



# 2013 ANNUAL REPORT

## ECONOMIC DEVELOPMENT SUPPORT & COMPLIANCE

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City of Lawrence

*Cover Photos (counter-clockwise from top):* Sunlite Science & Technology, Inc.'s SunStar200 fixtures light the main bay of Studio 804, Inc.'s LEED Platinum EcoHawks Research Facility; Cider Building, 2<sup>nd</sup> floor office space; Neuvant House II, Groundbreaking ceremony, July 2013; Sunlite Science & Technology, Inc.'s SunFiber10 custom fixture, designed for JCCC's LEED Platinum Galileo's Pavilion.

# TABLE OF CONTENTS



<b>Executive Summary</b> .....	<b>i</b>
<b>Introduction</b> .....	<b>1</b>
<b>Section 1: Property Tax Abatements</b>	
Overview.....	1-1
Company Profiles .....	1-3
Abatement Performance .....	1-6
Performance Summary.....	1-7
Employment Summary.....	1-9
Employment History .....	1-10
Abatement Compliance Summary.....	1-11
Additional Community Benefits.....	1-16
Local Expenditures & Non-Local Sales.....	1-16
Property Tax Generation.....	1-17
Social Impacts.....	1-18
<b>Section 2: Industrial Revenue Bonds (IRB)</b> .....	<b>2-1</b>
<b>Section 3: Neighborhood Revitalization Areas (NRA)</b> .....	<b>3-1</b>
<b>Section 4: Tax Increment Financing Districts (TIF)</b> .....	<b>4-1</b>
<b>Section 5: Transportation Development Districts (TDD)</b> .....	<b>5-1</b>
<b>Section 6: Other Support Programs</b>	
Employee Training Incentives.....	6-1
Economic Development Services.....	6-2
Support for Other Economic Development Services.....	6-7
Neighborhood Infrastructure .....	6-8
Expansion & Relocation Grant/Loan.....	6-9
Shared infrastructure & Fee Rebates.....	6-10
<b>Appendix A: Regulating Documents</b> .....	<b>A-1</b>

# EXECUTIVE SUMMARY



Each year, the City of Lawrence compiles information on the firms receiving tax abatements in order to assess the effectiveness of program goals, including making good investments and providing quality wages and jobs for the community. This information is required by City Code (Section 1-2107), which states that businesses receiving tax abatements must provide certain information until their tax abatement expires.

The report also includes information on other active incentive programs currently sponsored by the City, including NRAs (Neighborhood Revitalization Areas), TIFs (Tax Increment Financing districts), TDDs (Transportation Development Districts), and other support programs.

The annual report contains information on active programs for the report year and does not cover expired economic development programs. Below is a summary of this year's report highlights:

## **Tax Abatements:**

Three Lawrence companies had active tax abatements in 2013: Amarr Garage Doors, PROSOCO, and Grandstand Sportswear and Glassware (Screen-It Graphics). All met their compliance measures as per performance agreements signed with the City. Two companies/projects had tax abatements authorized in 2013, but were under construction in 2013 and therefore did not receive a tax abatement for that year: Sunlite Science & Technology, Inc. and Rock Chalk Park.

- **Investments—**

- Real property investment totaled \$7,896,868 in 2013, 10% more than projected (\$7,168,000). Real property investment to date for Prosoco was \$2,397,288 and \$5,499,580 for Grandstand. Amarr did not receive an abatement on real property and their investment numbers are not included.
- Personal property investment totaled \$10,362,312 in 2013, 7% more than projected (\$9,660,000). Personal property investment to date for Amarr was \$9,700,000 and \$662,312 for Prosoco. Grandstand did not receive an abatement on personal property and their investment numbers are not included.

- **Employment**—Each of the three companies receiving tax abatements exceeded their projected employment levels during 2013: Amarr projected 40 net new positions and realized 85, Prosoco projected 50 net new positions and realized 67, and Grandstand projected 56 net new positions and realized 71.
- **Full-Time Wages**—As a whole, the three companies achieved an average annual wage of more than \$40,700 for full-time positions in 2013 compared with just over \$30,200 (inflation adjusted) as originally projected. This is approximately \$10,800 higher than the average full-time, private sector wage in Lawrence (\$29,922 per year) and \$15,328 higher than the annual 2013 wage floor rate of \$25,397. Average 2013 full-time wages was \$33,950 for Amarr, \$52,803 for Prosoco, and \$35,422 for Grandstand.
- **Tax Generation**—Based on the portion of property receiving an abatement, the three companies receiving a tax abatement paid a combined \$376,711 in property taxes out of a total \$535,235 due in 2013 (\$158,524 abated). Amarr paid a total of \$144,085 in personal property tax out of \$171,960 due (\$27,876 abated); Prosoco paid a total of \$182,182 in real and personal property tax out of \$219,149 due (\$36,966 abated); and Grandstand paid a total of \$50,444 in real property tax out of \$144,126 due (\$93,682 abated).

## **Industrial Revenue Bonds (IRB):**

Five companies had active Industrial Revenue Bonds at the end of the year: Bowersock, PROSOCO, Inc., 9<sup>th</sup> & New Hampshire LLC-South Project, Rock Chalk Park, and Neuvant House II. It should be noted that IRBs are backed by private sources, with no obligation on the part of the City for repayment of principal or interest.

## **Neighborhood Revitalization Areas (NRA):**

During 2013, the City of Lawrence had four approved Neighborhood Revitalization Areas: 8<sup>th</sup> & Pennsylvania Street district NRA, 1040 Vermont Street NRA, 1001 Massachusetts Street NRA, and 810/812 Pennsylvania Street NRA. Two properties received an NRA rebate during 2013: 720 E 9<sup>th</sup> Street (rebate of \$12,162) and 1040 Vermont Street (rebate of \$26,993). Since the 810/812 Pennsylvania Street project (Cider Building) was under construction during 2013, the first rebate will be for taxes levied in 2014. Although approved, the 1001 Massachusetts Street NRA (Masonic Temple) had not yet proceeded by year's end.

## **Tax Increment Financing Districts (TIF):**

The City currently has three TIF districts: The Downtown 2000 TIF district, The Oread TIF district and the 9<sup>th</sup> & New Hampshire TIF District

- The Downtown 2000 Redevelopment TIF District was created to support the development of the parking garage at 10<sup>th</sup> and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2013, approximately \$3.94M million remained outstanding on the bond debt (approximately \$8.6 million).
- The Oread TIF District was created to help fund public improvements supporting the multi-level lodging, hospitality, and business venue at 12<sup>th</sup> and Oread. Public improvements to streets and infrastructure, including a parking garage, were financed initially by the developer and are reimbursed annually through both TIF and TDD revenues generated within the district. The district began generating TIF revenues in 2009. At the end of 2013, the district had generated TIF revenues from sales tax and incremental property tax of approximately \$1,722,544 to date.
- The 9<sup>th</sup> & New Hampshire TIF District was created in 2012 and includes two project areas: South and North. As of the end of 2013, the South Project area was under construction and construction had not yet proceeded on the North Project area.

## **Transportation Development Districts (TDD):**

Currently, the City has three authorized TDD districts: The Oread TDD District, Free-State (Bauer Farms) TDD District, and the 9<sup>th</sup> & New Hampshire TDD District. In all TDD districts, public improvements are financed initially by the developer and are reimbursed annually via a one percent transportation district sales tax on retail or taxable services occurring within the district.

- The Oread TDD District (located at W. 12<sup>th</sup> Street & Oread Avenue) began generating sales tax revenues in 2009. At the end of 2013, the district had generated approximately \$430,811 to date in TDD revenue.
- The Free-State (Bauer Farm) TDD District (located at West 6<sup>th</sup> Street and Wakarusa Drive) began generating sales tax revenues in 2009. At the end of 2013, 52.5% of the buildable area within the district was occupied, generating approximately \$214,000 to date in TDD revenue.
- The 9<sup>th</sup> & New Hampshire TDD District was created in 2012 and includes two project areas: South and North. As of the end of 2013, the South Project area was under construction and construction had not yet proceeded on the North Project area.

## Other Economic Development Programs:

The City also participates in non-traditional support programs to help initiate and support economic development within the community. The programs supported in 2013 include:

- **Employee Training Incentives**—The City of Lawrence and Douglas County, Kansas participate in providing training incentives for two companies.
  - Argenta, a global provider of drug development services, receives support from the City and County via a joint support package totaling \$10,500. Disbursements are made annually, with 2012 and 2013 disbursements (\$2,750 each from City and County) made in advance to help with initial operations. The remainder of the grant is to be disbursed in 2014 and 2015, based on new positions created.
  - Plastikon is a plastic manufacturing company specializing in the production of high tolerance parts and accessories for the diagnostic healthcare and pharmaceutical industries. In 2011, the company commenced operations at their new Lawrence facility, hiring 19 new, full-time employees. In 2011, the company received \$10,710 (split equally between the City and County) based on compliance targets. The company did not submit certification for 2012 and 2013 and no incentives were provided for either year.
- **Economic Development Services**—The City, along with various other community stakeholders, provides support for the Bioscience & Technology Business Center (BTBC). City support to the BTBC in 2013 totaled \$841,540 for various economic development services and facilities, including \$500,000 for capitalization of the Main Facility Phase II project. The 2013 payment terminated the City's pledge of \$1,000,000 for funding the Main Facility Phase II project.

City support for economic development services provided by the Lawrence Chamber of Commerce and KU Small Business Development Center totaled \$219,500 in 2013.



# EXECUTIVE SUMMARY



City of Lawrence

- **Neighborhood Infrastructure**—During 2013, the City supported the preservation and revitalization of the East Lawrence Industrial Historic District (8<sup>th</sup> & Pennsylvania area) by funding several neighborhood improvements. Improvements completed in 2013 included:
  - 9th Street reconstruction & intersection improvements
  - Pennsylvania Street reconstruction
  - 8th Street & Pennsylvania Street parking
  - Utility and safety improvements
- **Expansion & Relocation Grant/Loan**—The City of Lawrence provided a one-time \$25,000 forgivable grant/loan to Grandstand Sportswear and Glassware at the end of 2011 to help facilitate the company's 2012 expansion into the vacant 155,000 square foot building at 3840 Greenway Circle in East Hills Business Park. As per the performance agreement, half of the loan was to be forgiven if Grandstand met performance targets for 2012, with the other half to be forgiven if the company met performance targets for 2013. Grandstand met compliance targets for both years, terminating the grant/loan payback provision as of the end of 2013.
- **Shared Infrastructure & Fee Rebates**—During 2013, the City reimbursed \$1,447,389 of expenses related to shared infrastructure and fees associated with the Rock Chalk Park project.

# INTRODUCTION



The City of Lawrence provides multiple support programs for economic development opportunities designed to enhance the local economy and quality of life. As these programs involve public funding for current and future community assets, projects are viewed as an investment in which the City analyzes the risks and returns, selecting economic projects that best balance the goal of growing the local economy with the required amount of investment. Currently, the City has the below active economic development programs and projects.

2013 Major Economic Development Support Programs			
Incentive Program	Description	Location	Map #
<b>Tax Abatements</b>	Amarr	3800 Greenway circle	1
	PROSOCO	3741 Greenway circle	2
	Screen-It Graphics/Grandstand	3840 Greenway Circle	3
	Rock Chalk Park <sup>1</sup>	6100 Rock Chalk Drive	4
	Sunlite Science & Technology, Inc <sup>2</sup>	4811 Quail Crest Place	5
<b>Industrial Revenue Bonds (IRB)</b>	Bowersock (Hydro-Electric Plant)	Kansas River, east of N 2nd Street	6
	PROSOCO	3741 Greenway circle	7
	9th & New Hampshire: South Project <sup>3</sup>	SEC, 9th & New Hampshire	8
	Rock Chalk Park	NWC of Rock Chalk Drive & George Williams Way	9
	Neuvant House East <sup>4</sup>	1216 Biltmore Drive	10
<b>Neighborhood Revitalization Areas (NRA)</b>	8th and Pennsylvania Street District	720 E 9th Street	11
	1040 Vermont (Treanor Headquarters)	1040 Vermont Street	12
	810/812 Pennsylvania (Cider Building)	810/812 Pennsylvania Street	13
	1000 Massachusetts St. (Masonic Temple) <sup>5</sup>	1000 Massachusetts Street	14
<b>Tax Increment Financing (TIF)</b>	Downtown 2000 District	9th & New Hampshire area	15
	Oread Project	1200 Oread Avenue	16
	9th & New Hampshire TIF District <sup>3</sup>	SEC & NEC, 9th & New Hampshire	17
	901 New Hampshire (TIF Refund)	901 New Hampshire	18
<b>Transportation Development Districts (TDD)</b>	Free State (Bauer Farm)	NEC 6th & Wakarusa	19
	Oread Project	1200 Oread Avenue	20
	9th & New Hampshire TDD District <sup>3</sup>	SEC & NEC, 9th & New Hampshire	21

Table continued on next page.

<sup>1</sup> Authorized March 2013. As of the end of 2013, project was under construction.

<sup>2</sup> Approved August 2013. Abatement will start with taxes levied in 2014.

<sup>3</sup> As of the end of 2013, project was under construction.

<sup>4</sup> Stand-alone IRB for sales tax exemption on construction materials.

<sup>5</sup> NRA postponed due to planned project not proceeding.

# INTRODUCTION



City of Lawrence

<b>2013 Other Support Programs</b>			
<b>Support Program</b>	<b>Description</b>	<b>Location</b>	<b>Map #</b>
Employee Training	Argenta	2029 Becker	22
Operations Grant	BTBC	2029 Becker & 4950 Research Pkwy	23
Infrastructure	East Lawrence Industrial Historic District, Phase II (near Cider Building redevelopment)	619 E 8th Street area	24
Relocation Grant/Loan	Grandstand Sportswear & Glassware	3840 Greenway Circle	25
Shared Infrastructure, Development/Permit Fee Rebates	Rock Chalk Park	NWC of Rock Chalk Drive & George Williams Way	4 & 9



# 1 PROPERTY TAX ABATEMENTS



## Overview

Tax abatements are authorized by the State of Kansas to allow municipalities and other taxing jurisdictions to reduce property taxes for a limited period of time in order to spur additional investment within a community.

Each year, the City of Lawrence compiles information on the firms receiving tax abatements in order to assess the effectiveness of the abatements at providing investments, quality jobs and good wages for the community. This information is required by City Code (Section 1-2107), which states that businesses receiving tax abatements must provide certain information until their tax abatement expires. The information presented in this section provides profile and performance information for the companies currently receiving tax abatements. Information on expired abatements granted by the City is not included.

2013 Tax Abatements					
Company	Start <sup>1</sup>	Expires <sub>2</sub>	Maximum Investment Amount Subject to Abatement <sup>3</sup>	Abatement %	Ord/Res
Amarr Garage Doors, Inc.	2010	2019	\$9,400,000 personal property	55% personal property	O-8497
PROSOCO, Inc.	2005	2014	\$260,000 personal property	55% on personal and real property	O-7882
			\$2,348,000 real property		
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	2012	2021	\$4,990,000 real property <sup>4</sup>	65% on real property	R-6948

Table Continued

<sup>1</sup> Exemption from ad valorem taxation starts with the taxes levied in the calendar year shown.

<sup>2</sup> Exemption from ad valorem taxation expires with the taxes levied in the calendar year shown.

<sup>3</sup> Amounts that appear in the City Ordinance authorizing the abatement.

<sup>4</sup> Estimated cumulative capital investment over 10-year term as per agreement dated October, 11, 2011 between City, 3840 Greenway Circle LLC, and Screen-It Graphics of Lawrence, Inc.

# 1 PROPERTY TAX ABATEMENTS



Company	Start	Expires	Maximum Investment Amount Subject to Abatement	Abatement %	Ord/Res
Sunlite Science & Technology, Inc. <sup>5</sup>	2014	2023	\$2,300,000 real property <sup>6</sup>	50% on real property	R-7042
Rock Chalk Park <sup>7</sup>	<i>Authorized via City Resolution 7014 on March 5, 2013. COTA application had not yet proceeded by the end of 2013.</i>			100% on real property	R-7014

## Non-Initiated Tax Abatements

It should be noted that there are two tax abatements approved that had not been initiated by the end of the year.

- In 2006, the City approved a 90% real property tax abatement for Berry Plastics for a three stage expansion at their existing plant. At this stage, two of the three phases have been completed, but there has been no material change to Berry’s real property value. Berry has therefore elected not to initiate this abatement yet.
- The City Commission approved a 55% real property tax abatement for API Foils in 2008. API Foils has not yet begun construction on this project.

<sup>5</sup> On August 27, 2013, the City Commission approved a 50% tax abatement (Resolution 7042) on the property located at 4811 Quail Crest Place, Lawrence, Kansas for Sunlite Science & Technology, Inc. The abatement will start with the taxes levied in 2014.

<sup>6</sup> Estimated cumulative capital investment over 10-year term as per agreement dated August 30, 2013 between City and Sunlite Science & Technology, Inc.

<sup>7</sup> KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the deal structure of the project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance requirements were imposed.

# 1 PROPERTY TAX ABATEMENTS



## Company Profiles



Amarr Garage Doors: 3800 Greenway Circle

### Amarr Garage Doors

Amarr was established in 1951 by the Brenner family in Winston-Salem, NC, and has grown to have sales in excess of \$300 million, 1,200 employees, and 76 locations in the United States, Mexico, and Canada. They are one of

the world's leading designers, manufacturers, and distributors of door access systems for residential garages, warehouses, commercial buildings, shopping malls and other commercial applications. Amarr has over 17 products to offer residential customers as well a wide array of commercial doors such as sectional steel doors and rolling steel doors. Designs are inspired by some of America's leading brands and sold by over 3,000 professional independent garage door dealers worldwide.

Amarr produces garage doors in two locations: Lawrence and North Carolina. The company came to Lawrence in 1989 as the first occupant of East Hills Business Park and currently produces the majority of their garage doors at this location. Amarr provides jobs for over 600 people, making it one of the largest private employers in the City.





# 1 PROPERTY TAX ABATEMENTS



## **PROSOCO, Inc.**

PROSOCO's products and services are designed to improve the appearance and performance of architectural masonry. This high level of specialization makes PROSOCO unique within the construction industry.

The company has developed products for giving new life to historic buildings and monuments; maintenance and protection of existing buildings; and the cleaning and protection of new masonry and reinforced concrete structures. PROSOCO products provide superior performance over traditional methods of cleaning commonly used for construction and industrial applications.

PROSOCO was founded in 1939 by Albert Boyer and remains under his family's leadership to this day. Since moving the headquarters to Lawrence in 1999, PROSOCO has seen growth in international markets and has undertaken several green initiatives, both in the products they produce and the way they produce them.



# 1 PROPERTY TAX ABATEMENTS



Grandstand: 3840 Greenway Circle

## Grandstand Sportswear & Glassware (Screen-It Graphics)

Based in Lawrence, Kansas, Grandstand is a custom screen printer specializing in sportswear,

glassware and promotional items. Beginning operations as an apparel company with seven employees in 1988, this local business has experienced rapid expansion, now selling products throughout the U.S., Canada, and Australia.

Company growth necessitated a move in late 2011/early 2012 from its Lawrence location at 2920 Haskell, where it occupied 30,000 square feet of space, to its new 155,000 square foot building in East Hills Business Park. The move into the larger facility gives the company the opportunity to grow and expand as it continues to respond to increasing market demand.



# 1 PROPERTY TAX ABATEMENTS



## Abatement Performance

The table below compares projected investment, employment and wage milestones<sup>8</sup> to actual achievement for each of the companies receiving a tax abatement during 2013.

<b>2013 Tax Abatement Performance by Company</b>			
<b>Amarr Garage Doors, Inc.</b>	<b>Projected</b>	<b>Actual</b>	<b>Comparison (Projected to Actual)</b>
Real Property Investment	n/a	n/a	n/a
Personal Property Investment	\$9,400,000	\$9,700,000	103%
Full-Time Employees <sup>9</sup>	40	85	213%
Average Wages (2013 Dollars)	\$31,619	\$33,950	107%
<b>PROSOCO, Inc.</b>	<b>Projected</b>	<b>Actual</b>	<b>Comparison (Projected to Actual)</b>
Real Property Investment	\$2,348,000	\$2,397,288	102%
Personal Property Investment	\$260,000	\$662,312	255%
Full-Time Employees <sup>10</sup>	50	67	134%
Average Wages (2013 Dollars) <sup>11</sup>	\$29,460	\$52,803	179%
<b>Grandstand/Screen-It Graphics</b>	<b>Projected</b>	<b>Actual</b>	<b>Comparison (Projected to Actual)</b>
Real Property Investment	\$4,820,000	\$5,499,580	114%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment <sup>12</sup>	56	71	127%
Average Wages (2013 Dollars)	\$29,547	\$35,422	120%

<sup>8</sup> Each firm was required to provide projections of real property investments, personal property investments, new jobs and wages for those jobs in order to do a benefit-cost analysis. The benefit-cost analysis is required by state law in order for the Kansas Court of Tax Appeals (COTA) to grant a tax abatement.

<sup>9</sup> The number of jobs projected to be added during the abatement period was 40, as per the Kansas Court of Tax Appeals orders (COTA Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2013, Amarr reported 624 actual, full-time positions and had realized 85 net new full-time positions (624-539 = 85).

<sup>10</sup> PROSOCO's original projection of 75 full time jobs was in error as it erroneously calculated the relocation of all PROSOCO employees, not just those targeted for Lawrence. According to PROSOCO, the actual base number should have been 50.

<sup>11</sup> Wage data by job classification was not specified by the company. The wages shown represent an estimation based on if the position paid above or below the community average for that job classification.

<sup>12</sup> Reporting requirements as per the City's performance agreement with Grandstand stipulates that full-time employment (FTE) be measured from the previous year, thus the 2013 job creation compliance category was based on 2012 employment levels.

# 1 PROPERTY TAX ABATEMENTS



## Performance Summary

2013 Tax Abatement Summary			
	Total Projected	Total Actual	Comparison (Projected to Actual)
Real Property Investment	\$7,168,000	\$7,896,868	110%
Personal Property Investment	\$9,660,000	\$10,362,312	107%
Full-Time Employees	146	223	153%
Average Wages (2013 Dollars)	\$30,208	\$40,725	135%

### Real Property Investment

Overall, the companies receiving tax abatements in 2013 achieved 110% of the projected amount for real property investments. Real property investment totaled approximately \$7.9 million, with company investments ranging from just under \$2.4 million (PROSOCO) to approximately \$5.5 million (Grandstand). Amarr did not receive a tax abatement on real property and those investment amounts were not included.

### Personal Property Investment

Overall, the companies receiving tax abatements in 2013 achieved 107% of the projected amount for personal property investments. Personal property investment totaled approximately \$10.4 million, with company investments ranging from a little over \$622,000 (PROSOCO) to \$9.7 million (Amarr). Grandstand did not receive a personal property tax abatement and those amounts were not included.

# 1 PROPERTY TAX ABATEMENTS



## **Job Creation:**

All of the companies receiving a tax abatement in 2013 met or exceeded full-time employment projections as per reporting requirements. Amarr Garage Doors exceeded projected employment by 213%, Prosoco exceeded projected employment by 134%, and Grandstand exceeded projected employment by 127% during the 2013 abatement year. Overall, the three companies receiving a tax abatement during 2013 met 153% of new, full-time job projections.

## **Wages:**

Employee pay is an important element for both the quality of life and for promoting other businesses indirectly. Adjusting for inflation, average wages from the companies receiving tax abatements is approximately \$40,700 per year. This wage is about \$10,800 higher than the average private sector wage in Lawrence.<sup>13</sup> This wage is also substantially above the 2013 community wage floor rate (\$12.21 per hour wage floor rate as compared to \$19.58 per hour average wage rate paid by abatement companies.)

All three companies met or exceeded wage expectations. Overall wages averaged 135% of projections. (Again, the projections provided in the application have been adjusted for inflation.)

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<sup>13</sup> Kansas Department of Labor, Kansas Labor Information Center, Average Private Sector Wage in Lawrence, KS (by Industry), Quarterly Census of Employment and Wages, \$29,922, data released fall 2013.

# 1 PROPERTY TAX ABATEMENTS



## Employment Summary

Each year, a questionnaire is sent to companies receiving tax abatements, requesting employment information. Occupation specific information, including full-time or part-time status, the 6-digit SOC Code (Standard Occupation Code) for each job category, and the hourly or annual wage for each position is collected.<sup>14</sup> The information for each occupation is then compared with a community average (mean) wage for that occupation. In the majority of cases, the community average wage used was the 6-digit SOC Code mean wage as reported in the 2013 Edition of the Kansas Wage Survey for the Lawrence Metropolitan Statistical Area (MSA). Whenever a 6-digit SOC Code mean wage was not available for Lawrence, the 2013 Edition 6-digit SOC Code mean wage for the state of Kansas was used.

2013 Employment Summary	
<b>Amarr Garage Doors, Inc.</b>	
Total Employment	640
Full-Time Employment	624
% of Full-Time Jobs meeting or exceeding mean wage	98%
Average Full-Time Wage	\$16.32
<b>PROSOCO, Inc.</b>	
Total Employment	67
Full-Time Employment	67
% of Full-Time Jobs meeting or exceeding mean wage	81%
Average Full-Time Wage	\$25.39
<b>Grandstand/Screen-It Graphics</b>	
Total Employment	71
Full-Time Employment	71
% of Full-Time Jobs meeting or exceeding mean wage	78%
Average Salary	\$17.03

It should be noted that City agreements for tax abatements with PROSOCO and Amarr were signed prior to the commencement of the new economic development policy and are not subject to that policy or its wage and health premium requirements.

<sup>14</sup> Due to confidentiality, companies were not required to provide wage data on job categories with only one employee. For purposes of calculating the company average wage, jobs indicated as below the average wage were estimated at 3% less than the SOC community average wage for that job category. Jobs indicated as above the average wage were estimated at 3% more than the SOC Community average wage for that job category.

# 1 PROPERTY TAX ABATEMENTS



## Employment History

In addition to 2013 employment, the below table presents historical employment records over the past five years for the companies receiving a tax abatement:

2009-2013 Employment History (year-end)																		
Company	Pre-Abatement		Projected from Abatement		Total Estimated Jobs		2009		2010		2011		2012		2013		2013 Over/Under Estimated Total	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Amarr (2009) <sup>15</sup>	499	0	40	0	539	0	499	2	466	4	453	6	477	4	624	16	85	16
PROSOCO <sup>16</sup>	0	0	50	3	50	3	59	3	56	3	62	2	67	0	67	2	17	(1)
Grandstand <sup>17</sup>	40	0	16	0	56	0	n/a	n/a	n/a	n/a	n/a	n/a	45	0	71	0	15	0
<i>Total</i>	<i>539</i>		<i>106</i>	<i>3</i>	<i>645</i>	<i>3</i>									<i>762</i>	<i>18</i>	<i>117</i>	<i>15</i>

Below is a history of PROSOCO/BIC Corporation Kansas full-time employment totals:

Prosoco/BIC Corporation: Kansas Employment History																	
<i>KC Law.</i>																	
Year	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	
KS Employees	50	58	64	61	60	63	63	67	68	69	69	59	59	64	67	67	

<sup>15</sup> The number of jobs projected from abatement was 40, as per COTA orders (Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2013, Amarr reported 624 actual, full-time positions and had realized 85 net new full-time positions (624-539 = 85).

<sup>16</sup> PROSOCO's original projection of 75 was inaccurate as it erroneously calculated the relocation all PROSOCO employees, not just those targeted for Lawrence. The actual base number should have been 50.

<sup>17</sup> Pre-abatement employment as of December 31, 2010 was 40 full-time positions. Per the agreement between the City and Screen-It Graphics of Lawrence, Inc./3840 Greenway Circle LLC, employment for purposes of abatement compliance is measured for the year preceding the current tax abatement calendar year. For the 2013 calendar year, employment is measured from January-December 2012.

# 1 PROPERTY TAX ABATEMENTS



## Abatement Compliance Summary:

In order to annually qualify for a tax abatement, each company is subject to provisions as specified within a performance agreement signed with the City and the tax abatement policy that was in place at the time of agreement signing. Only one company, Grandstand, is subject to current tax abatement policy requirements. Both Amarr and PROSOCO signed performance agreements before the current policy was in place and are not subject to current compliance provisions. However, both Amarr and PROSOCO have substantially met their compliance targets for 2013 based on their performance agreements and referenced tax abatement policy.

Current policy is based on the below compliance schedule:

Compliance Schedule	
Blended Range %	Amount of Incentive to be Received
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	0%

# 1 PROPERTY TAX ABATEMENTS



Grandstand was subject to the below performance provisions for 2013. The company met substantial compliance and was eligible for 100% of their 2013 tax abatement amount.

2013 Grandstand Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment, as of 12-2013)	\$4,820,000	\$5,499,580	114.1%	0.25	28.5%
Job Creation	2013 Full-Time Employment (FTEs) <sup>18</sup>	56	71	126.8%	0.25	31.7%
Wages	2013 Wage Floor (\$12.21/hr) <sup>19</sup>	100% of Regular, FTEs paid above wage floor	55	78.0%	0.125	9.8%
	2013 Avg. Company Hourly Wage	\$14.00	\$17.03	121.6%	0.125	15.2%
Health Benefits	Employer Provided Health Care Coverage (min. 70% employer paid premium) <sup>20</sup>	100% of Employees	61	85.9%	0.25	21.5%

*Blended Compliance %* 107%

***Eligible Incentive %* 100%**

Note that as per the performance agreement between Grandstand and the City, the measurement period for job creation was specified as January 1 through December 31 of the immediately preceding year. Under mutual agreement, the City and Grandstand agreed to a clarification of the measurement period that would align it to the year taxes are being levied/abated. For example, the measurement period for taxes levied in 2014 will be January 1, 2014 through December 31, 2014. This does not change targets or

<sup>18</sup> As per agreement (dated 10-11-11, Section 5b), for the 2012 year, the period of measurement will be January 1, 2011 through December 31, 2011. For each year thereafter, the period of measurement will be Jan1 through Dec 31 of the immediately preceding year.

<sup>19</sup> As per agreement (dated 10-11-11, Section 5c), Grandstand shall maintain a wage structure for its FTEs such that 100% of its regular full-time employees are paid above the annual wage floor. Wages for employees serving their initial training period of 90 days will not be included in this calculation.

<sup>20</sup> As per agreement (dated 10-11-11, Section 5d), Grandstand shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor).



# 1 PROPERTY TAX ABATEMENTS



total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand. This change will be reflected in the 2014 report.

Grandstand's one-time \$25,000 forgivable loan was also subject to the same performance provisions. The blended compliance rate of 107% qualifies the company for a 100% forgivable loan amount of \$12,500 for the 2013 measurement period. As Grandstand met 100% of the compliance measures for both 2012 and 2013, this ends the payback provisions for the forgivable loan.

Grandstand Forgivable Loan Compliance		
Amount	Payment	Period of Measurement
\$12,500	March 1, 2013	Jan 1, 2012- Dec 31, 2012
\$12,500	March 1, 2014	Jan 1, 2013- Dec 31, 2013

Compliance Schedule: Forgivable Loan	
Overall Compliance %	Amount of Loan Payment Forgiven
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	No portion of loan payment forgiven. (\$12,500 due to city)

# 1 PROPERTY TAX ABATEMENTS



Both Amarr and PROSOCO signed performance agreements before the current policy was in place and are not subject to the same provisions as indicated in the current policy. However, both companies have substantially met their compliance measures for 2013 as per their performance agreements with the City and are eligible for 100% of their annual incentive amount. Performance measures for both companies, in light of current standards, are shown below for comparison.

2013 Amarr Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Personal Property <sup>21</sup>	\$9,400,000	\$9,700,000	103.2%	0.25	25.8%
Job Creation	2013 Full-Time Employment <sup>22</sup>	40	85	212.5%	0.25	53.1%
Wages	2013 Wage Floor <sup>23</sup>	\$12.21	\$16.32	133.7%	0.125	16.7%
	2013 Average Company Hourly Wage <sup>24</sup>	100% of Employees Paid Above Community Average Wage	98%	98.0%	0.125	12.3%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium or \$1.50 above wage floor) <sup>25</sup>	100% of Employees	100%	100.0%	0.25	25.0%

Compliance %      133%  
**Eligible Incentive %      100%**

<sup>21</sup> Per Ord. 8497, Amarr's transfer of real property ownership on 3-27-07 invalidated a tax exemption on real property.

<sup>22</sup> Amarr was originally granted a 55% tax abatement on real and personal property via Ordinance 8470 (adopted 10-27-2009). Requirements under the performance agreement (signed 12-17-2003), referenced by Ordinance 8470 states "The approval of the tax abatement by the governing body of the City was in reliance upon the application submitted by Amarr. Specifically, the application and the approved tax abatement provided that Amarr would 1) construct a facility, new construction and modification to existing facility in the capital amount of \$7,700,000; 2) expend \$9,400,000 in the purchase of new machinery and equipment; and 3) employ eighty (80) full-time employees as the result of the project."

Ordinance 8497 (authorized 4-6-2010) later repealed Ordinance 8470, and specified a 55% tax abatement on personal property only. In association with this tax abatement, the COTA application submitted June 28, 2010 specified "The applicant is using the subject property exclusively for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

<sup>23</sup> 2013 Wage floor is \$12.21/hour. The wage floor hourly wage is adjusted annually based upon an annual wage equal to 130% of the Federal poverty threshold for a family of three, as established by the U.S. Department of Health and Human Services. \$16.32 represents Amarr's average wage for all 2013 full-time employees.

<sup>24</sup> Community average wages are provide by occupation through the Kansas Department of Labor, 2013 Edition Wage Survey.

<sup>25</sup> Amarr's average company wage of \$16.62 is in excess of \$1.50 above 2013 wage floor requirements.

# 1 PROPERTY TAX ABATEMENTS



City of Lawrence

2013 PROSOCO Compliance Summary						
Compliance Category(1)	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Plant	\$2,348,000	\$2,397,288	102.1%	0.25	25.5%
	Equipment	\$260,000	\$662,312	254.7%	0.25	63.7%
Job Creation	Employment, Full Time	50	67	134.0%	0.25	33.5%
Wages	2013 Average Company Hourly Wage	\$14.14	\$25.39	179.6%	0.25	44.9%
	Wage Floor	n/a	n/a	n/a	n/a	n/a
Health Benefits	Employer Provided Health Care Coverage	n/a	n/a	n/a	n/a	n/a

Compliance % 168%  
**Eligible Incentive % 100%**

# 1 PROPERTY TAX ABATEMENTS



## Additional Community Benefits

Businesses provide many important benefits to the communities in which they reside. In addition to direct job creation and generation of wages, companies increase purchases within the local economy, contribute to the local tax base and bring capital into the community. They also generate a substantial social impact, including providing training and benefits to the work force, supporting community organizations, and employing environmental stewardship.

## Local Expenditures & Non-Local Sales

A key objective of economic development is to bring new money into the community, and then have that money stay in the community. Firms bring new money to the community when they sell products to other geographic markets. The money then remains in the community to the extent that it is distributed in wages to local residents, paid in dividends to local owners and shareholders, or spent locally. The below table shows the share of sales made outside of Lawrence and the local expenditures made directly by the firms.

2013 Local Expenditures & Outside Sales		
Company	Expenditures Spent Within Lawrence	Sales Generated Outside Lawrence
Amarr Garage Doors Inc.	5%	99%
PROSOCO, Inc.	5%	100%
Grandstand/Screen-It Graphics	2%	98%

Almost all local revenue generated by products sold by the three companies is imported into the community from outside sales. Local expenditures were low, ranging from 2-5 percent, a likely result of the nature of manufacturing production at these facilities. (e.g. These companies create products using materials that are not produced locally, requiring larger expenditures from outside the community.)

# 1 PROPERTY TAX ABATEMENTS



## Property Tax Generation

Since none of the three companies received a 100% tax abatement, all of the abated property is currently generating some level of property taxes.<sup>26</sup>

<b>2013 Tax Generation</b> (on portion of property receiving an abatement)			
<b>Company &amp; Abatement %</b>	<b>Total Tax Potential</b>	<b>Abated Tax Amount</b>	<b>Taxes Paid (or to be paid) by Property Owner</b>
<b>Amarr Garage Doors, Inc.</b>			
Real (0%)	\$0	\$0	\$0
Personal (55%)	\$171,960	\$27,876	\$144,085
<b>PROSOCO, Inc.</b>			
Real (55%)	\$206,477	\$36,026	\$170,451
Personal (55%)	\$12,672	\$940	\$11,731
<b>Grandstand/Screen-It Graphics</b>			
Real (65%)	\$144,126	\$93,682	\$50,444
Personal (0%)	\$0	\$0	\$0
<b>Total</b>	<b>\$535,235</b>	<b>\$158,524</b>	<b>\$376,711</b>

Source: Douglas County

<sup>26</sup> Personal property amount may not reflect the percentage of abatement, as some personal property is not included in the exemption. The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.

# 1 PROPERTY TAX ABATEMENTS



## **Social Impacts**

Companies also contribute to the community by providing career enhancement for their employees and by giving to local charities as well. The three firms receiving abatements in 2013 have obtained substantial achievements in the areas of the environment, community engagement, and environmental practices.

### **Amarr Garage Doors, Inc.**

#### **Environment**

Amarr participates in recycling programs that include steel, aluminum, cardboard, pallets, and paper products. Over 65% of Amarr's Finished Good Product is manufactured from recycled steel.

#### **Community Engagement**

Amarr has supported a number of community groups, including Van Go Mobile Arts, Tenants to Homeowners, United Way, Habitat for Humanity, Kansas Blood Services, March of Dimes, Lawrence Arts Center, and the Lawrence Memorial Hospital Campaign.

#### **Job Training/Benefits**

During the course of the year, Amarr continually offered a wide range of training, including new employee orientation, harassment training, safety training, leadership skills development, and on-the-job machinery equipment operation instruction. Amarr also offers an in-house degree program to employees designed to improve skill sets for both professional and personal growth. Tuition reimbursement is another benefit provided to employees who want to continue their education.

# 1 PROPERTY TAX ABATEMENTS



## **PROSOCO, Inc.**

### **Environment**

PROSOCO continually strives to develop and introduce new environmentally responsible products for the building industry. The company employs environmental professionals, including a Regulatory Affairs Director (holding a B.G.S. degree in Environmental Studies and certification as a Hazardous Materials Manager) to oversee compliance with all applicable environmental requirements, and a LEED Accredited Professional (LEED AP, U.S. Green Building Council). PROSOCO works with the U.S. Green Building Council, the Consumer Specialty Products Association, and Coatings Care to support environmental principles and practices.

### **Community Engagement**

PROSOCO is actively involved in the Eastern Kansas branch of MS 150 and has participated in this annual event since 2003. In addition to the company being a current and active member of the Lawrence Chamber of Commerce, a company representative serves as chairman of the Douglas County Emergency Management Board and is also a member of the Community Emergency Response Team (CERT) for East Hills Business Park. Other community support includes donations to Junior Achievement, Lawrence Aquahawks, American Cancer Society, and Back to School Backpack programs. PROSOCO also provides the City of Lawrence with free consultation on building renovation projects.

### **Job Training/Benefits**

PROSOCO provides employees with internal and external education and training covering topics such as computer software, financial awareness, product training, wellness, and high-tech applications. Annual safety training is provided to employees as well as CPR/First Aid training every two years.

# 1 PROPERTY TAX ABATEMENTS



## **Grandstand (Screen-It Graphics), Inc.**

### **Environment**

During 2013, Grandstand continued to employ an aggressive environmental program to reduce, reuse, and recycle as much waste as possible. The company implemented an over/under policy with customers, which reduced scrap glass output by approximately 115,000 pounds. The company worked closely with their suppliers to put branding on their boxes to allow Grandstand to ship out in the same boxes the product arrived in. Currently, Grandstand is able to cover 98% of outbound shipping in reused boxes. The company continues to recycle scrap glass, corrugate, office paper, aluminum, and plastic waste.

### **Community Engagement**

Grandstand sponsored the following local organizations in 2013: Boys & Girls Club of Lawrence, Ballard Community Services, Corpus Christi Catholic Church, Douglas County Special Olympics, Free State High School, Harvesters, Hilltop Child Development Center, KU Alumni Association, KU Endowment, Lawrence Art Guild, Old Fashioned Christmas Parade, Phil's Phighters, and Theater Lawrence. The company also adopted several local families and provided a number of items for Christmas. Grandstand employees raised money and participated in the Lawrence Junior Achievement Bowl-a-thon and donated apparel worth approximately \$13,000 to support the local Goodwill.

### **Job Training/Benefits**

The company hired and trained over 66 new employees during 2013. Grandstand completed various safety trainings for all applicable employees and trained an additional 8 employees on first aid and CPR. The company had a number of employees attend continuing education for their respective fields.



# 2 INDUSTRIAL REVENUE BONDS (IRBs)



K.S.A. 12-1740 permits cities to issue revenue bonds for the purpose of paying the costs of purchasing, acquiring, constructing or equipping facilities for “agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes”. IRBs can be beneficial in obtaining a sales tax exemption on project construction materials, machinery and equipment and may also support favorable rate financing.

Five companies have had Industrial Revenue Bonds (IRBs) issued on their behalf that were outstanding as of the end of the year. The table below details the date of issue as well as the maturity date. Note that outstanding IRBs are payable solely from private sources and not backed by the City. In addition, those companies that had IRBs issued after 1995 are required to provide arbitrage and secondary disclosures.

2013 Outstanding IRBs					
Company	Date of Issue	Issuing Ord #	Year Matures	Amount Authorized	Project
Bowersock: Series 2011B & 2011C	2010/2011	8607 & 8620	2037	\$27,000,000	Hydro-Electric Facility
PROSOCO, Inc: Series 1998A (\$5,800,000) & Series 1998B (\$2,240,000)	1999	7060	2019	\$8,040,000	Manufacturing Facility
9th & New Hampshire LLC: Series 2012 (South Project)	2012	8804	2015	\$17,250,000	Mixed Use Hotel (900 New Hampshire Street: South Project)
Rock Chalk Park	Oct. 2013	8862	2023	\$40,000,000	Commercial Recreational Facility
Neuvant House II <sup>1</sup>	Sept. 2013	8901	2014	\$2,500,000	Specialty Healthcare Facility

<sup>1</sup> Stand-alone IRB for sales tax exemption on construction materials.

# 3 NEIGHBORHOOD REVITALIZATION AREAS



Neighborhood Revitalization Areas (NRA) are an economic development tool established by the Kansas Neighborhood Revitalization Act (K.S.A. 12-17,114 et seq.) to promote reinvestment and revitalization of properties, which in turn have a positive economic effect upon a neighborhood and the City in general.

During 2013, the City of Lawrence had four approved Neighborhood Revitalization Areas: 8<sup>th</sup> & Pennsylvania Street district NRA, 1040 Vermont Street NRA, 1001 Massachusetts Street NRA, and 810/812 Pennsylvania Street NRA. Two properties received an NRA rebate during 2013: 720 E 9<sup>th</sup> Street (rebate of \$12,162) and 1040 Vermont Street (rebate of \$26,993).

It should be noted that although the 8<sup>th</sup> & Pennsylvania Street NRA district expired in April 2012, the 720 E 9<sup>th</sup> Street parcel within that District remains eligible for NRA refunds. The 1001 Massachusetts Street NRA had not proceeded by year's end.

2013 Established Neighborhood Revitalization Areas (NRA)				
NRA	District Established	First NRA Rebate Year	% Rebate	Ord #
<b>8th and Pennsylvania District</b> (720 E 9th Street)	April 2007	2011 <sup>1</sup>	95%	8093
<b>1040 Vermont</b> (Treasurer Headquarters)	April 2011	2013	Declining	8625
<b>810/812 Pennsylvania</b> (Cider Building)	July 2012	2014 <sup>2</sup>	95%	8753
<b>1001 Massachusetts</b> (Masonic Temple)	Sept. 2011	n/a <sup>3</sup>	Declining	8671

<sup>1</sup>The 8<sup>th</sup> & Pennsylvania NRA district allows for up to 20 years of NRA rebates (subject to a capped amount correlating with costs). As per agreement with the City, rebates are due until the maximum amount of \$324,673.18 has been rebated or 12-31-2032, whichever comes first.

<sup>2</sup> Since project will be under construction 2012-2013, the first rebate anticipated will be for taxes levied in 2014.

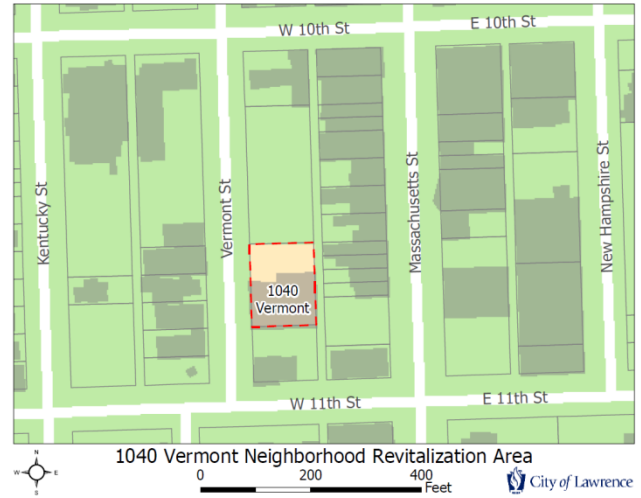
<sup>3</sup> NRA postponed due to change in use.

# 3 NEIGHBORHOOD REVITALIZATION AREAS



## 1040 Vermont Street NRA

Treanor Architects received an NRA in order to design and build an 18,000 square foot office to relocate their associates to downtown Lawrence. The project involved renovation of a former car dealership built in 1953, which had also previously housed a grocery store and office supply company.



**1040 Vermont Street office**

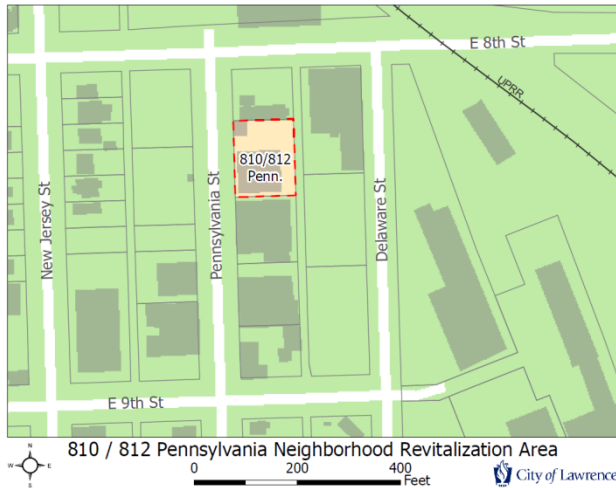
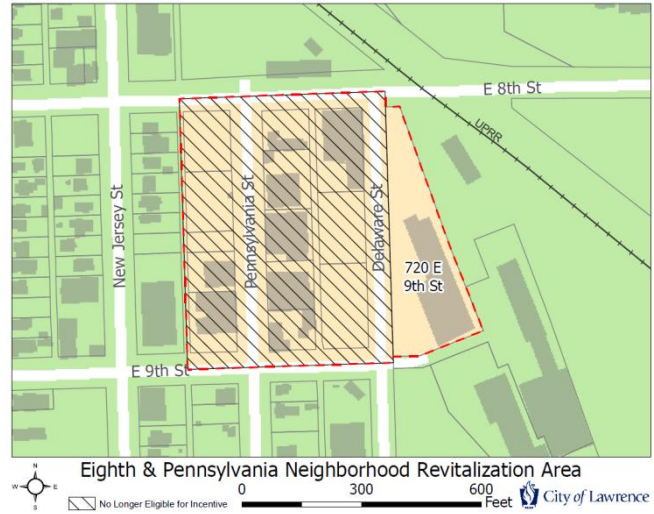
The new design reused the back half of the building to create a partial two-story space featuring an open floor plan, reception area, offices, multiple conference rooms, break areas, rooftop garden and recreation space.

# 3 NEIGHBORHOOD REVITALIZATION AREAS



## 8<sup>th</sup> & Pennsylvania Street NRA

The 8<sup>th</sup> & Pennsylvania Street NRA was established in 2007, although the only property redeveloped was the parcel located at 720 E 9<sup>th</sup> Street. The district expired in April 2012, although this parcel remains eligible for NRA refunds.



## 810/812 Pennsylvania Street NRA

The 810/812 Pennsylvania Street NRA was approved in 2012 to redevelop the historic Cider building as part of an overall renovation of the East Lawrence Historic Neighborhood District.

The abandoned building was converted into an arts gallery with events space on the lower level and office space on the upper level. The redevelopment opened in 2013.



# 4 TAX INCREMENT FINANCING DISTRICTS



Tax Increment Financing (TIF) Districts are an economic development tool established by the Kansas TIF Act (K.S.A. 12-1770 et seq.) to aid in financing projects for substantial public benefit. Public benefits can include creating jobs or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self-sufficiency, promoting projects that are of community wide importance, or implementing the Comprehensive Plan and economic development goals of the City.

The City currently has three active TIF districts:

2013 Tax Increment Financing (TIF)						
TIF	District Established	District Ord #	Plan Established	Expires <sup>1</sup>	Plan Ord #	Estimated Eligible Expenses
Downtown 2000 Redevelopment <i>(Original 9th and New Hampshire)</i>	Aug. 1999	7127	April 2000	April 2020	7207	\$8,645,000
The Oread	Feb. 2008	8234	April 2008	April 2028	8253	\$11,000,000 <sup>2</sup>
9th & New Hampshire: South Project	Aug. 2012	8768	May 2013 <sup>3</sup>	May 2033	8865	\$4,000,000 <sup>4</sup>

<sup>1</sup> The 20-year TIF clock for the reimbursement period starts when the redevelopment plan is approved.

<sup>2</sup> Amount shown is the total reimbursement cap, which is to be reimbursed from both TIF and TDD revenues. The reimbursement cap shown does not include interest.

<sup>3</sup> The November 2012 TIF Plan authorized via Ord. No. 8791 was amended in May 2013 via Ord. No 8865, raising the amount of eligible expenses from \$3,500,000 to \$4,000,000.

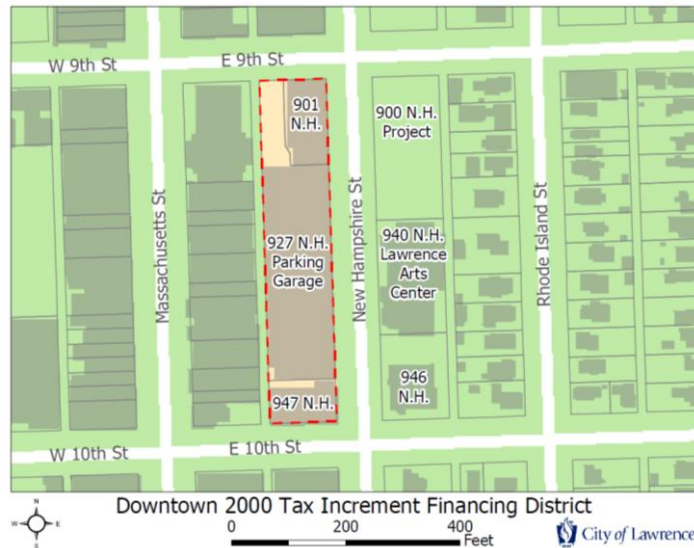
<sup>4</sup> Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds.

# 4 TAX INCREMENT FINANCING DISTRICTS



## Downtown 2000 Redevelopment District

The Downtown 2000 Redevelopment TIF District was created to support the development of the parking garage at 10<sup>th</sup> and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2013, approximately \$3.94M remained outstanding on the bond debt (approximately \$8.6M).



In 2012 the 900 New Hampshire parcel was removed from the Downtown 2000 district and is now part of the new 9<sup>th</sup> & New Hampshire Redevelopment district. In exchange for removal of this parcel from the Downtown 2000 district, the first \$850,000 of project generated TDD proceeds from the 9<sup>th</sup> & New Hampshire district will be contributed to bond payoffs on the parking garage.

### 901 New Hampshire Reimbursements:

In January 2012, the City Commission authorized the City Manager to execute a performance agreement allowing a reimbursement of TIF revenues generated from the original Downtown 2000 Redevelopment District to be paid for developer-paid public improvements made to 901 New Hampshire, a mixed-use retail/office/apartment project located within the district. The agreement calls for a total of \$280,852 to be paid by the City to the Developer over a 10 year period in ten equal, annual installments of \$28,085.20. The 1<sup>st</sup> annual reimbursement was for taxes levied in 2012.

901 NH: Reimbursements		
Program Year	Year Taxes Levied	Amount Reimbursed
1	2012	\$28,085.20
2	2013	\$28,085.20
<b>Total Reimbursed</b>		<b>\$56,170.40</b>



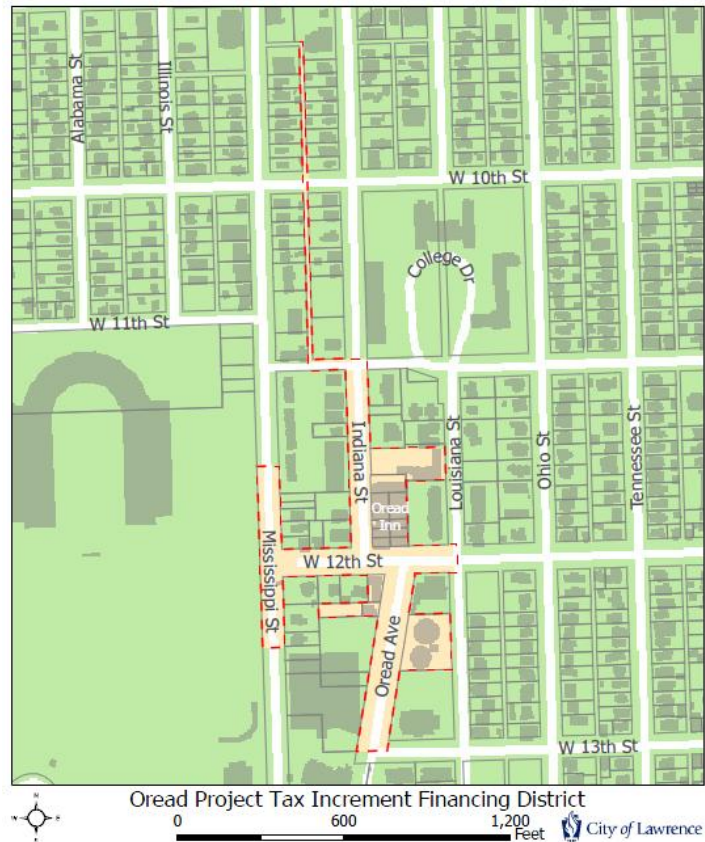
# 4 TAX INCREMENT FINANCING DISTRICTS



## 12<sup>th</sup> and Oread Redevelopment District: 1200 Oread Avenue

The Oread is a multi-level lodging, hospitality, and business venue with 10 above-ground floors and five below ground levels. Located on top of Mount Oread at the north gate of The University of Kansas, the center features 99 guest rooms and suites, two large banquet rooms, a state of the art audio/video theater, tanning salon and fitness center, and a variety of restaurants.

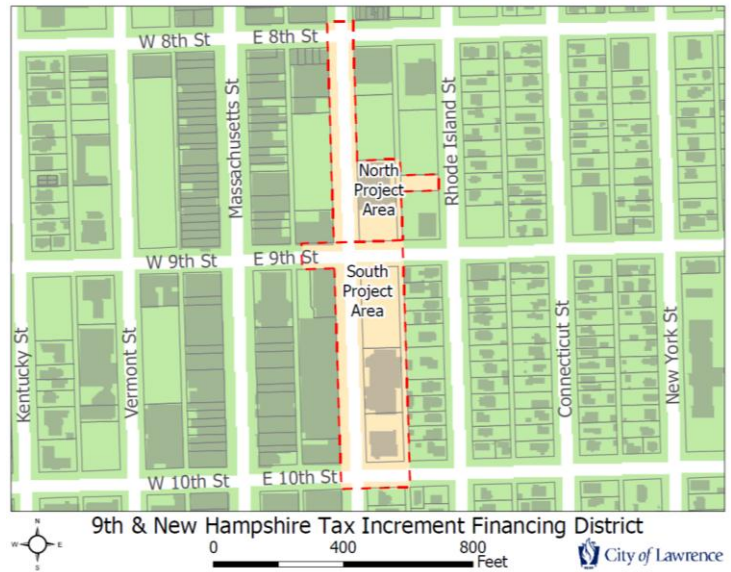
Public improvements to streets and infrastructure, including a parking garage, were financed initially by the Developer and are reimbursed annually through TIF revenues generated within the district. The district began generating TIF revenues in 2009. At the end of 2013, the district had generated TIF revenues from sales tax and incremental property tax of approximately \$1,722,544 to date.



# 4 TAX INCREMENT FINANCING DISTRICTS

## 9<sup>th</sup> & New Hampshire Redevelopment District

Created in 2012, this district includes two project areas: South Project Area and North Project Area. Public infrastructure for both areas is to be funded initially by the developer and reimbursed on a “pay-as-you-go” basis by project generated TIF revenues. In addition, TIF revenues will be split between the City and Developer to fund both a public “Arts Commons” project and public infrastructure within the district, with 5% of the proceeds reserved for the “Arts Commons” project (up to a total of \$900,000) and 95% of proceeds going to reimburse the Developer for public infrastructure expenses. At the end of 2013, the district was still under construction and had not generated TIF revenues.



### North Project Area

The north Project Area is a planned mixed-use apartment and banking center with underground parking, water line improvements along New Hampshire Street, and related public and private infrastructure.

### South Project Area

The South Project Area includes a mixed-use hotel with retail space and hotel lobby on the first floor, underground parking and related public and private infrastructure. The proposed public project is affiliated with the Lawrence Arts Center. This “Arts Commons” space is planned to be a venue for public art exhibitions, theatrical productions, music, film and art-making activities and include green space for children attending the arts-based preschool and other educational programs to work and play outside.



9<sup>th</sup> & New Hampshire District—Concept Rendering



# 5 TRANSPORTATION DEVELOPMENT DISTRICTS (TDD)



Transportation Development Districts (TDD) are an economic development tool established by the Kansas TDD Act (K.S.A. 12-17,140 et seq.) to assist with the development of transportation projects which can benefit a development and the public.

Currently, the City has two authorized TDDs. In all districts, public improvements were financed initially by the developer and are reimbursed annually via a 1% transportation district sales tax on retail or taxable services occurring within the district.

2013 Transportation Development Districts (TDD)					
TDD	Ordinance #, Date Authorized	TDD Sales Tax	TDD Sales Tax Commences	TDD Sales Tax Expires	Estimated Eligible Expenses
The Oread	#8254, April 2008	1%	Oct. 2009	Oct. 2031	\$11,000,000 (1)
Free-State (Bauer Farms)	#8339, October 2008	1%	April 2009	April 2031	\$5,000,000

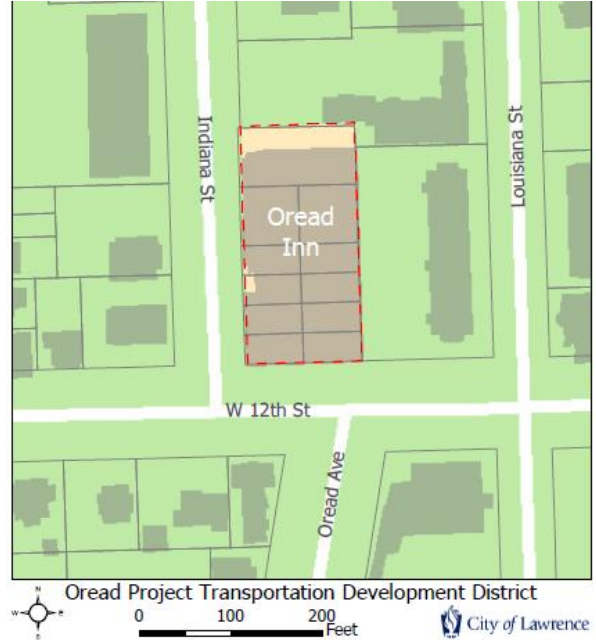
The original 9<sup>th</sup> & New Hampshire TDD authorized via Ordinance 8803 has since been repealed. A new TDD is currently in the process of being re-established for a January 2015 start date.

TDD	Ordinance #, Date Authorized	TDD Sales Tax	TDD Sales Tax Commences	TDD Sales Tax Expires	Estimated Eligible Expenses
9th & New Hampshire	#8803, November 2012	1%	July 2014	July 2036	\$3,000,000

# 5 TRANSPORTATION DEVELOPMENT DISTRICTS (TDD)

## The Oread TDD

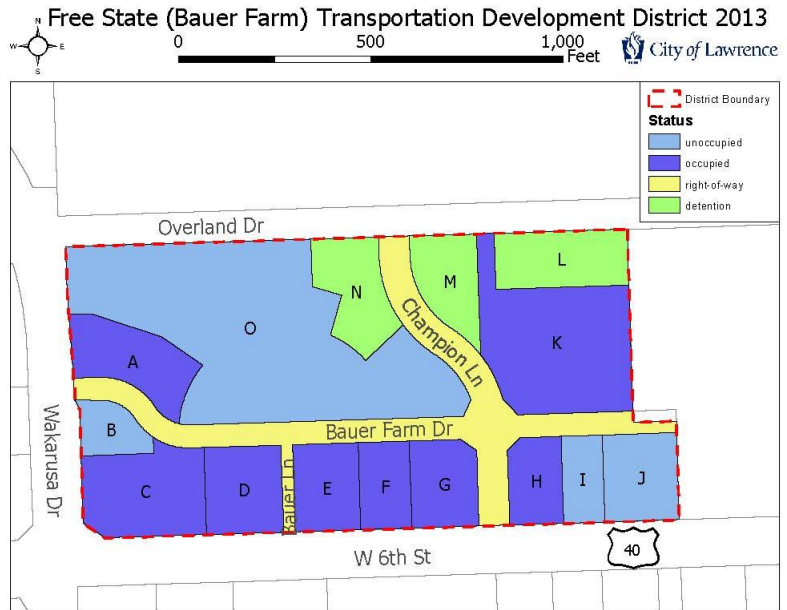
The Oread TDD (located at W. 12<sup>th</sup> Street & Oread Avenue) began generating sales tax revenues in 2009. At the end of 2013, the district had generated approximately \$430,811 to date in TDD revenue.



# 5 TRANSPORTATION DEVELOPMENT DISTRICTS (TDD)

## Free-State TDD

The Free-State (Bauer Farm) TDD (located at W. 6<sup>th</sup> Street and Wakarusa Drive) began generating sales tax revenues in 2009. At the end of 2013, 52.5% of the buildable area within the district was occupied, generating approximately \$214,000 to date in TDD revenue.

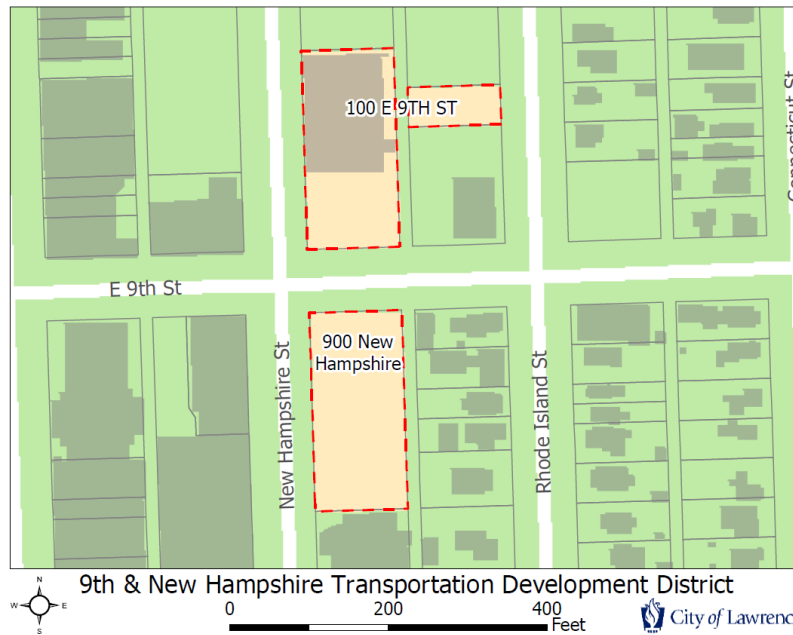


# 5 TRANSPORTATION DEVELOPMENT DISTRICTS (TDD)



## 9<sup>th</sup> & New Hampshire TDD

The 9<sup>th</sup> & New Hampshire TDD was approved in July 2012. Due to the project's construction timeframe, the district is not anticipated to start generating TDD sales tax until January 2015. Once the project begins generating TDD proceeds, the first \$850,000 of district TDD revenues will go toward paying back bonds for the 10<sup>th</sup> & New Hampshire parking garage. After reaching that threshold, additional TDD revenues will reimburse Developer-paid public infrastructure expenses.



# 6 OTHER SUPPORT PROGRAMS



## Employee Training Incentives

### Argenta: 2029 Becker Drive

Argenta, a global provider of drug development services and contract product manufacturing for the animal health industry, commenced operations at a new lab facility and office in Lawrence in January 2012. Based out of New Zealand, Argenta provides formulations research and development, analytical methods development, and small and commercial-scale manufacturing of animal health products.

To support their operations in Lawrence, the City of Lawrence partnered with Douglas County to provide a job creation/employee training package totaling \$10,500, to be disbursed over a four year period. In 2012, the City and County each paid \$2750 of the total to assist with up front expenses, providing support for 2012 and 2013. The remainder of the grant will be disbursed later for 2014 and 2015, based on new positions created.



### Plastikon: 3780 Greenway Circle

Plastikon is a plastic manufacturing company specializing in the production of high tolerance parts and accessories for the diagnostic healthcare and pharmaceutical industries. The Lawrence facility manufactures sterile, fluid-filled resin products used in clinical

diagnostic labs in the United States and other countries.

The City of Lawrence and Douglas County, Kansas share equally in providing an annual training incentive for Plastikon's Lawrence facility employees. The incentive, valued at \$500 per full-time employee up to 126 employees, is to be provided over a five year period (2011-2015) and is limited to a total of \$63,000. In 2011, the Company commenced operations at their new facility, hiring 19 new, full-time employees and achieving an incentive payment of \$10,710 (\$5,355 each from the City and County). The company did not submit certification for 2012 and 2013 and no incentives were provided for either year.

# 6 OTHER SUPPORT PROGRAMS



## Economic Development Services

The City of Lawrence annually contracts with the below agencies to provide services related to economic development in order to foster job growth within the community.



### **Bioscience & Technology Business Center**

The Bioscience & Technology Business Center (BTBC) is a not-for-profit corporation whose mission is to foster the development and growth of the life sciences and technology industries in Lawrence, Douglas County, and Kansas City. The BTBC's primary objectives include growing and diversifying the local economy, creating high-quality, high-paying jobs, increasing the local tax base, and stimulating the creation of wealth in the community.

The City helps support BTBC goals in partnership with other stakeholders, including Douglas County, the University of Kansas, the University of Kansas Endowment Association, the Lawrence Chamber of Commerce, and the Economic Development Administration.

# 6 OTHER SUPPORT PROGRAMS



BTBC Facilities			
Facility	Address	Size in Leasable (sf)	Description
BTBC Main	2029 Becker Dr, Lawrence, KS	21,400	Office and lab space situated near several other prominent University research buildings, including the Multidisciplinary Research building and the School of Pharmacy. Land adjacent to the Main Facility is designated for expansion of the BTBC.
BTBC Expansion Facility	4950 Research Parkway, Lawrence KS	17,500+	Facility can accommodate successful incubator graduates, tenants with unique space requirements, and companies seeking GMP-ready space.
BTBC St. Andrew's Facility <sup>1</sup>	1617 St. Andrews Drive, Lawrence, KS	7,700+	Professional office space that can accommodate technology companies and other office users. Home to BTBC tenants New Media Samurai, RevitalVision, and New Frontiers, LLC.
BTBC-KUMC Facility	Kansas University Medical Center Campus, Kansas City, KS	20,000+	Office and wet lab space adjacent to the KUMC Hospital. Home to local bioscience companies Aptakon, OsteoGeneX, and Orbis Biosciences.

Source: Bioscience & Business Technology Center (BTBC), Data current as of December 2013.

<sup>1</sup> The St. Andrew's facility was sold in September 2013 and is no longer a part of the BTBC.

# 6 OTHER SUPPORT PROGRAMS



<b>2013 BTBC Lawrence Facilities Occupancy and Employment</b>			
<b>Facility</b>	<b># Companies</b>	<b># Employees</b>	<b>Occupancy %</b>
Main Facility	8	59	72%
Expansion Facility	6	21	71%
<b>Total: All Lawrence Facilities<sup>2</sup></b>	<b>14</b>	<b>80</b>	

Source: Bioscience & Business Technology Center (BTBC), Data current as of 2/6/14.

<b>2013 BTBC Economic Development Summary</b>	
Total Client Companies	24
Total # Employees	108
Annual Payroll	\$6,052,471

Source: Bioscience & Business Technology Center (BTBC), Data current as of 2/6/14. \*Includes KUMC facility

<sup>2</sup> The St. Andrew's facility was sold in September 2013 and is no longer a part of the BTBC.



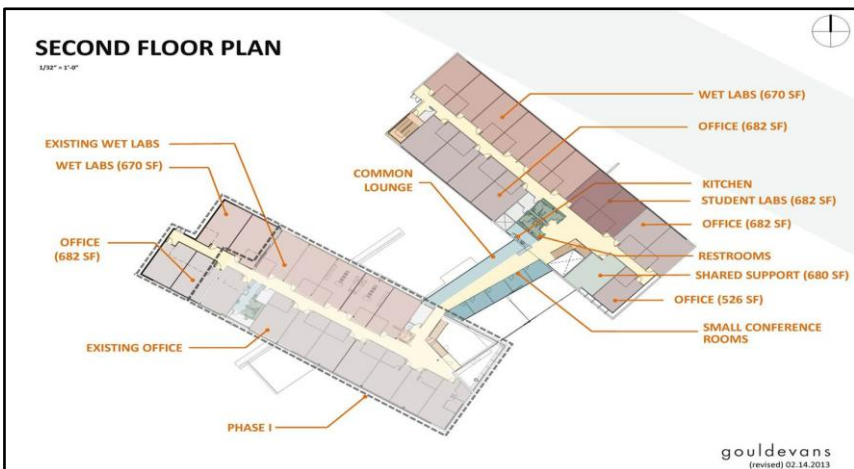
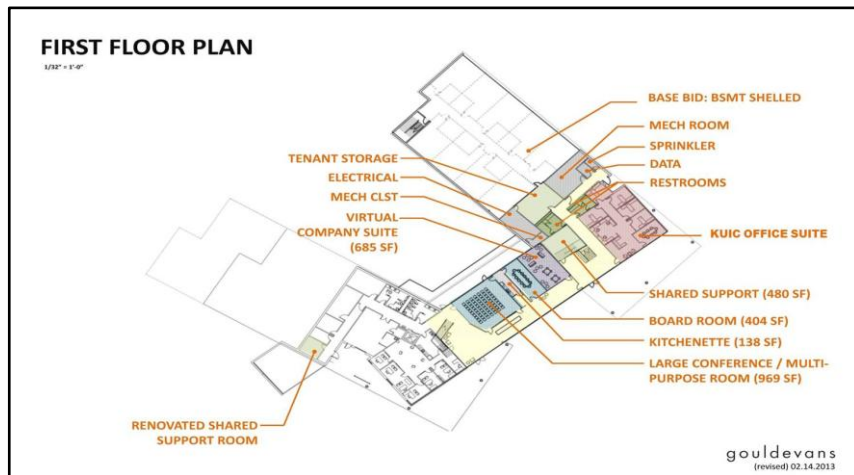
# 6 OTHER SUPPORT PROGRAMS

## BTBC Phase II:

Construction on the Phase II of the BTBC Main Facility was well underway in 2013. When completed in 2014, the addition will provide 31,000 square feet of additional tenant space (wet laboratory and office space) to the facility.

In order to help raise the necessary capital for the \$10 million project, the City and County made a \$1 million commitment each to this expansion. The combined \$2 million was used to leverage additional funding from BTBC stakeholder partners.

The City funded its commitment in two installments of \$500,000 each. The first installment was authorized by the City Commission in August 2011 via Ordinance 8658 and the second installment in May 2012 via Ordinance 8727.



# 6 OTHER SUPPORT PROGRAMS



## Overview of City Support for BTBC Services

The City of Lawrence has provided the below funding support for BTBC operations:

Bioscience & Technology Business Center (BTBC) Support					
Year	Economic Dev Services <sup>3</sup>	Main Facility, Phase I <sup>4</sup>	Expansion Facility <sup>5</sup>	Main Facility, Phase II <sup>6</sup>	Total
2006	\$200,000	--	--	--	\$200,000
2007	\$192,000 <sup>7</sup>	--	--	--	\$192,000
2008	\$200,000	--	--	--	\$200,000
2009	\$200,000	\$75,000	--	--	\$275,000
2010	\$200,000	\$75,000	--	--	\$275,000
2011	\$200,000	\$75,000	\$66,540	--	\$341,540
2012	\$200,000	\$75,000	\$66,540	\$500,000	\$841,540
2013	\$200,000	\$75,000	\$66,540	\$500,000	\$841,540

Source: City Budget Office, City of Lawrence, Kansas

<sup>3</sup> As per the Agreement for Use of City Funds, \$200,000 from the City's General Fund will be used: a) to develop a wet-lab incubator facility, together with associated professional talent, specialized equipment and capital; b) to provide business development and commercialization programming and incentives for incubator facility companies; c) to develop long-term destination facilities in Lawrence & Douglas County for incubator facility bioscience companies.

<sup>4</sup> As per the Agreement for Use of City Funds, \$75,000 from the City's General Fund will be used to develop the Lawrence Life Science Incubator along with associated professional talent, specialized equipment and capital.

<sup>5</sup> Per Lease Agreement dated January 1, 2010, (Article V) between the City, County and BTBC, the basic rent payment due from BTBC are held to \$25,000 annually through 2014. The City and County split the remaining amount required to make the annual bond payment. This amount annually from the City and County is \$66,540 each, through 2014. In 2015, the BTBC will assume the payments, unless there is any shortfall in revenue. In which case, the shortfall amount will be split equally between the City and County.

<sup>6</sup> City funded its commitment in two installments of \$500,000 each via Ordinance 8658 (paid in 2012) and Ordinance 8727 (to be paid in 2013).

<sup>7</sup> A 4% reduction was imposed on support for all outside agencies in 2007.

# 6 OTHER SUPPORT PROGRAMS



## Support for Other Economic Development Services

During 2013, the City provided the same amount of financial support to local agencies for economic development services as in the previous year.

Other Support for Economic Development Services			
Organization	Description	2012	2013
Chamber of Commerce	Douglas County economic development program	\$199,500	\$199,500
KU Small Business Development Center	Small business development services	\$20,000	\$20,000
<b>Total</b>		<b>\$219,500</b>	<b>\$219,500</b>

Source: City Budget Office, City of Lawrence, Kansas

# 6 OTHER SUPPORT PROGRAMS

## Neighborhood Infrastructure

### East Lawrence Industrial Historic District: 8<sup>th</sup> & Pennsylvania Area

The East Lawrence Industrial Historic District encompasses several existing manufacturing buildings of historic architectural integrity associated with the City's industrial past. Part of what was once a larger assembly of manufacturing,



warehouse, wholesale, distribution, and rail freight-related buildings and structures that historically stretched eastward from Massachusetts Street along the railroad alignment into East Lawrence, the buildings in the district reflect an important component in the commercial history of Lawrence from the late nineteenth century through the mid-twentieth century.

Redevelopment in the district aims to preserve a historically significant area, restore a dilapidated, non-productive area to productive use, serve as a catalyst for future area improvements and provide quality, affordable housing. The City continues supporting the preservation and revitalization of the district by funding several neighborhood improvements.

First Phase improvements were completed in 2012 and included providing adequate storm water services and improvements to enhance the watersheds ability to manage storm water runoff more effectively and efficiently; replacing a 100-year old, inadequately sized waterline with the correct capacity line, completing the loop and upgrading to current design standards; and providing Complete Street aspects such as pedestrian lighting, landscaping, sidewalks, and on-street parking.

Second Phase improvements were completed in 2013 and included:

- 9th Street reconstruction & intersection improvements
- Pennsylvania Street reconstruction
- 8th Street & Pennsylvania Street parking
- Utility and safety improvements

# 6 OTHER SUPPORT PROGRAMS

## Expansion & Relocation Grant/Loan



### Grandstand Sportswear and Glassware: 3840 Greenway Circle

Based in Lawrence, Kansas, Grandstand is a custom screen printer specializing in sportswear, glassware and promotional items. Beginning operations as an apparel company with seven employees in 1988, this local business has experienced rapid expansion, which

necessitated a move from its location at 2920 Haskell, where it occupied 30,000 square feet of space, to its current 155,000 square foot building in East Hills Business Park. The City provided a one-time \$25,000 grant (forgivable loan) to assist with Grandstand’s expansion into the new facility at the end of 2011-early 2012.

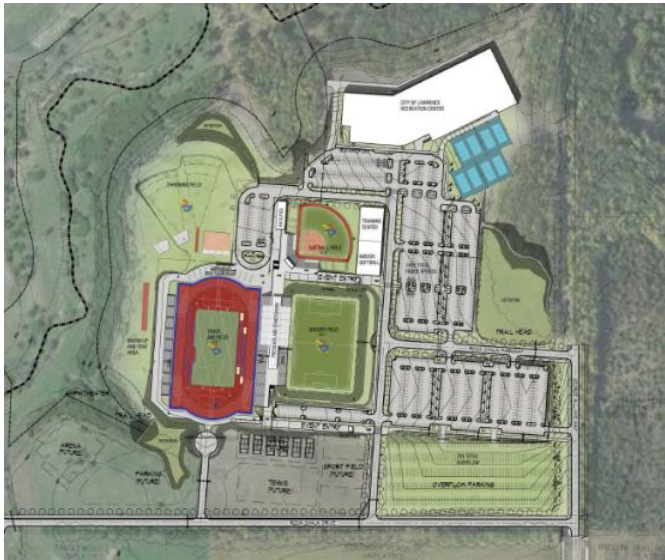
As per the performance agreement, half of the loan was to be forgiven if Grandstand met performance targets for 2012, with the other half to be forgiven if the company met performance targets for 2013.

Grandstand met compliance targets for both years, terminating the grant/loan payback provision as of the end of 2013.





## Shared Infrastructure and Fee Rebates



### Rock Chalk Park

In 2013, work commenced on Rock Chalk Park, an 89 acre sports campus located at the northwest corner of Rock Chalk Drive and George Williams Way. Once completed, the Park will be home to a new 181,000 square foot City recreation center and University of Kansas (KU) athletic facilities. The City recreation center facility portion of the site and the University athletic facilities portion of the site will share parking facilities and infrastructure.

Traditional economic development tools utilized for the project included a property tax abatement and issuance of industrial revenue bonds for the property containing the KU Athletic facilities.<sup>8</sup> (Refer to Sections 1 and 2 for additional information.)

In addition, the City authorized support for the shared infrastructure within the park (e.g. parking, walking trails, all necessary sanitary sewer, potable water, storm sewer, water detention facilities, public and private streets, sidewalk and related improvements) and a rebate of City permit and development fees. At the end of 2013, the City had reimbursed \$1,447,389 of these expenses (capped at \$10,290,950).

<sup>8</sup> KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the deal structure of the project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance requirements were imposed.

# A APPENDIX A: REGULATING DOCUMENTS



2013 Tax Abatements			
	Document	Description	Dated
Amarr Garage Doors	<a href="#">Ordinance No. 8497</a>	Tax Abatement	10/27/2009
	<a href="#">Agreement</a>	Performance Agreement	12/17/2003
	<a href="#">Ordinance No. 7706</a>	Policy	10/28/2003
	<a href="#">Overarching ED Policy (O-8522)</a>		5/18/2010
Prosoco	<a href="#">Ordinance No. 7882</a>	Tax Abatement	7/12/2005
	<a href="#">Agreement</a>	Performance Agreement	11/20/2003
	<a href="#">Resolution 6343</a>	Policy	11/13/2001
Grandstand/Screen-It Graphics	<a href="#">Resolution 6948</a>	Tax Abatement	10/11/2011
	<a href="#">Agreement</a>	Performance Agreement	9/2/2011
	<a href="#">Overarching ED Policy (O-8522)</a>	Policy	5/18/2010
Sunlite Science & Technology, Inc.	<a href="#">Resolution 7042</a>	Tax Abatement	8/27/2013
	<a href="#">Agreement</a>	Performance Agreement	8/30/2013
	<a href="#">Overarching ED Policy (O-8522)</a>	Policy	5/18/2010
Rock Chalk Park	<a href="#">Resolution 7014</a>	Tax Abatement	3/5/2013
	<a href="#">Agreement</a>	Development Agreement	7/30/2013
	<a href="#">Overarching ED Policy (O-8522)</a>	Policy	5/18/2010

2013 IRBs			
	Document	Description	Dated
Prosoco	<a href="#">Ordinance No. 7060</a>	IRB Issuance: Series 1998A & Series 1998 B	12/8/1998
Bowersock Dam	<a href="#">Ordinance No. 8607 &amp; 8620</a>	IRB Issuance: Series 2011B, 2011C	12/21/2010 & 3-1-2011
9th & New Hampshire: South	<a href="#">Ordinance No. 8804</a>	IRB Issuance: Series 2012	11/6/2012
Rock Chalk Park	<a href="#">Ordinance No. 8862</a>	IRB Issuance: Series 2013	1/22/2013
Neuvant House II	<a href="#">Ordinance No. 8901</a>	IRB Issuance: Series 2013	9/3/2013

# A APPENDIX A: REGULATING DOCUMENTS



2013 Active NRAs			
	Document	Description	Dated
8th & Pennsylvania	<a href="#">Ordinance No. 8093</a>	Plan	4/3/2007
	<a href="#">Agreement</a>	Tax Rebate Agreement for 720 E 9th Street	4/17/2012
1040 Vermont Street	<a href="#">Ordinance No. 8625</a>	Plan	4/12/2011
	<a href="#">Agreement</a>	Performance Agreement	11/1/2011
810/812 Pennsylvania	<a href="#">Ordinance No. 8753</a>	Plan	7/3/2012

2013 TIFs			
	Document	Description	Dated
Downtown 2000	<a href="#">Ordinance No. 7127</a>	District Established	8/3/1999
	<a href="#">Ordinance No. 7207 &amp; Plan</a>	Redevelopment Plan	4/25/2000
	<a href="#">Agreement</a>	Construction Agreement	9/18/2000
The Oread	<a href="#">Ordinance No. 8234</a>	District Established	2/19/2008
	<a href="#">Ordinance 8253</a>	Redevelopment Plan	4/8/2008
	<a href="#">Agreement</a>	Redevelopment Agreement	4/8/2008
9th & New Hampshire	<a href="#">Ordinance 8768</a>	District Established	8/7/2012
	<a href="#">Ordinance 8865</a>	So Project: Redevelopment Plan	5/21/2013
	<a href="#">Agreement</a>	So Project: Redevelopment Agreement	11/30/2012

2013 TDDs			
	Document	Description	Dated
The Oread	<a href="#">Ordinance No. 8254</a>	District Established	4/8/2008
Free-State (Bauer Farm)	<a href="#">Ordinance No. 8339</a>	District Established	10/14/2008
	<a href="#">Agreement</a>	Development Agreement	10/14/2008
9th & New Hampshire	<a href="#">Ordinance 8768</a>	District Established	8/7/2012
	<a href="#">Ordinance 8791</a>	So Project: Redevelopment Plan	11/6/2012
	<a href="#">Agreement</a>	So Project: Redevelopment Agreement	11/30/2012