

**ECONOMIC DEVELOPMENT INCENTIVE POLICY  
CITY OF GARDNER, KANSAS**



**CITY OF GARDNER  
HARDWICK LAW FIRM, LLC  
Adopted April 2015  
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## **OVERVIEW**

As the nationwide economic recovery gained momentum and construction began on a regional intermodal facility in a neighboring community, Gardner city leaders recognized the need to plan and prepare for the pending wave of economic development to ensure orderly and sustainable growth while also enhancing the quality of life for Gardner's citizens and surrounding community.

City leaders understood that a key component of enhancing quality of life for citizens is including them in creating the vision of their city. Consequently, City staff embarked on the process of community engagement to honestly assess the status and perception of Gardner's economic development readiness beginning with a series of meetings with members of the business community. The business community expressed concern that the City was perceived as unfriendly to business development and fraught with poor customer service and cumbersome procedural delays. Consequently, the City created a blue-ribbon Economic Development Advisory Taskforce to assist with creating and shepherding the City's economic development vision.

With guidance from these key stakeholders, members of the community, and the ongoing support and guidance of the Governing Body, the City initiated the process of creating visioning and guidance documents to plan a vibrant and sustainable community: a new Comprehensive Plan and an Economic Development Strategy. Completed and approved in September 2014, the Comprehensive Plan creates a blueprint for the City's future that will guide decision making for the next 20 years.

Concurrently, the City created and adopted its Economic Development Strategy. The Economic Development Strategy involved an outside assessment of the City's assets, opportunities, weaknesses and challenges. The assessment included on-site tours of the community, stakeholder interviews and collaborative input with the Economic Development Advisory Taskforce. The stakeholder interviews included local businesses, regional economic development agencies, major employers, developers and other community stakeholders.

Additionally, an assessment was conducted on the City's economic development readiness. The assessment determined the City had not recognized economic development opportunities that would make the community stronger. Further, a development plan is needed for the Gardner Road/ I-35 and 191<sup>st</sup> corridor to the nearby intermodal and logistics park where significant growth is occurring and will continue to develop in the future.

The assessment further concluded the community was not engaged in helping local employers to prosper. The assessment indicated a business retention and expansion outreach program to major or emerging employers was needed. The assessment also noted the Gardner Area Chamber of Commerce was not fully staffed and there was no "point person" for economic development, business retention or attraction.



Further, the City needed to dedicate staff to economic development to develop processes to utilize city owned utilities, streamline permitting processes, create an incentive policy, and document priority areas to facilitate economic development in the City. The Economic Development Strategy identified seven long term goals for the City. The goals are:

1. Continue to develop and maintain a quality community with character;
2. Create a community that people don't want to leave;
3. Build an image and identity as a business-friendly community;
4. Recreate downtown as a destination;
5. Utilize existing assets;
6. Be development-ready; and
7. Diversify the economic base.

The Economic Development Strategy complements the Comprehensive Plan and will serve as a roadmap for positive economic growth. It is a critical tool for the long-term success and achievement of the City's development goals.

The Hardwick Law Firm, the City's Economic Development Consultant, met with the members of the Economic Development Advisory Taskforce on February 25, 2015 to discuss the importance of an economic development policy for the City of Gardner. The Firm presented case studies which highlighted the application of different incentives and the effect of those incentives on specific development projects in surrounding Kansas cities. The Taskforce provided comments regarding the use of various incentives and how the application of incentives could benefit the City.

The Economic Development Advisory Taskforce made several recommendations during the meeting. The recommendations included the following: the City needs to provide a full range of incentives - or a "toolkit" of incentives - for developers to consider for development projects; incentives should be available for its current business owners and small business owners; the City's website should communicate its interest in new development and how to do business with the City; and the City should be responsive and provide accurate information to the development community. These Taskforce recommendations were subsequently presented to the Governing Body for approval.

The City sponsored an economic development symposium entitled, *Growth by Choice or by Chance*. The symposium featured leaders from the local economic development community who discussed various aspects of economic development ranging from policy formulation to the types and applications of various incentives as the methodology for establishing a strategy to facilitate economic development.

On March 16, 2015, the Hardwick Law Firm, LLC met with the City's Governing Body to discuss Economic Development incentives and provide feedback from the February meeting with the Economic Development Advisory Taskforce. Hardwick discussed the City of Gardner's use of incentives vis-à-vis surrounding communities and how the City of Gardner had not yet adopted the full complement of incentives used for economic development like its competitors.



Following the discussion, the Governing Body supported the creation of a policy including a full range of incentives which would facilitate both new development and assist existing small business owners. The Governing Body expressed their desire for the policy to incorporate “clawbacks” which are contractual obligations to suspend or terminate certain developer benefits accrued through incentives if contractual performance benchmarks are not met. The City Council tasked the Hardwick Law Firm with creating this policy.

This policy is the culmination of nearly 2 years of collaborative work of a multitude of stakeholders including citizens, various factions of the business and development community, city staff, and support and guidance from the Governing Body, and it will clarify evaluation of the appropriate use of incentives to facilitate sustainable, responsible diversification of Gardner’s tax base while enhancing the quality of life for the community.



## **GOALS AND OBJECTIVES**

The City's Comprehensive Plan outlines specific goals and objectives for the City to pursue for purposes of enhancing the quality of life for both residents and creating an environment which appeals to business owners and visitors.

The goals identified in the Comprehensive Plan are as follows:

***Neighborhoods and Housing*** – Provide a range of housing options to meet the needs of all income levels that foster entry and upward mobility to high end residences, while maintaining high quality construction and design throughout new and existing residential development.

***Commercial Areas*** – Promote the City's commercial character by supporting local businesses and creating a thriving downtown area and commercial nodes integrating mixed-use and pedestrian-oriented design and development.

***Industrial Areas*** – Promote and support industrial development to provide employment opportunities, diversify the City's tax base, and expand economic development initiatives.

***Growth and Annexation*** – Support balanced community expansion that focuses on areas surrounding the I-35 interchanges, while ensuring city funding, infrastructure, and utilities can accommodate new growth areas.

***Transportation and Mobility*** – Design a transportation network that provides safe and efficient access for all modes of travel between residential areas, business, and civic and recreational facilities while ensuring street, sidewalks, and trails are well-maintained.

***Community Facilities*** – Ensure high quality and dependable public services and facilities including the Public Works and Parks and Recreation Departments, police and fire protection, Gardner-Edgerton Unified School District, Johnson County Library, and other community-based facilities.

***Open Space, Recreation and Environmental Features*** – Create a balanced park system that provides neighborhood, community, and regional parks that are connected through an extensive trail and greenway network.

***Community Character*** – Maintain and enhance the traditional character of Gardner while strengthening the regional image of the community.

***Sustainability*** – Integrate sustainability measures throughout the City to protect and enhance the natural environment, lower energy demand, and increase healthy living.



## **OVERVIEW OF FINANCIAL TOOLS AND INCENTIVES**

### **Purpose**

Economic development incentives are a means to reduce or redirect taxes in exchange for specific desirable actions or investments that might not be financially feasible without public sector assistance. To qualify for one or more incentives, a project must produce a public benefit.

### **Property Tax Abatement**

Tax abatement is offered through a variety of programs geared to job creation, private investment, and redevelopment. Typically, the development continues to pay taxes on land and improvements based on its value prior to the new investment. All, or a portion, of the incremental increase in property taxes is abated for a set period of time.

### **Tax Increment Financing (TIF)**

The development pays all taxes owed, and a portion of all of the incremental increase in taxes resulting from development is captured and redirected to pay redevelopment project costs. Taxing jurisdictions continue to receive the taxes based on the pre-development value. A tax increment financing (TIF) project may also capture new taxes after the TIF is approved.

### **Sales Tax Revenue (STAR) Bonds**

Sales Tax Revenue (STAR) Bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds.

### **Special Taxing Districts**

The City may establish special districts that can impose special assessments and/or taxes in order to pay for public improvements or to eliminate blight. These districts are typically geographic areas such as a neighborhood or corridors that are contiguously connected. The most common special taxing districts are Community Improvement Districts (CID), and Transportation Development Districts (TDD).

### **Neighborhood Revitalization Area (NRA)**

A Neighborhood Revitalization Area (NRA) provides a tax rebate incentive to property owners for making major improvements that increase the appraised value of residential property by 10% and of commercial property by 20%.

### **Kansas Downtown Redevelopment Act**

The Kansas Downtown Redevelopment Act is used to promote, stimulate and develop the general and economic welfare of the State of Kansas and its rural and low income communities, to encourage the rehabilitation and use of real property located in downtown areas that have become vacant or minimally utilized, and to assist in the development and redevelopment of eligible areas within cities and counties thereby promoting the general welfare of the citizens of the State of Kansas.



### **Heritage Trust Fund**

The Heritage Trust Fund (HTF) is a state program that provides matching funds for the preservation of properties listed in the National Register of Historic Places or the Register of Historic Kansas Places.

### **Community Development Block Grants**

The Community Development Block Grant (CDBG) Program allows the Department of Commerce to distribute federal funds to Kansas cities and counties looking to improve their communities. To receive funds, a project must meet at least one of the following federally mandated criteria:

- The project benefits low and moderate-income individuals
- The project removes or prevents slum or blight condition
- The project eliminates an urgent need created by a disaster when local funds are unavailable

The six general categories of CDBG funding are the Annual Competitive Round, Commercial Rehabilitation, Economic Development, Urgent Need, KAN STEP - Kansas Small Towns Environment Program, and the Neighborhood Stabilization Program.

### **High Performance Incentive Program**

The High Performance Incentive Program provides tax incentives to employers that pay above-average wages and have a strong commitment to skills development for their workers.

### **State Small Business Credit Initiative**

The Kansas Capital Multiplier Loan and Venture Funds are programs that provide matching funds through a partner network to eligible businesses in communities across Kansas. Funding is provided through the United States Treasury via the State Small Business Credit Initiative (SSBCI).

### **Public Infrastructure Financing Program**

The Public Infrastructure Financing Program will allow developers, when constructing new projects, to finance, build and construct the public infrastructure inclusive of water, sewer, and electric lines, streets, curbs, sidewalks, and other public improvements necessary to support the new development project. The City will evaluate the benefits of the project and then offer a combination of incentives to compensate the developer over time. Possible incentives include waiving or dedicating one-time fees, reductions in ongoing utility charges, and tax abatement.





## **DEFINITIONS OF INCENTIVES**

### **Property Tax Abatement**

Tax abatement is offered through a variety of programs geared to job creation, private investment, and redevelopment. Typically, the development continues to pay taxes on land and improvements based on its value prior to the new investment. All, or a portion, of the incremental increase in property taxes is abated for a set period of time. Tax abatement is a common economic development tool used to encourage new investment as well as increase or maintain basic employment in the community. In Kansas, there are two methods for obtaining tax abatements on real property: constitutional tax abatement and the issuance of Industrial Revenue Bonds. The selection of which method to pursue largely depends on the type of business taking place on the property, as well as additional financial considerations (e.g. fees to issue bonds). *(Authorized by K.S.A. 12-1740 et seq. and K.S.A. 79-201a Second)*

- **Constitutional Tax Abatement:**

A constitutional tax abatement (Article 11, Section 13 of the Constitution of the State of Kansas) allows a tax exemption on all or a portion of the appraised value of land, buildings, and personal property used exclusively for a new business or an expanding business (if it will create new jobs) primarily involved in manufacturing, research and development, or storage of goods traded in interstate commerce.

- **Industrial Revenue Bonds:**

Permits cities and counties to issue revenue bonds for the purpose of paying the costs of purchasing, acquiring, constructing or equipping facilities for agriculture, commercial, hospital, industrial, natural resources, recreational development and manufacturing.

### **Tax Increment Financing (TIF)**

TIF is an economic development tool which provides a means for local governments to finance the redevelopment of designated areas determined to be blighted, conservation areas (near blight), or economic development areas. TIF allows future increases in real property taxes to be captured to fund the redevelopment. The development pays all taxes owed, and a portion of all of the incremental increase in taxes resulting from development is captured and redirected to pay redevelopment project costs. Taxing jurisdictions continue to receive the taxes based on the pre-development value. A tax increment financing (TIF) project may also capture new taxes after the TIF is approved. Tax Increment Financing (TIF) uses the increased property taxes generated by real estate development within a tax increment financing district to pay for certain eligible costs associated with the development. The value that is “captured” (that is, the increase in property value over the value in the year the TIF district was established) generates property tax increment. The incremental taxes are used to subsidize eligible project costs such as land acquisition, demolition, public and site improvements, and related consulting and administrative costs. The value of the property prior to development (the base or “non-captured” portion) continues to generate property taxes which are distributed to all appropriate taxing jurisdictions. TIF districts may also capture city sales taxes and city franchise fees generated within a TIF district. *(Authorized by K.S.A. 12-1770 et seq.)*



Common Uses for TIF:	
Improvements	
Professional Services	Plans and Specifications
Land Acquisition	Site preparation
Public Improvements	Private Improvements

### **Sales Tax Revenue Bonds (STAR)**

Sales Tax Revenue (STAR) Bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds. *(Authorized by K.S.A. 12-17,160 et seq.)*

The Act permits cities to acquire certain property and issue sales tax and revenue bonds for the financing of STAR Bond projects.

Common Uses for STAR Bonds:	
Improvements	
Historic Theaters	River walk canal facilities
Major Tourism Areas	Major Multi-Sport Athletic Complexes
Major Motorsports Complexes	Major Commercial Entertainment and Tourism Areas as determined by the Secretary of Commerce
Auto Race Track Facilities	

### **Community Improvement District (CID)**

A Community Improvement District (CID) finances public or private facilities, improvements or services within a designated area through revenue generated from a sales tax and/or property assessment initiated by the owners within the district. A CID Project provides public benefits, such as strengthening economic development and employment opportunities; enhancing tourism; upgrading older real estate through redevelopment or rehabilitation; or promoting sustainability. The CID funding mechanism can be used to finance a variety of locally approved development-related activities, including: property acquisition, infrastructure development, parking and building construction within the district, and can also extend to certain infrastructure improvements outside the designated district, if those improvements are contiguous to the district and are deemed necessary to implement the development plan. A CID can derive revenues through special assessments, a district-only sales tax, or other funds as appropriated by the city or county. *(Authorized by K.S.A. 12-6a26 et seq.)*



Common Uses for CID:	
Improvements	Services
Parks	Economic, Planning, Marketing or other Studies
Convention Centers	Waste Collection / Disposal
Parking Lots	Recreational and Cultural Activities
Sidewalks	Special Events
Streets	Cleaning and Maintenance of Public/Private property
Bridges	Security
Storm Water Facilities	Facility Operation
Sanitary Sewer Facilities	Blight Removal

### **Transportation Development District (TDD)**

Similar to a CID, a TDD operates as a separate political subdivision that may be created for the purpose of issuing bonds, levying taxes, and applying special assessments to finance transportation related improvements. TDDs may finance infrastructure both inside and outside of the district's boundaries. Projects undertaken by the TDD may be financed with a district-wide sales tax (up to 1%) or special assessments levied and collected pursuant to the Special Assessment district statutes (KSA 12-6a01 et seq.). The City may constitute a TDD upon receipt of a petition of property owners. A district may be initiated by petition of 100% of the owners of all the land area within the proposed district.

TDD financing is quite flexible and can be used: to improve, construct, reconstruct, maintain, restore, replace, renew, repair, install, furnish, equip or extend any bridge, street, road, highway access road, interchange, intersection, signing, signalization, parking lot, bus stop, station, garage, terminal, hangar, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail or other mass transit facility, streetscape or any other transportation related project or infrastructure including, but not limited to, utility relocation; sanitary and storm sewers and lift stations; drainage conduits, channels and levees; street light fixtures, connection and facilities; underground gas, water, heating and electrical services and connections located within or without the public right-of-way; sidewalks and pedestrian underpasses or overpasses; and water main and extensions. *(Authorized by K.S.A. 12-17,140 through 12-17,149)*



Common Uses for TDD:	
Improvements	
Bridges	Roads
Highways	Interchanges
Intersections	Signing
Signalization	Parking Lots
Bus Stops	Terminals
Hangars	Rest Areas
Docks	Airports
Railroads	Mass Transit

**Special Benefit District**

A financing and development tool whereby cities can issue general obligation bonds for construction of public improvements and assess the cost to properties that benefit to pay all or any part of the cost of making such improvements. *(Authorized by the General Improvement and Assessment Law K.S.A. 12-6a01 et seq.)*

**Neighborhood Revitalization Area (NRA)**

The Program is intended to promote the revitalization of the City’s inner urban area (“Intensive Care” and “At Risk” neighborhoods) and Downtown by creating an incentive for the rehabilitation, conservation, and redevelopment of these areas *(Authorized by K.S.A. 12-17,114 et seq.)*. The NRA offers tax rebates of 95% for 10 years on increased property taxes assessed as a result of property improvements within a specific geographical area.

Common Uses for NRA:	
Improvements	
Property Acquisition	Streets
Gutters	Sidewalks
Water, Gas, and Utility Mains	Street Lights
Parks and Playgrounds	Storm Water Facilities
Sanitary Sewer	Off- Street Parking
Engineering and Legal Fees	Maintenance of the project



## **Kansas Downtown Redevelopment Act**

The Kansas Downtown Redevelopment Act authorizes cities and counties to apply to the Department of Commerce to designate downtown redevelopment areas, wherein rebate of real property tax increments collected from real property may apply to properties which have undergone approved improvements. *(Authorized by K.S.A. 12-17, 121)*

## **Heritage Trust Fund**

The Heritage Trust Fund reimburses expenses for projects that preserve or restore historic properties. Qualifying expenses include professional fees and construction costs. Properties owned by the state or federal governments are not eligible, but those owned by local governments, private individuals, non-profit, and for-profit entities qualify. Individual grant awards may not exceed \$90,000 and must be matched by the grant recipient. Yearly grant rounds are highly competitive. Applicants are encouraged to submit preliminary applications for review and comment. *(Authorized by K.S.A. 75-2729)*

## **Community Development Block Grants (CDBG)**

The Community Development Block Grant (CDBG) program provides Federal funds to local units of government for the development of viable communities by addressing their housing, public facilities, and economic development needs. One of three national objectives must be met in order to receive these funds: benefit to low- and moderate-income individuals; removal or prevention of slum or blight condition; or resolution of an urgent need created by a severe natural or other disaster. The funds may be used for a variety of activities that expand or develop community capacity including Economic Development. (League of Kansas Municipalities "Economic Development Tools for Kansas Municipalities", 2013 Edition)

### **Uses for Small Businesses:**

A small business is usually defined by the number of employees or overall sales level. For most business categories, businesses with 500 or fewer employees are considered small. For purposes of the CDBG program, small businesses have more than 5 employees. A CDBG recipient can support small business development with a wide array of direct and indirect tools, including infrastructure development, public services, planning, technical assistance and training, financing programs and mechanisms that provide access to much-needed capital; and incubators or shared physical facilities that can enhance small business survival rates.

CDBG funds may be used to undertake small business assistance as special economic development activities. These activities include:

- Acquiring; constructing; reconstructing; rehabilitating or installing commercial or industrial buildings; structures and other real property; equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients.
- Assisting a private, for-profit business (e.g., loans, grants, interest subsidies, and technical assistance).



- Training and technical assistance that is needed by a small business. This assistance can range from general help with business planning to specialized assistance in creating an internet site for online sales. The assistance is also available to help a startup business develop a coherent business plan.

A CDBG recipient may provide eligible economic development assistance directly, or it may offer the assistance through public and private organizations, agencies, and other subrecipients. CDBG assistance to a for-profit business under Special Economic Development triggers the requirements for the optional underwriting. *(Authorized by 24 CFR Part 570)*

### **High Performance Incentive Program**

This program recognizes the need for Kansas companies to remain competitive and encourages capital investment in facilities, technology and continued employee training and education. A substantial investment tax credit for new capital investment in Kansas and a related sales tax exemption are the primary benefits of this program. *(Authorized by K.S.A. 74-50,133)*

### **Kansas Capital Multiplier Loan Fund**

Under the Kansas Capital Multiplier Loan Fund, businesses can apply for matching loans up to 9% of the private capital invested. Private capital invested includes the amount of the loans provided by financial institutions, certified development companies and other sources of private lending. Private capital also includes the entrepreneurs' investment and funds provided by angel investors and angel investor groups. The minimum loan from the Kansas Capital Multiplier Loan Fund is \$25,000, with a maximum loan of \$500,000.

### **Kansas Capital Multiplier Venture Fund**

Under the Kansas Capital Multiplier Venture Fund, businesses can apply for matching equity up to 9% of the private equity invested. Private equity invested includes funds invested by private equity firms and angel investors. Businesses eligible include technology and biosciences companies working with a state entrepreneurial center, University Center of Excellence, and/or the Kansas Bioscience Authority (KBA). Rural businesses or businesses in distressed areas of urban communities that meet critical community needs; are growth businesses with local angel investors; or are larger businesses with less than 500 employees that have local angel investors and significant private equity investment may also qualify. The minimum equity investment contribution from the Kansas Capital Multiplier Venture Fund is \$25,000, with a maximum equity investment contribution of \$250,000. *(Authorized by the State Small Business Credit Initiative)*

### **Public Infrastructure Financing Program (PIFP)**

The Public Infrastructure Financing Program (PIFP), allows developers to construct public infrastructure in conjunction with the new development. This will expedite the development by allowing the developer to integrate the public infrastructure component into the specific development project and create capacity for the City to support development on a broader level.



Under the PIFP, the developer will have three (3) options to finance public infrastructure requirements related to a new project. Those options are: 1) the waiver of one-time fees, 2) yearly reduction in utility charges, and 3) a tax abatement. By creating a model whereby, the City could waive all of the developer's one-time fees, defer utility payments and obtain tax abatement, the City is providing a prospective developer with incentives to underwrite public infrastructure costs for a new development. Moreover, when bundling the above incentives, such an approach would allow the City to determine how much of each of the respective incentives it would provide to a developer on a specific project.

When the developer constructs a new commercial development project and the new project comes on line, the project will generate revenue in the form of one-time fees: Excise Taxes, System Development Fees, and Planning Fees. The monies generated and collected represent a form of revenue to the City. The developer would determine and establish the cost to finance and build the public infrastructure related to the project. The developer in turn would request the City to waive the one-time fees. The City could elect to allow a portion of the revenue stream to be waived and applied to the developers cost or permit the entire amount to be waived and applied to the repayment to the developer.

Where the developer incurs the cost for public infrastructure costs related to a new development, the City of Gardner, given its ownership and control of the local utilities, could allow the developer to recoup its costs by allowing the developer to pay a reduced cost associated with the utility usage for the new development or forego any payment until such time the developer has recouped its financing and construction costs related to the public improvements.

Additionally, to motivate developers to underwrite public infrastructure costs related to new construction the City could provide tax abatement for the project at a level and for a term of years to allow the developer to recover its costs. While tax abatement is an incentive tool which can be used to encourage a developer to invest in the community, it could be used in this context to offset the developer's cost of public infrastructure.

The City can choose to compensate the developer for 25%, 50%, or 100% of its public infrastructure costs. The percentage of the incentive to be reimbursed would depend on the following factors: 1) geographic locations as defined in the Growth Management Strategy, 2) number of jobs that the business will produce, 3) level of wages that the jobs will produce, 4) the revenue generated/capital investment by the business.

The City has created a PIFP Evaluation System in which it would determine the importance of each factor and the factor would then be assigned a certain amount of points. To the extent a project receives a higher level of points due to the significance of each of the referenced factors, the City would provide a higher level of incentive to the developer to offset its costs of financing and constructing public infrastructure. To the extent the project did not receive a significant number of points based on the factors weighted for a specific project, the City would provide a corresponding level of incentive to reflect the priority of the project in question.



**PIFP Evaluation System:**

A) Geographic Locations in the City

- 1) Short-Term Growth Areas- 20 points
- 2) Mid-Term Growth Areas- 40 points

B) Number of Jobs Created

- 1) 1-10 jobs- 5 points
- 2) 10-25 jobs- 10 points
- 3) 25-50 jobs- 20 points
- 4) 50 jobs or more- 40 points

C) Jobs with Above Average Wages for Industry in Johnson County

- 1) 1-10 jobs- 10 points
- 2) 10-25 jobs- 20 points
- 3) 25-50 jobs- 30 points
- 4) 50 or more jobs- 40 points

D) Revenue Generated/Capital Investment by the Business

- 1) 1 to 10 million- 10 points
- 2) 10 to 25 million- 20 points
- 3) 25 to 50 million- 30 points
- 4) 50 million or more- 40 points

The total points possible equal 160 points. For purposes of an example, if a project is assigned a rating of:

- 1) 160 Points- the project would qualify for up to 100 percent reimbursement of public infrastructure costs plus additional abatement for 5 years;
- 2) 120-159 Points- the project would qualify for up to 50 percent of reimbursement of public infrastructure costs plus additional abatement for (TBD) years; and
- 3) 50-119 Points- The project would qualify for up to 25 percent reimbursement of public infrastructure costs but no additional abatement.





## USE OF INCENTIVES

The City of Gardner will strategically and responsibly consider employing one or more incentives for development projects which meet its economic development goals and desired objectives by the City Council. In accordance with those areas of focus, the City of Gardner offers the following menu of development incentives, each of which may be utilized individually or layered together, or in conjunction with state, regional or federal incentives, if and to the extent such layering is consistent with the City's economic development policies. The City encourages development and the utilization of the incentives outlined below. In accordance with its economic development initiatives, the City considers the approval and utilization of incentives within the parameters as set forth in the following matrix:

Incentive	Downtown	Redevelopment	Attraction/ Retention	Targeted Business	Entrepreneurship	Minimum Investment	Base %
Tax Abatement	X	X	X	X		750K New/ 350K Existing	60%- up to 10 yrs
Tax Increment Financing (TIF)	X	X	X	X		N/A	25%
Sales Tax Revenue Bonds (STAR)	X	X	X	X		N/A	Generally 50% of total project cost subject to Secretary of Commerce review
Community Improvement District (CID)	X	X	X	X		2m New/ 1m Existing	1% or 1 cent
Transportation Development District (TDD)	X	X	X	X		N/A	1% or 1 cent
Special Development District (SDD)	X	X	X	X		2m New/ 1m Existing	1% or 1 cent
Neighborhood Revitalization Act (NRA)	X	X	X	X		N/A	95% Abatement on any new improvements for 10 years
Kansas Downtown Redevelopment Act	X	X	X	X		N/A	Rebate varies from years 1-10
Heritage Trust Fund				X		Projects expenses must exceed 5K	25% of qualifying expenses at State level. 20% Federal for qualifying project
CDBG	X	X			X	*For Small Business - Minimum equity investment $\geq$ 10% of total project costs	*For Small Business - 500K
High Performance Incentive Program (HPIP)			X			10% investment tax credit on qualified business facility investment that exceeds 1M	50K per annum on qualified training expenditures above 2% of reported worksite wages
Kansas Multiplier Loan Fund				X	X	25K Minimum/500K Maximum Loan	Matching loan up to 9%
Kansas Capital Multiplier Venture Fund				X	X	25K Minimum/250K Maximum Equity Investment Contribution	Matching equity up to 9% of private capital invested
Public Infrastructure Financing Program (PIFP)		X	X	X		N/A	Varies



## **ECONOMIC DEVELOPMENT GENERAL POLICIES**

The purpose of this document is to inform the prospective developer of the types and potential application of incentives available to fund development projects within the City of Gardner. Additionally, the policies reflect the general consensus of the City's Economic Development Advisory Taskforce and Governing Body, and provide guiding statements intended to outline best practice community development processes and procedures.

1. The City of Gardner will consider the judicious use of incentives for projects which demonstrate a substantial, measurable public benefit. Such a public benefit will be evidenced by one or more of the following: clear economic benefit to the City; the project shall be of a nature that has been identified by the City of Gardner as desirable to stimulate the local economy and improve the quality of life for the citizens of Gardner; maintain the existing tax base; strengthen and diversify the economic base of the City; and thoughtfully implementing the City's Comprehensive Plan and Economic Development Strategy.
2. Each developer is strongly encouraged to discuss the particulars of its project with City staff prior to filing an application for incentives.
3. All incentives will be subject to a "but for" test. To comply with the criteria of a "but for" test, the Governing Body must find that without the incentive, the proposed project would not occur, would only occur on a significantly smaller scale, would not be financially feasible or stable, or would not result in an appropriate internal rate of return for the developer, thus deterring desirable economic development opportunities consistent with the City's strategic vision and goals.
4. A project which meets one or more of the "but for" test criteria will be eligible for incentives only to the extent necessary to make the project financially feasible. If the City determines that an economic development project could produce a substantial benefit to the City, the City may determine there is an overriding public benefit to grant the incentive, even if the project does not otherwise achieve the "but for" criteria.
5. The City will give priority to a project that proposes to create or retain quality jobs, those which pay "above average" wages based upon the most recent average wage rate conducted by the Johnson County Economic Research Institute and that offer competitive benefits.
6. No incentive shall result in the reduction of city, county, school district or any other taxing jurisdiction affected by the abatement receiving less tax revenue from the abated property than was received prior to the abatement. Special assessments shall not be subject to abatement or exemption.
7. Each project receiving an incentive must be consistent with and further the elements of the City's Comprehensive Plan, and shall comply with all applicable City building codes. Each project must also comply with applicable zoning requirements, unless an amendment to such requirements is approved through the appropriate City process.



8. Since each project is unique, each request for a development incentive will be evaluated under the City's policies on its individual merits. In addition to satisfying the "but for" test, the merits will include the overall contribution the project proposes to make to the local economy, and the extent to which it furthers the City's strategic development goals.
9. The City may require a developer applicant seeking an incentive to enter into a Funding Agreement to pay costs incurred for additional legal, financial and other consultants, out-of-pocket expenses, and other costs incurred to research, analyze and plan for the most appropriate mix of funding sources.
10. Following the approval of any incentive, the developer will be required to enter into a development agreement with the City to contractually establish the scope and magnitude of the incentive provided for the project. In the development agreement, the City will reserve the right to suspend or terminate the incentive granted, or impose one or more financial penalties or "claw-backs" of the incentives, should the developer fail to comply with its development obligations.

### **State of Kansas Economic Development Incentives**

The State of Kansas offers economic development incentives including programs directed at job creation projects and downtown development. The City works closely with the State of Kansas to coordinate the economic development incentives administered by the Kansas Department of Commerce.



# **APPENDICES**

## **CITY OF GARDNER, KANSAS GENERAL INFORMATION**



## **APPENDIX A: COMMUNITY PROFILE**

As Gardner enters 2015, it celebrates a tremendous growth which has surpassed many other Kansas City area communities. The City of Gardner is a community located two miles northeast of Gardner Junction, a singularly unique and historic junction of America's three great western frontier trails: the Santa Fe Trail, the Oregon Trail, and the California Trail. It stands unique as the eye of the needle through which hundreds of thousands of people, from 1827 to the twilight of the Civil War in 1865, passed through this "fork in the road" on their way to pursuing their destinies in the West.

A town of 20,000-plus that stretches over 10.12-square-miles, Gardner's proximity to Interstate 35 and U.S. 56 provide easy access for residents, businesses and tourists; population growth experienced over the last 10 years has created growth opportunities for its business environment as well as a youthful edge, and thriving parks and recreation system. This growth is expected to continue because the City benefits from its direct access to a unique combination of interstate, air and rail infrastructure: two intersections on Interstate 35, Burlington Northern Santa Fe's major rail transit route, New Century Air Center – a premier multi-modal business park – on the City's eastern side, and the recently opened BNSF Intermodal facility and Logistics Park KC on its western side. There is no other city in the region with this combination of access to multimodal infrastructure, ample developable land, professional staff, and a Governing Body firmly dedicated to development.

Additionally, the City boasts the award winning Gardner-Edgerton Unified School District which currently has one high school, three middle schools, and seven elementary schools.

### **Demographics**

Like many suburban communities across the United States, Gardner has experienced its transformation from a rural, mostly agrarian community to a suburban community. According to Gardner's Comprehensive Plan, between 2010 and 2018 the population is projected to increase by 2,366 residents, for a total population of 21,489. This 12.4% increase is larger than Johnson County's projected 7.9% increase. By 2040, Gardner's population is projected to increase by half – an additional 9,128 residents – to a total 28,323. The anticipated yearly growth rate for Gardner is 1.3% between 2010 and 2040.

As stated in the Comprehensive Plan, between 2010 and 2018 the median household income is projected to increase from \$64,566 to \$75,046, an increase of 16.2%. Approximately 1 in 3 (30.4%) of the residents over the age of 25 have a Bachelor's degree or higher. Although Gardner's population is aging at a faster rate than the County, overall Gardner will remain younger than the County. Between 2010 and 2018, the median age in Gardner is projected to increase from 30 to 31.5, an increase of 5.0%. In comparison, the median age in Johnson County for the same time period is projected to increase from 36.4 to 37.5, an increase of 3.0%.

### **Housing**

According to the recently adopted Comprehensive Plan, the typical Gardner housing unit is an owner-occupied, single family detached home with 3 bedrooms or less with a median value of \$172,829, which is on par with surrounding communities. Gardner's housing stock is fairly new with 73.3% of all units built between 1990 and 2012. Both new construction permits and the median home listing price have stayed relatively stable since 2008. One in four residents lives in a rental property. However, multi-family units compose only 11.1% of the total housing stock which suggests that rental properties are not multi-family units, but rather single family or mobile homes.



## **Employment and Economy**

According to Gardner's Comprehensive Plan, Gardner is primarily a community of commuters, but has the potential to grow new industries. The Inflow/Outflow Jobs Count tracks commuting patterns and workforce mobility on a daily basis. In 2011, most of Gardner's primary jobs were filled by non-residents commuting into the City, an "inflow" of 3,040 workers. At the same time, most of Gardner's employed residents left the City to work elsewhere, an "outflow" of 7,277. Only 977 workers both live and are employed in Gardner. This influx of workers into Gardner shows that the City's daytime population is larger than its reported population.

An estimated 158,711 people live within a 15 minute drive of the intersection of Main Street and Moonlight Road; the median disposable income per household in this drive time is approximately \$54,000.



## **APPENDIX B: STRATEGIC INITIATIVES**

In addition to considering new development projects, the City of Gardner has worked to clearly identify targeted areas for development to communicate the City's economic development goals. These outcomes, or goals, have been created to inform prospective investors of 'what' is desired by development that may make use of incentives.

### **Five Strategic Initiatives as listed in Gardner's Economic Development Strategy**

The City is seeking investment that supports or benefits the following:

- **Business Climate**

*Build a reputation as a business-friendly community that delivers on its brand promise.*

- **Helps generate a Quality community image**

*The City of Gardner seeks to create a community where people don't want to leave - provide quality housing, schools and services. The City of Gardner seeks to be recognized as a community that possesses high quality commercial and residential development that is well planned, meets diverse needs, and exceeds community expectations.*

- **Downtown, a Catalyst Project**

*The Economic Development Strategy notes that Gardner's downtown has the fundamental urban fabric necessary for successful redevelopment and revitalizing downtown as a unique destination and creating a strong sense of place should be the major, priority project – "a catalyst for change."*

- **Business Retention & Expansion**

*Utilize and leverage the existing business base particularly at New Century Business Park - Retaining the existing economic base is vital to providing reliable municipal services. The City of Gardner seeks to promote an environment that will encourage growth and sustainability of the existing economic base. This can be accomplished through partnership opportunities with those looking to grow their business.*

- **Business Development**

*The City of Gardner seeks development that leverages the BNSF Logistics Park and New Century Business Park for warehousing, distribution and industrial manufactures with strong national tenants located and locating in the parks including targeting supply chain industries. The City of Gardner wants to efficiently facilitate development within its jurisdiction, as well as have competitive location attributes and incentives to attract entrepreneur, retail and industrial businesses.*



## **APPENDIX C: LAND USE & DEVELOPMENT OPPORTUNITIES**

The City's Comprehensive Plan established the fundamental framework for how land should be used and developed over the next several years. The Land Use and Development Plan reflects the broader vision for the community and provides the context for transportation, infrastructure, parks and open space, environmental features, community facilities, and community character recommendations. The Comprehensive Plan delineates land uses that are substantial and will play a major role in shaping how the City of Gardner will develop. These influences were identified as oil and gas wells, intermodal facility, air center and interstate.

### **Oil and Gas Wells:**

*The presence of oil and gas wells on the northern and western boundaries is impacting areas where the City has made investments for future residential development. While the City cannot prohibit the development in Johnson County, the continued development pressure has the potential to influence the adjacent property and could limit opportunities for a different housing mix.*

### **BNSF Intermodal/Logistics Park (LPKC):**

*In late 2013, the Burlington Northern Santa Fe (BNSF) Railway began transitioning routes from Kansas City to the new, state-of-the-art, Logistics Park Kansas City (LPKS) Intermodal Facility in Edgerton. The 1,000-acre development is located adjacent to Gardner's southwestern border. While the facility is a boon for the global supply chain, the facility brings with it heavy truck and rail traffic. Land use development decisions near the facility must consider the impacts of the industrial and warehousing uses that surround and support the LPKC Intermodal Facility.*

### **New Century Air Center:**

*The New Century Air Center is a 2,500 acre facility that includes an airport and business park, and defines the eastern border of Gardner. The business park includes more than thirty businesses that specialize in the air industry, light manufacturing, and warehousing. The airport is managed by the Johnson County Airport Commission which reviews development and zoning for areas within one mile of the airport, to ensure they are compatible with airport operations. With direct access to I-35 from New Century Parkway, the location and surrounding areas are ideal for additional light manufacturing businesses, warehouse operations, and corporate business parks. Future land use surrounding the New Century Air Center must consider airport operation constraints, but can build upon existing industries located within the business park.*

### **I-35 Corridor**

*Interstate 35 provides access to Gardner at US-56 and Gardner Road. While these interchanges provide the potential for new growth, the corridor itself serves as a barrier. Future development in the southeast portion of the community must balance development opportunities with challenges related to connectivity for infrastructure and municipal services.*

The City has several key areas that are prime economic development opportunities. The Comprehensive Plan identified commercial and industrial/office areas as described below.





### **Downtown:**

*Downtown serves as the historic core and center of civic activity for Gardner. The area is anchored by City Hall and includes the Johnson County Library, Senior Center and historic Bray House. While Main Street serves as the primary east-west corridor, the boundaries of Downtown extend north to Washington Street, south to Warren Avenue, and to the east and west of Sycamore Street and Center Street, respectively. A vibrant downtown environment should build upon a mix of retail, restaurant, office, and residential land uses, pedestrian-friendly streets, and attractive buildings and architecture.*

### **Main Street Corridor:**

*The Main Street corridor includes commercial properties along US-56/Main Street from Moonlight Road to Sycamore Street. This corridor serves as the gateway into Gardner.*

### **Community Commercial:**

*Community Commercial areas consist of smaller commercial nodes that are intended to meet the needs of residents. Community Commercial areas are generally located within or adjacent to neighborhoods and may consist of stand-alone structures, or smaller shopping centers with multiple commercial uses.*

### **Regional Commercial:**

*Regional Commercial areas are located near I-35 interchanges, and capitalize on accessibility from areas beyond Gardner. These areas generally include big box, name brand stores that have the potential to generate high volumes of traffic. Regional Commercial areas often include large anchor tenants that support the market for smaller local businesses.*

### **New Century Industrial Area:**

*The New Century industrial area encompasses over 2,000 acres. While not in the City of Gardner, it offers a great opportunity to work with businesses and property owners to increase the tax base for the City. Recommended activities from the Comprehensive Plan include working to achieve consistent landscaping and architectural standards, coordinating infrastructure needs and collaborating with the county to attract more employees resulting in more daytime visitors for business development.*

### **Intermodal Industrial:**

*The intermodal center will create immediate development opportunities on the City's southwestern border. Further, there are significant annexation options the City should consider. Recommendations included in the Comprehensive Plan focus on stronger annexation strategies, capital improvements and infrastructure development, stronger land development code to ensure appropriate buffering for neighborhood preservation, trails and truck routes.*

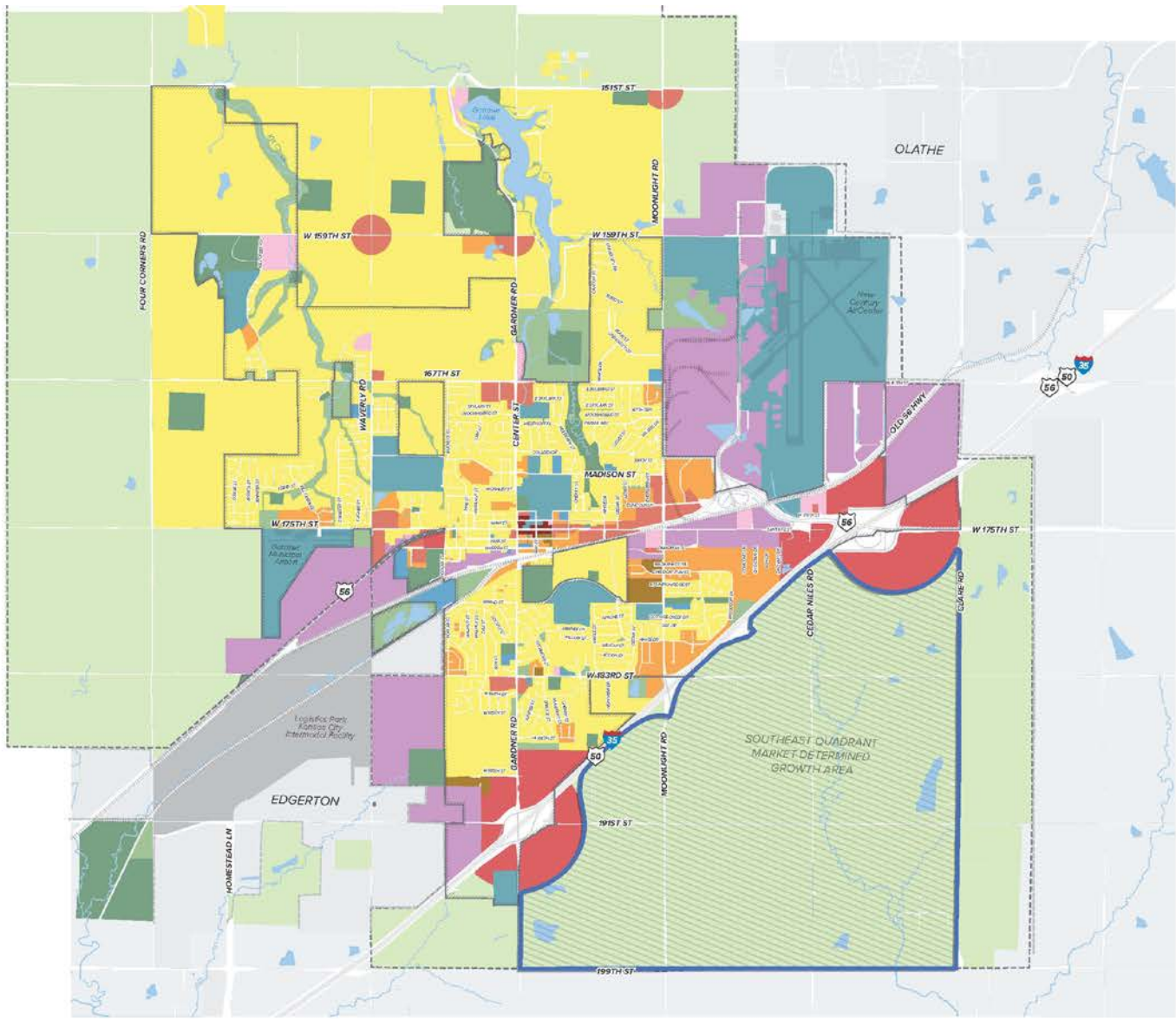
### **Local Industrial:**

*Gardner includes several smaller pockets of manufacturing and light industrial operations that have a close relationship to adjacent residential or commercial areas. Many of these industrial areas represent the oldest industrial development in the City, as they are located along the original rail corridor. These areas require unique strategies to ensure that they remain vital and do not negatively impact nearby uses.*



**More Information:**

More information can be found in the City's Comprehensive Plan and Economic Development Strategy, and readers are encouraged to view these documents on the City's website at [www.gardnerkansas.gov](http://www.gardnerkansas.gov) under the "Business Resources" title bar.



**CITY OF GARDNER  
LAND USE PLAN**

- Agriculture/Rural Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Downtown Mixed Use
- Community Commercial
- Regional Commercial
- Light Industrial & Office Park
- Open Space
- Parks & Recreation
- Public/Semi-Public
- Utility
- Southeast Quadrant Market Determined Growth Area
- Municipal Boundary
- Planning Area

City of Gardner Comprehensive Plan  
Land Use & Development 53

## **APPENDIX D: COMMUNITY PARTNERS**



The City has numerous partnerships to enhance service delivery in an effort to accomplish community and stakeholder goals. In addition to education providers and civic groups, key economic development partners include Southwest Johnson County Economic Development Corporation, the Gardner Area Chamber of Commerce, and the Kansas City Area Development Council (KCADC).



### **Southwest Johnson County Economic Development Corporation**

The SWJCED is a cooperative effort of the City of Edgerton, the City of Gardner, and the Johnson County Airport Commission. Its primary mission is to stimulate economic growth by demonstrating to new and existing companies the unique business advantage of a southwest Johnson County location.



### **Gardner Area Chamber of Commerce**

The Chamber's vision is to create a positive business environment that encourages community support, invites growth, and affords each Chamber member the opportunity to excel in its chosen profession, and truly embrace the realization of success.

The Chamber's mission is to enhance and promote the area's economy through support of new and existing businesses.





## **Kansas City Area Development Council**

The Kansas City Area Development Council (KCADC) is a private, non-profit organization charged with representing the economic interests of the entire two-state, 18-county region of Greater Kansas City.

KCADC's mission is to: brand the region as one product to stimulate economic growth; enhance awareness of the metro's assets to create positive perceptions; promote the region as the business location of choice; position the region competitively against other major metros for the retention, expansion and attraction of jobs and investment; equally support all regional communities; assist companies from outside the region to find the best KC location for their needs; and facilitate final negotiations between the company and its selected community.





## **ACKNOWLEDGEMENTS**

Thank you to the many stakeholders: individuals, companies, consultants, economic development partners, Governing Body members, the Comprehensive Plan Advisory Committee, the Economic Development Advisory Taskforce, and City staff who have provided invaluable input into the development of the key plans and policies to position the City for planned, sustainable, responsible economic development that will enhance the quality of life for the Gardner community.

### **Economic Development Advisory Taskforce:**

- Stacy Boyajian, Chairman, Board of Directors, Gardner Area Chamber of Commerce
- Chip Corcoran, Chairman, Southwest Johnson County EDC
- Tim Cowden, Senior Vice President, Kansas City Area Development Council
- Frank Devocelle, President and CEO, Olathe Health Systems
- Phil DiVilbiss, Principal, The Bristol Group, Developer/Real Estate Broker
- Ed Eilert, Chairman, Johnson County Board of County Commissioners
- Rob Heise, Heise-Meyer LLC, Developer/Real Estate Broker
- Judy Korb, Ph.D., Executive Vice President/Chief Operating Officer, Johnson County Community College
- Paul Licausi, President, LS Commercial Real Estate, Developer/Real Estate Broker
- Steve Rumble, Kansas Area Operations Manager, CenturyLink

### **Economic Development Strategy Consultants:**

- Audrey Taylor, President and CEO, Chabin Concepts
- Don Schjeldahl, Don Schjeldahl Group

### **City of Gardner Planning Commission:**

- Adrianna Meder, Chair
- Raymond Kimzey, Vice-Chair
- Sheri Barber
- Brett Limer
- Karin Livella
- Jennifer Gilmore
- Aaron Weatherford
- Brad Austin

### **Economic Development Symposium panel:**

- Owen Buckley, President, Lane4 Property Group
- Bruce Kimmel, Senior Financial Advisor, Ehlers
- Bob Marcusse, President and CEO, Kansas City Area Development Council
- Joe Reardon, Former Mayor/CEO of Unified Government of Wyandotte County
- Dotty Riley, Attorney/Bond Counsel, Kutak Rock



City of Gardner Staff:

- Cheryl Harrison-Lee, City Administrator
- Laura Gourley, Finance Director
- Brian Faust, Public Works Director
- Mike Hall, Community Development Director
- Jeff Stewart, Parks & Recreation Director
- Michelle Leininger, Principal Planner
- Matt Wolff, Management Analyst
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