to fill gaps or expand services desired by the public. Funds are encouraged to be used for facility or

infrastructure improvements but may be used for capital, personnel, safety, or any other use that the company outlines in their project.

Section 4. Application and Approval Process.

4.1. Application. To be eligible for an incentive offer, a business must fill out the Project Initiation Form, found in Appendix “B” of this document or on the City of Independence or MCAC websites at:

City of Independence: www.independencesks.gov

MCAC: www.actioncouncil.com

Independence Chamber of Commerce: www.indkschamber.org

Independence Mainstreet: www.independencemainstreet.com

To speed up the process of the incentive package, an applicant may complete the first page of the application and send it to the City contact listed in Appendix “A”. If state incentives are sought, it is recommended to contact the MCAC listed in Appendix “A” to assist in form completion. This form should be completed and submitted at the same time as the Project Initiation Form.

4.2. Review. Upon receipt of the completed application and supporting documents, if any, staff will review the application and meet with the applicant to discuss incentives for which the applicant may be eligible as well as other recommendations that might benefit the business. This meeting should occur within one week of receipt of the completed application. Depending on various attributes of the request, the incentive could be structured as an up-front cash payment, an annual disbursement, or forgivable loan based on annual sales tax revenues or new jobs created. On a case by case basis, the City may also consider in-kind incentives such as waiver of certain customary fees.

4.3. Governing Body Approval. Incentives are approved by the City Commission or its designee as described in Appendix “A”. This policy allows City Staff to discuss potential incentives in excess of their authority during the rapid recruitment process. However, said discussions must include a disclaimer that ultimate approval rests with the City Commission or its designee. The City Manager will inform the City Commission such discussions are taking place as appropriate. Any incentive required to be brought before the Governing Body for approval, will include a recommendation by the Economic Development Advisory Board who is charged with vetting such requests. All recommendations will include documentation and/or information supporting the economic or other value to the City of Independence.

4.4. Follow-up. If an annual cash incentive is approved, the recipient shall provide the City as requested, sales reports, employee reports, or such other documentation required in order to determine the amount of the annual incentive payment. If a forgivable loan is approved, the recipient shall provide annual job reports, employee residency reports, or such other documentation that is required prior to any payments being forgiven. Annual reports are due within 60 days of recipients fiscal year-end to the Finance Director and the City Manager. Frequency of periodic reports will be specified on a case by case basis.

City staff will provide copies of all reports submitted to the Economic Development Advisory Board

for review and performance analysis.

Section 5. Review of Business Incentive Policy.

5.1. Review Frequency. The Business Incentive Policy will be reviewed annually by the Economic Development Advisory Board.

5.2. Amendments. If it is determined based on empirical data or current conditions that amendments to the policy are needed, the Board will make recommendations to the Commission for such amendments to be considered and adopted.

APPENDIX “A”

The City Commission delegates approval authority for business incentives equal to but not exceeding \$25,000.00 to the City Manager. Business incentives above that amount require City Commission approval.

Category	FTE's or Annual Gross Revenue Required	Maximum Term of Incentive	Incentive Benchmark per Job	*FTE Residency Bonus 67301	*FTE Residency Bonus USD 446	**Eligible Up-Front Payment	**Eligible Forgivable Loan	**Eligible In- Kind Fee Waiver
Large Industrial	100 +	10 years	\$1,000	\$500	\$250	X	X	X
Small Industrial	5-100 or \$500,000	10 years	\$1,000	\$500	\$250	NA	X	X
Large Retail	5 or \$500,000	5 years	\$1,000	\$500	\$250	X	X	X
Small Retail	5 or \$500,000	5 years	\$1,000	\$500	\$250	NA	X	X
Service	5 or \$500,000	5 years	\$1,000	\$500	\$250	NA	X	X

* May only qualify for one category of residency bonus

** Structure at sole discretion of the City

CONTACTS:

City of Independence
 City Manager
 811 W. Laurel St., 2nd Fl.
 Independence, KS 67301
 Phone: (620) 332-2506
 Fax: (620) 332-2535
 Email: kellyp@independencesks.gov
 Website: www.independencesks.gov

Montgomery County Action Council
 Executive Director
 115 S. 6th
 Independence, KS 67301
 Phone: (620) 331-3830
 Cell: (620) 779-1922
 Email: tpurdon@actioncouncil.com
 Website: www.actioncouncil.com

APPENDIX “B”

Form A – Project Initiation Form

Attached, or visit this link:

<https://forms.independenceks.gov/forms/iedab>

Independence Economic Development Advisory Board Project Initiation Form

Date:

COMPANY INFORMATION					
Legal Name of Business:			Type of Business:		
Primary Contact Person:			Mobile Phone:		
Email:			Business Phone:		
Website:			Social Media:		
Home Address of Owner:					
Project Site Address:					
Date business started:			# of Owners:		
NAICS Code (manufacturing):			Business EIN:		
Is there housing involved in this project?			What's your ideal business location?		
Business Structure (LLC, Sole Proprietorship, Inc.):			New or Existing Business:	NEW OR EXISTING BUSINESSES	
Who have you worked with so far on the project?	<input type="checkbox"/> Montgomery County Action Council	<input type="checkbox"/> City of Independence	<input type="checkbox"/> Independence Economic Development Advisory Board		
	<input type="checkbox"/> Chamber of Commerce	<input type="checkbox"/> Main Street	<input type="checkbox"/> Realtor: _____		
	<input type="checkbox"/> ICC / FabLab	<input type="checkbox"/> Architect	<input type="checkbox"/> Banker/Financing		
	<input type="checkbox"/> Other: _____				
Total Project Cost (Estimate):		Bank Financing:		Private Financing:	
Is there a hard deadline for financing? If so, when:		Do you have Bank Financing? If so, list loan officer contact information. If not, have you contacted a bank about this project?			
	Year 1	Year 2	Year 3	Year 4	Year 5
Jobs Created:					
Jobs Retained:					
Pay Range of Jobs:					
Describe the overall project:					

INFORMATION NEEDED FOR LOAN/INCENTIVE TO BE FINALIZED:

<input type="checkbox"/>	Detailed Company Information Form	Page 1
<input type="checkbox"/>	Written Business Plan and/or Memo regarding plans for business and this project. -Contact MCAC at Admin@actioncouncil.com or www.actioncouncil.com for SBDC assistance.	Description of Business Ownership Management Date Established Products/Services Market Analysis – Who is your competition? Future Plans
<input type="checkbox"/>	Funding Application:	https://www.actioncouncil.com/business/entrepreneurs-&-small-businesses/?cat=Small+Business+Loans – Small Business Loan Application
<input type="checkbox"/>	Financial Statements - Provided via excel sheet (https://www.actioncouncil.com/business/entrepreneurs-&-small-businesses/?cat=Small+Business+Loans)	Project Cost Sheet Profit and Loss Statement Business Projections Sheet Personal Income Statement
<input type="checkbox"/>	Operating Agreement – LLC, Inc., etc.	Must be signed by all members of the LLC, Corp, etc.
<input type="checkbox"/>	Borrowing Resolution	Resolution allowing owner to take on debt and request financing. Must be signed by all company members on LLC, Corp, etc.
<input type="checkbox"/>	Credit Check	Experian Connect - \$15 per applicant will send applicant an email, who pays fee, and sends report to MCAC.
<input type="checkbox"/>	Marketing Release Statement	Required for E-Community and Network Kansas applicants.
<input type="checkbox"/>	Personal Financial Statement for all Key personnel	Included in Financial Worksheet document - Fill out for each Owner/Major Stockholder (We will request this if needed)
<input type="checkbox"/>	Tax records for past 3 years (Personal for Start Ups, Business for existing businesses)	This is required for approval.
<input type="checkbox"/>	Certificate of Good Standing – Kansas	https://www.kssos.org/other/certificate_good_standing.html
<input type="checkbox"/>	Obtain Building permit from City building department (if necessary)	David Cowan - 620.332.2528 or davidc@independenceks.gov
<input type="checkbox"/>	Obtain county and city business licenses if needed	
<input type="checkbox"/>	Purchase Life Insurance plan in the amount of the loan with an assignment to the lending organization. Contact Information:	All lenders must be listed as beneficiaries on life insurance Policy in the amount of any loan.