

Economic Development Report 2011



Redevelopment



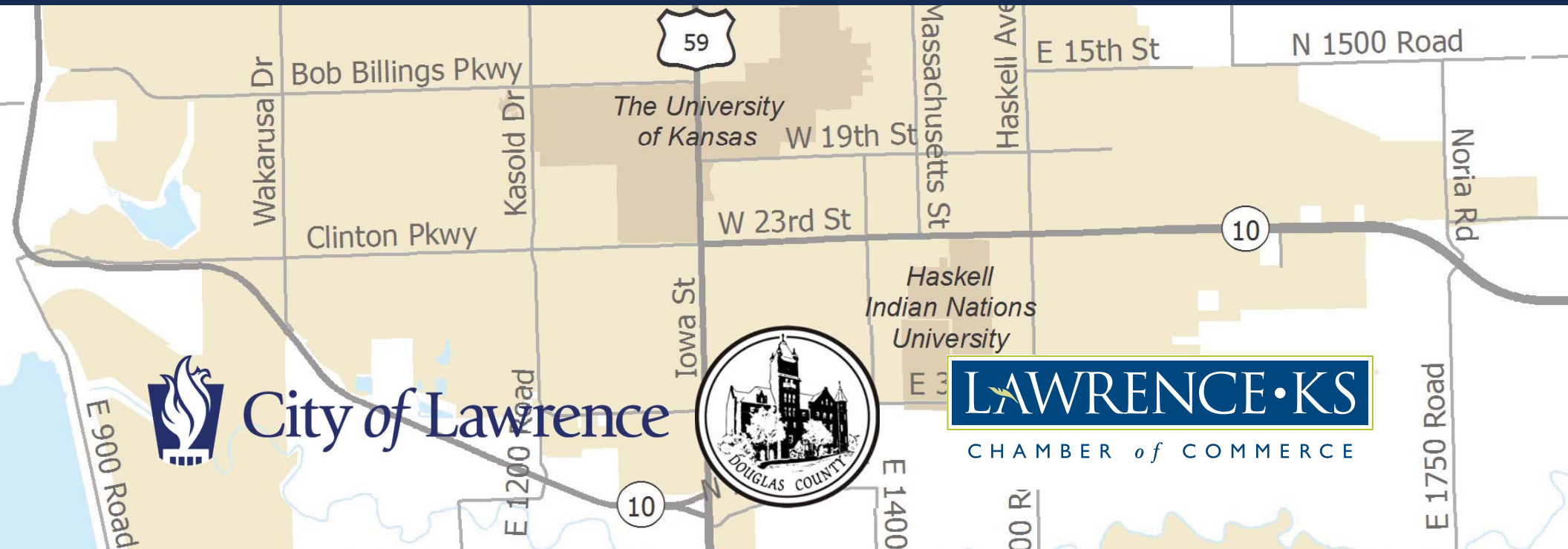
Entrepreneurship



Retention & Expansion



Attraction



City of Lawrence



LAWRENCE • KS

CHAMBER of COMMERCE



Elements of Economic Growth

Creation of jobs benefits entire community

THE IMPORTANCE OF HEALTH CARE

From 2006 to 2011, Lawrence Memorial Hospital (LMH) has invested \$115 million in capital asset additions. LMH is a public not-for-profit hospital and is self-funded from its operations and supported by contributions from the LMH Endowment Association. The hospital does not receive local tax dollars.



LMH is one of the top five employers in Douglas County with a staff of 1,270 employees with a median wage of \$22.39 an hour, excluding physicians. There has been a 26% increase in the LMH workforce in the last 10 years.

According to a recent study of the economic contributions of the state's health care systems, the health care sector accounted for an estimated 6.9% of Douglas County's total employment, or about 4,510 jobs. The study calculated economic multipliers for 8 health care sectors and estimated that health care directly and indirectly accounted for 6,582 jobs throughout Douglas County. It is estimated these same sectors accounted for almost \$300 million in total county income and about \$108.5 million in county retail sales.

Access to affordable, quality local health care services is essential to attracting and retaining local businesses and retirees. Health care has been among the fastest growing economic sectors for the past 30 years.

The purpose of economic development is to improve the overall economic strength of Lawrence and Douglas County and the economic quality of life for all residents.

Three basic elements form the basis of a strong economic development program and focus on creating good jobs for the community: **Attracting New Business; Fostering Growth and Retention of Existing Businesses; and Supporting Entrepreneurship.**

Attracting new businesses to Lawrence and Douglas County benefits the community by bringing in new business investment, creating new jobs and providing a source of new money to the community through sales and services. When businesses invest in a community, they contribute to a growing and diversifying tax base which in turn funds many critical services to residents. In addition to the monetary investment, new businesses keep the community vital by introducing new residents and providing an increased economic quality of life overall.

Helping existing businesses succeed and expand in Lawrence and Douglas County creates economic strength as they employ more people and increase their presence. Through business retention activities, our partners work with companies to expand the market for their services and to identify and resolve any challenges they face in doing business in our community.

Supporting entrepreneurship is an investment in the community's future. New ventures and start-up companies find a welcoming environment in Lawrence where they have access to business incubators and resources of the University of Kansas. Investing in these new businesses positions our community well for the future, attracting new high-technology industries with a need for a highly educated and skilled workforce.

All three components are necessary for the success of an economic development program and the jobs it creates. Residents benefit from economic growth through business investments, an increased tax base to subsidize city infrastructure and programs, creation of jobs across a broad range of capabilities, and an increased quality of life.



Investments in economic development contribute to better lives for the entire community.

Retention & Expansion

Local companies decide to further their commitment to Lawrence



Berry Plastics has been a part of the community for 43 years. In the past year it solidified its commitment to Lawrence and Douglas County with a \$20 million investment to build a 600,000 square-foot warehouse just off the Farmer's Turnpike in northwest Lawrence. The new facility means 11 new jobs and, just as important, it positions Berry Plastics for growth and additional manufacturing at the original plant.



Berry Plastics' 600,000 sq. ft. expansion is an example of successful retention and expansion.

A relative newcomer to Lawrence and Douglas County, Plastikon arrived in late 2010. About 50 jobs were created initially and the manufacturer of plastic vials used in the health care industry is on track to hire more than 100 new employees in the next four years. Plastikon already is expanding in Douglas County, leasing 10,000 square-feet of warehouse space in the Franklin Business Center.

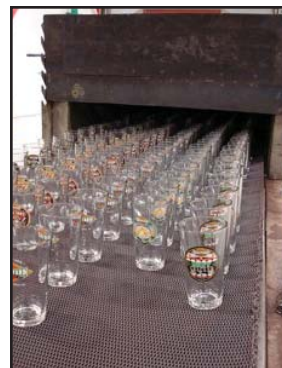


Plastikon expanded its manufacturing operations to Lawrence's East Hills Business Park.

Grandstand Sportswear and Glassware announced its expansion into the East Hills Business Park in 2011. Grandstand is a custom screen-printer specializing in sportswear, glassware and promotional items. The business has rapidly expanded in employees from seven in 1988 to 51 employees currently. Grandstand now occupies a 155,000 square-foot industrial facility. The company sells products throughout the United States, Canada and Australia.



SPORTSWEAR • GLASSWARE • PROMOTIONAL ITEMS
egrandstand.com



DOWNTOWN DEVELOPMENT

Lawrence is committed to its famously fun and uniquely entertaining downtown. For years, housing opportunities in downtown have been a treasured commodity and in 2011, a developer added a \$10 million, multi-story complex that features office, housing and retail space at the corner of 9th and New Hampshire.

Also in downtown Lawrence, the Lawrence Public Library is undergoing an \$18-million expansion and renovation that will increase the size of the library and the services provided to the public.

Even with downturns in the economy, Downtown Lawrence continues to be the heart of Lawrence and is still a great place to live, visit, shop or dine.





Attracting Businesses & Creating Jobs

Bringing investments and jobs to the community

While businesses contribute greatly to the communities in which they ultimately invest, they also look at what a community has to offer their company. Companies consider many factors when choosing whether to locate in a community. Common site selection factors include the availability of ready sites, workforce skill levels, access to highway, rail and/or air transport, access to research or academia, business incentives and costs, including tax rates, wages and utilities.

When marketing Lawrence and Douglas County to prospective businesses, our partners work to ensure the business and the community are a good fit for each other, allowing both to benefit from the relationship. Three new companies chose to call Lawrence home in 2011 – Assurant Employee Benefits, Gyrasol and Argenta. All are located in the Bioscience & Technology Business Center on the University of Kansas West Campus.

Assurant Employee Benefits is a division of Assurant, a leader in the insurance industry. Assurant will establish an internship program with KU's School of Engineering, specifically focusing on students in the school's computer science and computer engineering programs. The company offers unique industry-specific IT solutions requiring custom application. By choosing Lawrence, Assurant has the opportunity to work with highly-trained experts and students.

Gyrasol relocated to Lawrence from Santa Fe, New Mexico in September. A molecular diagnostics and drug testing company, Gyrasol specializes in technologies that may help predict which drugs will be most effective for specific cancer patients. Its patented sensing system detects how a cell's signaling network changes when cancer is present, allowing doctors to identify drugs that interact with the faulty signaling targets. They can then test the efficiency of a treatment before subjecting patients to treatment.

Argenta, a global provider of drug development services and contract product manufacturing for the animal health industry, moved to the BTBC in August. Their decision to invest in Lawrence and Douglas County reflects the strength of the Animal Health Corridor that stretches from Kansas City to Manhattan and recognizes the capabilities of the local workforce.

Since the launch of the BTBC, 60 jobs have been created in Lawrence. The BTBC has proven to be an excellent resource to attract investment and entrepreneurs to the regional business community.



The BTBC attracts companies looking for opportunities to partner with academic and industry professionals.



Planning has begun for a projected Phase II expansion of the BTBC which will add another 20,000 to 30,000 square-feet of incubator space.

Supporting Entrepreneurship

BTBC incubator attracts start-ups & established companies



The Bioscience and Technology Business Center (BTBC) Main Facility opened in August 2010 on the University of Kansas (KU) West Campus. Since then, the BTBC has grown to include two additional facilities, making it the largest business incubator network in Kansas and one of the largest in the Midwest. Together, the BTBC Main, Expansion, and KUMC facilities total nearly 70,000 square-feet and are home to more than 85 employees. Some of these companies are local startups, while others are emerging companies relocating to Lawrence from places such as New Mexico, Ireland and New Zealand. Within 16 months of opening, the BTBC Main Facility has reached 100% occupancy. Continued demand has prompted planning for Phase II, which would entail construction of an additional 20,000 to 30,000 square-feet of private tenant space.

The purpose of the BTBC is to promote economic development by providing commercial space and serving as an economic system for creating, recruiting and growing emerging bioscience and technology-based companies. Companies in this early stage face tight capital constraints. The BTBC can provide business development services to help them rapidly scale their business, leading to the creation of high-paying, high-quality jobs. The BTBC system is composed of five components critical for the success of any early-stage venture:

- **Modern, State-of-the-Art Office and Wet Lab Space.** Approximately half of the 21,400 square-foot Main Facility is private tenant space, while the remainder is common area featuring amenities shared by all tenants.
- **Business Development Services.** The BTBC provides professional business development services from qualified, successful incubator staff. Services available to businesses can be found at www.btbcu.com.
- **Access to Capital.** BTBC clients have raised more than \$185 million in investment capital from a variety of private, federal, and state sources. The BTBC has also helped clients raise capital through federal programs such as the Small Business Innovation Research (SBIR) program and state funds, including money from the Kansas Bioscience Authority.
- **Access to KU Research & Expertise.** Through a partnership between the BTBC and KU, tenants and clients are able to access specialized equipment, world-class researchers, and a highly qualified student body from which to hire employees. The BTBC Kansas University Medical Center Facility (KUMC) – located on the KUMC campus in Kansas City, Kansas – provides this same convenience and access to resources unique to KUMC, including a clinical trials site.
- **Education and Networking Events.** The newly launched BTBC Entrepreneur Education Series offers presentations by highly successful, entrepreneurially minded executives that cover a range of topics relevant to the success of any startup.

The BTBC is the result of a unique partnership between the City of Lawrence, Douglas County, KU, and the Kansas Bioscience Authority. For more information, visit <http://btbcu.com>.

BTBC 2011 ACCOMPLISHMENTS

- Developed the largest business incubator in Kansas and one of the largest in the Midwest.
- Expanded operations at the University of Kansas Medical Center (KUMC).
- Solidified partnerships with the Kansas Department of Commerce and the Kansas Bioscience Authority.
- Signed 14 leases with companies for placement at the West Campus or KUMC sites.
- Achieved 100% occupancy at the West Campus facility, two years ahead of projected schedule.
- Merged the Lawrence Regional Technology Center, Lawrence-Douglas County Bioscience Authority and BTBC into one entity.



The Bowersock Mills & Power Company

Lawrence leads Kansas as top producer of hydroelectric power

POEHLER BUILDING REDEVELOPMENT

In today's modern world, the significance of the past can be overlooked. However, in Lawrence, city leaders have been able to work with businesses owners to create opportunities within Lawrence's historic districts and revitalize neglected buildings into new spaces for commerce and housing.

The Poehler Mercantile Building, 618 E. 8th Street, is the focus of a redevelopment plan that will create 49 multi-family apartment units. The four-story brick building was built in 1094 and formerly housed industrial business. The city will complete infrastructure and public improvements, including street improvements, parking lot pavement, sidewalks, replacement of utility water line and street lighting.



In June 2011, Lawrence's local hydroelectric power plant, The Bowersock Mills and Power Company (BMPC), broke ground on a \$25 million expansion facility which will triple the production of renewable energy harnessed from the waters of the Kansas River. Construction of the North Powerhouse will take an estimated 18-months to complete and is highly visible from the Kansas River bridges when entering or exiting Lawrence.

The current South Powerhouse produces approximately 11 million kWh of hydroelectric power and, when finished, the North and South Powerhouses combined will produce approximately 33 million kWh. BMPC has signed an agreement with the Board of Public Utilities in Kansas City, Kansas to purchase the power generated for 25 years.

"Every day we see examples of why it is important for the U.S. to develop clean, renewable, domestic energy," said Sarah Hill Nelson, owner/operator of BMPC. "People don't think of the Midwest as a having hydro potential, but there is potential for small hydro everywhere. This project in Lawrence can serve as an example for other communities that clean, domestic energy is an achievable goal."

A dam is essential for the operation of the power plant, as well as other services including the city's water intake system. In conjunction with the construction of the North Powerhouse, BMPC and the City of Lawrence will complete necessary repairs to the dam and install a durable rubber dam. The rubber dam will replace plywood flash boards and is considered an improvement for production at the power plants but also, over time, will improve maintenance and reduce costs. Through this partnership, the city will receive a more efficient, environmentally preferred method of maintaining the upstream water pool for the same cost.



BMPC's \$25 million North Powerhouse will triple hydroelectric power in Lawrence. (architectural rendering)



Construction crews hit bedrock during construction of the BMPC powerhouse.

BMPC has produced clean, renewable hydropower since 1874. Together, with the support of the city, BMPC will continue to produce renewable energy that benefits the local, regional and state economies and achieves goals for expanding sustainable, renewable energy in Lawrence and the State of Kansas.

Farmland Redevelopment

City working to develop business at former fertilizer plant



Since 2010, the City of Lawrence has actively worked to clean-up and remove materials from the former Farmland Industries fertilizer plant on east K-10 Highway. The city took ownership of the 467-acre site with the intention of creating additional space for industrial development and expanding the city's business park. The Farmland property is a natural extension of the East Hills Business Park and provides additional space to expand employment opportunities and recruit businesses to Lawrence that will help increase the community's tax base.



The former Farmland Industries fertilizer plant is being redeveloped for future industry.

In 2011, the city took steps to recycle and demolish old, metal structures on the site. Sixteen-hundred tons of scrap metal were hauled from the site. The city is looking to develop the site for use with "green" technologies and are looking to recruit environmentally friendly and sustainable businesses. Also in 2011, the city was awarded a RE-Powering America grant from the EPA that will help determine the best renewable energy options for the site.

The next phase in the project is to develop a master plan for the property that will show how the property will be used and will help to identify the challenges and opportunities for the property, coordinate infrastructure and development needs with remediation strategies, provide design alternatives that create a culture of innovation at the new industrial park, and evaluate the most efficient ways to handle construction and development at the site.

For more information on the Farmland property and the progress being made, visit www.lawrenceks.org/farmland.

LAWRENCE'S COMMITMENT TO GROWTH

By creating partnerships throughout Kansas and the region, Lawrence is participating in developing the economy by targeting opportunities which enhance or grow existing industries.



KANSAS RESEARCH NEXUS

A new partnership between Lawrence, Topeka and Manhattan markets the capabilities found within the nine-county region in an effort to bring new companies to the area. The partnership highlights the three major universities in the region and their research in animal health, drug development, food safety and research in cancer treatment.

ANIMAL HEALTH SCIENCE CORRIDOR

The region's unique assets including a skilled workforce, top-tier veterinary schools and the presence of major animal health companies, makes the area from Kansas City to Manhattan an outstanding choice for animal health and nutrition research, innovation and production. The partnership actively seeks to attract new high-tech animal health and nutrition companies.



KANSAS CITY AREA DEVELOPMENT COUNCIL

Lawrence and Douglas County partners with the Kansas City Area Development Council, a private not-for-profit organization that promotes the 18-county region of greater Kansas City. They promote the region as the business location of choice and help companies outside the region find the best location in the Kansas City area, which includes Lawrence and Douglas County.



A vibrant future

Economic development partners working together to create success

KU CONNECTIONS

Computerized Assessment and Learning, CAL Testing as it is known locally, has been a part of the Lawrence community since 2003. CAL grew from a research program with the University of Kansas Center for Educational Testing and Evaluation (CETE). CAL has securely delivered millions of online tests, consistently guiding smooth transitions from paper/pencil administrations to secure, state-of-the-art computer-based delivery. In December 2010, CAL was acquired by Educational Testing Service (ETS) and operates as a wholly owned subsidiary of that company. Since then, CAL has grown its workforce by 59% to 38 full-time employees and expanded its office space by an additional 9,286 square-feet. CAL's workforce includes software developers, interactive designers, network administrators, business analysts and project managers.

CAL is one of 23 active companies created from KU research.



ECONOMIC DEVELOPMENT PARTNERS

City of Lawrence	www.lawrenceks.org	(785) 832-3472
Lawrence Chamber of Commerce	www.lawrencekansaseconomicdevelopment.com	(785) 865-4411
Douglas County	www.douglas-county.org	(785) 832-5268
Bioscience and Business Technology Center	http://btbcku.com/	(785) 832-2110
KU Small Business Development Center	http://www.kusbdc.net/	(785) 843-8844

Small Business Resources Available in Lawrence

With a mission of growing Kansas small businesses by providing training seminars and one-on-one consulting services, the KU Small Business Development Center serves a six-county region, including Douglas County. Our staff and consultants believe small businesses are the backdrop of our economy and exist to serve their needs.

In 2011, KUSBDC efforts with small businesses resulted in the creation of approximately 120 jobs and the generation of \$4.5 million in new capital. KUSBDC assisted with almost 45 new businesses opening in 2011 and worked with 338 individual clients. Over 1,600 hours of one-on-one consulting was spent with new business owners. Nineteen low-cost or free training sessions for small business owners were conducted.

