

CITY COUNCIL WORK SESSION MEETING

AUGUST 14, 2023

A Work Session meeting of the Warrensburg City Council was held on August 14, 2023, beginning at 6:00 p.m., at the Municipal Center, 200 S. Holden, with Mayor Jim Kushner presiding. Mayor Kushner called the meeting to order. Roll was called as follows, Present: Osborne, Uhler, Jones, Kushner. Absent: Bentley.

City Manager Dulin invited Tracy Brantner, Director of the Johnson County Economic Development Corporation (JCEDC) to present economic development incentives in smaller sessions as part of a larger two-hour class on upcoming agendas due to their complexity.

Brantner said the JCEDC is a non-profit 501(c)(3) organization founded in 1995. It is a public/private partnership, abides by open meetings law and serves all the communities of Johnson County including chambers of commerce and main street organizations. The mission of JCEDC is to collaborate, work together and share resources in pursuit of local development opportunities to increase the county's economic prosperity. For example, Brantner said her office produced a childcare provider list of resources, grants and other available opportunities and sent the list to childcare providers in the community.

Brantner highlighted the current Board of Directors of thirteen members (including two voting seats held by the city and county and one voting seat held by the university) and thanked Mayor Kushner and City Manager Dulin for serving on the board. The JCEDC investors include the city and county, Johnson County investors and banks, the university and school districts (pointing out that a talented workforce drives economic development), utility companies, various small businesses and financial services/bond counsel firms. The JCEDC contracts for services with the city, county, school district, Whiteman Area Leadership Council, SBDC Missouri and Pioneer Trails Regional Planning Commission. Brantner relayed JCEDC's five main pillars of business development, entrepreneurship, talent, placemaking, and regionalism abiding by data-driven performance measures created under a 2017 strategic plan.

Brantner offered an example why economic development incentives are necessary. For instance, a developer has obtained data through a request for information (RFI) process and was down to two or three different sites in either Missouri, the United States or globally, and needs to make a choice through an elimination process. Brantner said incentives would level the playing field in that decision. Brantner said incentives motivate the basic goals to grow the tax base, create good quality jobs, improve quality of life, or used to support key community initiatives. Brantner said that financial and human capital is the lifeblood of business regardless of the stage or type and that financing is involved in all areas of economic development.

Brantner said public incentive tools are enabled by Missouri state law and can only be used if enabled by law. Brantner said caution is needed when structuring and layering incentive tools to comply with constitutional and other legal requirements. State law determines the entity that has issuance authority. For instance, the county is the only statutory authority for an enhanced enterprise zone and Chapter 100 authorizes only the city to make that determination. Some incentive tools are within the city and some are not. Most incentive tools in Missouri are performance based which means few opportunities for cash up front. Missouri does have a deal closing fund with cash up front, but most are performance based on training, tax incentive, job

creation, etc. Primary employers create more churn in the economy by producing more goods and services than can be consumed by the local economy and therefore export a significant portion of them. A major benefit of primary employers is that external funds are infused into the local economy, and therefore have a substantial impact on output, employment, and wages. Such as marketing. This creates new “outside” dollars for the community. Many performance-based incentives are discretionary versus entitlement meaning the entity has the right to make that decision on their own in compliance with the state statute.

Brantner said an employer becomes entitled if it makes application and reaches all goals. JCEDC will do the cost benefit analysis for Chapter 100 application. JCEDC did the cost benefit analysis for the Dollar Tree Distribution Center. Brantner said that JCEDC knows a lot about business and identifies gaps, financing, or incentive tools, where applied if needed, to close the deal at the end of the day.

Brantner offered reasons why to apply incentives and what is the benefit. The reasons included lowering the cost of borrowing, lowering the risk, flexible structures, package loans and technical assistance. Brantner gave an example of technical assistance using the Dollar Tree Distribution Center’s need to set up training employees before the building was constructed. JCEDC took on the cost of a training center for the Human Resources team to conduct interviews and train new employees.

Brantner offered a list of public incentive economic development types including tax exemption, tax abatement, tax addition, tax credits, tax redistribution, technical assistance, grants and loans, reduced price of land and reduced cost of infrastructure. The number one most used tax exemption in Missouri is a sales tax exemption on machinery and equipment for manufacturing. Brantner said the process to get sales tax waived was to apply to the Department of Revenue and once approved, the tax is no longer processed. Brantner said a Chapter 100 tax abatement was done for Enersys, C&K Enterprises, and the Dollar Tree Distribution Center. Chapter 100 is also used to compete with Kansas and other neighboring states where auto and property taxes are waived. Brantner explained a Tax Addition is adding tax in a district paid by the taxpayer and then the additional tax revenue is used to pay off bonds, or a tax credit against income tax liability (also known as a Community Improvement District (CID), and Transportation Development District (TDD)). Brantner said Tax Redistribution redirects taxes to pay off the bonds by incremental differences and used to reimburse a developer for costs (also known as a Tax Increment Financing (TIF)).

Councilmember Uhler questioned JCEDC’s focus on primary employers and not small businesses because of not new dollars and asked what is offered to the City’s small businesses downtown. Brantner apologized if she misspoke and said it does not matter whether small or large, what matters is that sales are not taking place locally. If the dollar comes in from far away, those are considered new dollars. Brantner said there are a lot of opportunities for small businesses with tools such as grants and vocation rehabilitation programming. Dulin said more economic development incentives tools would be discussed at Brantner’s next visit and a deeper dive into what JCEDC does for small businesses.

Community Development Director Barbara Carroll said Julie Davis, the consultant with Burns and McDonnell, would present a recommendation on findings from the solid waste study. Carroll said pending good discussion and city council consensus to move forward, then city staff would bring it back in two weeks in resolution form.

Davis gave preliminary study findings in April 2023 and will present new information on key findings and offer a recommendation today. The purpose for the study was to evaluate commercial and residential solid waste services, user fees, and find gaps and opportunities. The study assessed the feasibility of organized collection options, and city-owned solid waste infrastructure (costs for owning, operation and administering functions). Davis reiterated the study used the City's strategic visions and goals, community surveys, and benchmarked surrounding communities in its analysis.

Davis said the City's current system of open market collection for residential and commercial solid waste offered the least amount of cost control, quality issues and limited services. Another option for collection was hauler licensing which was also open market with required licensing governed by minimum standards set by ordinance. The study looked at municipal collection by the city and while this would give quality control and control rates, it is a more difficult and challenging administrative step to get to in an area with staffing difficulties for difficult jobs. Based on the study's findings, city-contracted collection (municipal contract) was recommended, and Davis cited reasons for better quality control, negotiated rates and increased services.

In a municipal contract, the city would choose service options such as recycling collection once twice a week, organic recycling, and bulky item pickup and roll these options into scope of work as part of a request for proposal then offer the proposal in a competitive bid process. Davis said a competitive bid process would stabilize price increases and standardize the quality of services by written contract. Additionally, a municipal contract would include a carrot instead of stick approach for a shared benefit, environmental benefit, reduce wear and tear on city roads, and reduction in emissions and improve air quality by reducing multiple haulers.

Davis spoke with all the haulers, and there was excitement to pursue a larger stake in the game and she did not hear that someone would be put out of business if they did not get the city contract. Davis said that some community members may not like the removal of customer choice but according to the surveys, the removal of choice was the least important item noted and instead quality of service and increased services were the most important. An estimated finalized cost would be derived but not finalized until going out to bid. For instance, costs ranging from one-time fees for bin delivery or a deposit of \$14 to \$28 which is within the range paid by residents now. Trash and administrative service line to manage the contract of \$13-\$18 per month (an amount below what residents pay now), then add in recycling \$3-\$5 estimate range, yard waste \$.50-\$3.00 monthly or on-call basis totaling between \$19-\$32 a month which is within the range that most are paying now.

Davis said in 2022, the City gave a two-year notice of its intent to contract for solid waste collection services to all haulers in compliance with State statutes allowing the city to enter into a contract after February 28, 2024. The city would have a full year from then to implement procurement and bid out the service for one vendor for both commercial and residential or multiple vendors.

Davis said based on the study, a new city landfill or transfer station would not be cost competitive due to lack of volume to compete with existing costs. There is sufficient landfill capacity but the lack of infrastructure for recycling and composting services is challenging. Davis said the development of a citizen convenience station would support diversion of recycling and yard waste but would require further evaluation as this option was not part of their scope of work and it just arose as a solution. Davis said a feasibility study would need to be conducted to see what a citizen convenience station would look like and pictured it to be where the citizens would sort their recycling and a hauler would haul it away, or a more sophisticated

recycling station or a mini-MRF to process all materials collected curbside for processing and sorting materials. Further considerations would be to build a facility or compost site and give it away which could then open the door for food waste collection. Also, the idea of solving the problem of bulky items with being a university town handled at this site, then come up with design and analyze costs and impact to rates.

Councilmember Uhler asked how long Burns and McDonnell will continue to work with the city. Davis said they were contracted to enter Phase 2 Contract Negotiation, propose ordinance changes to support contract and go through the procurement process.

Discussion ensued whether each residence would be required to have a bin to get away from putting out plastic bags that animals get into, and Davis said that is certainly a best management practice and would recommend automated collection with carts. The question was asked if the carts would remain as city property and Davis described a number of ways to handle the carts including applying for grants or add the liability onto the contractor in the procurement process for maintaining, deploying and cleaning carts. Davis said the participation rate increases for single stream recycling with the offer of a recycling bin whether weekly or every other week if carts are large enough to hold. Davis said participation is different when voluntarily 10-30% participation to when everyone is included in base and given both solid waste and recycling carts to 70-80% participation. The question was asked about staggering composting for yard waste, leaves, and garden waste and Davis said food waste is more complicated and would need to go to a different place. Davis said during procurement the city would give potential bidders a menu and ask what it would cost to provide services weekly or every other week for yard waste, recycling and bulky waste and review the results to line up service level and cost.

The question was asked whether recycling normally includes glass recycling and Davis answered that it depends on the processor. The question was raised on the cost of service for seniors since they do not generate as much trash as families, and Davis said the study did not go into it but that is something that can be put into discount for service. Davis said door service is a fee for the citizen to fill the cart at the garage door for the driver to retrieve instead of at the curb. The question was asked about multi-family apartment buildings without space for a dumpster, and Carroll said changes would occur to the city's ordinance to reflect requirements for dumpsters with enclosures for existing multi-family units and affecting new sites. Davis said 2, 4 or 6 unit multi-family dwellings requirements can be defined in the procurement process which would give those families equal access to services at the contracted price.

The city council was in consensus to move forward with the municipal contract recommendation and begin Phase 2 of the Scope of Work with the consultant by adopting a resolution in two weeks. Mayor Kushner requested a single provider rather than lots of providers and that recycling be addressed. Councilmember Jones confirmed that solid waste was a utility and paid for by user fees. Further, Jones requested curbside recycling with glass and/or a place to take glass or other things that were not easy to put in the cart. The city council was interested in pursuing a clean and well-managed customer convenience center.

As there was no further business, the meeting adjourned at 7:00 p.m.

Jim Kushner, Mayor

Attest:

Jodi L. Schneider, City Clerk

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