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## **BOARD MEETING AGENDA**

### **ZONE 1 ZONE**

DATE: October 23, 2019  
TIME: 11:00 AM.  
PLACE: 300 Wyandotte, Suite 400  
Kansas City, Missouri

1. **Roll Call**
2. **Project Decoy** (Zone 1), (Ex. 1-A, 1-B, 1-C & 1-D)

#### ***EXECUTIVE SESSION***

3. **Consideration of legal, real estate and personnel issues, and other matters related thereto, pursuant to Sections 610.021(1)(2)(3) RSMo.**

#### ***RESUME BUSINESS SESSION***

4. **Adjourn**

**Project Decoy – Consideration for Approval of Tax Abatement**

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**Project Description:**

This Headquarters project for a Financial Services (AdvanceKC Target Sector) firm will immediately bring 919 new jobs to the state of Missouri and the City of Kansas City, Mo. The average wage for the positions is over \$166,337 and the company would like to be a part of a build to suit newly constructed building in the downtown area of Kansas City. This project will add to the skyline in Kansas City by creating a quality new construction high rise and increase the population of individuals working every day in downtown Kansas City. Aside from the initial jobs being located, the company is projecting an additional 120 new jobs with the same average wages over a 6-year period. The AdvanceKC project score for this project is a 92, which is high impact and does make the project a potential exception to the 160383 Caps Ordinance.

Project Decoy is seeking a 15-year full-service lease with the development partner and as a result is requesting a 15 year / 75% tax abatement via the EEZ. Project Decoy is also seeking a 15 year/50% Chapter 100 that includes STECM coupled with a 15 year/50% tax redirection agreement with the City of Kansas City, MO.

This project presents the opportunity for a newly built addition to the downtown area that adds density to the working population in the heart of the KC region and will also increase employment with a longstanding KC area firm as a result. The project will also be seeking to engage in a workforce partnership with the KC community via the Full Employment Council, which is the workforce system for the region.

The site indicated is located within the Enhanced Enterprise Zone 1.

**Investment & Employment:** Project Decoy estimates it will bring **919 new full-time jobs** to Kansas City, Missouri with an average annual wage of **\$166,337** and **create** 120 new full-time jobs over 6 years creating approximately **\$172,824,143** in net new payroll.

Project Decoy estimates **\$89,881,250 capital investment** including \$79,781,250 in lease and improvements and \$10,100,000 in personal property investment.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Retained Employees							
New Employees	939	20	20	20	20	20	1,039
Total							1,039

**AdvanceKC:** This project received a **high impact** Advance KC score of **92**.

**Financial Impact Analysis:** The EDC used the EEZ Incentive Analysis to determine the level of discretionary incentive. Based on the analysis the company is eligible for a 100 percent, 20-year abatement, based on the creation of 1,039 jobs at greater than 130% of AMI. If the scoring did not reflect the new jobs being transferred from Kansas and only the 120 newly created positions, it would be eligible for 10 years at 75% according to the EEZ scoring guideline.

**Abatement Request:** Project Decoy is requesting 75 percent tax abatement on improvements for a 15-year period.

**Staff Recommendation:** EDC staff recommends EEZ Board 1 approval of the request by Project Decoy, for real property tax abatement of 75 percent on improvements for a 15-year period and further recommends a favorable referral by the Board to the City Council. The reasoning for this level of abatement by staff is that these new jobs are at a very high wage and the industry is a target industry for Kansas City where we have industry strength. The project also represents the opportunity for a new construction building in the downtown area, which will be the first multistory office complex to be constructed in almost 15 years. The H&R Bloch HQ building was the last vertical new office building to be constructed. We are sensitive to and recognized the timing of this project relative to the border war legislation, but this was a grandfathered project by the state of Missouri and as such, Staff feels we should view this the same way locally. It is an exception to the AdvanceKC ordinance due to the high impact scoring and we think that the recommended incentive provides the necessary abatement to finalize the deal using the minimum amount of public benefit necessary. Based on the above facts around the Quality of employment, Headquarters and new construction elements, Staff feels this will be a quality project and addition to downtown density.

*Action recommended:*

APPROVAL OF PROJECT DECOY REQUEST FOR 75 PERCENT TAX ABATEMENT ON IMPROVEMENTS MADE TO REAL PROPERTY FOR A 15-YEAR PERIOD.



## Job Based Project Evaluation

**Instructions:** Using the drop down menu in the grey boxes, select the points and multipliers for the project. Clicking a grey box will cause an arrow to appear; clicking the arrow will show a dropdown menu where you can select options.

Project Name: Project Decoy

Score: 92

### PART I - JOB CREDIT SCORE

The Job Credit Score is based on the number of jobs and the average wage. To determine the job credits score:

- Determine Job Points - the number of points earned due to the amount of jobs created or retained;
- Find the Wage Multiplier that corresponds to the average wage per job and the quadrant of the City where the project is located; and

Your total score for Part I will automatically appear in the dark grey box.

- Job Points - Number of jobs created or retained by the project.

Point Value: 20

Jobs Created or Retained	Point Value
2 - 40	5
41 - 99	10
100 - 300	15
301+	20

- Wage Multiplier - Find the quadrant of the City where the project is located (use the list below).

Multiplier: 2

	Less than Living Wage	Less than Average Wage	100% - 120%	Greater than 120%
Non-Distressed	< \$21,672	\$21,672 - 61,662	\$61,662 - 73,994	> \$73,994
Distressed	< \$21,672	\$21,672 - 45,654	\$45,654 - 54,785	> \$54,785
Severely Distressed	< \$21,672	\$21,672 - 40,226	\$40,226 - 48,272	> \$48,272
Continuously Distressed	< \$21,672	\$21,672 - 31,620	\$31,620 - 37,944	> \$37,944
Wage Multiplier	0	1	1.5	2

**TOTAL Point Value for Part I:** 40

### PART II- PROJECTED NEW PAYROLL

Determine the net new payroll projected the project will bring to the City (total number of jobs created multiplied by the average wage per job). Depending on where the project originates (existing KCMO company, new to Missouri, or new to the KC region entirely), select the appropriate point value.

	Projected Net New Payroll			
	\$0 - \$1 M	\$1 M - \$5 M	\$5 M - \$12 M	\$12 M+
New to KCMO	0	1	3	5
New to Missouri	1	3	5	7
New to KC Region	3	5	7	10

Point Value: 7

**TOTAL Point Value for Part II:** 7

### PART III - INVESTMENT IMPACT

The amount of personal property investment (including lease payments) over the first 10 years of the project corresponds to the point values below.

Total Investment	Point Value
\$0 - \$500 K	10
\$500 K - \$4 M	15
\$4 M - \$15 M	20
\$15 M+	25

Point Value: 20

**TOTAL Point Value for Part III:** 20

### PART IV - TARGETED SECTOR

Does the project fall into one of the business types listed as a target sectors (listed below)? If so, receive 15 points.

Select One: N/A

NAICS Code (First Four Digits):

- Design & Engineering - 5413, 5414, 5418, 5419
- Non-Profit Management - 8132, 8133, 8134, 8139, 7121
- Health Sciences & Services - 5417, 6211, 6214, 6215, 6221, 6222, 6223
- Arts - 3323, 3372, 3399, 5111, 5112, 5121, 5122, 5151, 5191, 7111, 7113, 7114, 7115
- Supply Chain Management - 2212, 4242, 4821, 4841, 4842, 4882, 4885, 4231, 4236, 4238, 4246
- Financial and Technical Services - 5182, 5191, 5221, 5222, 5223, 5231, 5232, 5239, 5241, 5242, 5251, 5259, 5412, 5416
- Specialized Manufacturing - 3251, 3252, 3253, 3259, 3261, 3262, 3315, 3323, 3327, 3328, 3329, 3335, 3361, 3362, 3363, 3364, 3365, 3369

**TOTAL Point Value for Part IV:** 15

# PART V - PROJECT ENHANCEMENTS

A maximum of **10 points** possible. Check "yes" for all that apply.

	Yes or No?	
a) Headquarters Facility (5 pts)	N/A	5
b) Project includes a Full Employment Council (FEC) or Metropolitan CC-approved workforce training program (5 pts)	N/A	5
c) Project includes second chance programs (e.g. Ban the Box)(5 pts)	N/A	0
d) Project includes veteran hiring programs (5 pts)	N/A	0
e) Project is part of competitive attraction or retention effort (10 pts)	N/A	0

**TOTAL** Point Value for Part V: **10**

## TOTAL JOB-BASED SCORE (Out of 100 Possible Points):

**92**

Score	Not Recommended	Low Impact	Standard Impact	High Impact
Impact	0 – 29	30 – 49	50 – 74	75 – 100



## Longer & Deeper Analysis Tool

Project: Project Decoy

Number New Jobs Created: 1,039

Average Wage: \$166,337

AMI	Abatement	10 Years (2-199 jobs)	15 Years (200-499 jobs)	20 Years (500+ jobs)
<b>80% AMI</b> (\$39,669)	<b>50%</b>			
<b>90% AMI</b> (\$44,627)	<b>55%</b>			
<b>100% AMI</b> (\$49,586)	<b>60%</b>			
<b>110% AMI</b> (\$54,545)	<b>65%</b>			
<b>120% AMI</b> (\$59,503)	<b>70%</b>			
<b>130% AMI</b> (\$64,462)	<b>75%</b>			<b>X</b>

- Projects that meet the minimum state requirements and are located in a severely distressed census tract that has continuously maintained such status for not less than the ten (10) immediately prior years, may receive up to 100% abatement for up to 20 years.
- Projects that create new jobs with wages at least 130% of AMI and have a High (75 or above) project impact score on the AdvanceKC Scorecard may receive up to 100% abatement for up to the number of years indicated on the chart above, based upon the number of new jobs created.

Note: This tool is for guidance to the EEZ Board and Staff, with the intent to provide general standards and predictability. The EEZ Board retains discretion to deviate from this tool (by recommending lesser or greater abatement) in exceptional cases, subject to applicable law (including City ordinances).





## Longer & Deeper Analysis Tool

Project: Project Decoy

Number New Jobs Created: 120

Average Wage: \$166,337

AMI	Abatement	10 Years (2-199 jobs)	15 Years (200-499 jobs)	20 Years (500+ jobs)
<b>80% AMI</b> (\$39,669)	<b>50%</b>			
<b>90% AMI</b> (\$44,627)	<b>55%</b>			
<b>100% AMI</b> (\$49,586)	<b>60%</b>			
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