



Kelly Scanlon:

Welcome to Banking on KC. I'm your host Kelly Scanlon, thank you for joining us. On this episode, Bill Dietrich, the president and CEO of The Downtown Council of Kansas City joins us to talk about Kansas City's progress on creating a vibrant and sustainable downtown. Welcome, Bill.

Bill Dietrich:

Well, hi, Kelly. Thank you. It's very nice to be with you today.

Kelly Scanlon:

Tell us more about the Downtown Council itself, what are the members and what is the mission of the organization?

Bill Dietrich:

The Downtown Council is a nonprofit organization. Think of it as an urban management group, underneath the umbrella of the downtown council, we implement a wide range of economic development and community development strategies to promote a very healthy, diverse, and growing downtown Kansas City. Our members are really an interesting group of community stewards. They reach far beyond downtown, we have members of the organization throughout the Metro area. They're people who care about a vibrant urban context. They're people who are innovative, really the best and brightest thinkers in our community, and their wide range of business and of people. We have nonprofits. We have large corporations, small companies, startup companies, resident associations, just anyone who thinks they have a stake in downtown can be a member of the Downtown council. And we have members that cross that entire spectrum, as well as public officials, anyone you could think that needs to be in the mix to make sure that downtown is a really exciting place and that we get a broad input on what that agenda is that we can agree to and implement to advance downtown Kansas City.

Kelly Scanlon:

Basically, as the downtown of an area goes so goes the suburbs and surrounding communities.

Bill Dietrich:

Downtowns and neighborhoods are interconnected. They're fates are intertwined. For a great downtown, you need to have strong suburbs, you need that strong downtown adjacent neighborhoods, strong cities in the region. We need to have healthy neighborhoods to have a healthy downtown. And

downtown as in greater downtown, and I'd even say the economic corridor down through the Plaza, is critical to our region because it is the economic engine that drives much of the tax revenue that helps our neighborhoods stay healthy and become more healthy and vibrant.

Kelly Scanlon:

You are not a Kansas City native. In fact, you came here about 20 years ago from Seattle. So essentially, you chose to come here. There was something that attracted you to the area. What was that? What'd you see?

Bill Dietrich:

Well, both personal and professionally. I'd been working in downtown Seattle doing very similar work in urban development for the Downtown Seattle Association. And we had gone through many of the similar things that were happening at that time in Kansas City, which were we had huge areas of downtown that were blighted and abandoned. We had crime issues. We had kind of abandonment issues where much of downtown was very vacant. I had just kind of come from that experience and my position had kind of changed from one of development to management. And I got a call from Kansas City to come and take a look at this position. And when I came here, I was immediately struck by the history of the community.

Bill Dietrich:

Kansas City has such a rich and layered history. I was just fascinated by from, this is where the Chisholm Trail and the Santa Fe Trail, the Oregon Trails began and ended. This was the area that the civil war began and ended in. This is where the Pendergast era happened and Truman. This was really the city that outfitted westward expansion, interesting stuff. So I was really kind of naturally kind of drawn by that. And when I got here, the people I thought were just wonderful. They wanted community. They believed in community. They are very much open and people have that sense of, to look to the good first and we just really liked that a lot. So personally, those were two things that really attracted me to the area.

Bill Dietrich:

Professionally, downtown Kansas City was at the bottom of a cycle. No one lived downtown in 2000, a few people. If you didn't have to work here and you didn't come here, there was really no reason to. It had a very negative perception in the community. And I went out and I talked to my national network of folks who do kind of urban revitalization strategies and they said to me, kind of universally, "You know, they're at a point right now where either they have to come together and do something or they're going to lose their downtown."

Bill Dietrich:

So, I talked to business leaders, I talked to very inspirational, Mayor Kate Barnes at the time. They had a plan, they were committed. And so I took the leap and thought, this could be a great professional experience. Things worked out and they were right, that Kansas City was just at that point, poised for lots of new opportunities [inaudible 00:04:28].

Kelly Scanlon:

Yeah. And as you say, there was so much potential, but it took the will of the citizens, of elected officials, of business leaders, a collaborative effort. What were some of the things as you were turning downtown

around? Do you have a project that stands out for you that you were working on, that was near and dear to you that worked out?

Bill Dietrich:

I have lots of projects that were near and dear to me that worked out, but I'd want to kind of begin by saying you're absolutely right. In 15 years, downtown had over \$7 billion of investment in it. We went from a couple thousand residents today, just under 30,000 residents living in greater downtown. We went from 25% office vacancy to about 6% office vacancy in that time. We put in streetcars. We've dealt with hundreds of millions of dollars of infrastructure that was brought up to 21st century standards. An amazing amount was accomplished in that time and it really took everybody to make that happen. I really appreciate you saying that way. It took political courage and leadership from the city, Mayor Kate Barnes, City Manager Wayne Coffin, then City Manager Troy Sheltie who continued that commitment to making this downtown be successful.

Bill Dietrich:

My philosophy on urban revitalization is there is not a silver bullet. You really have to be hitting on all cylinders. Your office environment has to be attractive. You have to have lots of residents because they're your 24/7 users, looking out the window every day on what's right and what's wrong and willing to call councilmen and mayors and let them know. It takes innovative, creative, small businesses, 80% business downtown is small business, right? It takes a smart city's environment that attracts interest from both regional and national potential tenants. You have to be politically active and organized.

Bill Dietrich:

One of the neat things we did, we formed a political action committee on the Downtown Council, which really helped kind of Western Missouri's legislature see themselves as the Kansas City delegation for the first time ever. Which you know, gave us a bigger voice in the state, which means more resources that come to our community.

Bill Dietrich:

I think the most important thing we did back in 2002 was create what's called the Community Improvement district. And that's where all the property owners in downtown, central business district and then the river market, got together, put their signatures to the same vision, which was, we need to take care of our own product. We need to increase the quality of our product. Let's assess ourselves and we'll create a company called the Community Improvement District, which right now we have 65 employees. They're out in the streets every day, sweeping every sidewalk, removing graffiti, working with the police on any kind of crime issues or taking care of patrons at the bus stops, or really making downtown be clean, safe, and green. That was the first thing that really signals to the investment community that this business community serious about taking care of its product and making it better. And that really opened the doors to a lot of investment that followed, so that was a huge thing we did.

Bill Dietrich:

Now two projects that I was involved in that mean a lot to me. One was the Central Library at Ninth and Baltimore, which is what we call a catalyst project.

Kelly Scanlon:

Its beautiful building, yeah.

Bill Dietrich:

Yeah. Beautiful. It's a beautiful cultural institution and Presby Kemper, who was our latest executive director of the library system did, was made that institution be one of the highest, best programmed libraries in America month, after month, after month. It became a cultural center for our downtown community. And there are so many people involved in that to make that library happen. And we, the Downtown Council, got to serve as the master developer for it. So I got to sit with the best and brightest brains working with the library system to make that project a reality. We call it a catalyst project because we knew if we got that library up and operating, there were over a million square feet of empty old class C office buildings all around that library, empty surface lots. It was just an empty area.

Bill Dietrich:

We talked to the development community and said, "Gee, if we do this, if we put this \$45 million library in here, do you see an opportunity to convert these empty ... They're beautiful buildings, by the way. They're historic. Would you see a possibility of converting these two apartments and condominiums?" And the community said yes, and today we have over 1500 people who live adjacent to the library.

Bill Dietrich:

And get this, they live in market rate condominiums and market rate apartments, low income apartments, where we used low income housing tax credits to build, but at a market quality, next to a condo and next to a workforce housing, next to low income building, next to another condo, and it works fabulously. Mixed income neighborhoods are exactly what we need to continue to create in our downtown and in our city. It really is one of the healthiest neighborhoods in our downtown. So not only did we get a library, beautiful apartments and condominiums and a wonderful, vibrant, healthy neighborhood, we now call The Library District. That was hundreds of millions of dollars of investment that would not have come, but for the library project. So that ones very near and dear to my heart.

Bill Dietrich:

Later on, we were blessed to work on the Todd Bolender Center for Dance and Creativity, with the ballet leadership. And that was down in the old power plant building next door to Union Station. And we use the same model that we used at the library to be able to bring together historians, developers, the finance community, and the ballet, to a organization we created called Powerhouse Properties, LLC. We were blessed to serve that same function for the Todd Bolender Center. Think about what that meant to the ballet, it was just a huge community win on so many different levels. So I take kind of great pride that we were able to play a helpful role in that as well.

Bill Dietrich:

Third project we're really proud of, the streetcar. You know, how do we extend that streetcar down to a UMKC? How do we start branching East and West off it, right?

Kelly Scanlon:

You built this positive foundation. What are some of the major initiatives that you're working on now that you think could be real game changers for downtown?

Bill Dietrich:

You're downtown is everybody's downtown.

Kelly Scanlon:

Right.

Bill Dietrich:

Whether you live here or work here or you don't, but you come in to see a show at the Performing Arts Center, or you come to the Union Station to see if something great, or Sprint Center, or just a great restaurant you like or the galleries and the art and the restaurants, all the kind of vibrant life. It's for everybody. And that's kind of unique in your metroplex, right? You only have one of those kind of areas.

Bill Dietrich:

And finally, we have one in our city where now ... Here's another one my metrics and measurements. We have a great website that we kind of track everything it's called, downtownkc.org/data and it'll take you to our downtown dashboard.

Kelly Scanlon:

Yes.

Bill Dietrich:

What my key metrics is is can I keep young people coming out of MU, K State, KU, UMKC, can we give them opportunities in our community so they don't see their future somewhere else? Now, that doesn't mean they shouldn't go out and see the world. They should and have great experiences, but come back to Kansas City and bring that expertise and that experience and invest it here in their community.

Bill Dietrich:

Before when downtown was a blighted place, that was a hard sell and today it isn't. We see so many young graduates who are finding their place in our downtown. That's a key metric to me.

Kelly Scanlon:

I saw that same dashboard and I believe that the millennials actually make up the biggest cohort. They're at about 40%, aren't they?

Bill Dietrich:

Indeed they are in. And if you have the generations following them, that percentage goes up even higher. But we're also, well again before March, we were also beginning to kind of get into the empty nester demographic finding its niche and downtown.

Bill Dietrich:

With lots of the amenities that we have around, I mean, all sorts of amenities, just living amenities from grocery stores to medical facilities, to Truman and Children's Mercy and all the wonderful, great things happening up there on Hospital Hill. This is a great place to live as you age and age in place. And that was just a market we're just beginning to add to that neat millennial base. And we think we still can and still will.

Bill Dietrich:

But if you asked me, what's your biggest thing you're working on now? There are several projects I could talk about, project specific. And in my mind, probably two very important ones would be, again, extending the streetcar to UMKC, offering that to many more of our citizens. I think there are great things going on over at 18th and Vine, and we need to continue to develop that really indigenous entertainment district with all that wonderful history and richness that it has. And we need to continue residential development. We need to make sure that people who are living in downtown really are getting the quality experiences that they're looking for.

Bill Dietrich:

Probably one of the most important things we're working on today, above and beyond those initiatives, is this new strategic plan for downtown. When the COVID pandemic hit in March, it kind of changed everything.

Kelly Scanlon:

Did it change everything, or did you hit pause?

Bill Dietrich:

Yeah, you're probably right. It's more we had to hit pause, take a step back and kind of refocus what this organization's role is and I can give you just a couple of examples. As we quickly shifted to thinking about things like public health and safety, information sharing, economic relief for our retail community and others, just kind of surviving the pandemic and then what is that recovery strategy that we come up with as a community? One of the really neat things is we've got this amazing team on board, National Consulting Group, some great local partners and excellent steering committee. And again, if we had started this strategic plan back in January, it would have been wasted work by March.

Kelly Scanlon:

Right.

Bill Dietrich:

But now we have the opportunity, we're just beginning to really look at those issues. So in addition to the positive project things, better open spaces, more innovative technology based companies. I mean, there's a lot of things that we'll be working on, but now we get to also address, okay, how do we position ourselves? And those who are positioned are those who are going to come out of this recovery better than those who aren't thinking about these issues. And that's where we have the opportunity to do now, is really kind of do a deep dive and drill into what do we need to be doing to ensure that when COVID passes, we can pick up right where we were back in February.

Bill Dietrich:

But the new normal hasn't arrived yet. And we don't know how things ultimately evolve. What we do know is that the recovery will not mean the restoration of the old ways. We're transitioning to something new. And that's what we're all trying to figure out really quickly is, what is that? And I really believe there's huge opportunities for downtown and for our city and for our region.

Bill Dietrich:

One of the things we're looking at in the strategic plan would be things like more of those catalytic projects, or call them shovel ready projects. If right now you're looking at your downtown, you said, "Well, we've got these four opportunities to create a thousand new construction jobs to keep kind of momentum going forward, to lay the groundwork for recovery. What are those projects?" Right? If there is a federal stimulus bill that comes later that focused on infrastructure and capital investments, do we have a list of six, seven, eight projects ready to go? Those are where the opportunities are. And again, I lead with the streetcar, right? I mean, that is so positioned, so shovel-ready, that let's complete that process or we saw Waddell & Reed is moving downtown to a new building. Platform ventures, ready to begin their construction project.

Bill Dietrich:

We're trying to trigger Barney Alice Plaza, which is the old garage there for the convention center right next to the Marriott, for a new garage. And if you think about the convention business being down for the next couple of years, what a perfect time to position yourself, that when 2023 hits and NFL draft this year and all those great things, you've got all these wonderful new amenities just sitting there ready to go. Loews Convention Hotel, that it's successful in its grand opening. There's a lot of things that we need to be thinking about to ensure that when the recovery hits, we're ready to optimize it.

Kelly Scanlon:

Let's talk a little bit about small business. What small business has done to build Kansas City? And then we've talked about the impact of COVID, that there are good things that could happen, but main street small businesses have been hit especially hard by this. So what do you see with them in the recovery? And then what kind of programs do you have available to help the growth of small businesses and help them be even more of a driver?

Bill Dietrich:

Yeah. Small businesses are very much at the forefront of our mind right now and they have been for a long time. The majority of businesses in our greater downtown, in our city, our small business operators. We are doing some specific things we can do to help our current small businesses survive. And we're also doing things to attract new small businesses to our city and have been for a number of years.

Bill Dietrich:

Right now, we have right around 300 restaurants in greater downtown. So we have kind of come up with two initiatives today that we're implementing. One is called The Downtown Dish. And it's really kind of weekly online chats, podcasts, webinars, with chefs, bartenders, retailers, artists, over lunch each Friday. But you can sign up for it on Eventbrite, if you wanted to listen in. It's really kind of a way for us to share what's going on in these businesses, which ones are open, who's doing curbside, those types of kind of fun, positive topics.

Bill Dietrich:

We're doing something right now, we're working with the FACTA at the city. There are three ordinances, Councilman Eric Munster in the Fourth District's been a leader in this as have others, which are really looking at liberalizing some existing city ordinances to allow restaurants to come out into the sidewalk, to come out to the parking lot next door or to the parking stalls in front of their business. Because with the soft opening restrictions on density within the restaurant, if we can allow them to put more tables around and still fulfill those safety requirements, they have a better chance of being successful. That's

something that we're very involved in. And again, our community improvement district, we help mitigate the issues around that. So make sure those spaces are fabulous and look great and are safe and exciting and interesting to people.

Bill Dietrich:

Another thing we're doing is called, Downtown KC is Open, and it's a campaign to support restaurants and retailers. Probably the best way is going to check it on our website, downtownkc.org/open. And it's really that, it's a campaign where if you're a restaurant who is open, they have signage, they have marketing kind of approaches. They were promoting them over our website. But we're really trying to connect customer to retailer, customer to restaurant, customer to gallery, that will be opening here over the next month or two. So those are some kind of real specific campaign things we're doing.

Kelly Scanlon:

I think it's going to be interesting to see how many of these things continue as part of the new normal. People may decide that they really enjoy those chats or that the outdoor dining, closing down the streets, maybe it's not every night, but certain evenings of the week in order to create more of that community atmosphere, those things might be here to stay.

Bill Dietrich:

I think you're spot on. Again, the recovery doesn't mean the restoration of the old way we did things. Some of the things we're learning as we're going through this, we're learning. We're learning better and new ways to do things, how to be more efficient, more effective, how to reach more customers. So yeah, it's a really kind of an experiment to see what we're all learning today, how can we capture that and make downtown more, words I like to use is more resilient?

Kelly Scanlon:

Yes.

Bill Dietrich:

So as these things hit us and some future event occurs, that we're able to weather it and move forward.

Kelly Scanlon:

Yeah. You mentioned attracting new small businesses, growth oriented businesses in particular, to Kansas City. And I know one of the programs that you have had for several years that has been very successful is, Launch KC. Can you talk to us that? How it is enhanced small business in Kansas City and not just enhanced small business in Kansas City, but Kansas City as a whole, as a result of the small businesses?

Bill Dietrich:

Oh, absolutely. Yeah, and these small businesses, I mean, we work to bring them into downtown, but they ended up everywhere in our community. So it really does help our entire city bring in kind of new young, creative talent. Launch KC was started about five years ago as a partnership between the Downtown Council and the Economic Development Corporation. We have staff who then work annually, we raise six, seven, eight hundred thousand dollars. You actually can apply online. But we've done for five years is the National Business Plan Competition, where we would look at those industry verticals in

our region and say, what are we really good at? What kind of businesses are successful here and how can we build on that? Like design build, we're really great at design build. If think about the great companies here, [inaudible 00:20:50], Black & Veatch, The Henderson, and the list goes on and on, right? And the architectural community that we have, or the sports architects community, lot to build on.

Bill Dietrich:

So we look at those kinds of industry verticals, financial technology, healthcare technology, and we put out a call for proposals. And each year through this online process, we probably get five, 600 applicants. Two years ago, we had about 500 applicants, 17 States, three different countries. It's a way for us to kind of reach through marketing and communications, our coastal friends, as well as other regional cities where Kansas City may be in the startup's wheelhouse, where being here may help them be more successful. Ultimately, we then review those applicants and we would narrow them down to 20 finalists who we would then bring to Kansas City for what they call a demo day or a pitch day, where we bring in the industry, experts, leaders, investors, and let startup companies make their pitch for funding, for seed funding, for series A funding, for startup funding.

Bill Dietrich:

You take kind of a little different point and ultimately we'd pick 10 winners. Then those 10 winners, we'd each give a \$50,000 non-dilutive grant, just free money to them with a little agreement that says you need to stay in Kansas City for two years, work your product. We'll surround you with mentors, both in industry mentors, as well as generalist mentors, because sometimes you may have a great product, but you have no idea how to put a financial plan together or how to protect your intellectual property, right? So we give you those kinds of experts to help you build that product. We did that for about five years. It was extremely successful.

Kelly Scanlon:

So how has it impacted in the numbers? What are by the numbers?

Bill Dietrich:

Launch KC has been a program that has been a great return on investment to the city and the state who have been partners of ours over the course of the program. We brought 40 new companies to town, hundreds of new employees, tens of millions of dollars a follow on Capitol. We've grown the earnings tax base, the sales tax base. And you can't even calculate the indirect benefit of having these young, innovative startup companies in your community and what that brings in energy and additional follow on investment. Being so successful, that last year we actually transitioned to an accelerator program. Now an accelerator program is a more focused program, before we did a general call for proposals. Now we're looking at just very targeted industries. Actually, we'll be doing one in insurance and then health technology as well.

Kelly Scanlon:

You talked about intangibles, another intangible that strikes me, is that not only are you bringing in these young people that would not necessarily have been in Kansas City before, through the application process, you are shining a light on Kansas City.

Bill Dietrich:

There's a reason that Kansas City is as seen as one of the emerging kind of technology cities in America and it's because we are. We're sending out messages continuously that this is a friendly place to do business, that this is a friendly place for technology and innovative industries, that we have a great assets here. Like Google fiber would be one, Smart Cities Technology, and a commit from our city to continue to invest in that infrastructure. Fiber optic backbone runs through Kansas City for the entire nation. We've got a lot of amenities and assets that are really attractive to the national marketplace. And you have to be out there continuously pushing those messages and Launch KC gives us that platform.

Kelly Scanlon:

As someone who came to Kansas City 18 years ago, I'm curious as to what's kept you here all this time? You could have done the catalyst projects that you talked about, entertain other offers, but you chose to stay. Why?

Bill Dietrich:

Fun question. First 10 years we were working here, I would put together delegations of civic leaders and we would go to other downtowns to see how are they doing it? How were they revitalizing themselves? What were they looking at to make themselves be successful in implementing. The last five, seven years, we're now that downtown that other cities come to to see how are we doing it? How did you get a streetcar financed, capitalized, and free to the public? It's a huge success story. I probably host five, six delegations a year from cities whose names you would recognize as substantial markets who are looking at us and saying, "How'd you pull that together. How did you make that happen?"

Bill Dietrich:

So the short answer is, it's been a great professional experience for me. Kansas City is on the national radar screen. When I go out to consult with other cities about things that they can be working on, or playing that role of being a resource to them, it's exciting. And what we've done here in this incubator and this laboratory of downtown Kansas City has not been replicated in America and that's pretty cool. \$7 billion in investment in Kansas city, which by the way, predominantly that's us investing our monies. We're not a coastal city like Seattle who can align with Tokyo or London with New York. I mean, we stand kind of alone in middle America and that we pulled this off in such short time.

Bill Dietrich:

But usually this level of revitalization would take you a generation, we're doing generational change and I couldn't think of a more exciting place to be in my business in the country. I wouldn't trade this post for any. So it's been a great professional experience and we still are just thankful for the community around us. People in Kansas City are looking towards the future. They're optimistic, they're community oriented and that's something you can't package or make a marketing slogan out of it, but it's very real.

Kelly Scanlon:

well, Bill. We are glad you're here. And we also are happy that you're joining us today. Really appreciate everything you've been doing for Kansas City.

Bill Dietrich:

Well, thank you, Kelly. It's been a pleasure to talk to.

Joe Close:

I'm Joe Close, President of Country Club Bank. Thank you to Bill Dietrich for being our guest on this episode of Banking on KC. Bill personifies Kansas City's pioneer history, and they can do spirit that has transformed the city over the last two decades. Bill's a positive visionary who's always been able to see his way around challenges by fostering relationships and channeling necessary resources. I'm proud to serve as Country Club Bank's representative to the Downtown Council and look forward to working with Bill and his team to build an even brighter future for Kansas City.

Joe Close:

We're banking on you, Kansas City. Country Club Bank, member FDIC.