

**Performance Audit
Tax Increment Financing Follow-Up**

April 2007

City Auditor's Office

City of Kansas City, Missouri



Office of the City Auditor

21st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

(816) 513-3300
Fax: (816) 513-3305

April 4, 2007

Honorable Mayor and Members of the City Council:

The city charter requires an economic incentive policy. Adopting an effective one should strengthen the tax increment financing (TIF) program and better ensure decisions regarding TIF proposals represent the public interest. A policy that reflects best practices would include four components recommended by the Government Finance Officers Association. The policy would set goals and criteria for incentives, conditions under which the city will grant them, define consequences for failure to deliver planned benefits, and define the benefits to the government and those receiving the incentives. The city manager should develop for council consideration an economic incentive policy that includes these components.

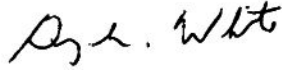
The City Council and TIF Commission need realistic revenue projections when evaluating TIF proposals. Stakeholders told us they measure the success of individual TIF plans by whether they achieve revenue projections. Redirected TIF revenues were less than original projections for about 78 percent of the plans. Active TIF plans produced only 50 percent of promised EATs and PILOTs revenues, a shortfall of about \$230 million through December 2005. The city manager should take steps to improve projections used by the TIF Commission and City Council when evaluating TIF proposals.

Revenues from five city-backed TIF plans are insufficient to cover debt service payments. The city used money from the general fund and other sources to cover the debt, which could reduce the money available to spend on basic city services.

The City Council and the TIF Commission also need quantifiable measures of TIF plan performance. The city manager should ensure reporting of comprehensive performance measures for TIF plans. He should also introduce an ordinance that specifically requires reporting annual comparisons of actual and projected revenues and verified job data on TIF plans. When decision makers clearly see plan progress, they will be better able to ask important questions, push for improvement, and make informed decisions about future TIF proposals.

Evaluating the effectiveness of the city's program absent policy and performance measures is difficult. Implementing the recommendations will lay a foundation for evaluating the effectiveness of the city's TIF program.

A draft report was sent to the city manager and director of finance on December 29, 2006. Management's response is appended. At the request of the Finance and Audit Committee, a draft of the report was sent to the president and CEO of the Economic Development Corporation on February 1, 2007. His response is also appended. We have also appended our comments to his response. We would like to thank staff of the Finance Department for their cooperation. The audit team for this project was Brandon Haynes, Sharon Kingsbury, Joyce Patton, Sue Polys, and Mike Eglinski.

A handwritten signature in black ink, appearing to read "Gary White". The signature is written in a cursive, somewhat stylized font.

Gary White
Acting City Auditor

Tax Increment Financing Follow-up

Table of Contents

Introduction	1
Objectives	1
Scope and Methodology	1
Background	2
Tax Increment Financing	2
Payments in Lieu of Taxes (PILOTS)	2
Economic Activity Taxes (EATS)	3
TIF Annual Report	3
Previous Audits Identified Problems with TIF	4
Findings and Recommendations	5
Summary	5
Adopting Economic Incentive Policy Will Strengthen TIF Program	5
New City Charter Requires Economic Incentive Policy	6
Components of an Effective Economic Incentive Policy	6
TIF Plans' Revenues Performing Below Expectations	7
Revenues Below Projections	7
Some City-Backed TIFs Are Not Meeting Debt Service Obligations	10
TIF Plans Need Performance Measures and Improved Performance Reporting	12
Recommendations	15
Appendices	17
Appendix A: Projections and Redirected Revenues by TIF Plan	17
Appendix B: Comparison of Redirected TIF Revenues to Last Projections	45
Appendix C: City Manager's Response	49
Appendix D: President and CEO of the Economic Development Corporation's Response	55
Appendix E: Acting City Auditor's Comments to the President and CEO of the Economic Development Corporation's Response	67

List of Exhibits

Exhibit 1. Original Projections and Redirected Revenues for Active TIF Plans from Inception through 2005	8
Exhibit 2. Comparison of Expected and Redirected Revenues by TIF Plan from Plan Inception through 2005	9
Exhibit 3. TIF Plans Backed by City-Issued Bonds (Status as of March 2006)	11

Introduction

Objectives

We conducted this follow-up performance audit of tax increment financing (TIF) under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties.

A performance audit systematically examines evidence to independently assess the performance and management of a program against objective criteria. Performance audits provide information to improve program operations and facilitate decision-making.¹

This report is designed to answer the following questions:

- How does the city guide the use of tax increment financing?
- Have the TIF plans met original revenue projections?

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. Methods included:

- Interviewing stakeholders about the use and guidance of TIF.
- Reviewing state statute related to tax increment financing.
- Reviewing TIF plans, development agreements, annual reports, and other documents.
- Analyzing city financial records.
- Collecting information on redirected revenues from county governments.
- Comparing projected TIF revenues to redirected revenues from plan inception through 2005.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office 2003), p. 21.

Our audit was not designed to evaluate the effect of TIF on the city's overall fiscal condition and capacity or identify fiscal and non-fiscal benefits. The City Council directed the city manager to do such a study in February 2004, but the city manager has not yet completed the study. (Committee substitute for resolution 011726.)

No information was omitted from this report because it was deemed privileged or confidential. Release of the final report was affected by an external impairment to independence.

Background

Tax Increment Financing

Tax Increment Financing (TIF) is an incentive the city provides developers to encourage real estate development and redevelopment. Its purpose is to improve areas affected by blight or adverse conditions that make private investment unlikely, thereby enhancing the city's tax base. A portion of the increased taxes generated by the development may be used to help pay for development costs.

The TIF Commission recommends approval of TIF plans and projects. The Tax Increment Financing Commission was created by Ordinance 54556 on November 24, 1982 in accordance with the Real Property Tax Increment Allocation and Redevelopment Law (Chapter 99.800 RSMo). The mayor appoints six commissioners to the governing body with the City Council's approval. The TIF Commission reviews the proposals of developers seeking tax increment financing, evaluates the proposals, and makes recommendations to the City Council for plan or project approval.

When the commission is considering a particular TIF plan or project, the commission also includes two representatives from the affected school districts, two representatives from the affected county, and one representative from any other taxing jurisdiction. The TIF Commission meets monthly.

Payments in Lieu of Taxes (PILOTs)

When a developer constructs a TIF project within a TIF plan area or TIF district, the value of the real estate increases. The additional property taxes that are generated due to property improvements is called the "increment." The property owner pays property tax on the original value

of the real property, and also pays the amount of the increment. Payment of the increment is called a “payment in lieu of taxes” (PILOT).

The city and affected county identify the increment amount paid by the property owner. The county transfers PILOTs to the city and the city transfers the county’s and city’s increments to the TIF Commission to reimburse the developer for a portion of the project’s costs, to pay bond obligations, and to pay for the cost of administering the TIF program. The “increment” can be used to pay redevelopment expenses for a project within a TIF plan area or district for up to 23 years after a project is approved.

Economic Activity Taxes (EATs)

Missouri law allows increases in local economic activity taxes (EATs), such as utility, earnings, profits, and sales taxes, to be made available to fund a portion of development costs. In most TIF plans, fifty percent of the EATs increment is available to pay project costs. Both the city and the affected county in which the project is located redirect tax dollars to the TIF Commission. County EATs are not transferred through the city but flow directly to the TIF Commission.

In Kansas City, the City Council has also approved the use of “Super TIF.” Under a normal TIF plan, 100 percent of PILOTS and 50 percent of the local economic activity taxes (EATS) generated above the tax base are available to reimburse eligible costs. Under Super TIF, 100 percent of PILOTS and up to 100 percent of EATS are made available. This additional amount is appropriated annually by the City Council.

TIF Annual Report

Missouri state law requires that municipalities report annually on the status of each TIF plan and project to the state’s Department of Economic Development. The report should include the EATs generated within the redevelopment area and PILOTs received and expended. According to the 2006 TIF Annual Report, the City Council has approved 53 TIF plan areas or districts that are considered active.

Previous Audits Identified Problems with TIF

Our office has released four audits since 1998 that address various aspects of the use of tax increment financing, as well as the administration of TIF.² Among the key findings of those audits are:

- Revenues resulting from TIF projects significantly lower than projected;
- No explicit public strategy to guide the use of TIF;
- Problems with financial and management controls related to the way TIF was administered;
- Decision-makers needed information showing the impact of TIF plans on the city's overall financial condition;
- The TIF Commission and its staff needed to establish effective oversight and control of public revenues; and
- Lack of clear policy direction resulted in confusion and delays among various stakeholders involved in identifying and transferring tax dollars to the TIF Commission.

² *Performance Audit, Tax Increment Financing*, September 1998; *Review of the 1999 TIF Annual Report*, August 2000; *Controls Over TIF Expenditures*, September 2003; *Estimating Tax Dollars Owed to the TIF Commission*, March 2005.

Findings and Recommendations

Summary

Adopting an economic incentive policy will strengthen the TIF program and the newly approved city charter requires one. To ensure that the city adopts an effective economic incentive policy, it should include components recommended by the Government Finance Officers Association.

TIF plans revenues are below original projections. By the end of 2005, active TIF plans produced only 50 percent of promised EATs and PILOTs revenues, a shortfall of about \$230 million. Revenue projections have been consistently overstated. TIF revenues fell below original projections for about 78 percent of the plans. To ensure that the council and the TIF Commission have realistic information on which to base decisions, the city manager should take steps to improve projections used by the TIF Commission and the City Council when evaluating TIF proposals.

Revenues from five of the city-backed TIF plans are insufficient to cover debt service payments. Money from the general fund and other sources were used to cover the debt, which could affect spending on basic city services.

To ensure that the millions of tax dollars used for TIF plans achieve the intended goals, the city manager should ensure reporting of comprehensive performance measures for TIF. We also recommend that the city manager introduce an ordinance that specifically requires reporting annual comparisons of actual and projected revenues and verified job data on TIF plans.

Adopting Economic Incentive Policy Will Strengthen TIF Program

The city needs to develop an economic incentive policy to set goals and criteria, set conditions under which the city will grant incentives, define consequences of failure to deliver planned benefits, and define the benefits to the government and those receiving incentives.

New City Charter Requires Economic Incentive Policy

Citizens approved a new city charter in August 2006, which requires debt and economic incentive policies.

Sec. 807. Debt and economic incentive policies.

The Council shall enact by ordinance a policy that reflects best practices for the prudent issuance, management, and use of debt, including bonds, and the use of economic incentives.

Source: Article VIII, Division 1, Charter of Kansas City Missouri, August 2006.

An economic incentive policy will increase the council's ability to target incentives to projects that conform to requirements enacted by the council. Some stakeholders are concerned a policy will limit the city's flexibility to respond to development opportunities. A formally adopted city policy gives the City Council a means for holding city staff and appointed economic development boards accountable for reviewing and approving development proposals that conform to city policy—as opposed to the current situation, which forces the council to grapple with individual projects on a case-by-case basis, without an overall policy framework.

Adopting an economic incentive policy will also provide the city with components necessary to evaluate the effectiveness of the TIF program. Evaluating the effectiveness of the city's program absent policy and performance measures is difficult.

Components of an Effective Economic Incentive Policy

The Government Finance Officers Association (GFOA) recommends four components that should be included in a public policy for economic development incentives³:

- Specific goals and criteria that define the economic benefit both the government and the entities receiving the incentives expect to gain.
- The conditions under which the incentives are to be granted.
- The actions to be taken should actual benefits differ from planned benefits.

³ Government Finance Officers Association, Recommended Practices, Budgeting and Fiscal Policies, Economic Development Incentives (1990), <http://www.gfoa.org/services/rp/budget/budget-economic-development.pdf>

- The economic benefits to the government and the costs of the incentive should be measured and compared against the goals and criteria that have been previously established.

TIF Plans' Revenues Below Expectations

TIF plans generated about \$230 million below original projections. The projections are the revenue expected to be available to pay redevelopment costs. The City Council reviews the TIF plan, including the projections made by developers who have an interest in securing public incentives, before plan approval.

TIF projections consistently overstate TIF revenues. TIF revenues fell below original projections for about 78 percent of the plans. Approved plans are a promise by both the developer and the City Council to citizens about what will happen in a TIF area. Financial projections included in TIF proposals provide the City Council and the TIF Commission with important information for making decisions about the appropriateness and feasibility of TIF.

Ten of the approved TIF plans are backed by city bonds. Revenues from five of these TIF plans are insufficient to cover debt service. Money from the general fund and other sources must be used instead, which could affect spending on basic services.

Revenues Below Projections

TIF revenue totaled only 50 percent of original projections. We compared redirected revenues to original projections because those projections are the basis for the TIF Commission and City Council's first approvals of the use of the incentive. These original projections help sell the plans to the TIF Commission and the City Council. Less than a fourth of the plans met or exceeded expectations.

TIF revenues fell \$230 million below original projections. TIF plans produced only 50 percent of promised revenues. The plans projected about \$465 million in revenue but produced only \$231 million through 2005. Plans projected almost \$188 million in EATs revenue, but produced only \$111 million. TIF plans projected almost \$277 million in PILOTs revenues, but generated only \$120 million. (See Exhibit 1.)

Exhibit 1. Original Projected and Redirected Revenues for Active TIF Plans from Inception through 2005.⁴

	Original Projected Revenues	Redirected Revenues ⁵	Difference	%
EATs	\$187,582,650	\$111,488,986	\$ (76,093,663)	59.4%
PILOTs	276,924,085	119,881,037	(157,043,049)	43.3%
Total	\$464,506,735	\$231,370,023	\$(233,136,712)	49.8%

Source: TIF plans and amendments; City of Kansas City, Missouri, Finance Department.

Key stakeholders said plan success could be measured by whether plans are meeting revenue projections. By this measure, only nine TIF plans are performing adequately. (See Exhibit 2, sorted by amount of difference between expected revenues and redirected revenues.) For a comparison of projected and redirected revenue for active plans, see Appendix A.

In addition to comparing to the original projections, we compare redirected revenues to the projections from the most recent amendments to TIF plans. (See Appendix B.) Based on that comparison, TIF revenues totaled almost 57 percent of projections.

⁴ Some figures may not foot due to rounding.

⁵ Redirected revenues are those taxes collected by taxing jurisdictions which are transferred to the TIF Commission. The figures for redirected revenue don't include taxes paid within TIF areas for 1996-2005 but not yet transferred to the TIF Commission. Those taxes paid to the city total \$6.7 million. Our March 2005 *Performance Audit: Estimating Tax Dollars Owed the TIF Commission* discusses barriers to defining and redirecting tax revenue to the TIF Commission.

Exhibit 2. Comparison of Expected and Redirected Revenues by TIF Plan from Plan Inception through 2005.⁶

Plan Name	Year Approved	Expected Revenues	Redirected Revenues	Difference	%
Total		\$464,506,735	\$231,370,023	\$(233,136,712)	50%
Plans Performing Above Expected Revenues					
Shoal Creek	1994	21,932,380	46,664,657	24,732,277	213%
11 th Street Corridor	1992	2,645,000	23,858,012	21,213,012	902%
KCI Corridor	1999	5,933,191	12,685,380	6,752,189	214%
Grand Boulevard	1996	2,585,468	6,392,189	3,806,721	247%
43 rd & Main	1994	2,651,000	5,693,509	3,042,509	215%
22nd & Main	1998	1,369,668	2,910,632	1,540,964	213%
Chouteau & I-35	1998	3,778,732	4,372,287	593,555	116%
The Summit	1995	1,523,456	1,894,009	370,553	124%
13 th & Washington	1996	1,994,000	2,009,617	15,617	101%
Plans Performing Below Expected Revenues					
Judicial Square	2003	81,431	8,983	(72,448)	11%
River Market	1999	520,518	402,380	(118,138)	77%
Prospect North	2000	264,606	-	(264,606)	0%
Downtown Library	2002	483,005	147,238	(335,767)	30%
New England Bank	2000	542,221	194,407	(347,814)	36%
Searcy Creek	1993	1,424,000	1,016,144	(407,856)	71%
Union Hill	1997	1,156,720	704,455	(452,265)	61%
Savoy Hotel	1999	567,235	4,435	(562,800)	1%
19 th & Central	1999	1,004,010	195,098	(808,912)	19%
New York Life	1994	6,355,000	5,496,761	(858,239)	86%
Brush Creek Corridor	1999	3,359,221	2,499,079	(860,142)	74%
Hotel Phillips	2000	1,914,461	840,366	(1,074,095)	44%
West Edge	2003	1,163,326	12,286	(1,151,040)	1%
Uptown/Valentine	1994	2,534,000	1,143,063	(1,390,937)	45%
Parvin Road	2000	6,307,332	4,787,649	(1,519,683)	76%
12 th & Wyandotte	1992	4,045,000	1,975,033	(2,069,967)	49%
Jazz District	1999	2,596,780	110,938	(2,485,842)	4%
Walnut Creek	1988	6,313,194	2,466,111	(3,847,083)	39%
Three Trails	2002	5,216,400	12,881	(5,203,519)	0%
Americana	1993	8,313,000	1,809,824	(6,503,176)	22%
Civic Mall	1994	13,913,000	5,170,417	(8,742,583)	37%
Southtown Corridor / 31st & Baltimore	1994	20,497,160	11,597,913	(8,899,247)	57%
Midtown	1988	22,032,000	12,479,915	(9,552,085)	57%
Universal Floodwater Detention	1991	19,230,525	8,377,793	(10,852,732)	44%
Winchester	1991	20,738,000	9,114,297	(11,623,703)	44%
Gateway 2000	1995	15,777,000	4,062,768	(11,714,232)	26%
Country Club Plaza	1997	30,547,492	13,433,488	(17,114,004)	44%
Barry Towne	1996	36,006,000	11,799,830	(24,206,170)	33%
Briarcliff West	1990	37,138,382	7,372,192	(29,766,190)	20%
Santa Fe	1993	37,373,000	1,436,456	(35,936,544)	4%

⁶ No revenues were expected or collected by the end of 2005 for the 811 Main, Antioch Mall, Baltimore Place, Blue Ridge Mall, East Village, North Oak, Pershing Road, and South Loop/1200 Main plans. The 87th & Hillcrest, Gailoyd, Performing Arts District, and Riverfront plans did not have any projects approved as of September 1, 2006.

Tower Properties	1995	45,044,961	444,704	(44,600,257)	1%
Hickman Mills	1992	\$ 67,634,860	\$ 15,772,826	\$ (51,862,034)	23%

Sources: TIF plans and amendments; City of Kansas City, Missouri Finance Department.

Projections have been consistently overstated. TIF revenues fell below projections for about 78 percent of the plans. It may be easier for TIF proposals to be approved when revenue projections are inflated. Research of 300 large projects in 20 countries to determine which projects were built found that “it isn’t the best ones but instead those for which proponents best succeed in designing – deliberately or not – a fantasy world of underestimated costs, overestimated revenues, overvalued local development effects and underestimated environmental impacts. Project approval in most cases depended on these factors.”⁷

Financial projections included in TIF proposals provide the City Council and the TIF Commission with important information for making decisions about the appropriateness and feasibility of plans. TIF plans promise blight remediation, new businesses, and enhancement of the tax base. The council must weigh the potential benefits with the potential costs of a plan when considering approval. It is in the interest of these decision-makers that the quality of the projections improves. To ensure that the council has realistic information on which to base decisions, the city manager should take steps to improve projections used by the TIF Commission and the City Council before approval of TIF plans.

Some City-Backed TIFs Are Not Meeting Debt Service Obligations

Five out of ten TIF plans backed by city bonds are not generating enough revenue to cover debt service. Finance Department staff reported that city-backed economic development debt is now more than \$554 million.⁸ Only two city-backed TIF projects (the Civic Mall and Chouteau) have generated surplus revenue. Surplus revenue generated by one project, however, cannot be used to support the debt service of another TIF project. The Midtown, Muehlebach Hotel (12th and Wyandotte TIF Plan), Americana, Uptown, and Prospect North TIFs required money from the general fund or sources other than TIF revenue to meet debt service obligations. (See Exhibit 3.)

⁷ “Design by Deception, the Politics of Megaproject Approval,” by Bent Flyvbjerg. Harvard Design Magazine, 2005, p. 50.

⁸ The \$554 million includes economic development debt that is not supported by TIF: the Harley Davidson MDFB Loan; City Market; Century Towers; Kemper Garage; Zona Rosa; Alphapointe; and the 3rd & Wyandotte Garage (HOK Headquarters).

Exhibit 3. TIF Plans Backed by City-Issued Bonds (Status as of March 2006)

TIF Plan	Issue Date	Surplus/Deficit ⁹	Remaining Debt Service	Projected Revenues	Finance Dept. Projected Surplus/Deficit	Remaining Life
Civic Mall	Dec-1995	\$62,108	\$7,144,518	\$7,144,518	0	11 years
Muehlebach (12 th & Wyandotte)	Sep-1995	(5,447,312)	870,030	870,030	0	
Muehlebach Refunding (12 th & Wyandotte)	Sep-2005	0	38,021,263	30,910,051	(7,111,212)	14 years
Americana Hotel	Apr-1996	(66,831)	24,178,865	24,100,818	(78,047)	14 years
Midtown VR	Dec-1996	(885,677)	0	0	0	
Midtown	Apr-2000	0	70,041,088	88,785,149	18,744,062	17 years
Uptown	Apr-1998	(350,949)	5,605,958	4,490,072	(1,115,886)	13 years
Uptown-Valentine	Apr-1998	0	4,383,703	4,383,703	0	13 years
Prospect North	Sep-2001	(1,448,888)	15,767,798	7,883,899	(7,883,899)	16 years
Prospect North	Sep-2001	(454,295)	0	0	0	
Prospect North*	Oct-2004	0	3,582,371	3,582,371	Not Projected	23 years
Chouteau	Feb-2003	1,070,936	8,681,262	8,681,262	0	18 years
Chouteau	Feb-2003	0	10,164,308	8,860,335	(1,303,973)	18 years
President Hotel* (South Loop)	May-2004	0	26,786,723	26,786,723	Not projected	23 years
Blue Parkway Town Center*	Aug-2004	0	27,942,375	27,942,375	Not projected	23 years
909 Walnut*	Feb-2005	0	10,861,792	10,861,792	Not projected	19 years
KC Live* (South Loop)	Mar-2005	0	180,674,851	180,674,851	Not projected	28 years
KC Live* (South Loop)	Mar-2005	0	102,020,465	102,020,465	Not projected	28 years

* Projects still in capitalized interest phase. Projections assume dedicated revenues are sufficient to cover debt service.

Source: Finance Department.

For general obligation debt, the Office of Management and Budget (OMB) typically analyzes cost-benefit and cash flow before recommending a debt issuance to the City Council. Economic development debt isn't subject to the same analytic controls before the city decides to go ahead with a project. OMB does not perform analysis for debt related to economic development or other projects initiated by city departments. The City Council relies on pro forma analysis from the developers when making decisions about economic development debt.

Being unable to meet debt service payments from TIF revenues could affect basic services, as money from the general fund may be diverted from other city priorities. Every dollar devoted to supporting TIF projects is a dollar that cannot be devoted to other tax-supported debt or other city services.

⁹ This represents the revenues received from inception through FY 2005.

TIF Plans Need Performance Measures and Improved Performance Reporting

TIF plans do not specify quantifiable and comprehensive performance measures. Revenues alone can't show whether a plan is successful. Objectives in the TIF plans are generally vague. Performance measures that look at the economic benefits to the government and the costs of the incentive compared against goals and criteria are consistent with economic incentive policy best practice. Performance measures will alert decision makers to which plans need attention and will help identify attributes of plans that are successful.

Performance objectives continue to be vague. Much like our analysis pointed out in our 1998 TIF audit, plans continue to have vague performance objectives. Most of the objectives included in the 11 TIF plans we reviewed do not provide adequate measures of performance. Of the 99 objectives we reviewed, only 12 were measurable. One example of a measurable goal in the Performing Arts TIF plan is a 2,200-seat theatre. Examples of plan objectives that cannot be measured include the Hillcrest TIF's objective to "eliminate adverse conditions which are detrimental to public health, safety, morals, or welfare in the redevelopment area" and the Gailoyd TIF's stated goal to "promote health, safety, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development."

In the absence of performance measures, TIF staff state that they use contract requirements as measures for plan performance. Contract requirements will provide needed output measures like how many square feet of office space a developer will build. However, the commission and council also need outcome measures to show whether having additional office space resulted in new jobs and business coming to the city and whether the plan increased the city's overall tax base.

TIF's goal is to achieve economic development and eliminate blight. When asked what the city is trying to achieve with TIF, elected officials and key city staff said they are using it for economic development. Some stakeholders said TIF should be used as an incentive when the private market would not develop without it. They want TIF to repopulate the city, increase the overall tax base of the city, and increase the number of jobs. Some stakeholders see it as a tool to eliminate blight. Performance measures would help determine whether the plans are achieving these goals.

Specific performance measures would help analyze success.

Developing performance measures that look at the economic benefits to the government and the costs of the incentive compared against the goals and criteria is consistent with economic incentive policy best practice.

Possible measures of plan performance include:

- Comparison of promised to actual remediation of blight.
- Comparison of projected physical infrastructure to the actual infrastructure built.
- Comparison of annual and total projected revenue stream to actual revenue stream.
- Comparison of projected jobs generated and retained to actual new and retained jobs.
- Measurement of the tax base of the entire city.
- Measurement of the non-TIF economic activity and development in adjacent areas.

The projected revenues, infrastructure, and jobs could serve as the performance targets or goals with which to compare actual plan performance. Targeted levels of tax base improvement and increased non-TIF economic activity should be developed in advance so there are goals to compare to actual performance.

In order to determine whether TIF plans are achieving their goals, the city manager should ensure reporting of comprehensive performance measures for TIF plans that are consistent with GFOA's best practice economic incentive policy. Developing a comprehensive set of performance measures will be difficult. Identifying meaningful measures, gathering the right information, and giving a complete picture of performance will take time and resources. However, this analysis is important to ensure that the millions of tax dollars used for TIF plans achieve the intended goals.

Annual revenue comparisons and verified job data are needed. The TIF annual report, required by state statute, does not provide meaningful comparisons of projected and actual TIF revenue. The current annual report provides some information about redirected EATs and PILOTs revenue, but it does not provide an annual comparison of projections to actual. Therefore, it is not possible to get a sense of a plan's progress compared to what developers promised. In our 1998 audit, we recommended the executive director of the TIF Commission prepare a report each year on actual and projected revenues of the TIF plans and incorporate the comparisons into the required annual report.

Projected and actual jobs created by a TIF plan are included in the TIF annual report, but the numbers are unverified. Developers report the jobs created and retained to the TIF Commission staff and those numbers are included in the report. TIF staff said that they do not have the resources to verify the information. Projected to actual jobs created are a legitimate TIF plan performance measure—but the measure is only as good as the accuracy of the data.

In order to provide meaningful revenue and job data comparisons, the city manager should introduce an ordinance that requires reporting annual comparisons of actual and projected revenues and verified job data on TIF plans. State law requires TIF annual reports to include “any information the municipality deems necessary.”¹⁰

Five-year progress reports do not clearly communicate plan problems. Some five-year TIF plan progress reports we reviewed are unclear about which projects within the TIF plan are completed and whether the plans are experiencing any problems. Missouri statute requires the governing body to hold a public hearing regarding TIF redevelopment plans and projects every five years. The purpose of the hearing is to determine whether the redevelopment project is making satisfactory progress under the proposed time schedule. The public presentation of the five-year progress report would be the time for staff to alert the TIF Commission, the City Council, and the public to problems.

¹⁰ RSMo 99.865

Recommendations

1. The city manager should develop for City Council consideration an economic incentive policy consistent with GFOA's recommended four components of an economic incentive policy.
2. The city manager should take steps to improve projections used by the TIF Commission and City Council before approval of TIF plans.
3. The city manager should introduce an ordinance that requires reporting annual comparisons of actual and projected revenues and verified job data on TIF plans.
4. The city manager should ensure reporting of comprehensive performance measures for TIF plans that are consistent with GFOA's best practice of measuring benefits and costs of incentives against previously established goals and criteria.

Appendix A

Projections and Redirected Revenues by TIF Plan

Tax Increment Financing Follow-up

Projections and Redirected Revenues by TIF Plan

This appendix lists projected and redirected TIF revenue by plan. The individual tables provide for additional analysis of where plan projected and redirected revenue differs. Any amendments added by the TIF Commission after we completed our review of a particular plan are not included. Some columns may not foot due to rounding.

Method for Recording Projected Revenue

EATs and PILOTs projections came from TIF plans and TIF plan amendments found on the Economic Development Corporation's website: <http://www.edckc.com/tif/plans/index.htm>. When a plan includes a projection summary sheet, we base our analysis on that summary. For those plans that don't include a summary sheet, we added the projections for each project together to create a summary.

Each table lists plan projections and amendment projections by year. The projections in the tables are the revenues projected to be available for reimbursement to the developer. When projections changed in subsequent plan amendments, we used the previous projections up until the start of the new projections. For projections which listed calendar years, we used those calendar years corresponding to the projections. On plans that did not specify a calendar year but instead had projections labeled years 1, 2, 3, we assigned the 1st calendar year to one year after the 1st project was approved.

There are no tables for the 87th and Hillcrest, Gailoyd, Performing Arts, and Riverfront TIF plans. These plans did not have any approved projects and because their projections were labeled as year 1, 2, 3, etc, we could not assign a calendar start year for them.

Method for Recording Redirected Revenue

EATs and PILOTs redirected revenue¹¹ figures came from the Finance Department. Because Finance records the redirected PILOTs revenue by the year the money was received, some of our figures could include PILOTs generated from previous years. Redirected EATs revenue is recorded in the year it is generated. Finance provided to us estimates of county EATs by plan by year from 1996 through 2005. To assess the reliability of Finance Department's estimates we compared them to information on county EATs by plan which the counties and the EDC provided. In our tables, redirected PILOTs and EATs include both city and county revenues.

The Finance Department does not have redirected TIF revenue records prior to 1996. The City Auditor's Office had the combined revenue of EATs and PILOTs for plans that had revenues at the time our TIF Performance Audit report came out in 1998. Therefore, we used the revenues we reported in our 1998 report for redirected TIF revenues before 1996. To estimate EATs and PILOTs, we split the revenues based on the proportion projected for those years.

¹¹ Redirected revenues are those taxes collected by taxing jurisdictions which are transferred to the TIF Commission.

Tax Increment Financing Follow-up

There are no tables for the 811 Main, Antioch Mall, Baltimore Place, Blue Ridge Mall, East Village, North Oak, Pershing Road, and South Loop/1200 Main TIF plans because no revenues were expected or collected for these plans by the end of 2005.

11th St. Corridor TIF Plan

Year	EATs						Redirected EATs
	Original Projections	1st Amendment Projections	2nd Amendment Projections	5th Amendment Projections	6 th Amendment Projections	8th Amendment Projections	
1993		\$ 608,188	\$ 669,884	\$ 294,748	\$ 294,748	\$ 294,748	
1994	75,000	637,102	699,932	542,813	542,813	542,813	
1995	109,000	657,884	729,948	602,669	602,669	602,669	\$ 783,468
1996	129,000	678,914	862,187	623,172	623,172	623,172	765,913
1997	168,000	692,492	928,574	898,890	898,890	898,890	1,010,642
1998	180,000	706,342	994,889	1,085,876	1,085,876	1,085,876	1,248,603
1999	192,000	720,469	1,014,349	1,128,346	1,128,346	1,128,346	1,370,261
2000	205,000	734,878	1,034,748	1,372,390	1,372,390	1,372,390	1,985,300
2001	218,000	749,576	1,055,563	1,422,810	1,422,810	1,422,810	2,312,939
2002	232,000	764,590	1,076,737	1,474,838	1,589,588	1,589,588	2,195,446
2003	247,000	779,882	1,097,790	1,528,488	1,645,533	1,645,533	2,335,733
2004	262,000	795,480	1,120,191	1,583,815	1,703,201	1,703,201	2,310,684
2005	277,000	811,389	1,142,635	1,640,876	1,762,650	1,771,868	2,209,351
Total	\$2,294,000	\$9,337,187	\$12,427,427	\$14,199,731	\$14,672,686	\$14,681,904	\$18,528,340

11th St. Corridor TIF Plan

Year	PILOTS						Redirected PILOTS
	Original Projections	1st Amendment Projections	2nd Amendment Projections	5th Amendment Projections	6 th Amendment Projections	8th Amendment Projections	
1993		0	0	\$ 14,233	\$ 14,233	\$ 14,233	
1994	0	44,000	44,060	14,391	14,391	14,391	
1995	0	44,880	44,880	25,922	25,922	25,922	
1996	0	45,778	362,778	63,297	63,297	63,297	\$ 47,030
1997	13,000	46,693	438,693	204,147	204,147	204,147	320,570
1998	13,000	47,627	561,827	208,988	208,988	208,988	185,944
1999	27,000	48,580	562,780	213,942	213,942	213,942	153,822
2000	27,000	262,551	801,951	659,883	659,883	659,883	460,630
2001	42,000	267,802	807,202	726,748	726,748	726,748	148,113
2002	42,000	273,158	838,058	1,088,831	1,088,831	1,088,831	1,044,161
2003	57,000	519,621	1,134,521	1,113,553	1,113,553	1,113,553	1,181,856
2004	57,000	530,014	1,172,714	1,140,706	1,140,706	1,140,706	858,937
2005	73,000	540,614	1,184,334	1,168,407	1,168,407	1,206,396	928,610
Total	\$351,000	\$2,671,318	\$7,953,798	\$6,643,048	\$6,643,048	\$6,681,037	\$5,329,672

Tax Increment Financing Follow-up

12th and Wyandotte TIF Plan

Year	EATs		PILOTS	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTS
1993	\$ 1,000		0	
1994	43,000	\$ 8,705	0	
1995	103,000	26,144	0	
1996	289,000	24,768	0	
1997	306,000	58,051	0	
1998	331,000	152,348	0	
1999	351,000	153,342	0	
2000	376,000	105,022	0	
2001	398,000	170,600	0	
2002	422,000	132,013	0	
2003	449,000	142,324	0	\$239,708
2004	474,000	140,450	0	239,893
2005	502,000	138,397	0	243,269
Total	\$4,045,000	\$1,252,164	\$ 0	\$722,870

13th and Washington TIF Plan

Year	EATs		PILOTS	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTS
1996	\$ 61,000		0	
1997	45,000		0	
1998	45,000	\$ 37,269	\$ 178,000	\$ 30,611
1999	47,000	480	183,000	161,675
2000	48,000	89,351	183,000	162,200
2001	49,000	172,497	186,000	161,849
2002	50,000	95,099	186,000	162,206
2003	51,000	121,209	191,000	200,360
2004	52,000	169,982	191,000	150,886
2005	53,000	134,895	195,000	159,047
Total	\$501,000	\$ 820,782	\$1,493,000	\$1,188,835

19th and Central TIF Plan

Year	EATs			PILOTs		
	Original Projections	1st		Original Projections	1st	
		Amendment Projections	Redirected EATs		Amendment Projections	Redirected PILOTs
1998	\$ 0	\$ 0		\$ 0	\$ 0	
1999	5,846	5,845		1,648	1,648	
2000	7,163	7,164	\$ 30	1,648	1,648	
2001	31,056	36,437	2,240	37,615	57,232	
2002	35,553	40,937	8,404	104,500	124,117	
2003	38,578	43,985	542	114,022	134,430	33,040
2004	85,106	90,496	11,046	166,586	188,994	47,239
2005	127,295	132,688	40,150	247,394	268,628	52,406
Total	\$330,597	\$357,552	\$62,413	\$673,413	\$776,697	\$132,685

22nd and Main TIF Plan

Year	EATs					
	Original Projections	1 st		3rd Amendment Projections	4th	
		Amendment Projections	Amendment Projections		Amendment Projections	Amendment Projections
1998						\$ 5,815
1999	\$ 78,725	\$ 78,725	\$ 78,725	\$ 78,725	\$ 78,725	122,820
2000	160,598	441,771	441,771	441,771	441,771	265,456
2001	163,810	641,259	444,983	444,983	593,359	269,653
2002	167,086	1,038,162	644,535	660,302	812,945	298,003
2003	170,428	1,186,635	1,041,504	1,057,586	1,191,693	361,707
2004	173,836	1,259,049	1,350,119	1,366,523	1,504,360	389,520
2005	177,313	1,333,844	1,425,803	1,442,536	1,585,067	475,715
Total	\$1,091,796	\$5,979,445	\$5,427,440	\$5,492,426	\$6,207,920	\$2,188,688

22nd and Main TIF Plan

Year	PILOTs					
	Original Projections	1 st		3rd Amendment Projections	4th	
		Amendment Projections	Amendment Projections		Amendment Projections	Amendment Projections
1998						
1999	\$ 35,725	\$ 35,725	\$ 35,725	\$ 35,725	\$ 35,725	
2000	36,995	338,505	338,505	338,505	338,505	\$ 5,379
2001	38,306	510,939	339,816	339,816	552,041	12,087
2002	39,662	1,350,623	512,295	519,894	732,119	58,764
2003	41,068	1,422,120	1,352,029	1,359,628	1,395,634	205,837
2004	42,386	1,446,016	1,698,612	1,706,387	1,742,393	257,239
2005	43,730	1,452,518	1,722,535	1,730,309	1,767,099	182,638
Total	\$277,872	\$6,556,446	\$5,999,517	\$6,030,264	\$6,563,516	\$721,944

Tax Increment Financing Follow-up

43rd and Main TIF Plan

Year	EATs			PILOTs		
	Original Projections	1st Amendment Projections	Redirected EATs	Original Projections	1st Amendment Projections	Redirected PILOTs
1994	\$ 3,000	\$ 25,000		\$ 11,000	\$ 11,000	
1995	55,000	118,000	\$ 8,798	21,000	2,000	\$ 3,359
1996	143,000	94,000	94,948	57,000	255,000	75,152
1997	163,000	118,000	116,956	66,000	269,000	227,065
1998	164,000	120,000	173,427	66,000	269,000	208,220
1999	169,000	125,000	175,484	78,000	295,000	280,327
2000	171,000	128,000	212,879	78,000	295,000	271,264
2001	175,000	132,000	308,902	90,000	318,000	282,389
2002	178,000	137,000	421,802	90,000	318,000	281,976
2003	183,000	140,000	396,899	101,000	342,000	350,579
2004	184,000	218,000	545,678	101,000	342,000	350,849
2005	189,000	207,000	524,862	115,000	681,000	381,692
Total	\$1,777,000	\$1,562,000	\$2,980,636	\$874,000	\$3,397,000	\$2,712,872

Americana TIF Plan

Year	EATs			PILOTs		
	Original Projections	2 nd Amendment Projections	Redirected EATs	Original Projections	2 nd Amendment Projections	Redirected PILOTs
1993	\$ 6,000	\$ 6,000		\$ 0	\$ 0	
1994	67,000	67,000		130,000	130,000	
1995	74,000	74,000		130,000	130,000	
1996	83,000	83,000		144,000	144,000	
1997	92,000	92,000	\$ 47,314	144,000	144,000	
1998	134,000	97,000	71,860	157,000	157,000	58,883
1999	143,000	105,000	75,883	162,000	157,000	158,949
2000	149,000	111,000	47,407	179,000	171,000	159,465
2001	233,000	121,000	75,125	918,000	171,000	159,121
2002	307,000	151,000	69,186	964,000	185,000	0
2003	345,000	161,000	63,685	970,000	185,000	336,692
2004	361,000	169,000	68,702	1,017,000	201,000	165,389
2005	382,000	179,000	76,552	1,022,000	201,000	175,613
Total	\$2,376,000	\$1,416,000	\$595,713	\$5,937,000	\$1,976,000	\$1,214,111

BarryTowne TIF Plan

Year	EATs			PILOTs		
	Original Projections	Amendment Projections	Redirected EATs	Original Projections	Amendment Projections**	Redirected PILOTs
1995	\$ 41,000			\$ 0		
1996	117,000		\$ 92,256	20,000		
1997	473,000		168,588	201,000		
1998	1,115,000		197,285	461,000		\$ 122,340
1999	2,127,000		620,204	768,000		277,986
2000	2,967,000	\$1,397,338*	1,049,065	854,000	\$591,113	288,893
2001	3,351,000	1,331,997	1,309,944	997,000	-	29,470
2002	3,710,000	1,373,288	1,145,798	1,059,000	-	848,937
2003	4,176,000	1,620,963	1,295,630	1,187,000	-	728,164
2004	4,463,000	2,432,211	1,149,813	1,197,000	-	646,455
2005	4,770,000	2,730,160	1,082,635	1,952,000	-	746,366
Total	\$27,310,000	\$10,885,957	\$8,111,218	\$8,696,000	\$591,113	\$3,688,612

*According to the 1st amendment to the plan, this figure is the redirected TIF revenues for 1996 through 2000 that were collected and deposited into the BarryTowne Special Allocation Fund.

**According to the 1st amendment to the plan, PILOTs in excess of \$591,113 are to be returned to the taxing districts.

Tax Increment Financing Follow-up

Briarcliff West TIF Plan

Year	EATs					Redirected EATs
	Original Projections	2 nd Amendment Projections	3rd Amendment Projections	4th Amendment Projections	5th Amendment Projections	
1990						
1991						
1992						
1993						
1994						
1995						
1996		\$ 45,908	\$ 45,908	\$ 45,908	\$ 45,908	
1997		159,602	2,229	2,229	2,229	
1998		230,091	4,591	4,591	4,591	
1999		310,922	4,728	4,728	3,880	\$ 18,037
2000		396,420	117,773	117,773	22,674	68,911
2001		610,472	183,166	183,166	159,176	137,235
2002		837,033	261,716	261,716	209,882	192,927
2003		947,615	333,776	333,776	209,882	132,469
2004		1,064,205	457,484	457,484	140,654	116,076
2005		1,086,300	480,137	480,137	159,187	142,924
Total		\$5,688,568	\$1,891,508	\$1,891,508	\$958,063	\$808,579

Briarcliff West TIF Plan

Year	PILOTS					Redirected PILOTS
	Original Projections	2 nd Amendment Projections	3rd Amendment Projections	4th Amendment Projections	5th Amendment Projections	
1990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
1991	0	0	0	0	0	
1992	262,893	262,893	262,893	262,893	262,893	
1993	268,151	4,941	4,941	4,941	4,941	34,379
1994	562,455	30,242	5,068	5,068	11,457	139,467
1995	954,034	75,403	28,721	28,721	99,920	109,050
1996	1,442,140	195,946	60,821	60,821	43,804	111,857
1997	1,470,982	547,230	105,376	105,376	108,192	74,963
1998	3,041,574	831,272	160,634	160,634	124,188	262,881
1999	3,336,915	1,224,758	218,087	218,087	257,826	539,916
2000	3,647,413	1,615,790	333,707	333,707	475,373	476,208
2001	4,256,658	1,971,338	578,695	578,695	457,867	86,534
2002	4,341,788	2,340,461	774,514	868,597	820,191	950,758
2003	4,428,633	2,726,081	972,596	1,066,679	888,947	1,351,212
2004	4,517,201	3,126,190	1,417,655	1,513,655	900,095	1,406,544
2005	4,607,545	3,188,714	1,711,513	1,807,513	1,170,711	1,019,846
Total	\$37,138,382	\$18,141,259	\$6,635,221	\$7,015,387	\$5,626,405	\$6,563,613

Brush Creek TIF Plan

Year	EATs				Redirected EATs
	Original Projections*	1st Amendment Projections	2nd Amendment Projections**	4th Amendment Projections	
2000	\$ 31,920	\$ 31,920	\$ 31,920	\$ 31,920	
2001	146,862	47,114	59,254	728,852	
2002	629,167	291,357	323,979	892,666	
2003	833,634	845,194	878,468	980,254	
2004	850,316	1,073,479	1,107,419	1,018,356	\$ 10,909
2005	867,323	1,097,109	1,131,728	1,040,863	334,941
Total	\$3,359,221	\$3,386,172	\$3,532,768	\$4,692,910	\$345,850

*Projections from Brush Creek TIF Plan, Exhibit 8, Blue Parkway Project Phase 2, Total All Projects.

**East Plaza Projections in Amendment 2 are from Amendment 1, because Amendment 2, does not include projections for East Plaza.

Brush Creek TIF Plan

Year	PILOTs				Redirected PILOTs
	Original Projections	1 st Amendment Projections	2nd Amendment Projections	4th Amendment Projections	
2000	\$0	\$ 0	\$ 0	\$ 0	
2001	0	0	0	256,850	
2002	0	851,869	884,085	1,140,935	
2003	0	1,365,916	1,398,079	1,570,007	
2004	0	1,632,121	1,664,659	1,691,436	\$ 391,200
2005	0	2,014,433	2,046,917	1,721,865	1,762,029
Total	\$0	\$5,864,339	\$5,993,740	\$6,381,093	\$2,153,229

Chouteau and I-35 TIF Plan

Year	EATs			PILOTs		
	Original Projections	1st Amendment Projections	Redirected EATs	Original Projections	1st Amendment Projections	Redirected PILOTs
2001	\$ 335,928	\$ 335,928	\$ 195,053	\$ 73,764	\$ 73,764	\$ 154,188
2002	647,257	647,257	435,517	173,319	173,319	397,752
2003	659,660	695,941	679,534	175,193	175,193	370,983
2004	672,312	725,282	658,178	177,086	182,819	381,755
2005	685,216	739,604	710,833	178,997	184,730	388,492
Total	\$3,000,373	\$3,144,012	\$2,679,115	\$778,359	\$789,825	\$1,693,172

Tax Increment Financing Follow-up

Civic Mall TIF Plan

Year	EATs			
	Original Projections	2 nd		Redirectioned EATs
		Amendment Projections	Amendment Projections	
1995	\$ 10,000	\$ 10,000	\$ 10,000	
1996	75,000	75,000	75,000	\$ 67,898
1997	174,500	174,500	174,500	77,645
1998	460,500	460,500	460,500	106,950
1999	573,000	624,863	624,863	140,875
2000	519,000	640,139	640,139	99,922
2001	623,000	763,974	763,974	86,559
2002	695,500	842,054	842,054	154,438
2003	794,500	949,186	949,186	109,422
2004	805,500	964,881	964,881	5,196
2005	885,500	1,049,585	1,056,061	243,100
Total	\$5,616,000	\$6,554,682	\$6,561,158	\$1,092,005

Civic Mall TIF Plan

Year	PILOTs			
	Original Projections	2 nd		Redirectioned PILOTs
		Amendment Projections	Amendment Projections	
1995	\$ 0	\$ 0	\$ 0	
1996	0	0	0	\$ 111,857
1997	28,000	28,000	28,000	6,963
1998	272,000	272,000	272,000	23,000
1999	708,000	854,255	854,255	18,910
2000	814,000	1,124,209	1,124,209	610,353
2001	818,000	1,131,489	1,131,489	641,092
2002	1,074,000	1,387,489	1,387,489	464,801
2003	1,310,000	1,626,800	1,626,800	689,458
2004	1,557,000	1,873,800	1,873,800	761,002
2005	1,716,000	2,036,145	2,036,145	750,977
Total	\$8,297,000	\$10,334,187	\$10,334,187	\$4,078,412

Country Club TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
1997	\$ 837,808		\$ 0	
1998	583,836		2,969,207	
1999	593,794	\$ 5,576	3,004,242	
2000	603,855	367,476	3,039,626	\$ 210,271
2001	614,015	562,429	3,075,362	1,655,876
2002	624,276	580,161	3,111,460	1,794,089
2003	634,642	766,435	3,147,917	1,821,204
2004	645,108	762,603	3,184,738	1,822,673
2005	655,679	1,000,653	3,221,927	2,084,041
Total	\$5,793,013	\$4,045,333	\$24,754,479	\$9,388,155

Downtown Library TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
2002	\$ 48,959		\$ 0	
2003	91,689	\$ 52,754	0	
2004	125,142	42,454	32,568	\$ 394
2005	152,079	32,962	32,568	18,675
Total	\$417,869	\$128,170	\$65,136	\$19,068

Gateway TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
1996	\$ 212,000		0	
1997	294,000	\$ 487,355	\$ 358,000	
1998	641,000	413,221	358,000	\$ 118,553
1999	829,000	637,503	782,000	255,637
2000	902,000	372,211	782,000	27,381
2001	920,000	276,964	818,000	131,969
2002	939,000	239,065	818,000	228,124
2003	1,180,000	223,781	871,000	141,823
2004	1,197,000	201,725	1,278,000	141,933
2005	1,282,000	96,780	1,316,000	68,743
Total	\$8,396,000	\$2,948,605	\$7,381,000	\$1,114,163

Tax Increment Financing Follow-up

Grand Avenue TIF Plan

Year	EATs		
	Original Projections	2nd	
		Amendment Projections	Redirected EATs
1998			\$ 95,870
1999			189,064
2000	\$ 72,000	\$ 72,000	256,350
2001	73,440	73,440	318,778
2002	74,909	74,909	335,060
2003	76,407	104,330	282,709
2004	77,935	133,780	267,621
2005	79,494	137,015	353,663
Total	\$454,185	\$595,474	\$2,099,115

Grand Avenue TIF Plan

Year	PILOTs		
	Original Projections	2nd	
		Amendment Projections	Redirected PILOTs
1998	\$ 0	\$ 0	
1999	6,740	6,740	\$ 106,066
2000	317,598	317,598	918,507
2001	331,810	331,810	852,049
2002	346,307	346,307	666,113
2003	361,093	361,093	900,033
2004	376,176	460,568	411,784
2005	391,559	475,961	438,522
Total	\$2,131,283	\$2,300,077	\$4,293,075

Hickman Mills TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
1992	\$ 94,231		\$ 116,359	
1993	605,350		135,392	
1994	782,221		154,806	
1995	1,012,683		174,608	
1996	1,786,398	\$ 385,597	2,498,833	\$ 5,252
1997	1,808,396	563,623	2,565,516	1,130,810
1998	2,013,352	259,382	2,633,532	1,744,255
1999	2,044,466	537,210	3,352,031	1,644,944
2000	2,084,746	619,623	3,896,058	1,613,953
2001	3,033,479	204,006	3,990,685	1,608,950
2002	3,362,404	276,184	4,087,205	1,613,649
2003	3,842,955	293,989	4,185,655	1,471,153
2004	4,192,557	206,066	4,286,074	978,623
2005	4,506,367	207,625	4,388,501	407,931
Total	\$31,169,605	\$3,553,305	\$36,465,255	\$12,219,521

Hotel Phillips TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
2001	\$ 73,015	\$ 11,723	\$ 298,483	
2002	79,968	13,977	298,483	\$177,889
2003	82,767	24,582	301,468	186,176
2004	85,664	39,797	301,468	157,280
2005	88,662	59,055	304,483	169,886
Total	\$410,076	\$149,135	\$1,504,385	\$691,231

Jazz District TIF Plan

Year	EATs		PILOTs	
	Original Projections*	Redirected EATs	Original Projections	Redirected PILOTs
2000	\$ 379,399			
2001	410,681			
2002	435,293			
2003	447,769			
2004	457,068	\$ 24,155		
2005	466,570	78,654		\$8,129
Total	\$2,596,780	\$102,809		\$8,129

*Original EATs projections include development district tax.

Tax Increment Financing Follow-up

Judicial Square TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
2004	\$19,092	\$2,521	\$ 0	
2005	38,183	5,278	24,156	\$1,184
Total	\$57,275	\$7,799	\$24,156	\$1,184

KCI Corridor TIF Plan

Year	EATs	
	Original Projections	Redirected EATs
2000	\$ 81,000	\$ 4,754
2001	744,575	1,299,650
2002	1,095,099	2,224,799
2003	1,287,227	2,598,228
2004	1,349,159	3,164,499
2005	1,376,132	3,393,450
Total	\$5,933,191	\$12,685,380

Midtown TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs*	Original Projections	Redirected PILOTs
1992		\$ 5,805		
1993	\$ 97,000	6,790	\$ 0	
1994	1,406,000	3,047	0	
1995	1,435,000	2,813	240,000	\$ 470
1996	1,462,000	180,411	240,000	
1997	1,493,000	371,065	256,000	235,084
1998	1,522,000	467,379	256,000	184,298
1999	1,553,000	397,603	274,000	162,275
2000	1,583,000	411,559	274,000	165,543
2001	1,615,000	1,107,160	292,000	396,798
2002	1,647,000	1,310,322	292,000	655,788
2003	1,681,000	1,480,480	311,000	565,127
2004	1,714,000	1,747,310	311,000	564,779
2005	1,748,000	1,923,130	330,000	134,878
Total	\$18,956,000	\$9,414,876	\$3,076,000	\$3,065,040

*Redirected EATs from 1992-1995 are from the Linwood Gilham TIF that was terminated and replaced by the Midtown TIF plan.

New England TIF Plan

Year	EATs			PILOTs		
	Original Projections	1st		Original Projections	1st	
		Amendment Projections	Redirected EATs		Amendment Projections	Redirected PILOTs
2001	\$ 67,567	\$ 67,567		\$ 9,589	\$ 9,589	
2002	70,558	70,558		26,850	26,850	
2003	73,698	73,698		44,111	44,111	\$ 48,615
2004	76,998	76,998		45,492	45,492	0
2005	80,458	3,250		46,900	63,599	145,792
Total	\$369,279	\$292,071	\$	\$172,942	\$189,641	\$194,407

New York Life TIF Plan

Year	EATs			PILOTs		
	Original Projections	1st		Original Projections	1st	
		Amendment Projections	Redirected EATs		Amendment Projections	Redirected PILOTs
1995	\$ 1,000	\$ 1,000		\$ 0	\$ 0	
1996	115,000	115,000		458,000	458,000	
1997	129,000	129,000	\$ 164,821	458,000	502,000	\$ 137,062
1998	133,000	133,000	200,532	477,000	521,000	0
1999	135,000	135,000	263,791	477,000	522,000	334,746
2000	137,000	137,000	605,743	497,000	542,000	966,028
2001	140,000	140,000	418,028	497,000	544,000	301,308
2002	143,000	143,000	346,208	517,000	564,000	0
2003	146,000	146,000	210,562	517,000	566,000	370,375
2004	148,000	148,000	221,882	539,000	588,000	723,684
2005	152,000	152,000	163,843	539,000	590,000	68,150
Total	\$1,379,000	\$1,379,000	\$2,595,409	\$4,976,000	\$5,397,000	\$2,901,352

Parvin Road TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
2001	\$ 107,495	\$ 183,042	\$ 307,378	
2002	164,450	234,771	553,669	\$ 732,523
2003	219,769	255,770	1,029,432	674,198
2004	276,481	318,902	1,461,873	811,900
2005	344,627	517,199	1,842,158	1,059,344
Total	\$1,112,822	\$1,509,684	\$5,194,510	\$3,277,965

Tax Increment Financing Follow-up

Prospect North TIF Plan

Year	EATs			PILOTs		
	Original Projections	1st		Original Projections	1st	
		Amendment Projections	Redirected EATs		Amendment Projections	Redirected PILOTs
2005	\$18,900	\$18,900		\$245,706	\$245,706	
Total	\$18,900	\$18,900	\$0	\$245,706	\$245,706	\$0

River Market TIF Plan

Year	EATs				
	2nd Amendment Projections	3rd Amendment Projections	4th Amendment Projections	5th Amendment Projections	Redirected EATs
2000					
2001					
2002					
2003	\$ 76,698	\$ 20,770	\$ 20,770	\$ 20,770	
2004	155,290	41,540	41,540	41,540	
2005	158,396	102,384	111,884	111,884	
Total	\$390,384	\$164,694	\$174,194	\$174,194	\$0

River Market TIF Plan

Year	PILOTs						
	Original Projections	1st Amendment Projections	2nd Amendment Projections	3 rd Amendment Projections	4th Amendment Projections	5th Amendment Projections	Redirected PILOTs
2000	\$ 12,743	\$ 2,667	\$ 2,667	\$ 2,667	\$ 2,667	\$ 2,667	
2001	82,610	70,799	70,799	70,799	70,799	70,799	
2002	94,487	80,947	80,947	80,947	80,947	80,947	\$ 9,704
2003	109,860	96,512	96,512	96,512	96,512	96,512	208,730
2004	109,860	96,512	201,226	96,512	96,512	96,512	105,455
2005	110,958	100,372	205,086	193,188	207,959	207,959	78,491
Total	\$520,518	\$447,809	\$657,237	\$540,625	\$555,396	\$555,396	\$402,380

Santa Fe TIF Plan

Year	EATs			
	Original	1st	2 nd	Redirected
	Projections	Amendment Projections	Amendment Projections	EATs
1993	\$ 465,000	\$ 2,554,299	\$ 19,375	
1994	827,000	2,563,212	39,138	\$ 26,388
1995	1,056,000	2,614,477	39,920	48,454
1996	1,146,000	2,623,750	40,719	207,461
1997	1,541,000	2,676,225	41,533	243,936
1998	1,913,000	2,685,874	42,364	229,088
1999	2,094,000	2,739,591	43,211	216,875
2000	2,313,000	2,749,629	44,075	42,373
2001	2,370,000	2,804,622	44,957	43,015
2002	2,470,000	2,815,065	45,856	41,940
2003	2,534,000	2,871,367	47,527	39,359
2004	2,620,000	2,882,232	48,478	58,562
2005	3,596,000	2,939,877	49,447	68,834
Total	\$24,945,000	\$35,520,220	\$546,600	\$1,266,287

Santa Fe TIF Plan

Year	PILOTs			
	Original	1st	2nd	Redirected
	Projections	Amendment	Amendment	PILOTs
1993	\$ 100,000	\$ 2,593,159	\$ 2,382	
1994	237,000	5,186,319	9,100	\$ 7,562
1995	324,000	5,400,922	11,558	14,866
1996	336,000	5,400,922	11,558	22,370
1997	574,000	5,624,110	14,114	23,370
1998	776,000	5,624,110	14,114	23,276
1999	907,000	5,856,225	16,773	23,826
2000	1,028,000	5,856,225	16,773	8,993
2001	1,263,000	6,097,625	19,538	3,063
2002	1,428,000	6,097,625	19,538	9,393
2003	1,647,000	6,348,681	22,414	10,308
2004	1,816,000	6,348,681	22,414	9,945
2005	1,992,000	6,609,779	28,760	13,197
Total	\$12,428,000	\$73,044,383	\$209,036	\$170,169

Tax Increment Financing Follow-up

Savoy TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
2000	\$ 53,116		\$ 0	
2001	40,749		0	
2002	44,722		70,852	
2003	46,995		70,852	\$1,181
2004	47,935		71,560	1,006
2005	48,894		71,560	2,247
Total	\$282,411	\$0	\$284,824	\$4,435

Searcy Creek TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
1993	\$10,000		\$ 0	
1994	10,000		21,000	
1995	11,000		41,000	
1996	12,000		64,000	\$ 8,612
1997	0		84,000	29,672
1998	7,000		88,000	40,449
1999	7,000		104,000	48,261
2000	7,000		121,000	97,520
2001	7,000		137,000	19,237
2002	6,000		153,000	144,887
2003	0		172,000	140,347
2004	0		177,000	198,392
2005	0		185,000	288,767
Total	\$77,000	\$0	\$ 1,347,000	\$1,016,144

Shoal Creek TIF Plan

Year	EATs			
	Original Projections	1st Amendment Projections	2nd Amendment Projections	Redirected EATs
1994	\$ 0	\$ 0	\$ 0	
1995	17,000	17,000	80,833	
1996	536,000	536,000	465,538	\$ 445,452
1997	663,000	663,000	561,898	525,521
1998	702,000	738,000	716,397	615,226
1999	754,000	919,000	1,000,748	831,669
2000	800,000	966,000	1,424,405	1,031,993
2001	825,000	1,204,000	1,552,074	1,401,383
2002	854,000	1,889,000	1,919,993	2,719,815
2003	887,660	1,922,680	2,257,430	3,766,877
2004	939,010	1,996,010	2,507,995	4,064,495
2005	997,850	2,075,850	2,558,859	4,788,786
Total	\$7,975,520	\$12,926,540	\$15,046,170	\$20,191,218

Shoal Creek TIF Plan

Year	PILOTs			
	Original Projections	1st Amendment Projections	2nd Amendment Projections	Redirected PILOTs
1994	\$ 0	\$ 0	\$ 0	
1995	0	0	0	
1996	232,000	232,000	363,362	\$ 110,346
1997	404,000	404,000	671,440	383,013
1998	613,000	613,000	1,090,000	936,788
1999	929,000	929,000	1,727,153	1,872,885
2000	1,227,000	1,341,540	2,055,435	1,769,846
2001	1,471,000	1,590,520	2,434,683	341,345
2002	1,700,000	1,819,520	2,951,067	4,946,569
2003	2,072,690	2,545,790	3,327,308	4,476,567
2004	2,456,750	2,929,850	3,904,520	5,184,310
2005	2,851,420	3,343,610	4,294,783	6,451,770
Total	\$13,956,860	\$15,748,830	\$22,819,751	\$26,473,439

Tax Increment Financing Follow-up

Southtown Corridor/31st & Baltimore TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
1993	\$ 0		\$ 0	
1994	0		289,957	
1995	48,607		431,973	
1996	110,673	\$ 351,219	443,589	\$ 84,357
1997	143,255	375,889	507,424	203,636
1998	175,151	303,245	519,481	469,112
1999	196,585	383,812	527,718	272,935
2000	249,155	333,399	1,633,847	504,373
2001	267,969	330,483	1,642,415	491,685
2002	330,671	97,552	2,922,013	513,215
2003	337,633	452,506	2,930,950	526,448
2004	344,437	50,407	3,038,895	1,848,199
2005	356,574	134,815	3,048,188	3,870,628
Total	\$2,560,710	\$2,813,326	\$17,936,450	\$8,784,587

The Summit TIF Plan

Year	EATs				Redirected EATs
	Original Projections	1st Amendment Projections	5th Amendment Projections	6 th Amendment Projections	
1995	\$ 16,038	\$ 16,038	\$ 16,038	\$ 16,038	
1996	36,027	36,027	36,027	36,027	\$ 38,954
1997	44,827	44,827	44,827	44,827	39,840
1998	54,068	54,068	54,068	54,068	40,696
1999	63,770	63,770	63,770	63,770	52,770
2000	73,956	73,956	73,956	73,956	127,325
2001	84,653	276,240	276,240	276,240	211,176
2002	95,886	288,093	288,093	288,093	201,174
2003	107,679	303,729	303,729	303,729	230,899
2004	120,063	316,759	316,759	316,759	164,108
2005	133,064	333,694	333,694	333,694	141,184
Total	\$830,031	\$1,807,201	\$1,807,201	\$1,807,201	\$1,248,127

The Summit TIF Plan

Year	PILOTs				Redirected PILOTs
	Original Projections	1st Amendment Projections	5th Amendment Projections	6th Amendment Projections	
1995	\$ 0	\$ 0	\$ 0	\$ 0	
1996	54,758	54,758	54,758	54,758	
1997	58,194	58,194	58,194	58,194	\$ 13,592
1998	61,239	61,239	61,239	61,239	0
1999	64,347	64,347	64,347	64,347	10,810
2000	67,514	67,514	67,514	67,514	20,807
2001	70,747	235,931	235,931	235,931	62,087
2002	74,044	302,247	302,247	302,247	50,066
2003	77,408	317,305	317,305	317,305	56,044
2004	80,837	320,734	320,734	320,734	259,581
2005	84,337	336,396	391,185	391,185	172,897
Total	\$693,425	\$1,818,665	\$1,873,454	\$1,873,454	\$645,882

Tax Increment Financing Follow-up

Three Trails TIF Plan

Year	EATs		PILOTs	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTs
2002	\$ 0		\$ 0	
2003	888,900		0	
2004	1,107,000		1,007,500	\$ 9,485
2005	1,205,500		1,007,500	3,396
Total	\$3,201,400		\$2,015,000	\$12,881

Tower TIF Plan

Year	EATs				
	Original Projections	2nd Amendment Projections	3rd Amendment Projections	6th Amendment Projections	Redirected EATs
1996	\$ 225,906	\$ 225,912	\$ 205,631	\$ 205,631	
1997	903,625	903,625	822,500	822,500	
1998	993,989	993,989	904,751	904,751	
1999	1,093,386	1,093,386	995,225	995,225	
2000	1,202,725	1,202,725	1,094,748	1,094,748	\$ 2,148
2001	1,322,998	1,322,998	1,204,223	1,204,223	3,268
2002	1,455,298	1,455,698	1,325,045	400	4,899
2003	1,600,827	1,601,235	1,605,455	148,346	5,131
2004	1,760,910	1,761,326	1,835,149	232,329	6,173
2005	1,937,001	1,937,425	1,877,462	114,360	79,311
Total	\$12,496,665	\$12,498,319	\$11,870,189	\$5,722,513	\$100,930

Tower TIF Plan

Year	PILOTs				
	Original Projections	2nd Amendment Projections	3rd Amendment Projections	6th Amendment Projections	Redirected PILOTs
1996	\$ 0	\$ 0	\$ 0	\$ 0	
1997	3,291,840	3,291,840	3,035,714	112,664	
1998	3,369,275	3,369,275	3,107,026	122,873	
1999	3,448,258	3,448,258	3,179,765	133,285	
2000	3,528,823	3,528,823	3,253,960	143,906	
2001	3,610,998	3,610,998	3,329,637	154,739	
2002	3,694,817	3,938,353	3,650,365	409,726	
2003	3,780,303	4,024,239	3,729,491	477,581	\$ 26,505
2004	3,867,516	4,122,754	3,821,111	500,379	154,041
2005	3,956,466	4,211,704	3,903,029	514,640	163,227
Total	\$32,548,296	\$33,546,244	\$31,010,098	\$2,569,793	\$343,774

Union Hill TIF Plan

Year	EATs		PILOTs	
	Original Projections ¹²	Redirected EATs	Original Projections	Redirected PILOTs
1998	\$ 0		\$ 45,826	
1999	97,235		48,186	
2000	100,429	\$ 3,597	49,669	\$ 73,466
2001	104,099	10,020	51,182	84,066
2002	106,306	17,318	52,726	68,050
2003	108,741	21,854	54,299	132,954
2004	111,083	27,611	55,905	105,959
2005	113,491	42,104	57,543	117,455
Total	\$ 741,384	\$122,505	\$415,336	\$581,950

Universal Floodwater

Year	EATs		PILOTs		
	2nd Amendment Projections	Redirected EATs	Original Projections	2nd Amendment Projections	Redirected PILOTs
1992			\$ 0		
1993			0		
1994			79	\$ 79	\$ 163,185
1995			254,292	254,292	158,535
1996		\$ 64,406	518,756	518,756	346,529
1997		113,810	793,713	793,713	406,637
1998		74,460	1,079,753	1,079,753	431,377
1999		92,912	1,377,143	1,377,143	253,165
2000		107,607	1,686,524	1,686,524	631,465
2001	\$135,899	181,563	2,008,184	2,668,054	485,150
2002	137,511	211,051	2,342,806	3,015,960	539,218
2003	140,261	330,180	2,690,712	3,381,298	839,767
2004	141,938	319,136	3,052,633	3,754,595	960,805
2005	144,776	392,560	3,425,930	3,758,045	1,274,276
Total	\$700,385	\$1,887,684	\$19,230,525	\$22,288,212	\$6,490,109

¹² Original projected EATs for the Union Hill TIF plan include both statutory TIF revenues and Super TIF revenues for one of the two projects within the plan.

Tax Increment Financing Follow-up

Uptown TIF Plan

Year	EATs			Redirected EATs
	Original Projections	1st Amendment Projections	2nd Amendment Projections	
1994	\$ 20,000	\$ 7,000	\$ 7,000	
1995	63,000	28,000	28,000	
1996	64,000	262,000	262,000	
1997	70,000	287,000	287,000	\$ 1,130
1998	72,000	555,385	555,385	26,942
1999	77,000	667,938	723,626	6,429
2000	82,000	678,813	725,453	39,887
2001	86,000	692,688	720,376	106,857
2002	91,000	707,563	774,708	133,621
2003	95,000	725,875	794,481	149,152
2004	101,000	741,750	812,802	162,032
2005	106,000	755,625	827,184	169,233
Total	\$927,000	\$6,109,637	\$6,518,015	\$795,284

Uptown TIF Plan

Year	PILOTS			Redirected PILOTS
	Original Projections	1st Amendment Projections	2nd Amendment Projections	
1994	\$ 25,000	\$ 25,000	\$ 25,000	
1995	115,000	2,000	2,000	
1996	115,000	2,000	2,000	\$ 162
1997	128,000	4,000	4,000	0
1998	128,000	34,000	34,000	1,187
1999	140,000	335,000	335,000	0
2000	140,000	477,000	477,000	3,537
2001	153,000	499,000	744,932	66,745
2002	153,000	500,000	750,850	30,940
2003	165,000	523,000	773,850	104,024
2004	165,000	525,000	780,687	65,916
2005	180,000	548,000	803,687	75,268
Total	\$1,607,000	\$3,474,000	\$4,733,006	\$347,779

Walnut Creek TIF Plan

Year	PILOTS	
	Original Projections	Redirected PILOTS
1989	\$ 0	
1990	0	
1991	368,684	\$ 148,581
1992	368,683	216,210
1993	383,508	271,178
1994	383,508	221,004
1995	398,926	229,501
1996	398,926	28,273
1997	414,961	125,652
1998	414,961	101,101
1999	431,636	127,370
2000	431,637	144,179
2001	448,979	35,375
2002	448,979	320,421
2003	467,016	182,035
2004	467,016	166,186
2005	485,774	149,044
Total	\$6,313,194	\$2,466,111

West Edge TIF Plan

Year	EATs		PILOTS	
	Original Projections	Redirected EATs	Original Projections	Redirected PILOTS
2005	\$367,547		\$795,779	\$12,286
Total	\$367,547	\$0	\$795,779	\$12,286

Tax Increment Financing Follow-up

Winchester TIF Plan

Year	EATs			
	Original Projections	1st Amendment Projections	2nd Amendment Projections	Redirected EATs
1991	\$ 13,000	\$ 13,000	\$ 13,000	
1992	26,000	26,000	42,500	
1993	32,000	46,000	57,350	\$ 24,001
1994	39,000	50,000	55,217	29,803
1995	67,000	78,000	70,744	31,328
1996	119,000	131,000	146,510	151,135
1997	135,000	147,000	320,629	207,012
1998	208,000	220,000	480,552	213,293
1999	281,000	293,000	652,423	286,514
2000	337,000	349,000	783,980	510,475
2001	425,000	438,000	893,374	627,750
2002	652,000	665,000	910,980	513,211
2003	672,000	685,000	928,940	759,906
2004	692,000	706,000	948,258	641,607
2005	715,000	729,000	966,942	362,468
Total	\$4,413,000	\$4,576,000	\$7,271,399	\$4,358,502

Winchester TIF Plan

Year	PILOTs			
	Original Projections	1st Amendment Projections	2nd Amendment Projections	Redirected PILOTs
1991	\$ 0	\$ 0	\$ 0	
1992	132,000	132,000	94,500	
1993	132,000	132,000	94,500	\$ 99,005
1994	140,000	177,000	133,390	106,984
1995	232,000	270,000	164,405	108,480
1996	502,000	540,000	281,542	133,047
1997	508,000	548,000	580,677	165,623
1998	898,000	938,000	1,117,335	172,290
1999	1,177,000	1,218,000	1,246,301	273,353
2000	1,463,000	1,504,000	1,596,050	589,321
2001	2,032,000	2,075,000	1,771,496	91,618
2002	2,211,000	2,254,000	1,806,059	817,002
2003	2,251,000	2,296,000	1,843,330	850,014
2004	2,304,000	2,349,000	1,879,298	760,806
2005	2,343,000	2,390,000	1,917,988	588,252
Total	\$16,325,000	\$16,823,000	\$14,526,871	\$4,755,795

Appendix B

Comparison of Redirected TIF Revenues to Last Projections

Tax Increment Financing Follow-up

Comparison of Redirected TIF Revenues to Last Projections

Plan Name	Year Approved	Expected Revenues	Redirected Revenues	Difference	%
Total		\$407,048,800	\$231,370,023	(175,678,778)	56.8%
Plans Performing Above Expected Revenues					
Shoal Creek	1994	37,865,921	46,664,657	8,798,736	123%
KCI Corridor	1999	5,933,191	12,685,380	6,752,189	214%
Grand Boulevard	1996	2,895,551	6,392,189	3,496,638	221%
11th Street Corridor	1992	21,362,941	23,858,012	2,495,071	112%
Briarcliff West	1990	6,584,468	7,372,192	787,724	112%
43rd & Main	1994	4,959,000	5,693,509	734,509	115%
Santa Fe	1993	755,636	1,436,456	680,820	190%
Chouteau & I-35	1998	3,933,837	4,372,287	438,450	111%
Barry Towne	1996	11,477,070	11,799,830	322,760	103%
13th & Washington	1996	1,994,000	2,009,617	15,617	101%
Plans Performing Below Expected Revenues					
Judicial Square	2003	81,431	8,983	(72,448)	11%
Prospect North	2000	264,606	-	(264,606)	0%
New England Bank	2000	481,712	194,407	(287,305)	40%
River Market	1999	729,590	402,380	(327,210)	55%
Downtown Library	2002	483,005	147,238	(335,767)	30%
Searcy Creek	1993	1,424,000	1,016,144	(407,856)	71%
Union Hill	1997	1,156,720	704,455	(452,265)	61%
Savoy Hotel	1999	567,235	4,435	(562,800)	1%
19th & Central	1999	1,134,249	195,098	(939,151)	17%
Hotel Phillips	2000	1,914,461	840,366	(1,074,095)	44%
West Edge	2003	1,163,326	12,286	(1,151,040)	1%
New York Life	1994	6,776,000	5,496,761	(1,279,239)	81%
Parvin Road	2000	6,307,332	4,787,649	(1,519,683)	76%
Americana	1993	3,392,000	1,809,824	(1,582,176)	53%
The Summit	1995	3,680,655	1,894,009	(1,786,646)	51%
12th & Wyandotte	1992	4,045,000	1,975,033	(2,069,967)	49%
Jazz District	1999	2,596,780	110,938	(2,485,842)	4%
Walnut Creek	1988	6,313,194	2,466,111	(3,847,083)	39%
Three Trails	2002	5,216,400	12,881	(5,203,519)	0%
Tower Properties	1995	8,292,306	444,704	(7,847,602)	5%
Brush Creek Corridor	1999	11,074,003	2,499,079	(8,574,924)	23%
Southtown Corridor / 31st & Baltimore	1994	20,497,160	11,597,913	(8,899,247)	57%
Midtown	1988	22,032,000	12,479,915	(9,552,085)	57%
22nd & Main	1998	12,771,436	2,910,632	(9,860,804)	23%
Uptown/Valentine	1994	11,251,021	1,143,063	(10,107,958)	10%
Gateway 2000	1995	15,777,000	4,062,768	(11,714,232)	26%
Civic Mall	1994	16,895,345	5,170,417	(11,724,928)	31%
Winchester	1991	21,798,270	9,114,297	(12,683,973)	42%
Universal Floodwater Detention	1991	22,988,597	8,377,793	(14,610,804)	36%
Country Club Plaza	1997	30,547,492	13,433,488	(17,114,004)	44%
Hickman Mills	1992	67,634,860	15,772,826	(51,862,034)	23%

Tax Increment Financing Follow-up

Last Projected and Redirected Revenues for Active TIF Plans from Inception through 2005

	Last Projected Revenues	Redirected Revenues	Difference	%
EATS	\$177,158,481	\$111,488,986	\$ (65,669,494)	62.9%
PILOTs	229,890,320	119,881,037	(110,009,283)	52.1%
Total	\$407,048,800	\$231,370,023	\$(175,678,778)	56.8%

Appendix C

City Manager's Response



Office of the City Manager

29th Floor, City Hall
 414 East 12th Street
 Kansas City, Missouri 64106

(816) 513-1408
 Fax: (816) 513-1363

DATE: January 25, 2007
 TO: Gary White, Acting City Auditor
 FROM: Wayne A. Cauthen, City Manager
 RE: Response to Tax Increment Financing Follow-up Audit



Your draft audit on Tax Increment Financing Follow-up yielded four recommendations. Please review the preamble before reviewing the responses to each individual recommendation. Thank you.

The discussions around the application and administration of TIF dollars are a very vital part of our city's efforts in responsible development and revitalization. While this follow-up audit is timely and important, I note that the recommendations of this audit are too narrowly directed to successfully achieve the desired result as they do not call for action from the bodies that actually contemplate, review, and approve TIF dollars. The Mayor's Office, City Council and TIF Commission are the bodies that develop and apply any policies surrounding the use and application of this tool. The City Manager's Office and all related city staff are responsible for implementation of said policies, and management of the dollars attached to those affected projects. Thus, there are no real measure-able results that can be tracked by simply directing recommendations to one office.

The City Manager, and all associated city staff are more than willing to provide information such as usage trends, impact analyses, and distribution of dollars to assist policy-makers in their efforts to develop an economic incentive policy. In fact, given the importance of the impact on our communities, I would feel neglectful if we did not engage community partners in this endeavor. The City Manager's Office has the privilege and obligation to be an active partner with all involved in the development of this policy, and will do so.

Recommendation #1: The city manager should develop for City Council consideration an economic incentive policy consistent with GFOA's recommended four components of an economic incentive policy.

Response: Agree in part. City staff has been working with the Mayor's Office for several months to develop such a policy. However, please be mindful that in order to

successfully develop such a policy and for it to be meaningful, requires active participation and input from stakeholders outside city hall. I would add to your recommendation that stakeholders involved in the formation and governance of the TIF Commission, and others should be included in this effort. Our Finance Department ensures that any activities and information related to public financing is in compliance with GFOA standards where applicable.

Recommendation #2: The city manager should take steps to improve projections used by the TIF commission and City Council before approval of TIF plans.

Response: Agree. The city has taken steps to satisfy this recommendation. The Development Finance Division of the Finance Department handles major developments for the city, and specifically those utilizing TIF. This is a new division and oversight function that did not exist before Fall 2006. Additionally, a third party financial advisor reviews all projections developed by the city to ensure they are sound. Finally, we have made a requirement of developers presenting new projects to include market demand studies as part of their application for TIF so that we may consider that in our projections as well.

Recommendation #3: The city manager should introduce an ordinance that requires reporting annual comparisons of actual and projected revenues and verified job data on TIF plans.

Response: Agree in part. I think this recommendation is better suited to be directed to a policy-making body. The City Manager's Office would be more than willing to provide all the information needed to introduce such an ordinance, and testify on its behalf, but should not be the body that takes the lead in this policy-making activity.

Comparison data of actual and projected revenues is part of the annual incentive report requirements, and requires the cooperation of various agencies outside city hall where the approval for incentive dollars originates. The city manager would be more than willing to participate in efforts to determine how such information should be gathered and reported, and in what timeframe. As part of this effort, we will include the reporting of this information in the contractual agreement between the city and the Economic Development Corporation of Kansas City.

Recommendation #4: The city manager should ensure reporting of comprehensive performance measures for TIF plans that are consistent with GFOA's best practice of measuring benefits and costs of incentives against previously established goals and criteria.

Response: Agree. As stated in the response to recommendation #1, the Finance Department ensures that any activities and information related to public financing is in compliance with GFOA standards where applicable.

In closing, city staff has been contemplating this issue for some months as evidenced by the presentations at both the Finance and Audit, and Planning and Zoning Committees of City Council on January 24, 2007. After some initial conversations, the city engaged CSG consultants on May 1, 2006 to provide us with direction as we move forward on this important issue. They will provide us with economic forecasting information, and other trend analysis. As approved by the voters in August 2006, the new charter directs us to develop an economic development policy and over-all debt policy. As we endeavor to fulfill these requirements, we will have expertise at our disposal to assist us in discerning how other cities have approached this issue, and institute best practices. Future presentations from both staff and CSG consultants will reveal our strengths and opportunities for improvement.

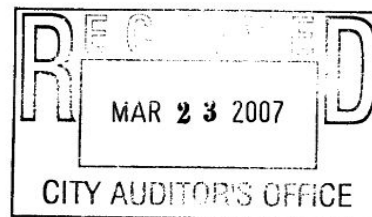
Tax Increment Financing Follow-up

Appendix D

President and CEO of Economic Development Corporation's Response



March 22, 2007



Mr. Gary White, Acting City Auditor
 21st Floor, City Hall
 414 East 12th Street
 Kansas City, Missouri 64106

Dear Mr. White:

We have completed our review of your amended draft audit of the Follow-up Audit of Tax Increment Financing that was delivered to us on March 12, 2007.

Included in this package for your review is our amended response to each of the four recommendations that you made to the City Manager. We note that the Auditor's Office made significant changes to the original draft audit. As a direct result of our initial response, amendments were made totaling \$77.3 million in projected and actual revenues. This represents a net change of 31%. While substantial progress has been made in reconciling the variance, we believe there is more work to be done.

Our detailed responses to the audit recommendations follow, but let me summarize quickly our major points:

- We substantially agree with your recommendations No. 1, 3 and 4.
- Most of our concerns are focused on your recommendation No. 2 - projections.
- Our essential concerns within recommendation No 2 are:
 1. Projections do not take into account plan amendments or activation status of projects.
 2. Actual revenue numbers do not include \$6.7 million that has been collected by the City but not transferred to the TIF Commission.
 3. Actual revenue numbers do not include six month of actual county revenue and other significant sources of revenue such as use tax and revenue generated prior to 1996.

■ ■ ■
ECONOMIC DEVELOPMENT CORPORATION OF KANSAS CITY, MISSOURI

10 PETTICOAT LANE ■ SUITE 250 ■ KANSAS CITY, MISSOURI 64106-2103 ■ 816-221-0636 ■ FAX 816-221-0189 ■ 800-889-0636
 INTERNET: <http://www.edckc.com> ■ E-mail: edckc@edckc.com or 73531.625@compuserve.com

4. The discrepancy between projected revenues and actual revenues is \$82.3 million, not the \$233 million claimed in the original audit.
5. Overall, TIF plans are performing at 75% of plan projections, not the 50% claimed in the original audit.

TIF plans run up to 23 years in length. It is impossible to judge early on whether or not they will ultimately yield the revenues they initially projected. So these “interim” numbers are just that – interim. We fully expect these projects to be successful and believe that you do too. Numbers aside, these projects were based on well thought out plans designed to be successful.

We agree that we should heighten our skepticism of the original projections and add staff or consultants to do so. But the marketplace and real world intrude on these projects and they change. GFOA auditing standards require that these changes be taken into account. Finally, all TIF amendments must be reviewed and approved by City Council. The GFOA in its publication entitled *Best Practices in Public Budgeting* stated that “the budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. A government should watch for significant deviations from expectations and make adjustments so that the plan is consistent with revised expectations. Governments should have procedures in place to determine when deviations from the budget plan merit adjustments to the budget. Budget adjustments, whether to programs or to revenues and expenditures, should be made as appropriate. Final changes to the budget should be reported. The timing and manner in which this is done depends on the stakeholder group and the level of materiality of the changes.”

Eighty-one percent of all TIF Plans are what the Commission refers to as Pay As You Go. This phrase defines those plans in which a developer executes an approved TIF plan using their own money whether in the form of cash or borrowed. The developer implements the plan and funds the approved project costs. Once the developer submits canceled checks and invoices for the costs they are certified by an independent accountant. If and only when the project is complete and generating revenue, real estate and sales taxes, does the developer get reimbursed. Should part or all of the investment be made on the developers part but yet the project never generates revenue then it is the developer who losses money and not the City.

The EDC wants to be a part of the dialogue on the new economic development incentive policy and TIF process because we know where it can be improved better than anyone. Possibly the use of an outside professional evaluator to compare the KC TIF process with other cities and to identify pros and cons would be useful early on in the new administration. This can be combined with the work already underway by the City’s financial consulting team.

The EDC as staff to the TIF Commission remains dedicated to the responsible use of all economic development incentives including TIF. We look forward to participating in the formulation of a comprehensive economic development policy as outlined in the new City Charter. It is our goal to bring many of the reform ideas we have taken to the State Legislators for the past few years to the discussion. We take extreme pride in being the example of best practices for TIF administration with the State and are anxious to include these ideas within a written policy for positive reform.

We believe that together with all involved with the policy formulation, Kansas City can solidify its position as a leader of responsible growth. Again, as always we appreciate the opportunity to partner with your office and offer our assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'JK', with a long horizontal flourish extending to the right.

Jeff Kaczmarek
President & CEO
Economic Development Corporation
Kansas City, Missouri

***“Amended” Follow-up Performance Audit
Tax Increment Financing
March, 2007***

AUDIT RECOMMENDATION #1:

The city manager should develop for City Council consideration an economic incentive policy consistent with GFOA’s recommended four components of an economic incentive policy.

AGREE:

Sec. 807. Debt and economic incentive policies.

The Council shall enact by ordinance a policy that reflects best practices for the prudent issuance, management, and use of debt, including bonds, and the use of economic incentives.

The citizens of Kansas City, Missouri approved this new portion of the city charter in August, 2006. The Mayor, City Council Members, City Manager, Economic Development Corporation and the TIF Commission ultimately serve the citizens of Kansas City, Missouri.

**“Amended” Follow-up Performance Audit
Tax Increment Financing
March, 2007**

AUDIT RECOMMENDATION #2:

The city manager should take steps to improve projections used by the TIF Commission and City Council before approval of TIF plans.

AGREE IN PART:

We agree in part because regardless of the effort being made, there is always room for improvement.

DISAGREE IN PART:

In our responses dated 2/14/07 and 3/20/07 it was pointed out that audit's methodology whereby original plan estimates are compared to actual revenues is not a reasonable assumption. (GFOA) publication *Best Practices in Public Budgeting*, "...the budget is a plan based on a set of assumptions that may not always match actual experiences during the execution phase. A government should watch for significant deviations from expectations and make adjustments so that the plan is consistent with the revised expectations."

The initial audit showed projected revenue of \$464,421,259. The amended version of the audit shows projected revenue of \$408,074,867, a correction of over \$56.3 million. While these reductions show your agreement with GFOA standards, there still remains a discrepancy. TIF Commission records show projected revenues of \$328,994,919.

In our February 14, 2007 response we suggest that county revenue had been omitted in the amount of \$36.3 million. **The amended version of the audit made an attempt to include this revenue but amounted to only \$21.0 million.**

**“Amended” Follow-up Performance Audit
Tax Increment Financing
March, 2007**

AUDIT RECOMMENDATION #2: (continued)

The city manager should take steps to improve projections used by the TIF Commission and City Council before approval of TIF plans.

The remaining variance of \$15.3 million, we believe to be due to several factors including a timing error that excluded six months of actual county revenue. Additionally, this variance includes the omission on the auditor’s part of other significant sources of revenue such as use tax, Convention & Visitors’ Bureau sales tax, Platte County road tax, and revenue generated prior to 1996. Also included in this omission is \$6.7 million in revenue that has been collected by the City but not yet transferred to the TIF Commission. This amount is audited annually and included in the TIF Commission and the City’s financial statements.

The changes in the amended audit received from your office total \$77.3 million dollars, a net change of 31%, as a direct result of our initial review and response.

The numbers presented in Exhibit 1 were compiled from the TIF Commission records utilizing the most current projections. These would include number from the amended plans, utilizing GFOA standards. Additionally, the number would include only “activated projects” within a plan. The actual revenue numbers represent all monies received for each of the plans including county monies, special taxes, and accounts receivable monies due from the City.

Ultimately this shows that the TIF program is performing at 75% of anticipated projections. The 25% that are currently not meeting projections represents an underperformance of \$82.3 million.

**“Amended” Follow-up Performance Audit
Tax Increment Financing
March, 2007**

AUDIT RECOMMENDATION #2: (continued)

The city manager should take steps to improve projections used by the TIF Commission and City Council before approval of TIF plans.

Included in the \$82.3 million are the following:

\$30.7 million - Hickman Mills - (pay as you go plan) The original Marion Merrell Dow has gone through acquisitions and mergers and the employment has greatly decreased. There is no general fund liability associated with this plan.

\$3.6 million - Three Trails - (pay as you go plan) Plan was originally implemented for Bass Pro Shops that ultimately located in Independence, Missouri. There is no general fund liability associated with this plan.

\$14.2 million - Southtown – (pay as you go plan) Projects such as The Landing and the Metro Shopping Center have yet to attract private investment. There is no general fund liability.

\$2.0 million - Gateway 2000 - (pay as you go plan) Gateway’s share of computer market greatly decreased since inception of plan and employment levels never sustained projections. There is no general fund liability.

\$9.5 million - Midtown - (bonded project city backed) Project was delayed for six years due to land acquisition, blight remediation, and tenant identification. City Finance Department projects a \$18.7 million surplus over the remaining years of the plan.

\$14.8 million - Universal – (pay as you go plan) Area is also included in an Enterprise Zone which offers real estate tax abatement therefore reducing the PILOTS that were projected.

These TIF plans run up to 23 years in length. It is impossible to judge early on whether or not they will ultimately yield the revenues they initially projected. These “interim” numbers presented in the audit are essentially meaningless. We fully expect these projects to be successful and hope that you do too. We can debate numbers all day long but the projects were based on well thought out plans designed to be successful.

**“Amended” Follow-up Performance Audit
Tax Increment Financing
March, 2007**

AUDIT RECOMMENDATION #3:

The city manager should introduce an ordinance that requires reporting annual comparisons of actual and projected revenues and verified job data on TIF plans.

AGREE IN PART:

The TIF Commission maintains continually updated actual and projected revenues. Reformatting the TIF annual report would allow for the inclusion of this data.

DISAGREE IN PART:

The TIF Commission maintains and includes in its annual report the number of jobs created. This number is supplied to the TIF Commission by the responsible developer.

The methodology and scope of verification of this data would need further discussion due to the number of businesses and the confidentiality of payroll information.

In general audit practices, the auditor does a sampling or testing of the data, not a complete compilation. This might be a method that would satisfy all parties involved.

AUDIT RECOMMENDATION #4:

The city manager should ensure reporting of comprehensive performance measures for TIF plans that are consistent with GFOA's best practices of measuring benefits and costs of incentives against previously established goals and criteria.

AGREE:

Comprehensive performance measures will no doubt be included in the economic incentive policy discussed in recommendation #1. The Economic Development Corporation and the Tax Increment Financing Commission would welcome the opportunity to participate in this process.

Exhibit 1

**Comparison of Projected and Actual Revenues
By TIF Plan From Plan Inception Through 2005
Per Tax Increment Financing Records**

Plan Name	Year Approved	Actual Revenues	Projected Revenues	Difference	%	Private Investment	Jobs Created/Retained
Shoal Creek	1994	46,144,294	37,865,921	8,278,373	122%	165,345,355	500
KCI Corridor	1999	12,489,582	5,933,191	6,556,391	211%	48,769,000	745
11th Street Corridor	1992	25,546,643	20,850,053	4,696,590	123%	96,425,545	6207
Grand Boulevard	1996	6,815,565	3,241,962	3,573,603	210%	86,797,056	358
43rd & Main	1994	6,313,471	4,814,000	1,499,471	131%	25,656,700	45
Briarcliff West	1990	7,704,292	6,263,906	1,440,386	123%	166,333,008	563
Brush Creek Corridor	1999	3,768,854	2,720,644	1,048,210	139%	102,255,386	1463
Santa Fe	1993	1,707,230	755,736	951,494	226%	-	41
Union Hill	1997	1,437,733	1,157,812	279,921	124%	16,564,040	113
Barry Towne	1996	11,754,461	11,477,070	277,391	102%	32,081,225	1749
13th & Washington	1996	2,225,849	1,994,000	231,849	112%	-	393
Hotel Phillips	2000	2,052,480	1,914,461	138,019	107%	26,084,066	0
New England Bank	2000	145,792	66,849	78,943	218%	13,088,307	0
West Edge	2003	12,286	-	12,286	-	9,446,251	1035
TIF Plans Exceeding projections		128,118,532	99,055,605	29,062,927		788,845,939	13212
Rivermarket	1999	392,002	457,624	(65,622)	86%	11,226,135	14
Judicial Square	2003	8,931	144,916	(135,985)	6%	3,839,683	26
Downtown Library	2002	49,415	298,356	(248,941)	17%	52,901,627	79
Searcy Creek	1993	1,026,871	1,414,000	(387,129)	73%	889,146	0
19th & Central	1999	235,024	666,805	(431,782)	35%	6,936,826	80
Summit	1995	1,720,850	2,433,245	(712,395)	71%	22,901,636	338
Parvin Road	2000	4,748,359	5,723,589	(975,230)	83%	11,549,845	240
New York Life	1994	5,416,430	6,773,000	(1,356,570)	80%	24,994,511	244
Jazz District	1999	275,640	1,807,074	(1,531,434)	15%	11,723,755	4
Gateway 2000	1995	4,247,297	6,283,000	(2,035,703)	68%	15,017,656	154
Tower Properties	1995	477,953	2,766,762	(2,288,809)	17%	52,471,277	182
22nd & Main	1998	3,252,826	6,185,101	(2,932,275)	53%	37,120,943	530
Walnut Creek	1988	2,701,484	6,798,968	(4,097,484)	40%	-	0
Country Club Plaza	1997	14,901,267	19,843,913	(4,942,646)	75%	124,484,219	201
Winchester	1991	10,646,083	21,785,270	(11,139,187)	49%	4,397,983	980
Southtown Corridor	1994	12,838,019	27,021,863	(14,183,844)	48%	45,547,258	405
Universal	1991	9,430,035	24,224,990	(14,794,955)	39%	18,788,091	0
Hickman Mills	1992	19,176,513	49,907,090	(30,730,577)	38%	26,263,097	0
Pay-as-you go TIF Plans ①							
Currently not meeting projects		91,544,998	184,535,566	(92,990,568)		471,053,688	3477
Chouteau & I-35	1998	4,139,353	4,391,987	(252,634)	94%	941,020	565
Americana	1993	1,787,187	2,642,000	(854,813)	68%	15,749,555	387
12th & Wyandotte	1992	3,008,518	4,045,000	(1,036,482)	74%	58,822,713	0
Uptown	1994	724,113	3,908,785	(3,184,672)	19%	23,921,512	377
Civic Mall	1994	4,852,193	8,383,976	(3,531,783)	58%	30,021,303	149
Midtown	1988	12,484,736	22,032,000	(9,547,264)	57%	104,971,181	570
Bonded TIF Plans ②							
Currently not meeting projections		26,996,101	45,403,748	(18,407,647)		234,427,284	2048
Total TIF Plans		246,659,631	328,994,919	(82,335,288)	75%	1,494,326,911	18737

- ① Pay as you go - developer contributes all up front costs associated with projects and is only reimbursed to the extent that there are revenues to pay; KCMO has no liability if the project does not perform as projected; developer simply receives less revenue than originally anticipated
- ② Bonded projects - those projects which are financed by bonds back by the city general fund; if EATs/PILOTs do not meet debt service city makes up the shortfall from general fund; this does not however, relate to whether or not the projects are meeting projections; (i.e. Civic Mall while not meeting projections has been paying debt service at greater than 125% each year
- ③ Additionally, the following projects have been removed from our analysis because while they have projected revenues, the projects have not been completed Those projects include Savoy Hotel, Three Trails, and Prospect North

Appendix E

Acting City Auditor's Comments on President and CEO of Economic Development Corporation's Response

Tax Increment Financing Follow-up

Acting City Auditor's Comments on the President and CEO of Economic Development Corporation's Response

Much of our work focuses on comparing original projected revenue to redirected revenue. The EDC characterizes comparing projected revenues and redirected revenues as “essentially meaningless.” We disagree. This comparison is important because those projections provide information to the public, the TIF Commission, and the City Council when decisions are made about whether or not to grant the use of TIF.

Most of the differences between our audit work and the EDC center on our method. Specifically, the EDC objects to comparing original projected revenue and redirected revenue, noting, for example, “it is impossible to judge early on whether or not they [TIF plans] will ultimately yield the revenues they initially projected.” However, it is possible to compare the revenue projected for prior years with the revenue redirected in those years.

We believe those comparisons provide meaningful information about the quality of information used to make decisions. All parties need good information to make good decisions; however, based on our results, the information the public, TIF Commission, and the City Council have had in the past have not always been good. We believe the city manager can and should improve this information

Ultimately judging the performance of the city's TIF program requires public policy and performance measures. The city has established neither. We've recommended both in prior audit work. We continue to recommend both public policy and performance measures.

The EDC makes reference to Government Finance Officer Association (GFOA) auditing standards and budgeting practices. These references are misleading because the GFOA does not make auditing standards and the projections we looked at in the audit are not budgets.

Our calculations of redirected EATs include use taxes, the convention and tourism tax, and the Platte County road tax. Our calculations of county EATs include EATs transferred in 2006 but related to prior years. The EDC is mistaken in saying that our audit doesn't include these redirected revenues.

EDC is correct that we do not include redirected EATs for years prior to 1996 that were transferred from the taxing jurisdictions to the TIF Commission in later years. However, including those redirected revenues does not materially affect the findings and recommendation in the audit.

We recommend that the city manager require verified job data on TIF plans. Currently, job data is questionable. In the EDC's response, they report that through 2005, TIF plans “created/retained” 18,737 jobs. However, in their response to our March 2005 audit, EDC reported that “over 23,000 new jobs have been created and over 22,000 have been retained.”