

KEARNEY AREA ENHANCED ENTERPRISE ZONE BOARD

The Kearney Area Enhanced Enterprise Zone Board, City of Kearney, Missouri, met in regular session at Kearney City Hall, 100 East Washington, May 26, 2009 at 6:30 P.M. with Lee Meyer presiding. Members present were Wade Maupin, Steve McDonald, Steve Potter, Ken Meinert, Jim Brown and Chuck Davis. Staff members present were Jim Eldridge, David Pavlich, Shirley Zimmerman and Molly McGovern.

APPROVAL OF MINUTES A motion was made by Steve McDonald and seconded by Ken Meinert to approve the minutes of the May 12, 2009 meeting as presented. The motion carried unanimously.

PUBLIC HEARINGS

OBTAINING OPINIONS AND SUGGESTIONS OF PERSONS AFFECTED BY ZONE

Lee Meyer said the purpose of this public hearing is to obtain opinions and suggestions of those persons who will be affected by the designation of an Enhanced Enterprise Zone for portions of the City of Kearney and possibly a portion of unincorporated Clay County.

Mr. Meyer said he would ask Molly McGovern, consultant for City of Kearney, to explain what Enhanced Enterprise Zones are.

Ms. McGovern said the projected boundary of a zone is based on certain demographic criteria (population and poverty level), the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development.

Ms. McGovern said at least sixty percent of the residents of a zone must have incomes less than ninety percent of the state income or county income. We are using the county income. The area must have a population between 500 and 100,000 and the unemployment rate must exceed averages for the previous year for the state or county.

Ms. McGovern said this Board and the Board of Aldermen determine the businesses that qualify. She said we would select the general type of "business clusters" (NAICS) that qualify. There are numeric numbers applied to each type of business.

Ms. McGovern said the following are excluded from eligibility: gambling establishments, retail trade, and food and drinking places. Service industries may be eligible only if a majority of its annual revenues will be derived from services provided out of the state of Missouri.

Ms. McGovern said to qualify as a new or expanded business facility they must create two new jobs and have \$100,000 in new investment. To qualify as a replacement business they must create two new jobs and have one million in new investment.

Ms. McGovern said the abatements for the State are two percent of payroll and one half percent of the new investment. Tax Credits may be provided each year for up to a total of ten years.

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Ms. McGovern said the local government must abate at least fifty percent of taxes on improvements to real property for a period of at least ten years. In no case can the abatement exceed twenty five years.

Grey Jackson, Missouri Department of Economic Development, said there are currently fifty-five Zones in Missouri and they are very successful. She said this is very good for small businesses in particular.

Ms. Jackson said if they meet the City requirements the State tries to push the application on through. If the City doesn't allow something, then the State won't allow it either.

Ms. Jackson said if a business relocates they must either transfer the employees or hire that number plus two additional employees to qualify. They have to pay at least fifty percent of health insurance. She said most businesses that qualify have an average wage of \$13 to \$18 an hour.

Ms. McGovern said the Zone presented to the Board is completely inside the City limits. She said there was an area to the Southwest that is in unincorporated Clay County. She said we are reluctant to expand because we have a company interested in coming to Kearney if we get this approved soon. There could be lengthy delays if we include the County area.

Ms. McGovern said regardless of which Zone we would choose, there would be no change in zoning. If a company wants to locate in the Zone, they would then have to go through all the proper channels in regard to zoning, etc.

Lee Meyer said at the last meeting, the Board discussed the area of unincorporated Clay County because of another interchange being done on I-35 in the future in that area.

Steve Potter said we must remember that the boundary is fixed for twenty five years and we can't expand at a later date. This area of unincorporated Clay County wouldn't be eligible on its own.

Ms. McGovern said if we stay with the boundary inside the City limits this would be passed by the Board of Aldermen. If we choose an area involving another jurisdiction then they must go through this entire process also. It can make it a long process and we could lose the business prospect we have.

Ms. McGovern said we are recommending the Kearney Enhanced Enterprise Zone shall initially include at the discretion of the Kearney Board of Aldermen the following NAICS codes of 311, 326, 332, 334 and 541.

Lee Meyer asked if we can amend these codes at any time. Ms. McGovern said the boundary can't be changed but the codes can be changed as a need arises.

The floor was opened to the public.

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Linda Hezel, 13318 Plattsburg Road, said she is adjacent to the unincorporated area being considered. She asked how the public was notified of this and why there wasn't a map shown to the public. Ms. McGovern said we did the proper notification in the local newspaper.

Ms. Hezel asked how this fits into the KADC Comprehensive Plan and Map just approved. Ms. McGovern said this won't affect any of KADC plans.

Ms. Hezel asked where agriculture fits into this. Ms. McGovern said it can be included as long as they meet the requirements in regard to employees and investment.

Ms. Hezel asked how you define success. Ms. McGovern said it can be as little or as high as the City wants. Ms. Jackson said the fifty five Zones in the State have created over two thousand jobs and therefore the State considers that as a success.

Ms. Hezel asked what part of the City budget the abatement comes out of. Ms. McGovern said it doesn't take away any existing tax revenue. The abatement applies to a new building or expansion and doesn't apply to personal property taxes.

Ms. Hezel said she thought the Board should explore what consequences this would have on citizens if you add the unincorporated area. She said there hasn't been a very lengthy discussion on that at all.

Mayor Dane said we have done all the advertising of the meetings, etc. as required by the law. He said we aren't required to notify each individual resident in the areas.

Ms. Hezel asked how much citizen input has been allowed with this decision making. Ms. McGovern said the public hearing is for that purpose.

Ms. Hezel said she thought the Board shouldn't include the unincorporated area until we are more knowledgeable about an exit on I-35 South of Kearney. Lee Meyer said we won't have any input into that decision. That will be decided by the State Highway Department.

Ms. Hezel asked when the vote on this takes place. Ms. McGovern said following the public hearing the Board could vote on the Resolutions recommending the Board of Aldermen adopt this area and business codes designated.

Ms. Hezel said she was greatly bothered that this Board could pass this tonight and not discuss it with the impacted citizens.

Alexa Barton, County Administrator, said Kearney came to the County and discussed this Zone. She said at this time there is no petition before the County Commission. She said it would be a lengthy process at the best if the County acted on that area. She said they have some concern about not having representation on the Board.

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Ms. Hezel asked if the County decided to vote on it, would each resident be notified. She said she didn't understand why the City didn't use their web site to advertise.

Steve Potter said he had posted notice of this on a web site for the other public entities involved in the Zone.

There being no further comment from the public, the floor was closed to the public.

OLD BUSINESS

BOUNDARIES OF ZONE Lee Meyer said with the boundaries laid out in the packet it would all be within the City limits of Kearney and be all in the control of the Board of Aldermen. He said the advantage of this is we can move on with the application to the State and hopefully get the business interested. He said if we include the area of unincorporated Clay County we will have to engage the process with the County Commission and could lose the business that is interested.

Mr. Meyer said the advantage of including the unincorporated Clay County area, would be to include the possible site of a future interchange on I-35. He said the other side of that is that we have no idea how far into the future that interchange is.

Mayor Dane said we have at least looked at our options but we don't want to lose our eligibility.

Ms. Jackson said the statistics will be good until December or January, if you were to wait on the County. She said as far as the State is concerned you wouldn't need to have another Board for the County.

After some discussion, Lee Meyer proposed that they choose the area within the City limits of Kearney to allow them to move quickly and take care of the business interested in coming to Kearney. It was the general consensus of the Board to do that.

NEW BUSINESS

DEFINE THE ZONE AREA A Resolution, of the Enhanced Enterprise Zone Board of **RESOLUTION NO. 01-2009** Kearney, Missouri defining the Zone area to be designated by the Board of Aldermen, was presented and read in its entirety.

A motion was made by Wade Maupin and seconded by Ken Meinert to approve the Resolution of the Enhanced Enterprise Zone Board of Kearney, Missouri defining the Zone area to be designated by the Board of Aldermen. The motion carried unanimously.

DEFINE THE KEARNEY AREA ENHANCED BUSINESS ENTERPRISES A Resolution, **RESOLUTION NO. 02-2009** of the Enhanced Enterprise Zone Board of Kearney, Missouri defining the eligible business enterprises, was presented and read in its entirety.

**DEFINE THE KEARNEY AREA ENHANCED BUSINESS ENTERPRISES-CONT
RESOLUTION NO. 02-2009**

A motion was made by Steve McDonald and seconded by Wade Maupin to approve the Resolution of the Enhanced Enterprise Zone Board of Kearney, Missouri defining the eligible business enterprises.

Steve Potter said he has a question about the codes. He said if we are speeding through this at this time to accommodate a current business and a new business interested, then we should just list the codes applying to them. He said we can add codes as businesses express an interest in Kearney.

Lee Meyer asked what codes we would need if we were limiting them to two. Ms. McGovern said we would need codes 334 and 541.

Steve McDonald asked what the process would be to add codes. Ms. Jackson said the process is very simple. The Board of Aldermen simply passes a resolution adding codes.

Ms. Jackson said the State lists each Zone on a web site and lists the codes approved. A business looking at Zones might not even consider Kearney if their code wasn't listed. She said it is entirely up to each City as to what they want to allow but it broadens the prospect list if you include more zones.

Wade Maupin said he felt it is fairer to the Board of Aldermen for opportunities to leave the list at five rather than two.

The motion carried unanimously.

**FILE PETITION WITH MO DEPT ECONOMIC DEVELOPMENT TO FORM ZONE
RESOLUTION NO. 03-2009**

A Resolution, of the Enhanced Enterprise Zone Board of Kearney, Missouri authorizing the filing of a petition with the Missouri Department of Economic Development to form the Kearney Area Enhanced Enterprise Zone, was presented and read in full.

A motion was made by Steve Potter and seconded by Steve McDonald to approve the Resolution of the Enhanced Enterprise Zone Board of Kearney, Missouri authorizing the filing of a petition with the Missouri Department of Economic Development to form the Kearney Area Enhanced Enterprise Zone. The motion carried unanimously.

ADJOURNMENT There being no further business on the agenda, a motion was made by Chuck Davis and seconded by Ken Meinert to adjourn. The motion carried unanimously.

APPROVED: _____ **ATTEST:** _____
Lee Meyer, Chairperson Joan Updike, City Clerk

