

Introduced by: Popp, Merkes
Date: 03/02/99
Hearing: 04/06/99
Action: Enacted
Vote: 9 Yes, 0 No

**KENAI PENINSULA BOROUGH
ORDINANCE 99-14**

**AN ORDINANCE ENACTING PROVISIONS IN KPB CHAPTER 19.30
ESTABLISHING PROCEDURES, CRITERIA AND GUIDELINES FOR THE
EXERCISE OF ECONOMIC DEVELOPMENT POWERS**

WHEREAS, in Ordinance 97-01, the Kenai Peninsula Borough adopted economic development powers in the area of the borough outside the cities but did not establish any criteria or guidelines for exercising such powers; and

WHEREAS, in Resolution 98-011, the assembly established a committee to develop criteria and guidelines for exercising economic development powers; and

WHEREAS, during the July 14, 1998, assembly meeting, the assembly passed a motion to extend the reporting date for the committee to February 16, 1999; and

WHEREAS, the committee has filed a report with the assembly including proposed procedures, guidelines, and criteria for support of economic development projects within the borough; and

WHEREAS, the borough contracts with the Economic Development District, Inc. to provide economic development services on a nonareawide basis and planning services on an areawide basis; and

WHEREAS, Goal 2.1 of the Comprehensive Plan is “[t]o increase employment and investment in the Kenai Peninsula Borough,” with supporting objectives and actions including investigating and recommending new public policies and programs which will facilitate economic development; and

WHEREAS, the borough’s best interests would be served by adopting such procedures, guidelines, and criteria to provide a systematic mechanism for responding to economic development proposals for borough support;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That existing KPB 19.30. Exercise of economic development power, shall be renumbered as KPB 19.30.010, and the following new provisions shall be enacted:

19.30.020. Purpose and scope.

The purpose of this chapter is to provide criteria, guidelines, and procedures for borough support of responsible economic development projects on a nonareawide basis. Nothing in this chapter shall be construed to create any right whatsoever to borough support of any proposal, and the borough reserves the right to reject any and all such proposals. Consistent with the above, this ordinance does not apply to borough consideration of projects with primary purposes other than economic development; consideration of such projects shall be within the scope of other applicable borough powers.

19.30.030. Policy.

It is the policy of the Kenai Peninsula Borough to support responsible economic development within the borough, subject to applicable legal and fiscal constraints. The borough will provide indirect support to all economic development projects, as defined in this chapter, by establishing policies and regulations that facilitate business activity. The borough may also provide direct support for major economic development projects determined to have a significant impact on the borough economy and a high probability of long-term success.

19.30.040. Initial evaluation procedure and criteria.

All proposals for borough support of an economic development project shall initially be evaluated by an organization as may be designated by the mayor (“screening agency”). Such initial evaluation shall identify whether the project satisfies the following minimum requirements for direct borough support under this chapter:

1. The project must provide “economic development” as defined in this chapter;
2. The project must be supported by a “bank-ready business plan” as defined in this chapter;
3. The project must be situated in the area of the borough outside of the cities; and
4. The business plan must demonstrate that the proposed borough participation in the project as planned will
 - a. provide either a \$10 million increase in the borough property tax base, or a minimum of 25 permanent full-time jobs in the area of the borough outside the cities; and
 - b. either reduce imports or increase exports from the borough; and
 - c. not take market share from existing businesses within the borough.

5. The project will meet the above criteria within a reasonable time period as defined by standard business practices.

The burden is on the project applicant throughout this process to demonstrate that the project, as proposed, satisfies the requirements of this chapter.

Projects satisfying all five of the above criteria shall be referred to the office of the borough mayor for evaluation, along with a written analysis prepared by the screening agency. Projects not satisfying all five of the above criteria shall not be eligible for direct borough support under this chapter, and may be referred to an agency other than the borough for assistance.

19.30.050. Evaluation by borough mayor.

a. Evaluation Committee. The mayor shall appoint, and the assembly confirm, a standing committee of ten persons from the private sector with business and technical expertise, from which three persons shall be selected and appointed by the mayor to evaluate each economic development project referred to the borough by the screening agency. The three persons shall assess the project's viability and submit a written report to the mayor including written findings, and recommending the level and form of direct borough support, if any. The office of the mayor shall provide administrative support for any such committee.

b. Fee: Prior to borough evaluation of a project under this paragraph, the applicant may be required to submit an application fee, as may be established by assembly resolution, to help defray administrative costs.

c. Procedure: Based upon the recommendations of this committee and such other information as the mayor considers appropriate, the mayor shall issue a written report recommending that the proposal either be considered by the assembly for direct borough support or that it not be presented to the assembly. This report shall be presented to the assembly within sixty days of the borough mayor's receipt of a referred proposal, and fee when applicable, or by such later date as may be authorized by the assembly by motion or resolution. An ordinance setting forth the proposed direct support shall be submitted for introduction simultaneously with the report, for projects recommended for direct support.

d. Projects not recommended for direct support: Projects not recommended for direct borough support may be referred back to the screening agency for further evaluation and possible referral to any appropriate external agency other than the borough. Any such project shall not be presented to the mayor's office for reconsideration for a minimum of six months after disapproval absent significant, substantial, and compelling changes to the proposal.

19.30.060. Forms of direct borough support.

Direct support from the borough for economic development projects may include the use or transfer of borough land, tax credits, and other forms of support as approved by the assembly.

B. Tax Credits.

Tax credits available for economic development projects shall include the economic development tax exemption to the extent the project qualifies for that exemption, and any other exemptions that are allowable under state statute and borough code.

C. Other.

The assembly may consider other forms of direct support of qualifying economic development projects, provided that direct monetary contributions, either in the form of loans or grants, to applicants for direct borough support for economic development purposes, shall not be available through this process. This shall not be construed to prohibit access to tax exempt financing for such purposes.

19.30.070. Definitions.

For purposes of this chapter, the following terms shall have the following meanings.

“Adds to long-term tax base” means an ~~increase in the~~ assessed valuation of taxable property in the borough.

"Bank-ready business plan" means a business plan typically required by banks for loan applicants containing, at a minimum:

- 1) a detailed description of the company and proposed project;
- 2) a detailed description of the product or service to be rendered;
- 3) a feasibility study including market opportunity, competition, trends, research and promotional strategies, management strategies including job creation, job descriptions, key personnel, and long- and short-term employment projections, detailed financial projections for the next five years;
- 4) résumés of all managerial and significant technical personnel;
- 5) financial statements of the company, including the current year and up to five previous years for any such years the company has been in business; and
- 6) an analysis of how this project qualifies for direct borough support under this chapter, and a detailed description of the requested borough support.

“Economic development” means private sector expansion that creates permanent jobs, adds to the borough’s long-term tax base, and results in enhanced economic activity and quality of life for borough residents.

“Enhanced economic activity” means an activity which increases job opportunities and otherwise encourages the economic growth of the borough including the development of its natural resources through the establishment and expansion of manufacturing, industrial, export, small business, and business enterprises and other facilities.

“Enhanced quality of life” means an improvement of community characteristics affecting lifestyles within the borough, based upon community standards as determined by the borough assembly with input from the community at large.

“Permanent jobs” means full-time equivalent jobs for five continuous years excluding construction jobs which are tied directly to the economic development project.

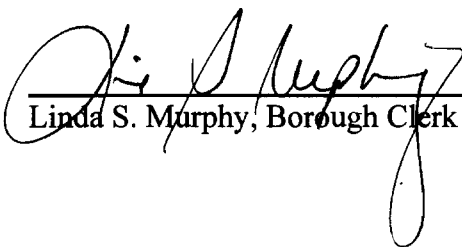
SECTION 2. That this ordinance shall take effect July 1, 1999.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 6TH DAY OF APRIL, 1999.



Ronald Wm. Drathman, Assembly President

ATTEST:



Linda S. Murphy, Borough Clerk

