

# DRAFT Minutes

## City of Lawrence Public Incentives Review Committee February 13, 2018 minutes

MEMBERS PRESENT: County Commissioner Mike Gaughan, Michelle Fales, Ken Easthouse; Eric Kirkendall; Rebekah Gaston; Bradley Burnside

MEMBERS ABSENT: Aron Cromwell; Jill Fincher

STAFF PRESENT: Diane Stoddard, Britt Crum-Cano, Danielle Buschkoetter

PUBLIC PRESENT: Steve Kelly, Adam Handshy, Lydia Butler, Russ Johnson, Joe Pedley, Mike Wildgen, Dan Dannenberg

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Easthouse called the meeting to order at approximately 3:02 PM.

The minutes were reviewed. Fales made a motion to approve the minutes from the November 14, 2017 meeting; Kirkendall seconded the motion. The motion was approved 4-0 with Kirkendall abstaining.

Stoddard presented the draft bylaws. She stated that the bylaws were discussed when they removed the mayor and vice mayor from the board because they needed a consistent way to select a chair and vice chair. She added that it helps provide standard operating procedures for the board to follow. Stoddard noted that the school district made comments about the appointments as it relates to the school board seat.

Burnside asked if the board needed to expand the purpose section to include the review of economic development agency budgets such for the Lawrence Chamber of Commerce, Bioscience and Technology Business Center (BTBC), and Peaslee. Stoddard noted that clarifying language to that section could be added.

Burnside noted that he does not live in Douglas County and didn't know if he would have to leave the board based on the bylaws. Stoddard noted that Resolution 7224 does have language about residency. Stoddard added that he was there representing the Economic Development Board and recommended striking the section from the draft bylaws and using the guidance provided in Resolution 7224.

Easthouse noted that previously the board discussed that the board chair and vice chair be members that were not elected officials such as the County Commission representative and School Board representative. Gaughan agreed and stated he believed the chair and vice chair should be a city appointee.

Kirkendall asked if the bylaws had to be approved by the City Commission. Stoddard indicated that the City Commission would have final approval.

The board discussed making the following changes to the draft bylaws. Add language about reviewing the budgets for the Chamber, BTBC, and Peaslee in Article I, Section 1. Strike Article II, Section 3 because that guidance was provided in the City-wide policy. Add clarifying language to exclude elected officials serving as the chair or vice chair in Article III, Section 3. Add language to Article IV, Section 2 to receive a nomination from the appropriate appointing body as it relates to the County Commission and School Board seat on the board.

Kirkendall made a motion to approve bylaws with amendments as outlined above, seconded by Fales. Motion passed 6-0.

Easthouse asked for nominations for board chair and vice-chair. Gaughan nominated Easthouse as chair and Fales as vice chair. Gaughan made a motion to elect Easthouse as board chair. Motion passed 6-0.

Gaughan made a motion to elect Fales as board vice-chair. Motion passed 6-0.

Crum-Cano introduced the request from Hilary's and introduced the board to Lydia Butler the President and Chief Financial Officer for Hilary's. The request from Hilary's totaled \$30,200 in assistance for their local expansion project. Crum-Cano explained that Douglas County and the Lawrence Chamber of Commerce will both provide matching grants in the amount of \$10,000 each to help fill the financing gap, if the City Commission approves providing a \$10,000 city grant.

Butler introduced herself to the board and gave a brief background of the company. She noted that they were an allergen-free facility and were a Certified B Corporation which requires them to go through an independent certification process. She added that they were a second chance employer, providing employment opportunities to those who have been previously incarcerated, homeless, or struggled with addiction.

Butler outlined the expansion plan. She noted that they currently have three frozen storage facilities; one in Lawrence and two outside of Lawrence. The expansion plan helps them consolidate logistics and operations into one area in Lawrence. She also noted that they will be purchasing new equipment for the additional facility.

Butler noted that the total project cost is approximately \$1.5 million to reallocate their current space and add the additional space at the new facility. She indicated that this expansion will allow them to remain in Lawrence. She also stated that they would be using local firms where possible and it is anticipated they will add three new jobs initially with the possibility of adding up to 10 new jobs in the next several years.

Butler outlined the current funding sources they have and noted the \$30,000 funding gap. Easthouse asked what is currently at the neighboring location they are expanding into. Butler indicated that there is not currently a business located at the facility.

Kirkendall asked how many products are made out of the Lawrence facility. Butler indicated that 19 of their 23 products are made in the Lawrence facility. Adding that they can only produce one product at a time, but with expansion they will be able to produce two products at a time which will help them keep up with orders.

Gaughan asked if the equipment and machinery was exempt from property tax. Crum-Cano state that equipment and machinery are automatically exempt from property tax by state law. She also added that there was going to be little change in the property valuation because the use is not changing and the improvements being made are interior improvements.

Gaughan asked about how the number of new jobs impacted the cost-benefit ratio. Crum-Cano outlined generally how the cost-benefit model works and the impact that new jobs have on the City and County in terms of providing services. She also noted that the model focuses on quantifiable variables and cannot account for intangibles associated with a project.

Kirkendall added that the guidelines do not take into account items such as Hilary's being a Certified B Corporation or a second chance employer which are things that should be encouraged. Noting that those variables should be considered when a project is presented.

Easthouse asked Butler if things continue to go well, where does she see Hilary's in the future? Butler noted that at the current location there is limited space but there is more room to grow within the new facility when that time comes. She also noted that they are only using a section of that new facility and they can also add shifts in the future without needing more space.

Burnside asked when the last time a grant like this was approved. Crum-Cano indicated that there is a long history of the city providing direct support assistance for economic development projects, including cash grants, service fee rebates, or investment in infrastructure or other types of assistance.

Easthouse asked for additional guidance regarding these requests from the City Commission. Stoddard indicated that some guidance is provided in the Economic Development Policy.

Gaughan made a motion to approve the recommendation for Hilary's. Burnside seconded the motion. The motion passes 6-0.

Crum-Cano introduced the request from Lawrence Memorial Hospital and Russ Johnson the Chief Executive Officer for LMH. She noted that this typically would not go through PIRC, but City staff wanted to make sure it was reviewed and felt that PIRC would be the appropriate board to review the request.

Johnson outlined the proposed project. He explained some of the trends that they are seeing at LMH, noting that they are seeing more need for outpatient services and the current facility is built more for inpatient services. Adding that the new location will help

support their current facility and provide a convenient access point for the community to receive outpatient services.

Crum-Cano noted that LMH is not asking for local incentives but rather to take advantage of a federal tax program. Johnson added that this has been done a number of times previously. Easthouse noted that the City is not obligated to repay the bonds but rather the hospital is responsible.

Burnside made a motion to approve the request, seconded by Fales. Motion passed 6-0.

Motion was made to adjourn by Fales, seconded by Gaston. Passed 6-0. Meeting adjourned at 3:58 am.