

2014

**City of Lawrence, Kansas**

Annual Report: Economic Development Support & Compliance

Britt Crum-Cano, Economic Development Coordinator

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# Executive Summary

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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:**

Five Lawrence companies had active tax abatements in 2014: Amarr Garage Doors, PROSOCO, and Grandstand Sportswear and Glassware (Screen-It Graphics), Sunlite Science & Technology, and Rock Chalk Park (KU facility portion). All met their compliance measures as per performance agreements signed with the City.<sup>1</sup>

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<sup>1</sup> KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the structure of the Rock Chalk Park 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 or wage requirements were imposed.



# Executive Summary

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## *Investments*

- Real property investment totaled \$10,646,018 in 2014, 28% more than projected (\$8,288,000). Real property investment to date for Prosoco was \$2,397,288, \$7,157,687 for Grandstand, and \$1,091,043 for Sunlite. 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 and Sunlite did not receive abatements on personal property through the City and their investment numbers are not included.

## *Employment*

All the companies receiving tax abatements either met or exceeded required projected employment levels during 2014: Amarr projected 40 net new positions and realized 158, Prosoco projected 50 net new positions and realized 69, Grandstand projected 70 net new positions and realized 97 and Sunlite projected and met 6 full-time positions in 2014.



# Executive Summary

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## ***Full-Time Wages***

All the companies receiving tax abatements either met or exceeded required wage levels during 2014: As a whole, the companies achieved an average annual wage of more than \$37,918 for full-time positions in 2014 compared with just over \$30,800 (inflation adjusted) as originally projected. This is approximately \$7,481 higher than the average full-time, private sector wage in Lawrence (\$30,437 per year) and \$12,188 higher than the annual 2014 wage floor rate of \$25,730. Average 2014 full-time wages was \$34,314 for Amarr, \$50,309 for Prosoco, \$34,798 for Grandstand, and \$32,251 for Sunlite.

## ***Tax Generation***

Based on the portion of property receiving an abatement, the companies receiving a tax abatement for economic development purposes paid a combined \$399,909 in property taxes out of a total \$581,227 due in 2014 (\$181,318 abated).<sup>2</sup> Amarr paid a total of \$144,085 in personal property tax out of \$171,960 due (\$27,876 abated); Prosoco paid a total of \$185,763 in real and personal property tax out of \$223,653 due (\$37,889 abated); Grandstand paid a total of \$50,589 in real property tax out of

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<sup>2</sup> Rock Chalk Park was not subject to economic development measures due to the unique nature of the project and taxes are not reported for that project. KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the deal structure of the Rock Chalk Park 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 or wage requirements were imposed.



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\$146,670 due (\$96,081 abated); and Sunlite paid a total of \$19,472 in real property tax out of \$38,994 due (\$19,472 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 (KU facility portion), 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):**

The City of Lawrence authorized three new NRAs in 2014: 1106 Rhode Island Street, 1101/1115 Indiana Street, and 900 Delaware Street. Since these projects either had not started or were under construction during the year, they were not due a rebate in 2014.

Of the six active<sup>3</sup> NRAs, three are due rebates for taxes levied in 2014: 720 E 9<sup>th</sup> Street, 1040 Vermont Street, and 810/812 Pennsylvania Street/Cider Building.<sup>4</sup>

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<sup>3</sup> Although previously approved, the 1001 Massachusetts Street NRA (Masonic Temple) was postponed due to a change in use and the NRA had not proceeded by year end.

<sup>4</sup> Rebates amounts are shown in Appendix B.



# Executive Summary

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## **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.<sup>5</sup>

- 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 2014, 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.
- 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 2014, the South Project area was finalizing construction and construction had not yet proceeded on the North Project area.

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<sup>5</sup> Reimbursement amounts are shown in Appendix B.



# Executive Summary

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## **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.<sup>6</sup> 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.
- 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.
- 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 2014, the South Project area was finalizing construction and construction had not yet proceeded on the North Project area.

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<sup>6</sup> Reimbursement amounts are shown in Appendix B.





# Executive Summary

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## 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***—During 2014, the City of Lawrence and Douglas County, Kansas did not participate in providing training incentives. Although Argenta, a global provider of drug development services, received past support<sup>7</sup>, the company did not certify for 2014 and no assistance was provided for that 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 2014 totaled \$341,540 for various economic development services and facilities.

City support for economic development services provided by the Lawrence Chamber of Commerce and KU Small Business Development Center totaled \$219,500 in 2014.

- ***Neighborhood Infrastructure***—Improvements were authorized by the City Commission on June 3, 2014 to support the addition of affordable housing in the East Lawrence neighborhood through the 9 Del Lofts project. Located adjacent to the East Lawrence Industrial Historic District, the City will reimburse up to \$270,967 related to the project and neighborhood improvements.

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<sup>7</sup> A support package totaling \$10,500 was authorized. Disbursements were to be made annually, with 2012 and 2013 disbursements (\$2,750 each from City and County) made in advance to help with initial operations.



# Executive Summary

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- ***Shared Infrastructure & Fee Rebates***—At the end of 2014, the City had reimbursed \$10,359,633 of expenses related to shared infrastructure and \$1,444,527 in development fees associated with the Rock Chalk Park project. Shared infrastructure includes improvements that can be utilized for both the KU facilities and City facilities at the park. For example, the parking lot can be used to accommodate large events at either the City’s recreation center or KU activities at the park.
- ***Development Grant***—The City authorized up to \$26,100 in development assistance, primarily in the form of rebated fees, to aid the rehabilitation of historic structures and revitalization at 1106 Rhode Island Street. The project was not yet completed and no fees were rebated by the end of the year.



# 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.

2014 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	6100 Rock Chalk Drive	4
	Sunlite Science & Technology, Inc.	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	SEC, 9th & New Hampshire	8
	Rock Chalk Park	6100 Rock Chalk Drive	9
	1101/1115 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	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
	1106 Rhode Island Street (Hernly Associates)	1106 Rhode Island Street	14
	1101/1115 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	15
	900 Delaware Street (9 Del Lofts)	900 Delaware Street	16
<b>Tax Increment Financing (TIF)</b>	Downtown 2000 District	9th & New Hampshire area	17
	901 New Hampshire (TIF Refund)	901 New Hampshire	18
	Oread Project	1200 Oread Avenue	19
	9th & New Hampshire TIF District	SEC & NEC, 9th & New Hampshire	20
<b>Transportation Development Districts (TDD)</b>	Free State (Bauer Farm)	NEC 6th & Wakarusa	21
	Oread Project	1200 Oread Avenue	22
	9th & New Hampshire TDD District	SEC & NEC, 9th & New Hampshire	23

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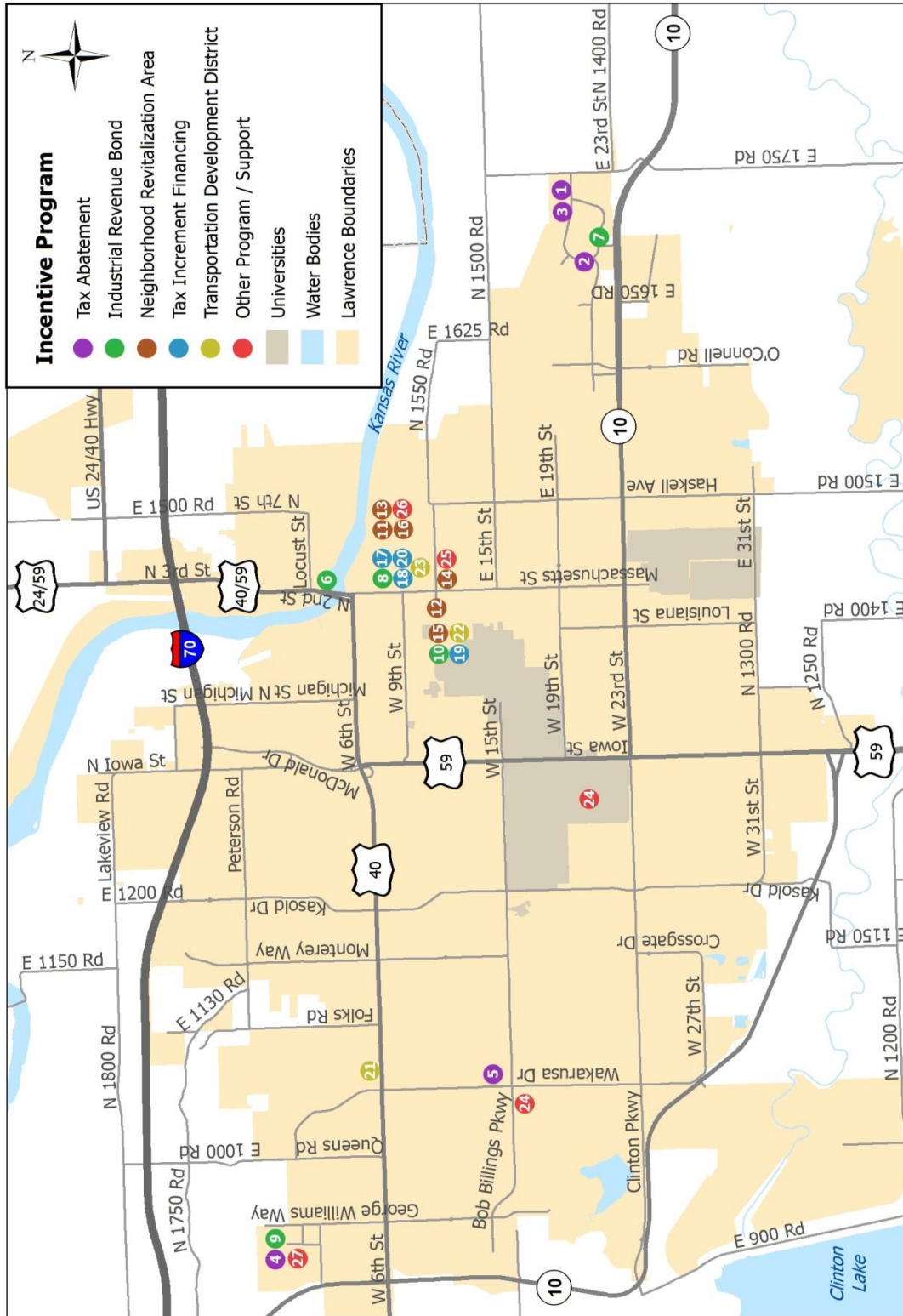
# Introduction

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<b>2014 Other Support Programs</b>			
<b>Support Program</b>	<b>Description</b>	<b>Location</b>	<b>Map #</b>
Operations Grant	BTBC	2029 Becker & 4950 Research Pkwy	24
Development Grant	1106 Rhode Island Street Improvements	1106 Rhode Island Street	25
Infrastructure	9 Del Lofts, Infrastructure/Improvements	900 Delaware Street	26
Shared Infrastructure, Development/Permit Fee Rebates	Rock Chalk Park	6100 Rock Chalk Drive	27

# Introduction

2014 Tax Incentive Locations, Lawrence, Kansas



## 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.

# Property Tax Abatements

2014 Tax Abatements					
Company	Start <sup>1</sup>	Expires <sup>2</sup>	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 \$2,348,000 real property	55% on personal and real property	O-7882
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	2012	2021	\$4,990,000 real property <sup>4</sup>	65% on real property	R-6948
Sunlite Science & Technology, Inc.	2014	2023	\$2,300,000 real property <sup>5</sup>	50% on real property	R-7042
Rock Chalk Park <sup>6</sup>	2014	2023	\$40,000,000	100% on real property	R-7014

<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.

<sup>5</sup> Estimated cumulative capital investment over 10-year term as per agreement dated August 30, 2013 between City and Sunlite Science & Technology, Inc.

<sup>6</sup> KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the 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.

## 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.



## Company Profiles

### **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

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### **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.

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## Property Tax Abatements

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### 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



Grandstand: 3840 Greenway Circle

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

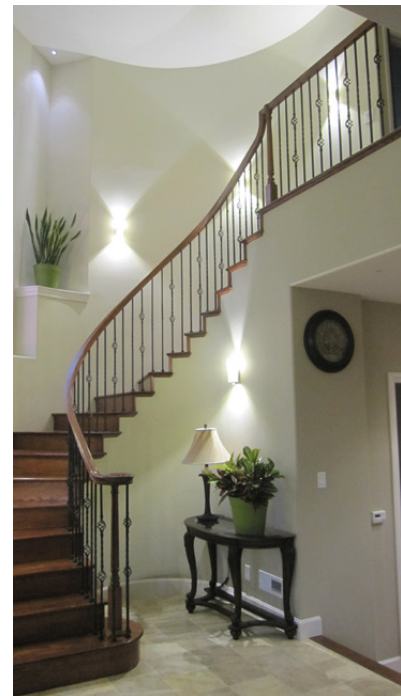
## Property Tax Abatements

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### **Sunlite Sciene & Technology**

Sunlite Science & Technology, Inc. designs and manufactures high-efficiency LED lighting fixtures for residential and commercial uses. This home-grown company has been headquartered out of Lawrence, Kansas since 1997 and was the first graduate from the Lawrence Bioscience and Technology Business Center (BTBC) incubator.

In 2013, the company purchased the property at 4811 Quail Quest Place in order to consolidate business operations and grow to the next business phase.



## Abatement Performance

The table below compares projected investment, employment and wage milestones<sup>7</sup> to actual achievement for each of the companies receiving a tax abatement during 2014.

<b>2014 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>8</sup>	40	158	395%
Average Wages (2013 Dollars)	\$32,132	\$34,314	107%

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<sup>7</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 cost-benefit analysis. The cost-benefit analysis is required by state law in order for the Kansas Court of Tax Appeals (COTA) to grant a tax abatement.

<sup>8</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 2014, Amarr reported 697 actual, full-time positions and had realized 165 net new full-time positions (697-539 = 158).

# Property Tax Abatements

<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>9</sup>	50	69	138%
Average Wages (2014 Dollars) <sup>10</sup>	\$29,937	\$50,309	168%
<b>Grandstand/Screen-It Graphics</b>	<b>Projected</b>	<b>Actual</b>	<b>Comparison (Projected to Actual)</b>
Real Property Investment	\$4,840,000	\$7,157,687	148%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment <sup>11</sup>	70	97	139%
Average Wages (2014 Dollars)	\$30,306	\$34,798	115%
<b>Sunlite Science &amp; Technology</b>	<b>Projected</b>	<b>Actual</b>	<b>Comparison (Projected to Actual)</b>
Real Property Investment	\$1,100,000	\$1,091,043	99%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment <sup>12</sup>	6	6	100%
Average Wages (2014 Dollars)	\$31,000	\$32,251	104%

<sup>9</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>10</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>11</sup> 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 total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand.

<sup>12</sup> Pre-abatement employment as of December 31, 2013 was 5 full-time positions.



## Performance Summary

<b>2014 Tax Abatement Summary</b>			
	<b>Total Projected</b>	<b>Total Actual</b>	<b>Comparison (Projected to Actual)</b>
Real Property Investment	\$8,288,000	\$10,646,018	128%
Personal Property Investment	\$9,660,000	\$10,362,312	107%
Full-Time Employees	166	330	199%
Average Wages (2014 Dollars)	\$30,844	\$37,918	123%

### **Real Property Investment**

Overall, the companies receiving tax abatements in 2014 achieved 128% of the projected amount for real property investments. Real property investment totaled approximately \$10.6 million, with company investments ranging from just under \$1.1 million (Sunlite) to approximately \$7.1 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 2014 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 \$662,000 (PROSOCO) to \$9.7 million (Amarr). Grandstand and Sunlite did not receive a personal property tax abatement and those amounts were not included.

**Job Creation:**

All of the companies receiving a tax abatement in 2014 met or exceeded full-time employment projections as per reporting requirements. Amarr Garage Doors exceeded projected employment by 395%, Prosoco exceeded projected employment by 138%, Grandstand exceeded projected employment by 139%, and Sunlite met 100% of their projected employment for the 2014 abatement year. Overall, the three companies receiving a tax abatement during 2014 met 199% 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 \$37,918 per year. This wage is about \$7,481 higher than the average private sector wage in Lawrence.<sup>13</sup> This wage is also substantially above the 2014 community wage floor rate (\$12.37 per hour wage floor rate as compared to \$18.23 per hour average wage rate paid by abatement companies.)

All three companies met or exceeded wage expectations. Overall wages averaged 123% 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, \$30,437, data released fall 2014.



## 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 2014 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 2014 Edition 6-digit SOC Code mean wage for the state of Kansas was used.

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<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.

# Property Tax Abatements

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<b>2014 Employment Summary</b>	
<b>Amarr Garage Doors, Inc.</b>	
Total Employment	733
Full-Time Employment	697
% of Full-Time Jobs meeting or exceeding mean wage	59%
Average Full-Time Wage	\$16.50
<b>PROSOCO, Inc.</b>	
Total Employment	69
Full-Time Employment	69
% of Full-Time Jobs meeting or exceeding mean wage	71%
Average Full-Time Wage	\$24.19
<b>Grandstand/Screen-It Graphics</b>	
Total Employment	97
Full-Time Employment	97
% of Full-Time Jobs meeting or exceeding mean wage	82%
Average Salary	\$16.73
<b>Sunlite Science &amp; Technology</b>	
Total Employment	6
Full-Time Employment	6
% of Full-Time Jobs meeting or exceeding mean wage	100%
Average Salary	\$15.51

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.

## Employment History

In addition to 2014 employment, the below table presents historical employment records over the past five years for the companies receiving a tax abatement:

2010-2014 Employment History (year-end)																		
Company	Pre-Abatement		Projected from Abatement		Total Estimated Jobs		2010		2011		2012		2013		2014		2014 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	466	4	453	6	477	4	624	16	697	36	158	36
PROSOCO <sup>16</sup>	0	0	50	3	50	3	56	3	62	2	67	0	67	2	69	2	19	(1)
Grandstand/Screenot Graphics <sup>17</sup>	40	0	16	0	56	0	n/a	n/a	n/a	n/a	45	0	71	0	97	0	41	0
Sunlite Science & Technology <sup>18</sup>	5	0	1	0	6	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6	0	0	0
<i>Total</i>	<i>544</i>	<i>0</i>	<i>107</i>	<i>3</i>	<i>651</i>	<i>3</i>									<i>869</i>	<i>38</i>	<i>218</i>	<i>35</i>

<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 2014, Amarr reported 697 actual, full-time positions and had realized 158 net new full-time positions (697-539 = 158).

<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> 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 total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand.

<sup>18</sup> Pre-abatement employment as of December 31, 2013 was 5 full-time positions.

# 1

# Property Tax Abatements

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

<b>Prosoco/BIC Corporation: Kansas Employment History</b>									
	<i>KC</i>	<i>Law.</i>							
<b>Year</b>	<b>'98</b>	<b>'99</b>	<b>'00</b>	<b>'01</b>	<b>'02</b>	<b>'03</b>	<b>'04</b>	<b>'05</b>	<b>'06</b>
KS Employees	50	58	64	61	60	63	63	67	68
<b>Year</b>	<b>'07</b>	<b>'08</b>	<b>'09</b>	<b>'10</b>	<b>'11</b>	<b>'12</b>	<b>'13</b>	<b>'14</b>	
KS Employees	69	69	59	59	64	67	67	69	

## 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 two companies, Grandstand and Sunlite, are 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 2014 based on their performance agreements and referenced tax abatement policy.

Current policy is based on the below compliance schedule:

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

# Property Tax Abatements

Grandstand was subject to the below performance provisions for 2014. The company met substantial compliance and was eligible for 100% of their 2014 tax abatement amount.

2014 Grandstand Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2014)	\$4,840,000	\$7,157,687	<b>147.89%</b>	0.25	36.97%
Job Creation	2014 Full-Time Employment (FTEs)	70	97	<b>138.57%</b>	0.25	34.64%
Wages	2014 Wage Floor (\$12.21/hr) <sup>19</sup>	100% of Employees paid above wage floor	82%	<b>82.00%</b>	0.125	10.25%
	2014 Average Company Hourly Wage	\$14.57	\$16.73	<b>114.82%</b>	0.125	14.35%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) <sup>20</sup>	100% of Employees	100%	<b>100.00%</b>	0.25	25.00%

*Blended Compliance %* 121%

*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 total job creation

<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

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

Sunlite was subject to the below performance provisions for 2014. The company met substantial compliance and was eligible for 100% of their 2014 tax abatement amount.

2014 Sunlite Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2014)	\$1,100,000	\$1,091,043	<b>99.19%</b>	0.25	24.80%
Job Creation	Full-Time Employment (FTEs)	6	6	<b>100.00%</b>	0.25	25.00%
Wages	Wage Floor (\$12.37/hr) <sup>21</sup>	100% of Employees paid above wage floor	100%	<b>100.00%</b>	0.125	12.50%
	Average Company Hourly Wage	\$14.90	\$15.51	<b>104.04%</b>	0.125	13.00%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) <sup>22</sup>	100% of Employees	83%	<b>83.33%</b>	0.25	20.83%

*Blended Compliance %* 96%

***Eligible Incentive %* 100%**

<sup>21</sup> As per performance agreement (dated 8-30-13, Section 4-C), Sunlite 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>22</sup> As per performance agreement (dated 8-30-13, Section 4-D), Sunlite 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

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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 2014 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.



# Property Tax Abatements

2014 Amarr Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Personal Property <sup>23</sup>	\$9,400,000	\$9,700,000	103.19%	0.25	25.80%
Job Creation	Full-Time Employment <sup>24</sup>	40	158	395.00%	0.25	98.75%
Wages	Wage Floor <sup>25</sup>	100% of Employees paid above wage floor	98.57%	98.57%	0.125	12.32%
	Average Company Hourly Wage <sup>26</sup>	\$15.45	\$16.50	106.79%	0.125	13.35%
Health Benefits	Employer Provided Health Care Coverage	100% of Employees	98.57%	98.57%	0.25	24.64%

*Blended Compliance %* 175%

***Eligible Incentive %* 100%**

<sup>23</sup> Per Ord. 8497, Amarr's transfer of real property ownership on 3-27-07 invalidated a tax exemption on real property.

<sup>24</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>25</sup> 2014 Wage floor is \$12.37/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. \$16.50 represents Amarr's average wage for all 2014 full-time employees.

<sup>26</sup> Community average wages are provide by occupation through the Kansas Department of Labor, 2014 Edition Wage Survey.

## 1

# Property Tax Abatements

2014 PROSOCO Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Plant	\$2,348,000	\$2,397,288	102.10%	0.25	25.50%
	Equipment	\$260,000	\$662,312	254.74%	0.25	63.70%
Job Creation	Employment, Full Time	50	69	134.00%	0.25	33.50%
Wages	Wage Floor	100% of Employees paid above wage floor	n/a	n/a	0.125	n/a
	Average Company Hourly Wage <sup>27</sup>	\$14.39	\$24.19	134.00%	0.125	44.90%
Health Benefits	Employer Provided Health Care Coverage	n/a	n/a	n/a	n/a	n/a

*Blended Compliance %* 168%

***Eligible Incentive %* 100%**

<sup>27</sup> Community average wages are provide by occupation through the Kansas Department of Labor, 2014 Edition Wage Survey.

## 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.

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.)

<b>2014 Local Expenditures &amp; Outside Sales</b>		
<b>Company</b>	<b>Expenditures Spent Within Lawrence</b>	<b>Sales Generated Outside Lawrence</b>
Amarr Garage Doors Inc.	5%	99%
PROSOCO, Inc.	5%	100%
Grandstand/Screen-It Graphics	2%	98%
Sunlite Science & Technology	10%	98%

## 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>28</sup>

<b>2014 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%)	\$210,981	\$36,949	\$174,032
Personal (55%)	\$12,672	\$940	\$11,731
<b>Grandstand/Screen-It Graphics</b>			
Real (65%)	\$146,670	\$96,081	\$50,589
<b>Sunlite Science &amp; Technology</b>			
Real (50%)	\$38,944	\$19,472	\$19,472
<b>Total</b>	<b>\$581,227</b>	<b>\$181,318</b>	<b>\$399,909</b>

Source: Douglas County

<sup>28</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.

The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

## 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. Amarr partners with Lawrence High School to encourage and educate students about Amarr and careers in Manufacturing.

#### **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.

## **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.

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

### **Environment**

During 2014, 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 reduces scrap glass output substantially every year. 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 2014: American Red Cross, American Legion, Arthritis Foundation, Boys & Girls Club of Lawrence, Ballard Community Services, Corpus Christi Catholic Church, Couture for Cancer, Douglas County Special Olympics, Free State High School, Habitat for Humanity, Lawrence Free Methodist Church, Lawrence Humane Society, March of Dimes, Nazareth Academy, Old Fashioned Christmas Parade, Sir Mac Summer Slam, The Shelter, and Van Go, Inc.. 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 \$8,000 to support the local Salvation Army.

### **Job Training/Benefits**

The company hired and trained 58 new employees during 2014. Grandstand completed various safety trainings for all applicable employees and had a number of employees attend continuing education for their respective fields.

## **Sunlite Science & Technology, Inc.**

### **Environment**

Sunlite has replaced 80% of the light fixtures in the company headquarters with energy efficient LED light fixtures. The company reduces their energy consumption by carefully monitoring the heating and cooling system. Sunlite is diligent about recycling paper products, metals, and batteries.

### **Community Engagement**

In 2014, Sunlite supplied lighting for local events such as the 2014 Hearts of Gold Ball and the Bishop Seabury Academy Gymnasium. The company was also a sponsor the Kansas University Lied Center and Lawrence Memorial Hospital Endowments' event, "Stepping Out Against Breast Cancer" Dance. Sunlite supported the efforts of Studio 804, Inc. in the creation of The Forum at Marvin Hall.

### **Job Training/Benefits**





# 1

## Property Tax Abatements

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The company provided on-site and on the job training for all employees. Sunlite provided full-time employees the option of a flexible working schedule to accommodate those enrolled in college courses. The company presented on industry needs to assist with development of the Peaslee Technical Training center project.

## 2

# Industrial Revenue Bonds

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.

2014 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
1101/1115 Indiana Street <sup>1</sup>	Nov. 2014	9053	2017	\$76,000,000	Mixed-Use, Retail and Student Housing

<sup>1</sup> Stand-alone IRB to accommodate a sales tax exemption on construction materials for the project.

# 2

## Industrial Revenue Bonds

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### **Terminated IRBs**

The City of Lawrence authorized issuance of Industrial Revenue Bonds via Ordinance 8901 on September 3, 2013 to accommodate a sales tax exemption on construction materials for the Neuvant House East project. Since construction was completed on the project, the IRB was terminated in 2014.

## 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 2014, the City of Lawrence had the below approved Neighborhood Revitalization Areas:

2014 Established Neighborhood Revitalization Areas (NRA)					
NRA	District Established	Ord. #	% Rebate	Duration	First NRA Tax Year
<b>8th and Pennsylvania District:</b> (720 E 9th Street <sup>2</sup> )	April 2007	8093	95%	Based on amount rebated <sup>1</sup>	2011
<b>1040 Vermont</b> (Treanor Headquarters)	April 2011	8625	Declining <sup>3</sup>	10 years	2013
<b>810/812 Pennsylvania</b> (Cider Building)	July 2012	8753	95%	10 years	2014
<b>1106 Rhode Island</b>	Aug. 2014	9022	85%	10 years	2016
<b>1101/1115 Indiana</b>	Aug. 2014	9021	85%	10 years	2017
<b>900 Delaware</b> (9 Del Lofts)	Oct. 2014	9040	95%	15 years	2016

Three properties were eligible for an NRA rebate for the property taxes levied in 2014: 720 E 9<sup>th</sup> Street, 1040 Vermont Street, and 810/812 Pennsylvania Street. The remaining NRA projects were either under construction or had not commenced construction by the end of the year, and were not eligible for a rebate. Rebate amounts are shown in Appendix B.

The 1001 Massachusetts Street NRA was previously authorized (Ordinance 8671, September 2011), but had not proceeded as of the end of the year due to a change in use.

<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> 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.

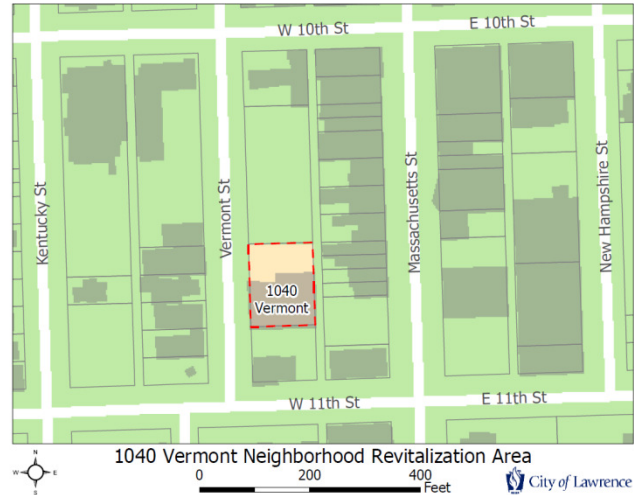
<sup>3</sup> Yrs 1-4: 95%, Yrs 5-6: 85%, Yr 7: 70%, Yr 8: 50%, Yr 9:30%, Yr 10:20%.

# 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**

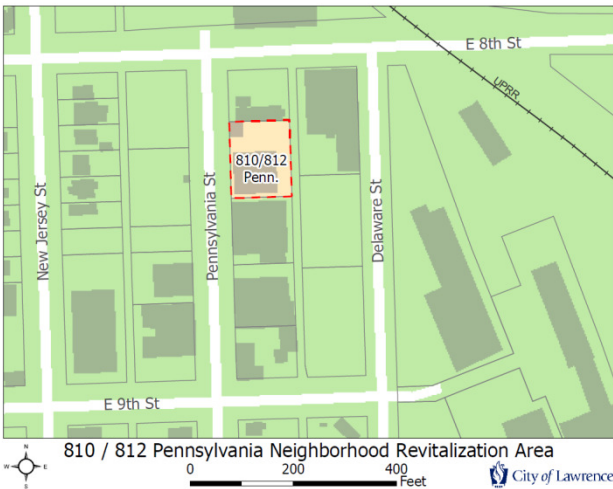
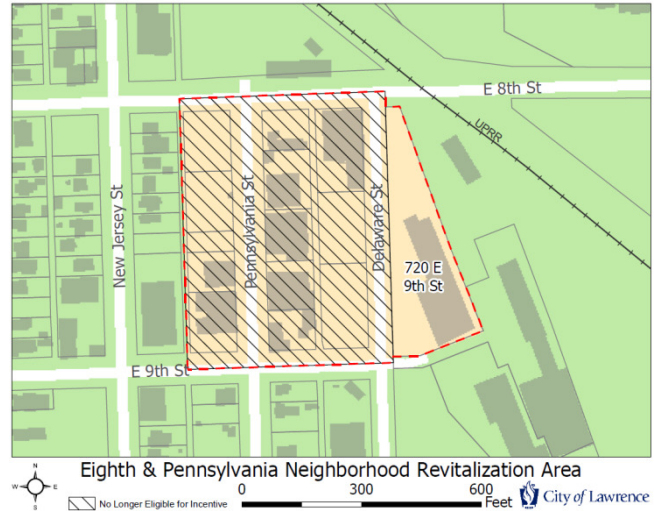
The new design reused the back half of the building to create a partial two-story space featuring an open floor plan, reception area, offices, multiple conference rooms, break areas, rooftop garden and recreation space.

# 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. However, 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.

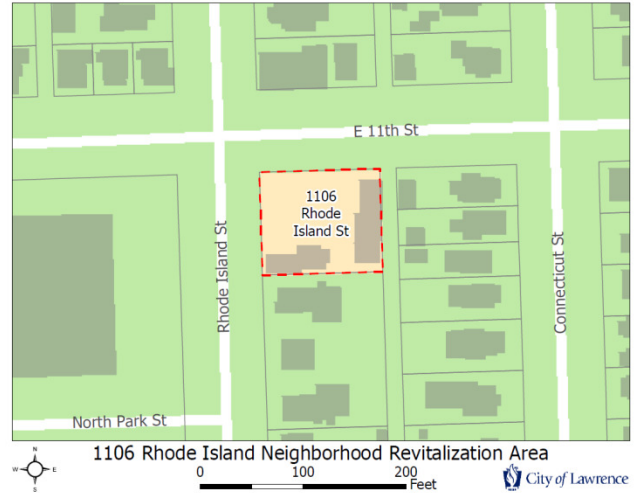


# 3

## Neighborhood Revitalization Areas

### 1106 Rhode Island Street NRA

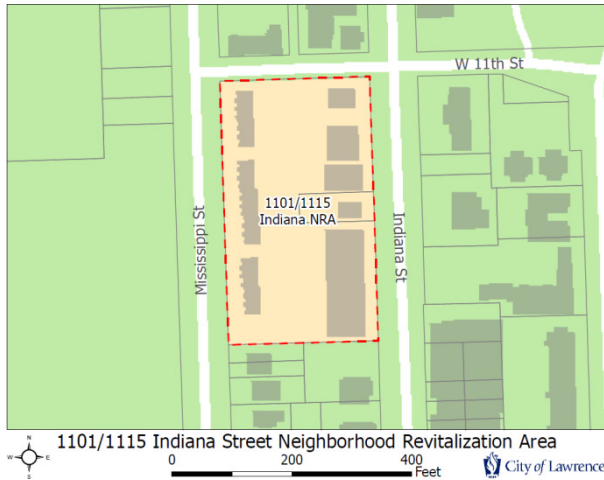
The 1106 Rhode Island Street NRA district was established in 2014 to help redevelop the property and its historic structures to productive use. As a vacant, dilapidated, and blighted property, it presented safety, health, environmental, and economic concerns for the community. However, the existing house, large barn, and garage were contributing structures to the North Rhode Island Street Historic Residential District and it was determined they retained sufficient integrity to be rehabilitated.



Current plans call for rehabilitating the on-site, historic structures to productive use and adding new space to enhance the usefulness of the property.

# 3

## Neighborhood Revitalization Areas



### 1101/1115 Indiana Street NRA

The 1101/1115 Indiana Street NRA was authorized in 2014 to support redevelopment of the property into an upscale, mixed-use, student housing community.

The estimated \$75.5 million project will include approximately 239 high-end apartment units, approximately 14,051 square feet of first floor retail space, and an automated robotic parking garage.



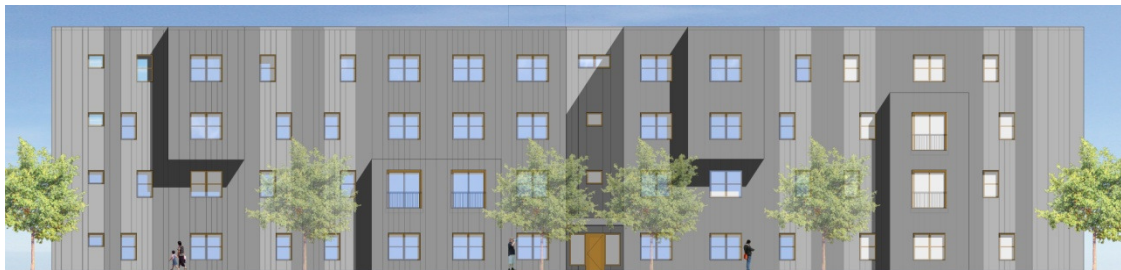
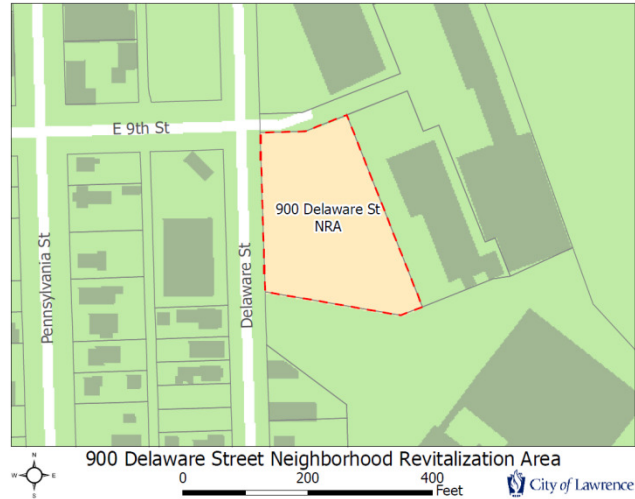


# 3

## Neighborhood Revitalization Areas

### 900 Delaware Street NRA

Located on the southeast corner of 9<sup>th</sup> Street and Delaware Street, adjacent to the East Lawrence Historic Warehouse District, the 9 Del Lofts project will convert vacant land into a multi-family, affordable housing complex. The 900 Delaware NRA was authorized in 2014 to help support the project and add affordable housing to the community. Plans call for approximately 43 apartment units: 18, one-bedroom units; 16, two-bedroom units; and four, three-bedroom units.



## 4

# Tax Increment Financing

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:

2014 Tax Increment Financing (TIF)						
TIF	District Established	District Ord. #	Plan Established	Expires <sup>1</sup>	Plan Ord. #	Estimated Eligible Expenses
Downtown 2000 Redevelopment (Original 9th and New Hampshire)	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	Nov. 2012	Nov. 2032	8791	\$4,000,000 <sup>3</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.

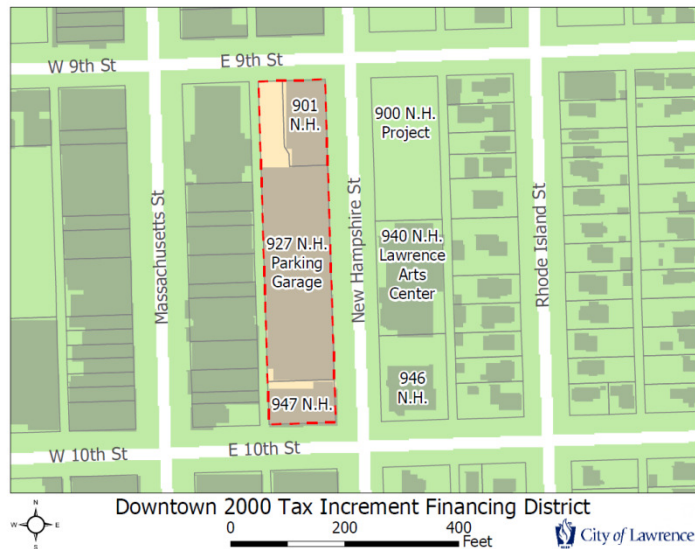
<sup>3</sup> Amount amended from \$3,500,000 to \$4,000,000 on May 13, 2013. Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds.

## 4

# Tax Increment Financing

## 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 2014, approximately \$3.94M<sup>4</sup> 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.

<sup>4</sup> At the beginning of 2014, approximately \$4,485,000 remained outstanding on the bond debt. After payments made on 3-1-2014 and 9-1-2014, estimated balance remaining was \$3,940,000.

# 4

## Tax Increment Financing

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### ***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. Reimbursement records are provided in Appendix B.

# 4

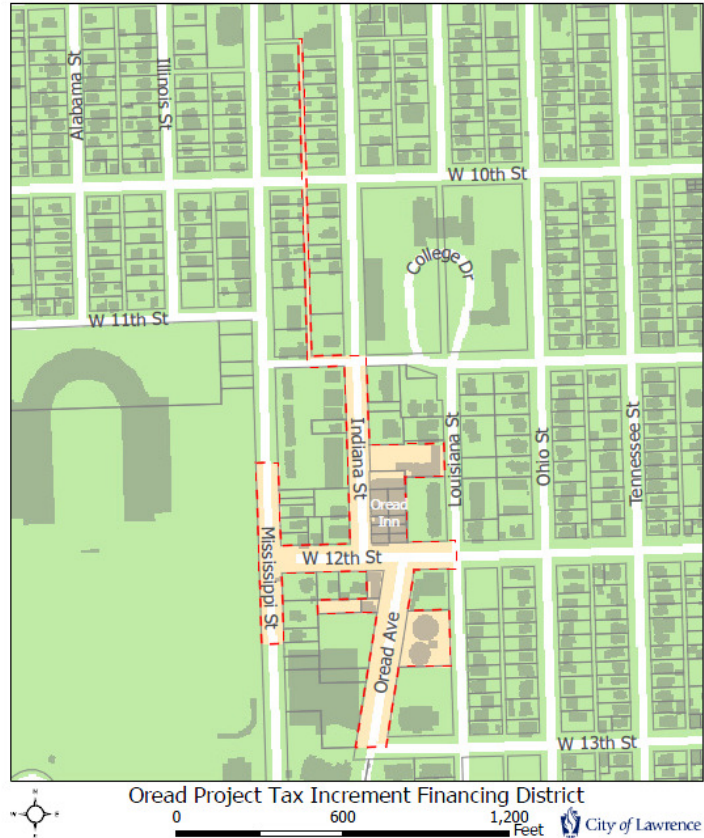
## Tax Increment Financing

### 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. Reimbursement records are provided in Appendix B.

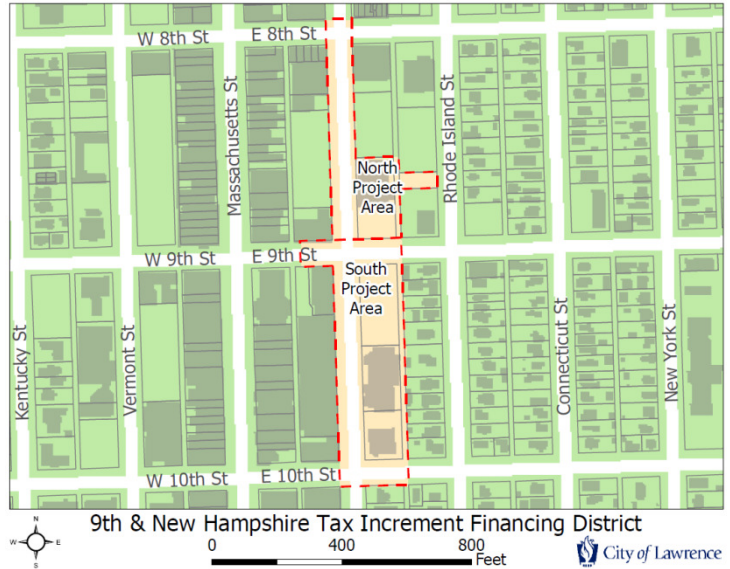


# 4

## Tax Increment Financing

### 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 2014, the district was still under construction. However, there was a small property tax TIF increment realized by the South Project during 2014 of \$10,052, which was retained by the City to cover City-fronted expenses related to the project and the 5% due to the City for the Arts Commons project. Below shows the breakdown distribution of this amount.

City Fronted Expenses	\$9,869.06
City TIF Proceeds (2014 property tax)	\$502.62
<b>Total Due to City</b>	<b>\$10,371.68</b>
County Distribution: 2014 TIF Property Tax Increment	\$10,052.43
<b>Balance Due to City</b>	<b>\$319.25</b>



# 4

## Tax Increment Financing

### 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.



### 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.



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

## 5

# Transportation Development Districts

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 three 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.

2014 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 <sup>1</sup>
Free-State (Bauer Farms)	#8339, October 2008	1%	April 2009	April 2031	\$5,000,000
9th & New Hampshire	#8979, April 2014 <sup>2</sup>	1%	Jan. 2015	Jan. 2037	\$3,000,000 <sup>3</sup>

<sup>1</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>2</sup> Ordinance 8803 which originally established the TDD district was repealed due to a technicality and replaced with Ordinance 8979.

<sup>3</sup> Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement at the Developer's actual interest rate for borrowed funds.

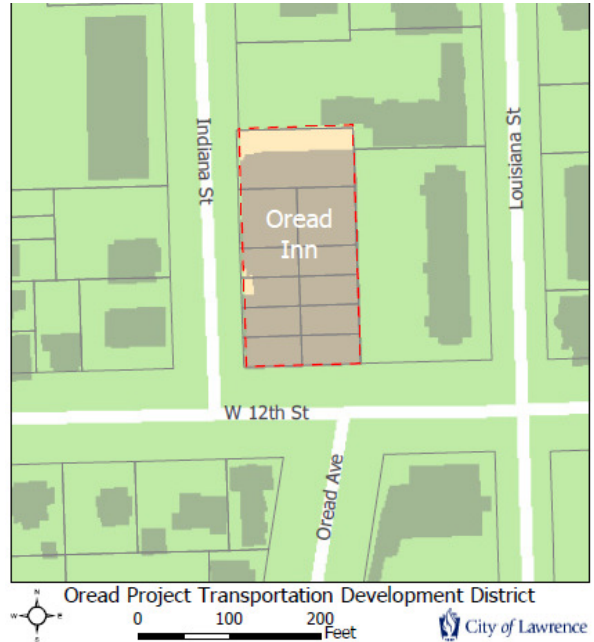


# 5

## Transportation Development Districts

### The Oread TDD

The Oread TDD (located at W. 12<sup>th</sup> Street & Oread Avenue) began generating sales tax revenues in 2009. Reimbursement records are provided in Appendix B.

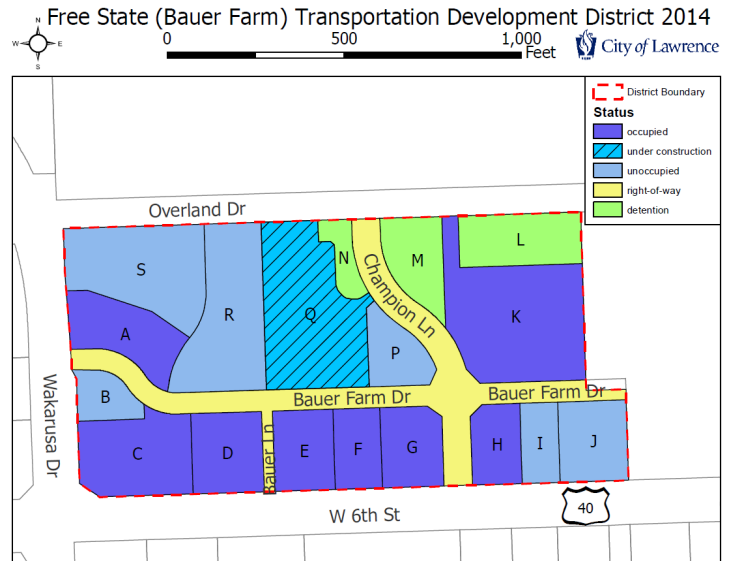


# 5

## Transportation Development Districts

### 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 2014, 50.7% of the buildable area within the district was occupied. Reimbursement records are provided in Appendix B.

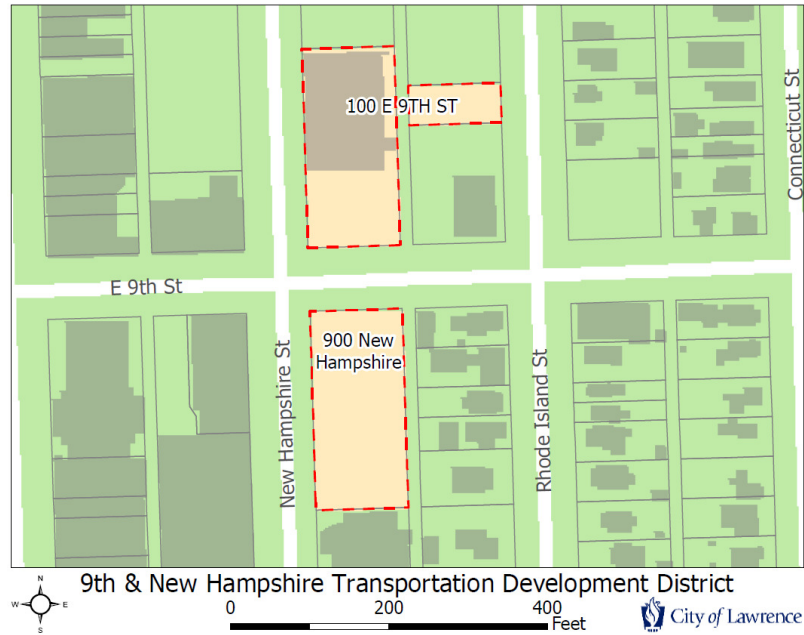


# 5

## Transportation Development Districts

### 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. As the project was still under construction at the end of 2014, no TDD revenues were generated that year.

## 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 \$2,750 of the total to assist with up front expenses, providing support for 2012 and 2013. The company did not certify for 2014 and no grant was given for that year.

## 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. It does this by providing the following to its tenant companies to help them grow:

- Customized office and laboratory space
- Access to BTBC's network of business service providers
- Access to KU resources
- High bandwidth, low latency fiber internet connection
- Business support

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

<b>BTBC Facilities</b>			
<b>Facility</b>	<b>Address</b>	<b>Size (Leasable SF)</b>	<b>Description</b>
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 West (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-KUMC Facility	KU Medical Center Campus, Kansas City, KS	20,000+	Office and wet lab space adjacent to the KUMC Hospital. Home to local bioscience companies Aptakon, Likarda, and Orbis Biosciences.

Source: Bioscience & Business Technology Center (BTBC), Data current as of December 31, 2014.

<b>2014 BTBC Economic Development Summary</b>	
Total Client Companies	31
Total # Employees	136
Annual Payroll	\$8,100,000

Source: Bioscience & Business Technology Center (BTBC), Data current as of 12/31/14. Includes KUMC facility.

# 6

## Other Support Programs

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### **BTBC Phase II:**

Phase II of the BTBC Main Facility was completed in 2014, adding 31,000 square feet of additional wet laboratory and office space to the facility.



The BTBC has reached 60% blended occupancy in its Main Facility since completing Phase II construction in July 2014. It has begun planning for Phase III, assessing potential industry partners which would serve as an anchor tenant for an Innovation Park at the University of Kansas.

## 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>1</sup>	Main Facility, Phase I <sup>2</sup>	West Facility <sup>3</sup>	Main Facility, Phase II <sup>4</sup>	Total
2006	\$200,000	--	--	--	\$200,000
2007	\$192,000 <sup>5</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
2014	\$200,000	\$75,000	\$66,540	--	\$341,540

Source: City Budget Office, City of Lawrence, Kansas

In addition to operations support, the City and County jointly agreed to split expenses related to the roof replacement for the BTBC West (Expansion) Facility. The City's portion of the expense was \$122,855.40, which was paid in 2014.

<sup>1</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>2</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>3</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>4</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>5</sup> A 4% reduction was imposed on support for all outside agencies in 2007.





# Other Support Programs

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## Support for Other Economic Development Services

During 2014, the City provided the same amount of financial support to local agencies for economic development services as in the previous year.

<b>Other Support for Economic Development Services</b>				
<b>Organization</b>	<b>Description</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Chamber of Commerce	Economic development marketing services	\$199,500	\$199,500	\$199,500
KU Small Business Development Center	Small business development services	\$20,000	\$20,000	\$20,000
<b>Total</b>		<b>\$219,500</b>	<b>\$219,500</b>	<b>\$219,500</b>

Source: City Budget Office, City of Lawrence, Kansas

## 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.



# 6

## Other Support Programs

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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
- Providing Complete Street aspects (e.g. 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

Phase Three improvements were authorized by the City Commission on June 3, 2014 to support the on-going revitalization of the area and the addition of affordable housing through the 9 Del Lofts project.

Specifically, the City agreed to reimburse up to \$270,967 in improvements for:

- Relocation and connection of sanitary sewer main, water line
- Public street improvement plans
- 9<sup>th</sup> Street drive extension and 10' public trail installation
- Burying of area utility lines



To date, estimated City infrastructure investment in support of area revitalization is just over \$2 million.

<b>East Lawrence Historical Industrial Warehouse District: Area Public Support</b>	
<b>City Contribution</b>	<b>Amount (est.)</b>
Poehler/Phase I Infrastructure	\$1,051,577
Cider/Phase II Infrastructure	\$695,430
Cider CID Special Assessments on City-Owned Parking Lot	\$22,432
9 Del/Phase III Infrastructure <i>(estimated)</i>	\$270,967
<b>Total Estimated Area Support</b>	<b>\$2,040,406</b>

## Shared Infrastructure and Fee Rebates

### Rock Chalk Park

2014 saw the official opening of Rock Chalk Park, an 89 acre sports campus located at the northwest corner of Rock Chalk Drive and George Williams Way. The Park is home to a new 181,000 square foot City recreation center (Sports Pavilion Lawrence) and University of Kansas (KU) athletic facilities.



Attendance at the City's Sports Pavilion Lawrence averaged 60,000 visits each month since opening in October



2014. Below are additional usage statistics for the recreation center:

- 13,174 people have registered for key cards since it opened. Lawrence and Douglas County residents need to register for a free key card to help count usage at the center.
- 7,472 key card holders are women and 5,702 are men.
- The average age for key card holders is 40 years old.
- The Lawrence zip code that uses the center the most is 66049 with 5,537 users. Next highest zip code is 66044 with 3,490 users.
- The attendance totals for the center in December 2014 was 62,024 people. This figure is an estimate of how many people have used the facility for all activities including tournaments, classes and programs.

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>6</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 2014, the City had reimbursed \$10,359,633.23 for shared infrastructure and reimbursed \$1,444,527.22 in permit and development fees.<sup>7</sup>

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<sup>6</sup> KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the 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.

<sup>7</sup> Data received from City Auditor, 3-4-15.

# 6

## Other Support Programs

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### Development Grant

#### 1106 Rhode Island Street Historic

#### Rehabilitation

In support of the commercial rehabilitation of historic properties at 1106 Rhode Island Street, the City authorized a development grant estimated at \$26,100 to assist with City fees and permit expenses.



The grant was authorized in July 2014, but reimbursements had not yet commenced by the end of the year.

## A

# Regulating Documents

2014 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

2014 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
1101/1115 Indiana Street	<a href="#">Ordinance No. 9053</a>	IRB Issuance: Series 2014	11/18/2014



## A

# Regulating Documents

2014 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
1106 Rhode Island Street	<a href="#">Ordinance No. 9022</a>	Plan	8/5/2014
	<a href="#">Agreement</a>	Performance Agreement	10/21/2014
1101/1115 Indiana Street	<a href="#">Ordinance 9021</a>	Plan	8/5/2014
	<a href="#">Agreement</a>	Performance Agreement	8/12/2014
900 Delaware Street	<a href="#">Ordinance No. 9040</a>	Plan	10/21/2014
	<a href="#">Agreement</a>	Performance Agreement	10/21/2014

2014 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="#">South Agreement</a>	So Project: Redevelopment Agreement	11/30/2012
	<a href="#">Ordinance 8971</a>	No Project: Redevelopment Plan	4/15/2014
	<a href="#">North Agreement</a>	No Project: Redevelopment Agreement	4/15/2014

## A

# Regulating Documents

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2014 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 8979</a>	District Established	4/15/2014

# B

## Historical Assistance and Investment

The below table is a summary of reimbursement totals (as of the December 31, 2014) for currently active, major economic development programs.<sup>1</sup>

Summary: Reimbursement by Year				
Incentive Program	2011 Tax Year	2012 Tax Year	2013 Tax Year	2014 Tax Year
Tax Abatement	\$66,248	\$184,224	\$159,464	\$181,318
NRA	\$12,515	\$11,982	\$38,975	\$65,090
TIF (property and sales tax)	\$626,882	\$515,284	\$480,458	\$460,457
TDD (sales tax)	\$156,334	\$196,516	\$182,282	\$182,177
<b>Total</b>	<b>\$861,979</b>	<b>\$908,006</b>	<b>\$861,179</b>	<b>\$889,042</b>

Source: City of Lawrence, Kansas

**Reimbursements Less TDD**                      **\$705,644**                      **\$711,490**                      **\$678,896**                      **\$706,865**

<sup>1</sup> Assistance information for other programs is covered in other sections of the report. IRB sales tax exemption on project construction materials are part of a state-exemption program and tracked by the state, which covers the bulk of the exemption (6.15% out of a total 8.7% sales tax rate for 2014). The state monitors compliance with this exemption, which is dependent on construction schedules.

# B

## Historical Assistance and Investment

Data by year is further broken down by project and economic development program, as shown below:

Reimbursements <sup>2</sup> by Year and ED Program						
	Tax Year					
	2009	2010	2011	2012	2013	2014
<b>Tax Abatements</b>						
Amarr: Personal Property	<i>n/a</i>	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876
Prosoco: Real Property	\$35,146	\$36,139	\$36,630	\$36,482	\$36,966	\$36,949
Prosoco: Personal Property	\$1,265	\$919	\$932	\$928	\$940	\$940
Grandstand	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	\$119,289	\$93,682	\$96,081
Sunlite	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	\$19,472
<b>Tax Abated Subtotal</b>	<b>\$36,411</b>	<b>\$68,938</b>	<b>\$66,248</b>	<b>\$184,224</b>	<b>\$159,464</b>	<b>\$181,318</b>
<b>NRA:</b>						
720 E 9th Street (NRA Tax Yr 1 = 2011)	<i>n/a</i>	<i>n/a</i>	\$12,515	\$11,982	\$11,982	\$12,282
1040 Vermont Street (NRA Tax Yr 1 = 2013)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	\$26,993	\$27,438
810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	0	\$25,370
<b>NRA Subtotal</b>			<b>\$12,515</b>	<b>\$11,982</b>	<b>\$38,975</b>	<b>\$65,090</b>

Continued

<sup>2</sup> Reimbursements are based on when distributions are received from the County and State and do not reflect when revenues were generated.

## B

# Historical Assistance and Investment

Reimbursements by Year and ED Program (cont.)						
	Tax Year					
	2009	2010	2011	2012	2013	2014
<b>TIF:</b>						
<i>The Oread TIF</i>						
The Oread: TIF Sales Tax	\$3,113	\$152,978	\$200,603	\$264,453	\$211,542	\$181,813
The Oread: TIF Property Tax	n/a	n/a	\$426,278	\$222,746	\$240,830	\$250,558
901 New Hampshire Street (Downtown 2000 District) <sup>3</sup>	n/a	n/a	n/a	\$28,085	\$28,085	\$28,085
<i>900 New Hampshire TIF (aka South Project Area, completed early 2015)</i>						
9NH-SOUTH: TIF Sales Tax	n/a	n/a	n/a	n/a	n/a	n/a
9NH-SOUTH: TIF Property Tax <sup>4</sup>						
<b>TIF Subtotal</b>	<b>\$3,113</b>	<b>\$152,978</b>	<b>\$626,882</b>	<b>\$515,284</b>	<b>\$480,458</b>	<b>\$460,457</b>
<b>TDD:</b>						
Oread: TDD Sales Tax (Revenue generation started in 2009)	\$1,609	\$79,087	\$103,774	\$136,867	\$109,474	\$94,024
Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009)	\$9,472	\$19,457	\$52,561	\$59,650	\$72,809	\$88,152
9th & New Hampshire TDD (under construction in 2013)	n/a	n/a	n/a	n/a	n/a	n/a
<b>TDD Subtotal</b>	<b>\$11,082</b>	<b>\$98,545</b>	<b>\$156,334</b>	<b>\$196,516</b>	<b>\$182,282</b>	<b>\$182,177</b>
<b>Total</b>	<b>\$50,605</b>	<b>\$320,461</b>	<b>\$861,979</b>	<b>\$908,006</b>	<b>\$861,179</b>	<b>\$889,042</b>

Source: City of Lawrence, Kansas

<sup>3</sup> The Downtown 2000 TIF does not pay out to private entities except for a ~\$28,085/year reimbursement that was authorized via agreement. This amount is captured in the above table under 901 New Hampshire Street.

<sup>4</sup> At the end of 2014, the district was still under construction. However, there was a small property tax TIF increment realized by the South Project during 2014 of \$10,052, which was retained by the City to cover City-fronted expenses related to the project and the 5% due to the City for the Arts Commons project.

# B

## Historical Assistance and Investment

### Tax Abatement Amounts

Four Lawrence companies had active tax abatements in 2014: Amarr Garage Doors, PROSOCO, Grandstand Sportswear and Glassware (Screen-It Graphics), and Sunlite Science & Technology. 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>5</sup>

<b>2014 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%)	\$210,981	\$36,949	\$174,032
Personal (55%)	\$12,672	\$940	\$11,731
<b>Grandstand/Screen-It Graphics</b>			
Real (65%)	\$146,670	\$96,081	\$50,589
<b>Sunlite Science &amp; Technology</b>			
Real (50%)	\$38,944	\$19,472	\$19,472
<b>Total</b>	<b>\$581,227</b>	<b>\$181,318</b>	<b>\$399,909</b>

Source: Douglas County

<sup>5</sup> 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.

The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

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## Historical Assistance and Investment

The following table presents amounts abated by year for these companies.

Tax Abatements by Year (2005-2014)												Cumulative Total (End of 2014)
Company	Start of Abatement/Ord. or Res. #	Abated Tax Amounts										
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Amarr Garage Doors, Inc. (Personal Property, 55%)	2010/O-8497	--	--	--	--	--	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$143,843
Prosoco, Inc (Real Property, 55%)	2005/O-7882	\$31,386	\$32,951	\$33,048	\$33,755	\$33,881	\$35,220	\$35,698	\$35,554	\$36,026	\$36,949	\$344,468
Prosoco, Inc (Personal Property, 55%)	2005/O-7882	\$3,510	\$3,070	\$2,463	\$1,890	\$1,265	\$919	\$932	\$928	\$940	\$940	\$16,857
Grandstand (Real Property, 65%)	2012/R-6948	--	--	--	--	--	--	--	\$119,289	\$93,682	\$96,081	\$309,052
Sunlite Science & Technology (Real Property, 50%)	2014/R-7042	--	--	--	--	--	--	--	--	--	\$19,472	\$19,472
<b>Total</b>		<b>\$34,896</b>	<b>\$36,021</b>	<b>\$35,511</b>	<b>\$35,645</b>	<b>\$35,146</b>	<b>\$68,019</b>	<b>\$65,316</b>	<b>\$183,296</b>	<b>\$158,524</b>	<b>\$181,318</b>	<b>\$833,692</b>

Note: Above does not include personal property that became exempt by State in 2006.



# Historical Assistance and Investment

## Private-Public Investment

The below table presents the amount of private and public investment made for the projects currently participating in the City’s major economic development programs. It should be noted that private capital investment represents direct investments and does not include employment or income multiplier effects on the community.

Private Capital Investment				Public Investment (Major ED Programs) <sup>6</sup>
Active Projects	Private Capital Investment (as of 12-2014)	Incentive Duration in Years	2014 Annual Private Capital Investment	2014
<b>Tax Abatements</b>				
Amarr (Tax Abatement, 2005-2013)	\$9,700,000	10	\$970,000	\$27,876
Prosoco (Tax Abatement 2005-2013, includes personal & real property)	\$3,059,600	10	\$305,960	\$37,889
Grandstand (Tax Abatement, 2011-2013) <sup>7</sup>	\$7,157,697	10	\$715,770	\$96,081
Sunlite (Tax Abatement starts with taxes levied in 2014) <sup>8</sup>	\$1,091,043	10	\$109,104	\$19,472

Continued

<sup>6</sup> Assistance information for other programs is covered in other sections of the report. IRB sales tax exemption on project construction materials are part of a state-exemption program and tracked by the state, which covers the bulk of the exemption (6.15% out of a total 8.7% sales tax rate for 2014). The state monitors compliance with this exemption, which is dependent on construction schedules.

<sup>7</sup> Per Grandstand’s 2014 tax abatement questionnaire.

<sup>8</sup> Per Sunlite’s 2014 tax abatement questionnaire.





# Historical Assistance and Investment

Private Capital Investment (cont.)				Public Investment (Major ED Programs)
Active Projects	Private Capital Investment (as of 12-2014)	Incentive Duration in Years	2014 Annual Private Capital Investment	2014
<b>NRA</b>				
720 E 9th Street (NRA Tax Yr 1 = 2011) <sup>9</sup>	\$1,700,000	22	\$77,273	\$12,282
1040 Vermont Street (NRA Tax Yr 1 = 2013) <sup>10</sup>	\$2,150,000	10	\$215,000	\$27,438
810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014) <sup>11</sup>	\$1,480,000	10	\$148,000	\$25,370
<b>TIF</b>				
The Oread (TIF) <sup>12</sup>	\$8,941,754	20	\$447,088	\$432,372
TIF Sales Tax				
TIF Property Tax				
901 New Hampshire Street (Downtown 2000 District) <sup>9</sup>	\$11,472,000	20	\$573,600	\$28,085
<b>TDD</b>				
Oread: TDD Sales Tax (Revenue generation started in 2009) <sup>12</sup>	\$8,941,754	22	\$406,443	\$94,024
Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009) <sup>9</sup>	\$20,800,000	22	\$945,455	\$88,152
<b>Total</b>	<b>\$75,402,805</b>		<b>\$4,804,588</b>	<b>\$889,042</b>

Sources: Douglas County Appraiser, Project Developers, City of Lawrence, Budget, Finance, and Economic Development

<sup>9</sup> Per Developer.

<sup>10</sup> Per 2-23-11 CBA.

<sup>11</sup> Per Incentive application dated 6-8-12.

<sup>12</sup> OREAD original permit valuation for the construction of the hotel was \$17,883,508 (value split equally between TIF and TIDD) (per Planning/Dev Services Department 1-28-15). Actual capital investment amounts are expected to be higher.

# B

## Historical Assistance and Investment

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In 2014, for every \$1 in public sector investment, approximately \$5.40 in private sector capital investment was realized.

<b>2014 Public &amp; Private Investment (by Year)</b>	
Public Investment:	\$889,042
Private Investment:	\$4,804,588
<b>Private investment for each dollar of public investment:</b>	<b>\$5.40</b>

# B

# Historical Assistance and Investment

## New/Future Investments

All of the below projects were either under construction or had not commenced construction by the end of 2014. Therefore, no public reimbursements were made on these projects.

Private Capital Investment				Public Investment (Major ED Programs)
Active Projects	Private Capital Investment (as of 12-2014)	Incentive Duration in Years	Annual Private Capital Investment	2014
<b>TIF</b>				
SOUTH: 9th & New Hampshire (under construction in 2014) <sup>13</sup>	8,625,000	20	\$431,250	\$0
NORTH: 9th & New Hampshire <sup>14</sup>	12,250,000	20	\$612,500	\$0
<b>TDD</b>				
SOUTH: 9th & New Hampshire TDD (under construction in 2013) <sup>7</sup>	8,625,000	22	\$392,045	\$0
NORTH: 9th & New Hampshire TDD <sup>8</sup>	12,250,000	22	\$556,818	\$0
<b>NRA</b>				
1106 Rhode Island Street (NRA) <sup>15</sup>	\$896,585	10	\$89,659	\$0
1101/1115 Indiana Street (NRA) <sup>16</sup>	\$76,000,000	10	\$7,600,000	\$0
900 Delaware Street (NRA) <sup>17</sup>	\$7,200,000	15	\$480,000	\$0

<sup>13</sup> Construction was being finalized at the end of the year. IRB for \$17,250,000 as per Ord. 8804. Split equally between TIF and TDD = \$8,625,000 each.

<sup>14</sup> Construction had not yet commenced by the end of the year. IRB for \$24,500,000 as per R7066. Split equally between TIF and TDD = \$12,250,000 each.

<sup>15</sup> Construction had not yet commenced by the end of the year. Amount shown is per incentive application dated 5-30-14.

<sup>16</sup> Construction had not yet commenced by the end of the year. IRB for \$76,000,000 as per Ord. 9053.

<sup>17</sup> Project under construction at the end of the year. Amount shown is per incentive application dated: 9-19-14.