

RESOLUTION NO. 031014-3

A RESOLUTION DEFINING CERTAIN TARGET INDUSTRIES FOR ECONOMIC DEVELOPMENT PURPOSES FOR THE CITY OF ABILENE, KANSAS

WHEREAS, the Economic Development Council is charged with developing policies that seek to preserve and expand Abilene's economic base;

WHEREAS, the Economic Development Council has review and recommended approval of a list of target industries to guide business recruitment in Abilene; and

WHEREAS, the City of Abilene desires to establish its target industries, not as a means to limit economic development efforts, but rather as a means of providing guidance to business recruitment in Abilene.

NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

Section 1. Target Industries; Designation. That the City of Abilene, Kansas, hereby adopts the following industries as its Target Industries for the purpose of business recruitment: Bioscience, Agri-manufacturing, Transportation Services, Natural Gas Energy, and Tourism and Events. These locally designated Target Industries shall supplement target industries designated by the State of Kansas.

Section 2. Amendments. The aforementioned Target Industries may be revised and amended from time to time by passage of a Resolution.

Section 3. Implementation; Reporting. The City Manager, or designee, is hereby authorized to develop strategies for recruiting businesses in the aforementioned Target Industries, and shall provide an annual report to the City Commission and the Economic Development Council regarding the implementation of this Target Industry policy. Said report shall be provided in the First Quarter of each year.

Section 4. Effective Date. That the effects of this Resolution shall be in full force after its approval by the City Commission.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 10th day of March, 2014.



CITY OF ABILENE, KANSAS

By: 
John F. Ray, Mayor


Penny Soukup, CMC
City Clerk

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Proposed Business Investment Grant Program
DATE: February 28, 2014

The Economic Development Council has recommended approval of a \$50,000 grant program as an initiative to help promote economic activity within Abilene. As presently proposed, interested parties could submit a proposal requesting funds up to \$15,000, although proposals would require a private contribution of 80% of the total proposal budget. Therefore, a \$15,000 proposal would require \$75,000 in additional contributions beyond the City's grant. If the entire \$50,000 is awarded to businesses or entrepreneurs, the City will have leveraged resources for at least \$250,000 in business-related investment in the community.

This program is being proposed as an initiative to facilitate economic growth and investment in Abilene. One of the City's top priorities for the last few years has been to focus on efforts to facilitate economic investment. The proposed Business Investment Grant Program provides another tool that the City may use to help its small businesses and entrepreneurs develop and grow business enterprises.

The Economic Development Council will review proposals each month to determine if grant funds will be awarded. Funding of grants is subject to the availability of funds; once the total allocated funds have been awarded, the program will be closed for the year. Therefore, interested parties are encouraged to submit proposals as soon as possible to be considered for funding.

Special Considerations: This program would award grants to business or entrepreneurs as opposed to loans that would require repayment. Proposals that received funds may not be successful, and may result in a loss of public dollars as a result of private venture failure. Public dollars that are provided to private ventures that fail may put the City under scrutiny. The program seeks to minimize risk by requiring applicants to provide documentation on their proposal that will be reviewed by staff and the Economic Development Council. In addition, the City's risk is already limited due to the size of potential awards and the relatively small pool of funds being allocated to the program.

There may also be a concern of favoritism with awarding grants. To minimize these concerns, the review process will be conducted in compliance with the Kansas Open Records Act and Kansas Open Meetings Act. In addition, the program will be administered in compliance with Section 1-309 of the City Code relating to the City's Code of Ethics.

Budgetary Considerations: The Business Investment Grant Program would be funded from the General Fund reserve. Presently, the General Fund has a fund balance of slightly more than \$1.5 million. City policy requires the City to maintain a reserve of at least \$1.0 million. The General Fund will still maintain reserves at a level approximately 45% greater than the required target balance of \$1.0 million if the City Commission authorizes \$50,000 for implementation of this program.

Funds in excess of the target balance may be authorized by the City Commission for the following expenses: 1) one-time expenditures which do not substantially increase recurring operating costs; 2) newly identified or previously unfunded capital improvement projects or equipment, considered in light of the full capital improvement program; 3) shifting of capital projects from bond or lease financing to "pay-as-you-go" financing to reduce future debt service costs; 4) start-up expenditures for new programs undertaken at mid-year, provided that such action is considered in the context of revenue expectations and expenditure obligations in future budget years; and 5) transfers to Capital Improvement or Equipment Reserve Funds.

City Manager Recommendation: It is the opinion of the City Manager that existing policy would allow the use of General Fund reserves to fund this program because the program will be a one-time expense that will not increase recurring operating costs. The City Manager, therefore, recommends approval of the proposed Business Investment Grant Program as a tool that can be used to assist small businesses and entrepreneurs in business-related projects or initiatives. The program would only be funded for 2014; in event that it is administered successfully, the City Commission may wish to consider a more permanent funding source in order to continue it into the future.

City Commission Actions: The City Commission may exercise the following options with respect to this issue:

1. Approve a resolution authorizing the program as presently proposed.
2. Approve a resolution authorizing the program with changes to the proposal. This option would require the City Commission to specify the changes to be made to the proposal.
3. Table the proposal and return it to the Economic Development Council for reconsideration on a specific aspect of the proposal. This option would require the City Commission to specify what the EDC is to review.
4. Deny approval to a resolution authorizing the program.

Supporting Documentation:

- Abilene Business Investment Grant documentation