Economic Development Advisory Board
Meeting Minutes

October 6, 2020

I. Call to order

Chair Chuck Goad called to order the regular meeting of the Economic Development Advisory Board at 3:30 PM on October 6, 2020 at Memorial Hall.

II. Roll call

The following members were present:

Chair Chuck Goad (6-0)
Vice-Chair Wayne Stephany (6-0)
Secretary Tony Royse (6-0)
Lori Kelley (6-0)
Jason Curtis (6-0)
Paul Yaroslaski (4-2) (by phone)
Trisha Purdon (Ex-Officio)
Lisa Wilson (Ex-Officio)
Tabitha Snodgrass (Ex-Officio)

The following members were absent:

Jim Correll (3-3)

The following staff were present:

City Manager Kelly Passauer
Assistant City Manager David Cowan
Finance Director Lacey Lies
Administrative Aide Lydia Collins

The following visitors were present:

None

III. Approval of minutes from last meeting

A motion was made by Lori Kelley to approve the minutes from the September 1, 2020 meeting, which was seconded by Tony Royse. The motion passed unanimously.

IV. Items Requiring Action

a) Consider a request from Labette Health for funds to expand the Independence Healthcare Center.

(1) The EDAB adopted the recommendation of the sub-committee of Tony Royse, Chuck Goad and Wayne Stephany, and made that recommendation to the City Commission. Labette may be looking at a bigger number than the $250,000 that was discussed. The City reviewed the cost benefit analysis prepared by the EDAB and are looking at potential funding sources. The State minimum ratio approving tax abatements is 1.3 and it is used as our benchmark as well. This would equate to $685,000 over five years. Lacey Lies, Director of Finance, shared the cost benefit analysis with 5 year and 10 year increments for $250,000 up to $1,000,000. A ratio of 1 is the breakeven and it is $964,000. This would consume the economic fund from the sales tax in its entirety over 10 years. . The ratio could be slightly skewed depending on how many employees would live in Independence and what their average salary would be. Lacey asked if these are the numbers that should be presented to the Commissioners and Chuck said yes. Lori Kelley asked if the hospital would do less if the City didn't offer the incentive and Chuck said he didn't think so, but it was uncertain. She then stated that a longer-term option would keep them in the City longer if they wanted the money. Chuck stated that that was true and it's also easier for the City to pay out in smaller increments. Chuck asked that this be put on the Commission Agenda for October 8th.

b) Consider a request from Company "X" for an incentive to establish a new facility in Independence.

i) Lacey said that she is working on a cost benefit analysis, but she doesn't have the sales tax information as the company's corporate office is slow to get them their information. There also needs to be confirmation from the State and Chuck stated that incentives would be contingent on this confirmation. Lacey ran two analyses. The company stated there would be significant increases in sales during the first year and Lacey thought this was unusual so one analysis was run based on their numbers and one on suggested model numbers. Trish Purdon, MCAC, stated that the company has some contracts in place and they estimate their building will be up in 4 to 5 months. Chuck stated that looking at land at the Industrial Park, the area is listed for $10,000 per acre. Lacey said it would be a forgivable loan for the cost of the land. Chuck stated the company is expecting 25 employees over five years, 7 in year one, then 3, 5, 5 & 5 for the remaining time period. There are 7.07 acres and the return on investment ratio is 5.41. Wayne Stephany asked if a time limit like 90 days should be placed on the offer. Trisha stated she thought it should be six months to breaking ground. Chuck agreed on a time limit but thinks 90 days is sufficient with the option to extend the time limit. Chuck stated that if the offer were accepted the agreement and loan forgiveness should be based on the number of employees. City support for tax abatement is included in the offer and the CBA.

A motion was made by Chuck Goad to allow the purchase of 7.07 acres in a forgivable loan with a 90 day time frame on the offer, which was seconded by Tony Royse. The motion passed unanimously.

V. Items for Discussion

a) Jim Correll resigned his position with the Board. Kelly has opened up the position for applications and it will close on November 5th.

b) Open issue/summary of discussion

VI. Reports

VII. Adjournment

A motion was made by Jason Curtis, seconded by Paul Yaroslaski. Motion carried.

Minutes approved by:

~~Chuck Goad, Chair~~ WAYNE STEPHANY

Tony Royse, Secretary