

DRAFT Minutes: Sub-Committee Work Session Meeting

City of Lawrence Public Incentives Review Committee July 14, 2016 minutes

MEMBERS PRESENT: Linda Jalenak, Aron Cromwell, Brian Iverson

MEMBERS ABSENT: Jill Fincher, Bradley Burnside

STAFF PRESENT: Tom Markus, Diane Stoddard, Britt Crum-Cano

PUBLIC PRESENT: Hugh Carter, Commissioner Stuart Boley

Commissioner Boley (audience attendee) informally provided comments to the sub-committee members regarding his requests for consideration of economic development incentives. The Commissioner stated there is no uniform understanding of how economic development affects city financing and city decisions. Generally there is consensus that jobs are worth incentivizing. There is controversy over the worth of incentivizing other types of public benefits such as in-fill development and affordable housing. The worth of those public purposes are not understood and the real benefits are not widely perceived. (E.g. In-fill costs the city less for infrastructure and provides additional environmental benefits.)

Commissioner Boley imparted three areas of concern:

1. A lack of understanding of the process of how incentives are considered, evaluated, and approved.
2. The benefits of projects that may or may not have a direct relationship to job creation.
3. The costs of incentives and the public misperception that the city is just giving away millions of dollars.

Hugh Carter (audience attendee) mentioned that in-fill development is reflected in current policy. However, the issue is in raising awareness within the public of that benefit. Mr. Iversen stated that infill-development creates a great environment that helps meet market trends in urban living for older and younger populations. Mr. Cromwell stated that from this body's point of view, PIRC evaluates the analysis and incentive requests within narrowly focused guidelines. It is the part of the City and County commissions to make sure they are conveying the costs and benefits to the community. Each time PIRC reviews a project, it is based on the merit of the project, within the context of costs and benefits.

Aron Cromwell joined the meeting.

Mr. Cromwell mentioned that although Brad Burnside could not be at the meeting, he had communicated with him and Brand had agreed to the points in memo.

The minutes were reviewed. Ms. Jalenak made a motion to approve the minutes from the June 16, 2016 meeting with Iverson seconding the motion. The motion was unanimously approved, 3-0.

Dialog continued on economic development policy.

Mr. Markus recognized the flat 10% set-aside requirement for affordable housing that was mentioned in the sub-committee memo. Diane Stoddard suggested there be a clarifying sentence within the memo's last paragraph that spoke to the 10% threshold having the effect of making the policy not applicable for projects with ten or less units.

Mr. Markus stated that there is a problem within the community in understanding economic development, which is not unique to this community. We need to have an educational program for the masses, continually providing information on how funds are generated. The city is not extracting current dollars from other accounts to fund economic development. In fact, additional funds are created for the City by economic development projects. Those funds don't accrue unless the project is built. The budget memo emphasizes the need for economic development and the importance of focusing economic development efforts to raise the property and sales tax base. We need to grow both. We need to develop a trusting relationship with commissions so they understand the vulnerability of depending entirely on sales tax.

Mr. Markus recommended that PIRC invite the Chamber/EDC in for discussions and then PIRC can make recommendations regarding the role of Chamber/EDC. There needs to be an understanding that the Chamber doesn't determine or drive the consideration or authorization of use of incentives. That is done by the City. The Chamber does a beautiful job of coordinating with prospects up front, but the City decides on if assistance will be provided for a project. He briefed the group about plans to utilize the National Development Council (NDC) to perform Gap analysis.

Ms. Jalenak voiced concerns there is a large public presences that has no desire to understand or become educated on economic development. An attitude every incentive is bad is just as ineffective as an attitude that every incentive is good.

Mr. Markus mentioned that every project has to be evaluated on its own merit. There is always tension between the growth and anti-growth perspective.

Mr. Cromwell stated that the "but for"/gap analysis shows if a project can't be built without incentives.

Mr. Markus added that it defines the need for the project to proceed. It is not that we are helping the wealthy. The developers will not proceed with a project if it is not

financially feasible. We want our process to guide investment to our community—a business friendly process that brings money from outside the community into Lawrence. This community has lots of potential for development.

Mr. Cromwell mentioned that when the economic process is overly complex, the community makes it so only the large scale developers can develop. Only those large enough, with the professional staff/resources, can proceed. He had concern with that approach and stated that we want projects based on merits. Intelligent discussions on this will help mitigate this misunderstanding.

Motion was made by Mr. Iverson and seconded by Ms. Jalenak to accept memo with clarification modification made to last paragraph. Motion carried, 3-0.

The meeting was adjourned at approximately 11:30 a.m.

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