



The City of Lawrence Annual Tax Abatement Report 2009

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Executive Summary

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 good investments, quality wages and jobs for the community. The report also provides an opportunity to highlight the economic performance of each firm as well as their commitment to the community.

The information presented herein pertains to the five companies that were receiving tax abatements in Lawrence in 2009. These companies were: Allen Press (which had two active abatements in 2009), Amarr Garage Doors, DST Systems, Prosoco, and Reuter Organ. Here is a key summary of the findings of the 2009 Tax Abatement Report:

- **Overall, the five companies have met about 90% of their projected capital investments, and 102% of their projected employment.**

Investments:

- The six active abatements were approved for up to \$12.2 million of machinery and equipment (personal property) purchases, and \$8.7 million of investment in real property, including land.
- As of 2009, the five firms had made \$10.8 million of machinery and equipment purchases, and investments in real property of \$8.1 million.
- These real and personal property investments are currently appraised at about \$6.6 million.
- When these investments are fully added to the tax rolls, they will generate approximately \$197,000 a year in City, County, State, and School District property taxes.

Employment:

- The five companies receiving tax abatements projected net employment of just over 1,000 full time and part time employees.
- Despite the recession, the five companies reported having almost 1,100 employees at the end of 2009, including 1,024 full-time and 69 part-time employees.

Wages:

- Wages were reported on about 970 of the approximately 1,100 full- and part-time employees. This represents over 88% of the employees in these five companies.
- Among these 970 employees, the average wage was about \$35,700 per year. On their abatement reports, these five firms projected wages of about \$33,200 per year (this is adjusted for inflation).
- The wages paid at these five firms in 2009 are 107% of the wages they projected.

Introduction

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 good investments, quality jobs and good wages for the community. The report is required by City Code Section 1-2107, which states that businesses receiving tax abatements must provide certain information until their tax abatement expires. This information comprises the heart of the annual abatement report presented herein.

In 2009, there were a total of five businesses that had six active tax abatements. These companies were: Allen Press, Amarr Garage Doors, DST Systems, Prosoco, and Reuter Organ. Allen Press had two active abatements last year. All of the five businesses submitted a completed questionnaire on time.

This report provides an overview of each company and a summary of their performance to-date. The report shows that the five firms completed most of their planned real and personal property investments, and have in overall exceeded their employment targets. Performance varies from company to company, but almost all of them are exceeding one or more of their projections for capital investment and employment. The firms also appear to remain active in the community, although some companies have unfortunately had to scale back their activities due to tightened budgets in these difficult financial times.

While there is a new economic development policy that requires certain wage and health premium payment requirements, none of the firms receiving abatements in 2009 were subject to this ordinance. All of the abatements in 2009 were granted prior to these wage and health care requirements.

It should also be noted that there are three companies with tax abatements approved, that had not initiated their abatements by the end of the year. Amarr Garage Doors received approval for a 55% real and personal property tax abatement in late 2003. They have requested that the personal property tax abatement be initiated starting January 1, 2010. Additionally, 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. Most recently, 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.

About the Firms



Allen Press: Founded in 1935, Allen Press focuses exclusively on scholarly journal and special-interest publication production. The company prides itself on staying ahead of industry trends to provide quality solutions to its clients needs. For 27 years, they have sponsored educational seminars aimed at helping publishers stay abreast of emerging trends and best practices. In addition to traditional publication, Allen Press is expanding into web-hosting services for academic journals as well. Allen Press is a family owned business and is headquartered in Lawrence, and employs over 300 people. They are committed to educating and developing staff, which

has paid off with high employee retention virtually unmatched in the industry.

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, 1,000 employees, and 70 locations in the United States, Mexico, and Canada. They are one of the world's leading designers, manufactures, 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. They came to Lawrence in 1989 as the first occupant of East Hills Business Park, and currently produce the majority of their garage doors here. 2009 marked the 20th Anniversary of Amarr as part of our community. Amarr provides jobs for almost 500 people, making it the 5th largest private employer in the City.



DST Systems: Established in 1973 as a corporate joint venture of State Street Corporation and DST Systems, Inc., Boston Financial offers consultative expertise and industry-leading investor services to the nation's most prestigious financial services companies. Boston Financial provides back-office and transfer agency services for mutual funds, 529 plans, retirement plans, class action and event administration, business continuity, real estate investment trusts (REITs), proxy services, and contractual plans.

Over 170 full- and part-time Associates work in the Lawrence, Kansas location, and are highly trained and

specialized in providing transaction and operational services for a diverse range of clients.

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. They moved their headquarters to Lawrence in 1999. They have seen growth in international markets and have undertaken several green initiatives both in the products they produce and the way they produce them.



Reuter Organ: The Reuter Organ Company is an internationally known builder of pipe organs. It was founded in 1917 and moved to Lawrence in 1919. Last year, 2009, marked Reuter's 90th year in the City.

Reuter organs are predominantly built for churches, but they also on occasion construct organs for homes and concert halls. Organ building involves a wide cross section of crafts – from wood working, to metal working, structural engineering to physics, and artistry from the visual designer to those who voice the pipes themselves. Every aspect of a

Reuter instrument is custom-built right for each individual instrument right here in Lawrence. Amongst some of the oldest organ building firms in this country, Reuter is still often referred to as the only major builder west of the Mississippi.

Abatement Performance

Abatements Offered

The five companies that had active tax abatements in 2009 had a total of six abatements. Allen Press had two abatements, while the remaining companies had one each:

Table 1: Abatement Information

| Name of Business | Application Date | Maximum Investment Amount Subject to Abatement* | Abatement Percentage | Expiration Date |
|-----------------------------------|-------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------|------------------------|
| Allen Press, Inc. (Phase I)** | 1-Jan-99 | \$2,777,135 personal property \$1,925,675 real property | 50% on personal and real property | 31-Dec-09 |
| Allen Press, Inc. (Phase II)** | 1-Jan-99 | \$3,723,000 personal property \$1,074,500 real property | 50% on personal and real property | 31-Dec-11 |
| Amarr Garage Doors Inc. | 13-Nov-98 | \$3,650,000 personal property | 50% personal property | 31-Dec-09 |
| DST Systems^ | 21-Nov-00 | \$2,000,000 existing personal property \$1,450,000 new personal property | 100% existing personal property 50% new personal property | 31-Dec-11 |
| Prosoco, Inc. | 25-Sep-02 | \$260,000 personal property \$2,348,000 real property | 55% on personal and real property | 31 Dec 14 |
| Reuter Organ Co. | 4-Jan-00 | \$356,250 personal property \$3,327,239 real property | 50% on personal and real property | 31-Dec-11 |

*These are the amounts that appear in the City Ordinance authorizing the abatement.

** The total abatement authorized \$6,500,000 in equipment \$3,000,000 in building improvements and was approved for two phases.

^ An abatement of \$5,500,000 on real property expired in December of 2007.

All six existing abatements included personal property. Four of the six abatements were for real property as well. Most of the abatements granted a 10 year, 50% tax abatement on the newly purchased or built properties. There were two exceptions to this. Prosoco received a 55% tax abatement on real and personal property, and DST Systems received a 100% tax abatement on the personal property that they purchased from the previous property owner, Sallie Mae.

Investment and Employment Projections

Each firm was required to provide projections of real property investments, personal property investments, new jobs and wages for those jobs in order to do a benefit-cost analysis. The benefit-cost analysis is required by state law in order to grant a tax abatement. Table 2 shows the job and investments projected by each firm as a result of their tax abatements:

Table 2: Projections Presented in Abatement Application

| Name of Business | Projected Real Property Investment by 2009 | Projected Personal Property Investment by 2009 | Projected Full-Time Employees from Abatement by 2009* | Projected Wages of Employees by 2009** |
|-----------------------------|--------------------------------------------|------------------------------------------------|-------------------------------------------------------|----------------------------------------|
| Allen Press, Inc. Phase I | \$1,925,675 | \$2,777,135 | 327 (14) | \$31,034 |
| Allen Press, Inc., Phase II | \$1,074,500 | \$3,723,000 | (included above) | (included above) |
| Amarr Garage Doors Inc. | | \$3,650,000 | 371 (31) | \$28,341 |
| DST Systems | | \$1,450,000^ | 175 | \$48,093 |
| Prosoco, Inc. | \$2,348,000 | \$260,000 | 75 | \$26,543 |
| Reuter Organ Co. | \$3,327,239 | \$356,250 | 56 (14) | \$40,480 |
| TOTAL | \$8,675,414 | \$12,216,385 | 1,004 | \$33,203 |

* If the firm was already in Lawrence, the number in parentheses is the additional number of employees expected as a result of the tax abatement or IRB.

**Wages have been adjusted to reflect 2009 dollars.

^ The abatement on existing personal property has expired.

Real property investments ran from \$1 million to over \$3 million dollars. The largest, at Reuter Organ, involved the construction of a new manufacturing center in the Santa Fe Business Park (this business park is located at North Iowa and Lakeview Road). In total, there was approximately \$8.7 million of real property investments enabled as a result of the abatements provided.

Personal property was more significant. There was almost \$12.2 million of personal property investments for which abatements were requested. This ranged from a modest amount at Prosoco and Reuter Organ of less than half a million dollars each, to substantial investments at Allen Press totaling more than \$6 million over two phases. In fact, Allen Press accounted for nearly half of the projected personal property investments.

In general, job growth resulting from abatements was modest. DST Systems showed the largest projected employment growth, with up to 175 new employees. Prosoco was relocating most of their employees from Kansas City, Kansas, and showed growth of up to 75 employees here in Lawrence. The other three firms projected about 60 new employees total. These other three firms already existed in the community and had a strong employment base associated with their existing operations. In total, the five firms projected that a little over 1,000 jobs would be in place after their construction and expansion was complete.

Finally, while the previous abatement ordinances did not require performance agreements with regard to wages, employee pay is an important element for both the quality of life and promoting other businesses indirectly. Adjusting for inflation, these firms projected average wages of a little over \$33,000 per year. This is \$5,000 higher than the average private sector wage in Lawrence in 2008 (about \$28,000 per year). The projected wages ranged from about \$26,500 at Reuter Organ up to \$48,000 at DST Systems.

Actual Investments and Employment

Table 3 shows the actual investment and job totals resulting from the abatements:

Table 3: Actual Investments and Job Creation as of 2009

| Name of Business | Actual Real Property Investment, 2009 | Actual Personal Property Investment, 2009 | Actual Additional Full-Time Employees from Abatement, 2009 | Actual Wages of Employees, 2009 |
|-----------------------------|---------------------------------------|-------------------------------------------|------------------------------------------------------------|---------------------------------|
| Allen Press, Inc. Phase I | \$1,925,675 | \$2,777,135 | 303 | \$45,417 |
| Allen Press, Inc., Phase II | \$448,170 | \$1,785,847 | (included above) | (included above) |
| Amarr Garage Doors Inc. | | \$3,756,214 | 499 | \$30,085 |
| DST Systems | | \$1,387,418 | 128* | \$31,733 |
| Prosoco, Inc. | \$2,397,288 | \$662,312 | 59 | \$41,218 |
| Reuter Organ Co. | \$3,327,239 | \$389,250 | 35 | \$36,525 |
| TOTAL | \$8,098,372 | \$10,758,176 | 1,024 | \$35,689 |

*Total does not include 62 part-time employees.

The total real property investments were approximately \$8.1 million. This was less than projected. The shortfall was caused in large part by a result lower-than-expected real property investment by Allen Press in its Phase II tax abatement. Personal property investments totaled about \$10.8 million. Like real property, this was less than projected. However, four of the six firms met or exceeded their personal property investments.

Employment overall exceeded the projected totals. Overall, there were about 1,024 full-time employees at the end of 2009. This was largely a result of Amarr, who has almost 500 employees. This is roughly half of the total full-time employment of the five firms. Additionally, there were almost 70 part-time employees, against projections of only three additional part-time employees. Combined, there were almost 1,100 full- and part-time employees working at the five firms receiving abatements.

Finally, the five firms reported wages on about 970 full- and part-time employees. The average wage among these employees was about \$35,700 per year. This exceeds the \$33,000 per year from the employment projections, and is more than \$7,000 higher than the average private sector wage in Lawrence. Three of the five firms exceeded their wage projections in 2009.

Table 4 provides a comparison of actuals-to-projections for each company, in percentage terms. A score of 100% or more means that the actual performance met or exceeded projections, while a score less than 100% means that the actual performance fell short of projections:

Table 4: Comparison of Performance to Projections

| Name of Business | Real Property Investment, 2009 | Personal Property Investment, 2009 | Additional Employees from Abatement, 2009 | Wages of Employees, 2009 |
|-----------------------------|--------------------------------|------------------------------------|-------------------------------------------|--------------------------|
| Allen Press, Inc. Phase I | 100% | 100% | 93% | 146% |
| Allen Press, Inc., Phase II | 42% | 48% | | |
| Amarr Garage Doors Inc. | | 103% | 135% | 106% |
| DST Systems | | 96% | 73%* | 66% |
| Prosoco, Inc. | 102% | 255% | 79% | 155% |
| Reuter Organ Co. | 100% | 109% | 63% | 90% |
| TOTAL | 93% | 89% | 102% | 107% |

*Does not account for 62 part-time employees.

In total, about 93% of real property investments were made, while over 100% of the total employment and wages projected have been accomplished. Only about 89% of the total projected personal property investments were made. All firms met or exceeded at least part of their real property investments, and four of the six abatements also saw personal property investments in excess of projections. Wages are also noteworthy: the average wage is 107%, or seven percent higher than the projections provided in the applications (again, the projections provided in the application have been adjusted for inflation).

The one category where performance generally did not meet projections was additional employment. Amarr was well ahead of their projections, but the other four firms were not. This appears to be in part a result of the recession. An important element not captured by the data is efforts that some firms are making to keep their employees working. For example, Prosoco noted in their response that they used the new Kansas Shared Work Program to avoid layoffs at the end of 2009, and business has since picked up enough that they currently have some additional openings. DST Systems also has more than 60 part-time employees working for them. Finally, Amarr has been able to expand their employment from last year (469 total employees) to this year, which is noteworthy considering the challenges facing firms in the real estate market.

Additional Employment Information (Data to be Reviewed)

The questionnaire requested information on the number of full time and part time employees in the year prior to the granting of abatement. The questionnaire also asked for the number of additional jobs that the firm projected on the abatement application. These results were compared with the number of individuals employed at the end of December 2009, per the businesses' records. The following Table additionally presents the number of full time and part time employees for the previous five years in order to see any trends for the most recent five year period. The "over/under projection" column compares the December 2009 employment information with the "Projected on Application" information.

Old Table 2

| Name of Business | Pre-Abatement | | Projected on Application | | December 2005 | | December 2006 | | December 2007 | | December 2008 | | December 2009 | | Over/Under Projection | |
|--------------------------------|---------------|-----------|--------------------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|-----------------------|-----------|
| | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time |
| Allen Press Inc. | 314 | 8 | 327 | 0 | 369 | 12 | 361 | 8 | 347 | 5 | 327 | 3 | 303 | 2 | (24) | 3 |
| Amarr Garage Doors Inc. (1998) | 340 | 0 | 371 | 0 | 538 | 1 | 681 | 0 | 660 | 4 | 469 | 0 | 499 | 2 | 128 | 2 |
| DST Systems, Inc. | 0 | 0 | 175 | 0 | 146 | 87 | 146 | 87 | 133 | 108 | 161 | 60 | 128 | 62 | (47) | 62 |
| Prosoco, Inc. | 0/50* | 0 | 75 | 3 | 67 | 1 | 68 | 1 | 66 | 3 | 69 | 0 | 59 | 3 | (16) | 3 |
| Reuter Organ | 42 | 0 | 56 | 0 | 29 | 3 | 31 | 1 | 33 | 1 | 33 | 4 | 35 | 2 | (21) | 2 |

NOTES:

The employment numbers for **Amarr Garage Doors Inc.** in the 2008 Tax Abatement Report reflected only a partial count of their total number of workers. While the employment total for 2008 was accurate (469 employees), there were more employees in 2007, 2006, and 2005 than was reported. The revision has a positive effect on compliance with the abatement employment targets.

PROSOCO provided the following information: “In the Year Prior to Application, PROSOCO had no Lawrence employees. The City Commission minutes for December 1, 1998 reference 62 employees working at PROSOCO’s Kansas City, Kansas facility. That number was in error, because in providing it, PROSOCO inadvertently included employees working in facilities outside Kansas. In reviewing our records, we now see that at the time of the Application, PROSOCO had 50 employees working in Kansas City, Kansas.

“The Application was submitted on November 5, 1998, and it required listing of ‘new employees.’ Since all the Lawrence employees would be new to Lawrence, PROSOCO listed 75 full-time employees and 3 part-time employees would be working in the new Lawrence corporate headquarters and centralized manufacturing facility when operations began there in the fall of 1999. In retrospect, that number was in error, because it was an estimate of all PROSOCO employees across the country. (Our national employment in the fall of 1999 turned out to be 77 which exceeded the estimate of 75.) Our Kansas employment in the year prior to the application was 50, and that should have been listed as the number of new employees for the Lawrence facility.

“Total Lawrence employment on 12/31/09 was 59 full time for an increase of 9.

“The City’s Application for Bond Allocation dated September 11, 1998 indicated an expectation of 14 new jobs. Subtracting the number employed on 12/31/09 from the number employed in Kansas City at the time of the Application shows an increase of 9 employees. (The increase is actually 59, if you take into account there were originally zero Lawrence employees.) On June 8, 2009, our workforce was reduced by 12 employees due to economic reasons. Further reductions in our workforce were avoided at year end by participating in the Kansas Shared Work Program where we implemented a temporary reduced work week schedule for production. The reduced work week for production ended February 26, 2010. Currently we are looking to fill three entry level positions in production, and at least one other position in our accounting department within the next few weeks.

“Below is a history of PROSOCO/BIC Corporation Kansas employment totals

| Year | 1998 KC | 1999 Law. | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------|------------|--------------|------|------|------|------|------|------|------|------|------|------|
| KS Employees | 50 | 58 | 64 | 61 | 60 | 63 | 63 | 67 | 68 | 69 | 69 | 59* |

*Includes three (3) part-time employees.

The questionnaire requested each business to provide occupation specific information to include a 6-digit SOC Code, full or part time status, and the hourly or annual wage for each position. The information for each occupation was then compared with a benchmark mean wage for that occupation. In the majority of cases, the benchmark used was the 6-digit SOC Code mean wage as reported in the 2009 Edition of the Kansas Wage Survey for the Lawrence Metropolitan Statistical Area (MSA). Whenever a 6-digit SOC Code mean wage was not available, the state average 6 digit SOC Code was used instead.

Old Table 3

NOTE: In order to preserve the confidentiality of all employees’ wage information, reported job categories containing two or fewer employees are not listed in the tables below. However, the average

information for those job categories is included in the bulleted, cumulative data information following the table for each business.

| Allen Press, Inc | | | | | | |
|-------------------------------|--------------------------------------------------------------|-----------------|--------------------------------|------------------|---------------------------------|------------------|
| <i>SOC and number of jobs</i> | <i>Occupation</i> | <i>FT or PT</i> | <i>Above/Below Survey Mean</i> | <i>Firm Avg.</i> | <i>KS Wage Survey Mean Wage</i> | <i>Firm Min.</i> |
| 11-1011 (3) | Chief Executives | FT | ABOVE | \$111.78 | \$55.83 | \$55.32 |
| 11-1021 (5) | General and Operations Managers | FT | ABOVE | \$53.06 | \$38.80 | \$42.16 |
| 11-2022 (4) | Sales Managers | FT | ABOVE | \$59.02 | \$42.30 | \$53.96 |
| 11-9199 (3) | Managers, All Other | FT | BELOW | \$28.73 | \$33.56 | \$23.56 |
| 13-1199 (28) | Business Operations Specialists, All Other | FT | ABOVE** | \$24.96 | \$24.68** | \$17.66 |
| 15-1021 (8) | Computer Programmers | FT | BELOW | \$20.63 | \$30.22 | \$14.05 |
| 15-1041 (7) | Computer Support Specialists | FT | BELOW | \$16.02 | \$17.56 | \$11.35 |
| 15-1071 (6) | Network and Computer Systems Administrators | FT | ABOVE | \$25.32 | \$21.85 | \$19.67 |
| 27-1024 (6) | Graphic Designers | FT | ABOVE | \$18.20 | \$15.95 | \$14.16 |
| 27-3031 (3) | Public Relations Specialists | FT | BELOW | \$16.45 | \$31.81 | \$15.07 |
| 27-3041 (11) | Editors | FT | BELOW | \$20.56 | \$21.30 | \$15.50 |
| 37-2011 (5) | Janitors and Cleaners, Except Maids and Housekeeping | FT | ABOVE | \$12.72 | \$9.76 | \$10.17 |
| 41-3011 (4) | Advertising Sales Agents | FT | ABOVE | \$32.79 | \$20.55 | \$21.14 |
| 41-9099 (3) | Sales and Related Workers, All Other | FT | ABOVE | \$20.76 | \$17.56 | \$14.51 |
| 43-1011 (6) | First-Line Supervisors/Managers of Office and Administration | FT | ABOVE | \$21.27 | \$20.62 | \$14.36 |
| 43-3021 (5) | Billing and Posting Clerks and Machine Operators | FT | ABOVE | \$18.21 | \$13.87 | \$15.22 |
| 43-3031 (5) | Bookkeeping, Accounting, and Auditing Clerks | FT | ABOVE | \$17.87 | \$14.19 | \$14.29 |
| 43-4051 (5) | Customer Service Representatives | FT | ABOVE | \$15.78 | \$13.47 | \$13.04 |
| 43-4151 (3) | Order Clerks | FT | ABOVE | \$13.57 | \$13.14 | \$12.34 |
| 43-5061 (15) | Production, Planning, and Expediting Clerks | FT | BELOW | \$17.34 | \$18.09 | \$11.55 |
| 43-5071 (8) | Shipping, Receiving, and Traffic Clerks | FT | ABOVE | \$14.54 | \$12.76 | \$9.96 |
| 43-9011 (4) | Computer Operators | FT | ABOVE | \$16.45 | \$13.93 | \$12.75 |
| 43-9021 (4) | Data Entry Keyers | FT | ABOVE | \$14.05 | \$11.57 | \$11.71 |
| 43-9022 (4) | Word Processors and Typists | FT | ABOVE | \$22.17 | \$13.48* | \$18.93 |
| 43-9031 (27) | Desktop Publishers | FT | ABOVE | \$18.39 | \$14.90* | \$12.85 |
| 43-9081 (18) | Proofreaders and Copy Markers | FT | ABOVE | \$15.04 | \$11.01* | \$10.66 |
| 43-9199 (3) | Office and Administrative Support Workers, Other | FT | ABOVE | \$14.68 | \$13.84 | \$13.28 |

| | | | | | | |
|--------------|---------------------------------------------------|----|-------|---------|----------|---------|
| 49-9042 (5) | Maintenance and Repair Workers, General | FT | ABOVE | \$21.55 | \$14.59 | \$18.86 |
| 51-1011 (4) | First-Line Supervisors/Managers of Production and | FT | ABOVE | \$37.73 | \$24.61 | \$27.65 |
| 51-5011 (15) | Bindery Workers | FT | ABOVE | \$15.23 | \$11.88* | \$9.67 |
| 51-5021 (5) | Job Printers | FT | BELOW | \$19.18 | \$19.61 | \$17.43 |
| 51-5022 (7) | Prepress Technicians and Workers | FT | ABOVE | \$21.17 | \$19.04 | \$12.76 |
| 51-5023 (15) | Printing Machine Operators | FT | ABOVE | \$23.69 | \$17.98 | \$14.35 |
| 53-7011 (5) | Conveyor Operators and Tenders | FT | ABOVE | \$14.30 | \$12.52* | \$12.80 |

*Wage information for Lawrence Metropolitan Area not available, used statewide average.

**Using Northeast Kansas for the KS Wage Survey would yield an average salary for this position of \$25.45, making this position "Below" instead of "Above" average. No other position at the firm was affected by using the State instead of Northeast Kansas in determining whether the salary was "Above" or "Below" average.

Allen Press reported 67 total job categories (65 full time and 2 part time)

- 46 of 65 full time (71%) paid at or above the mean wage for the job category
- 2 of 2 part time (100%) paid at or above the mean wage for the job category

| Amarr Garage Doors | | | | | | |
|-------------------------------|---------------------------------------------------------------------|-----------------|--------------------------------|------------------|---------------------------------|------------------|
| <i>SOC and number of jobs</i> | <i>Occupation</i> | <i>FT or PT</i> | <i>Above/Below Survey Mean</i> | <i>Firm Avg.</i> | <i>KS Wage Survey Mean Wage</i> | <i>Firm Min.</i> |
| 11-1011 (3) | Chief Executives | FT | ABOVE | ABOVE* | \$55.83 | DNR |
| 11-3011 (5) | Administrative Services Manager | FT | BELOW | BELOW* | \$28.65 | DNR |
| 11-3051 (5) | Industrial Production Managers | FT | BELOW | \$31.44 | \$37.91 | \$31.44 |
| 11-9199 (4) | Managers, All Other | FT | ABOVE | ABOVE* | \$33.56 | DNR |
| 17-0000 (6) | Architecture and Engineering Occupations | FT | ABOVE | \$31.89 | \$29.69 | \$29.44 |
| 37-2011 (4) | Janitors and Cleaners, Except Maids and Housekeeping Cleaners | FT | ABOVE | \$11.88 | \$9.76 | \$11.88 |
| 43-0000 (5) | Office and Administrative Support Occupations | FT | ABOVE | \$15.55 | \$13.35 | \$15.55 |
| 43-1011 (4) | First-Line Supervisors/Managers of Production and Operating Workers | FT | ABOVE | \$22.37 | \$20.62 | \$22.37 |
| 43-3061 (3) | Procurement Clerks | FT | ABOVE | \$16.59 | 15.17 | \$16.59 |
| 43-4051 (72) | Customer Service Representatives | FT | ABOVE | \$15.20 | \$10.88 | \$11.74 |

| | | | | | | |
|---------------|------------------------------------------------------------------------|----|---------|---------|-----------|---------|
| 43-4161 (3) | Human Resources Assistants, Except Payroll and Timekeeping | FT | ABOVE | \$21.21 | \$16.50 | \$21.21 |
| 43-4199 (3) | Information and Record Clerks, All Other | FT | ABOVE | \$16.40 | \$16.29 | \$16.40 |
| 43-9061 (13) | Office Clerks, General | FT | ABOVE | \$11.85 | \$9.81 | \$11.03 |
| 49-1011 (3) | First Line Supervisors/Managers of Mechanics, Installers and Repairers | FT | ABOVE | \$28.37 | \$23.50 | \$28.37 |
| 49-9042 (18) | Maintenance and Repair Workers, General | FT | ABOVE | \$19.93 | \$15.63 | \$14.59 |
| 51-0000 (29) | Production Occupations | FT | ABOVE | \$16.89 | \$16.37 | \$16.89 |
| 51-1011 (13) | First-Line Supervisors/Managers of Production and Operating Workers | FT | BELOW | \$20.75 | \$24.61 | \$20.75 |
| 51-2099 (30) | Assemblers and Fabricators, All Other | FT | ABOVE | \$13.25 | \$11.56 | \$12.81 |
| 51-4031 (31) | Cutting, Punching, and Press Machine Setters | FT | ABOVE | \$14.53 | \$14.03 | \$12.05 |
| 51-9199 (127) | Production Workers, All Other | FT | BELOW** | \$11.77 | \$15.16** | \$11.31 |
| 53-7062 (33) | Laborers & Freight, Stock & Material Movers | FT | ABOVE | \$14.15 | \$13.08 | \$13.85 |
| 53-7064 (58) | Packers and Packagers, Hand | FT | ABOVE | \$12.67 | \$8.85 | \$11.51 |

*Information Not Provided.

** Statewide average. In Northeast Kansas, the average wage was \$11.09 for this position, so these positions would be "Above" instead of "Below". All other SOC Codes would remain "Above" or "Below" as listed if Northeast Kansas had been used for wages instead of the State as a whole.

Amarr Garage Doors, Inc. reported 39 total job categories (37 full time and 2 part time).

- 30 of 37 full time (81.08%) paid at or above the mean wage for the job category
- 1 of 2 part time (50%) paid at or above the mean wage for the job category

| DST Systems, Inc | | | | | | |
|-------------------------------|--------------------------------------------------|-----------------|--------------------------------|------------------|---------------------------------|------------------|
| <i>SOC and number of jobs</i> | <i>Occupation</i> | <i>FT or PT</i> | <i>Above/Below Survey Mean</i> | <i>Firm Avg.</i> | <i>KS Wage Survey Mean Wage</i> | <i>Firm Min.</i> |
| 43-4051 (94) | Customer Service Representatives | FT | ABOVE | \$14.44 | \$13.47 | \$11.71 |
| 43-4051 (62) | Customer Service Representatives | PT | BELOW | \$11.75 | \$13.47 | \$11.25 |
| 43-1011 (25) | Sales Representatives, Wholesale & Manufacturing | FT | ABOVE | \$26.35 | \$20.62 | \$19.16 |
| 43-4161 (3) | Human Resources Assistants, Except Payroll | FT | ABOVE | \$20.86 | \$16.50 | \$20.14 |

DST Systems, Inc. reported 8 total job categories (7 full time and 1 part time)

- 7 of 7 full time (100%) paid at or above the mean wage for the job category
- The part time (1 of 1) did not pay at or above the mean wage for the job category

| PROSOCO, Inc. | | | | | | |
|-------------------------------|-------------------------------------------------------------------|-----------------|--------------------------------|------------------|---------------------------------|------------------|
| <i>SOC and number of jobs</i> | <i>Occupation</i> | <i>FT or PT</i> | <i>Above/Below Survey Mean</i> | <i>Firm Avg.</i> | <i>KS Wage Survey Mean Wage</i> | <i>Firm Min.</i> |
| 11-0000 & 11-3011 (13) | Management Occupations | FT | ABOVE | ABOVE* | \$33.89 | DNR |
| 43-4051 (5) | Customer Service Representatives | FT | ABOVE | \$19.33 | \$13.47 | DNR |
| 43-9061 (3) | Office Clerks, General | FT | ABOVE | \$11.21 | \$9.81** | DNR |
| 51-1011 (3) | First-Line Supervisors/Managers of Production & Operating Workers | FT | ABOVE | \$31.63 | \$24.61 | DNR |
| 51-9111 (5) | Packaging & Filling Machine Operators and Tenders | FT | BELOW^ | \$13.81 | \$13.93^ | DNR |

*Information not provided.

**Statewide average.

^Statewide average. In Northeast Kansas, the average wage was \$13.16 for this position, so these positions would be "Above" instead of "Below". All other SOC Codes would remain "Above" or "Below" as listed if Northeast Kansas had been used for wages instead of the State as a whole.

PROSOCO, Inc. reported 30 full time job categories

- 25 of 30 full time (83.33%) paid at or above the mean wage for the job category

| Reuter Organ Company | | | | | | |
|-------------------------------|---------------------------------------------------------|-----------------|--------------------------------|------------------|---------------------------------|------------------|
| <i>SOC and number of jobs</i> | <i>Occupation</i> | <i>FT or PT</i> | <i>Above/Below Survey Mean</i> | <i>Firm Avg.</i> | <i>KS Wage Survey Mean Wage</i> | <i>Firm Min.</i> |
| 11-1021 (6) | General & Operations Managers | FT | BELOW | \$26.14 | \$38.80 | \$18.24 |
| 17-3099 (4) | Drafters, Engineering, & Mapping Technicians, All Other | FT | BELOW | \$19.04 | \$20.61* | \$15.58 |
| 51-7011 (25) | Cabinetmakers & Bench Carpenters | FT | ABOVE | \$15.15 | \$13.61 | \$12.25 |

* Statewide average.

Reuter Organ Company reported 3 total job categories

- 1 of 3 full time (33.3%) paid at or above the mean wage for the job category

Benefits to the Community: Economic Impact

Businesses provide important benefits to the communities in which they reside. The economic benefits include not only employment and wages, but additional contributions to the local tax base, increased purchases in the local economy, and indirect impacts that occur when these expenditures are re-used within the local economy. Here we attempt to quantify some of the economic benefits that have been generated as a result of the tax abatements.

Property Taxes

For commercial enterprises, property taxes are based on 25% of the appraised value of real and personal property. The State of Kansas exempted commercial personal property purchased July 1, 2006 from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Since none of the firms received a 100% tax abatement, all of the abated property is currently generating property taxes:

Table 5: Current and Potential Property Tax Generation

| Name of Business | Appraised Value of Real Property Associated with Abatement, 2009 | Appraised Value of Personal Property Associated with Abatement, 2009 | Real Property Taxes Paid on Abated Property, 2009 | Personal Property Taxes Paid on Abated Property, 2009 | Projected Property Taxes when Abatements Expire* |
|-----------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|
| Allen Press, Inc. Phase I | \$942,810 | \$519,432 | \$14,011 | \$7,719 | \$43,461 |
| Allen Press, Inc., Phase II | (included above) | \$321,230 | (included above) | \$4,774 | \$9,548 |
| Amarr Garage Doors Inc. | | \$558,313 | | \$8,297 | \$16,594 |
| DST Systems | | \$83,570 | | \$2,482** | \$2,484 |
| Prosoco, Inc. | \$1,121,510 | \$76,109 | \$15,000 | \$1,018 | \$35,596 |
| Reuter Organ Co. | \$2,959,300 | \$41,230 | \$43,979 | \$613 | \$89,183 |
| TOTAL | \$5,023,620 | \$1,599,884 | \$72,991 | \$23,663 | \$196,867 |

* Assumes current mill rates and no change to real or personal property values.

** DST Systems is currently subject to a payment-in-lieu-of-tax of \$2,482 per year.

The County appraised the real property associated with the tax abatements at just over \$5 million in 2009. The personal property was appraised at about \$1.6 million. When factoring in the abatements, this resulted in about \$73,000 in real and \$24,000 in personal property taxes for the City, County, School District (USD 497) and the State. In total, 2009 saw tax collections of approximately \$97,000 on six abatements. When the abatements expire, if the mill rates and property values remain unchanged, these properties will generate almost \$197,000 of property tax revenue.

Local Expenditures and 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 in 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. While we have already seen wages associated with jobs at the firms receiving abatements, Table 6 shows the share of sales made outside of Lawrence and the local expenditures made directly by the firms:

Table 6: Local Expenditures

| Name of Business | Projected Expenditures to be made Locally in Lawrence | Percentage of Expenditures Made Locally in Lawrence, 2009 | Percentage of Non-local Sales |
|-------------------------|-------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
| Allen Press, Inc | 87% | 24% | 99% |
| Amarr Garage Doors Inc. | 2% | 5% | 99% |
| DST Systems | 93% | 100% | 100% |
| Prosoco, Inc | 11% | 5% | 100% |
| Reuter Organ | 55% | 17% | 98% |

Almost all of the sales from the five firms receiving abatements occur outside of Lawrence. Local expenditures vary greatly among the five companies, however. DST Systems makes almost all of their expenditures locally, while Amarr Garage Doors and Prosoco make very few of their expenditures in Lawrence. Part of the reason for this is the nature of production at these different companies. DST electronically manages mutual fund records, so most of their business purchases are likely office supplies and other items that can be purchased locally. Amarr and Prosoco, however, create products from materials that are not produced locally. Therefore, they have to make large purchases outside of the City.

Industrial Revenue Bonds

Three companies have had Industrial Revenue Bonds (IRBs) issued on their behalf that are still outstanding. The table below details the date of issue as well as the amount of the bonds and the date of final payout. In addition, those companies that had IRBs issued after 1995 are required to provide arbitrage and secondary disclosures requirements.

Table 7: Industrial Revenue Bonds

| Name of Business | Amount of the Bonds | Date of Issue | Year Matures |
|-------------------------------------------------|---------------------|---------------|--------------|
| *RAM/Garage Doors Inc. (aka Amarr Garage Doors) | \$4,500,000 | 1995 | 2015 |
| DST Systems, Inc. | \$7,250,000 | 2001 | 2012 |
| Prosoco, Inc. | \$8,040,000 | 1999 | 2019 |

* On March 13, 2007, the City Commission adopted Resolution 6709 approving the sale of certain real and personal property, and authorizing the Mayor to execute the Special Warranty Deed, Bill of Sale, and Termination of Documents, all related to the RAM Company project and redemption of 1995 Industrial Revenue Bonds.

Benefits to the Community: Social Impact

Companies also contribute to the community by providing career enhancement for their employees, and by giving to local charities as well. The five firms receiving abatements in 2009 have provided substantial community benefits that are presented here. Each section begins with extra focus on one firm in order to serve as a highlight for the social activities that the companies are undertaking.

Job Training and Employee Benefits

Allen Press received a \$100,000 state training grant for 2008-2009. Since 2008, investment in training has exceeded \$300,000 for both time and material associated with technical and management training. Allen Press has also been increasing a number of benefits recently for their employees, including a new pharmacy benefit, an increased 401(k) match, a new employee assistance program, and in 2009 initiated free flu shots and health risk assessments annually.

Other companies offered continual job training programs as well. Amarr Garage Doors has programs oriented toward safety, leadership, and technical skills. DST Systems has a partnership with Baker University for college completion programs. Finally, Prosoco has programs related not only to career skills but personal skills as well, including financial awareness and health programs. Prosoco also provides CPR/First Aid training for on-the-job safety. Reuter Organ notes that they offer health care for every employee and pay most of the premiums, and also have a strong 401(k) for their workers.

Both Amarr and Prosoco noted employee recognition award programs. Amarr has special programs for years-of-service and perfect attendance, while Prosoco offers recognition awards at various service “milestones”. Employees at Prosoco that reach 25 years with the company are even offered a cruise.

Community Engagement

All five firms highlighted numerous community outreach efforts. **Prosoco** has been a leader in contributing to raising money for Multiple Sclerosis and is a member of the Eastern Kansas Branch MS 150. Prosoco leadership also serves on numerous local organizations, such as Douglas County Development, Inc. (DCDI), the Chamber of Commerce, the Jayhawk Chapter of the Society of Human Resource Management, and Douglas County Emergency Management Board. Local charities that Prosoco supports include Lawrence Junior Achievement, the Boys and Girls Club, Lawrence Aquahawks, and the Kelsey Smith Foundation. Prosoco also provides free building restoration consultation to the City, County, and the University of Kansas.

Employees at the companies support dozens of community groups in Lawrence and Douglas County. As an example, Reuter Organ employees support the local United Way, Watkins Museum, the Humane Society, and Community Kitchen, among others.

Corporate support often appears to have “themed” contributions. For instance, Amarr contributes to many programs related to housing, such as Tenants to Homeowners, United Way, and Habitat for Humanity. Additionally, Amarr supports non-housing programs too, such as the Van Gogh Arts Program, Kansas Blood Services, and the March of Dimes, among others. DST Systems appears to focus on the arts, with contributions to Van Gogh, the Lied Center, Ballard Center, and Lawrence Community Theater. DST also

contributes to many programs already listed, and makes extra efforts to support local businesses as well through purchasing their services. Allen Press notes its contributions to Veritas Christian School, the Lawrence Arts Center, the Lawrence Children's Choir, the Humane Society, and the Senior Center. An interesting service Allen provides for the broader region is printing for the nationally-renowned Symphony in the Flint Hills, which is scheduled to be held on June 12th this year.

Environmental Practices

Protecting and sustaining the environment is an important value for Lawrence as a community. Businesses, too, are increasingly recognizing the value of "going green." **Amarr Garage Doors**, for example, participates in several recycling programs. Additionally, over 65% of their finished products are manufactured from recycled steel.

Prosoco employs a Regulatory Affairs Director to ensure compliance with all environmental requirements, and employs a LEED Professional as well. Prosoco has greened its operations by bringing recycled packaging into its product lines and initiating programs to reclaim and reuse water. They have also developed a line of green and environmentally sustainable products for sale.

Allen Press has completed FSC certification with the Rainforest Alliance. This certification is achieved when a company purchases paper from organizations that practice sound forest management. They also have a Green Tag purchase from the Bonneville Environmental Foundation, and conduct seminars to promote each of these programs. Finally, DST Systems has established recycling programs; optimized its heating, cooling and electrical practices; and undertaken tree planting efforts as well.