

Economic Development Incentive Policy

Section I. Purpose:

This policy establishes general procedures and requirements to govern the fair, effective and judicious use of incentives by the City in order to help meet its economic development goals. City of Mauston is committed to the following economic development goals:

- job growth in excess of population growth
- increasing the share of the tax base coming from nonresidential growth;
- increasing career opportunities by attracting high-skilled jobs in expanding industries

Section II. Objectives:

The City maintains its primary obligation is to the tax-payer. In evaluating any economic development project and the use of incentives, the City will meet the following objectives.

Use of Public Funds:

“Public funds” must be used for “public purposes” which have a high probability of resulting in public benefit equal to or exceeding the value of the public funds invested. There must also be “a reasonable relationship between the public purpose to be achieved and the means chosen to effectuate that purpose...”

Exhaust outside funding sources first:

The objective should be to use outside money, non-municipal money, wherever possible. Primary source of funding should be Assistance should be based on needs. Someone on your staff or a municipal consultant associated with your organization needs to have a high level of knowledge of available private sector, state and federal resources including funding cycles, eligibility and allowable uses of the grant or loan resources. To be most effective in using outside resources, your city should have the ability to creatively and effectively combine or package resources from various sources, including the business' equity contribution.

The Mauston Council sees two distinct but complementary categories of development; retail and industrial.

The goals for each type of development include:

- Retail: to increase the City's tax base, and to increase the market presence of services and products currently lacking in our area
- Industry: to increase the City's tax base, and to provide stable well-paying jobs for current and future residents

Regardless of the type of development the Council expects and will adhere to compliance with all applicable local, State, and Federal regulations and zoning codes

In support of the City's commitment, several types of incentives are available either individually or in various combinations. These incentives include:

- Provision of land and property
- Site preparation including reasonable infrastructure improvements
- Tax relief

- Low interest loans
- Grants or forgivable debt
- Liaison between developer and various state and federal permitting agencies

All incentive packages are calculated based on the number of full-time jobs created and the incremental increase in the local tax base. No incentive amount will exceed the projected five-year tax base increase. All incentive packages will require execution of a developer's agreement which may include recorded liens on property and/or collateral.

Financing vehicles for these incentives include:

- Tax Incremental Financing
- City Economic Development Revolving Loan Program

Development Types and Goals

- **Retail**
 - Sound business plans and/or proven track record of successful retail sales and services
 - Unique, niche, or products and services that are currently lacking in this geographic area
 - Creation of full-time and FTE jobs for local labor force
 - Increase tax base through new construction, and/or expansion and improvement of existing structures both interior and exterior
 - Compliance with all applicable regulations and zoning codes
 - Contribute to the stability of the central business district, Gateway Avenue Corridor (Hwy 82), or Highway 58 North retail district
- **Industrial**
 - Sound business plans and/or proven track record of stability
 - Creation of significant increases in full-time jobs that support the local labor force and provide employment opportunities that draw people to the area
 - Compliance with all applicable regulations and zoning codes
 - Complements the Council's vision for industry desirable in our community
 - Increase tax base through new construction, and/or expansion and improvement of existing structures both interior and exterior

Section III. Economic Development Incentives

All incentive packages are calculated based on the number of full-time jobs created and the incremental increase in the local tax base. No incentive amount will exceed the projected five-year tax base increase. All incentive packages will require execution of a developer's agreement which may include recorded liens on property and/or collateral. These incentives are financed through Tax Increment funding and/or the City's economic development revolving loan program.

- **Provide Land and Property** The City of Mauston has several pieces of real estate for sale that are ready for development. These properties are located in our West Industrial Park and East Commercial/Business Park. There are also privately owned properties within these Parks that are available for purchase. The Council is willing to negotiate with potential developers. Assistance as liaison between developers, private owners, local lending institutions, and State and Federal agencies is available if requested.
- **Site Preparation Including Reasonable Infrastructure Improvements** The City of Mauston is willing to work in conjunction with the developer's engineering representatives to create

reasonable cost effective infrastructure options. Provision of materials and expertise resources may be negotiated, including fill material, environmental investigations, wetland investigations, permitting processes, etc.

- **Tax Relief** Relief by partial forgiveness or reimbursement of real estate taxes is available for a period of up to five (5) years. The form and percentage of tax relief is calculated based on the number of full-time jobs created and the cost of the development, and the expected increase to the City's tax base. Incentives are structured in annual installments up to the five year period.
- **Low Interest Loan** The City of Mauston has a revolving loan program designed to assist businesses with start-up costs and expansion. Available funds are loaned at a low interest rate and structured to have affordable payments over the loan period. The maximum amount of each loan is determined by the funds available at the time of the loan and the number of full-time or full-time equivalent jobs created.
- **Grants or Forgivable Loans** This type of incentive is offered for industrial development only. It requires a significantly detailed business plan, successful background investigations of the owners and/or partners, significant job growth projections, and a type of industry tailored to the community.

Section Developers Agreements:

All incentive packages will require a fully executed developer's agreement outlining the responsibilities of each party, the expectations of the development, and repayment terms if applicable. Depending on the type of incentive additional documents may be recorded with the Register of Deeds. Negotiated reporting requirements will be the responsibility of the business to provide to the City. Failure to provide the required information in a format acceptable to the reviewer will constitute a breach of contract. The agreement will be determined null and void and any outstanding repayments will become due immediately.

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.
- 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.

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:

- (A) summarizes the project,
- (B) demonstrates the financial and professional capability to complete the project,
- (C) proposes a timeline for project completion, and
- (D) provides a summary of project benefits to and assistance requested from the City.

3. When the Application (with an attached Project Plan) is completed, it will be submitted to City Hall (City Manager's Office) along with any application fees that may be required for the particular incentive sought. Applicant may seek technical assistance in ensuring the application is complete from City Staff, the Chamber of Commerce, the Small Business Development Center, or others.

4. 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 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 may include but not be limited to the following:

- (A) Verification that the applicant is eligible for the incentive sought under the Kansas Constitution, City or County ordinances or any other applicable laws,
- (B) Phone calls to listed references for banking, other financing, major suppliers, and major customers,
- (C) Oral verification of major indebtedness with lender/mortgage holders,
- (D) Review of financial documents for reasonableness,

5

(E) cursory reconciliation of future year cash flow projections with current cash status, requested monies, etc.,

(F) Correlation with other requests from the City (subsidized land costs, property tax abatements, City industrial revenue bonds, utility improvements),

(G) Adequacy of performance provisions,

(H) Any significant positive or negative aspects of the application, and

(I) 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.

5. 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.

6. The City Manager will determine when the Application will be considered for public hearings with a Review Committee (as established in Section 1-2108, below) and the

City Commission.

7. Upon completion of management review, the Review Committee shall conduct a public meeting to hear the proposal from the applicant, receive comments from the public, and seek additional information as necessary. Comments, recommendations, and additional information from the applicant shall be forwarded to the City Commission for consideration along with the original application.

8. The City Commission will then consider the application during a public meeting. At this 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.

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