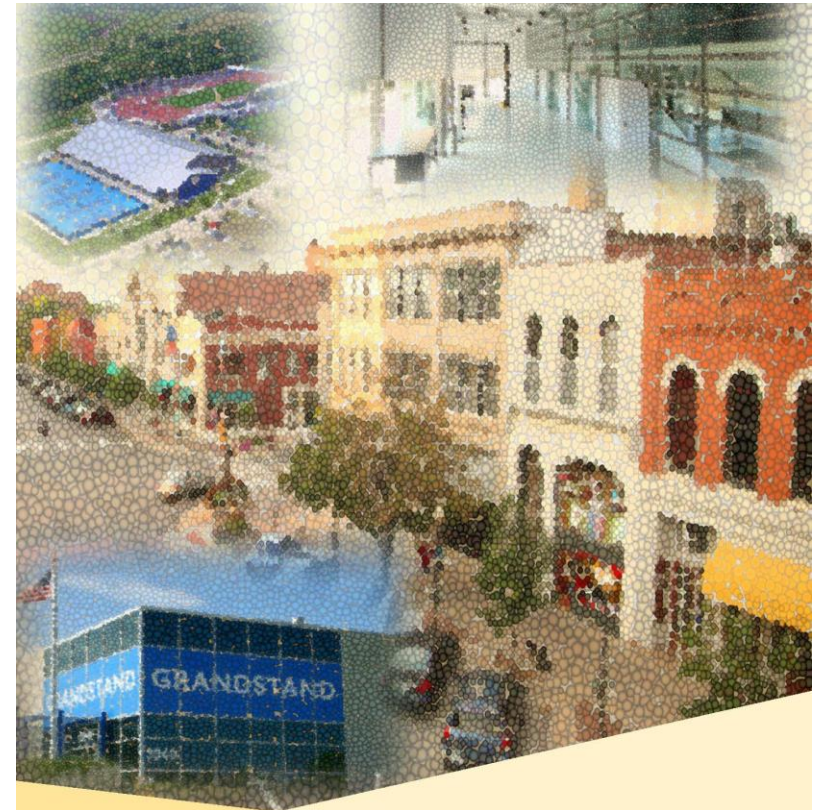


2017 Annual Report

Economic Development Support & Compliance

City of Lawrence, Kansas



2017

City of Lawrence, Kansas

Annual Economic Development Report

Britt Crum-Cano, Economic Development Coordinator

2017 Economic Development Report

Introduction to Annual ED Report

Overview of ED Programs

PayGo Programs

Direct Support Programs

Additional Information

Requested Actions

Introduction

What is the Annual Economic Development Report?


Comprehensive Review of Active ED Programs & Participating Projects

Report Covers:

- ED Program
- Participants
- Project Performance
- Business Accomplishments
- Investment & ROI

1 Property Tax Abatements

Catalyst Property Tax Abatements




VanTrust Catalyst Development: Lawrence Venture Park
In August 2017, the City authorized a request for VanTrust Catalyst Development LLC to participate in the Catalyst program for a project in Lawrence VenturePark.

Phased development plans include:

- Phase I: 152,250 square foot spec building on Lot B1
- Phase II: 152,250 square foot spec building on Lot B2
- Phase III: 250,794 square foot spec building on Lots A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17, A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59, A60, A61, A62, A63, A64, A65, A66, A67, A68, A69, A70, A71, A72, A73, A74, A75, A76, A77, A78, A79, A80, A81, A82, A83, A84, A85, A86, A87, A88, A89, A90, A91, A92, A93, A94, A95, A96, A97, A98, A99, A100

Once completed, the three phases will provide over 555,000 s.f. of industrial space within the park. Total construction investment for all three phases is estimated at \$31 million.

At the end of 2017, the company was conducting Phase I due diligence.




2017 Annual Economic Development Report: Lawrence, Kansas

1 Property Tax Abatements



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 as 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, Kansas 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.



2017 Annual Economic Development Report: Lawrence, Kansas

Section 1 - 6

Introduction

Why Is The Report Needed?

- ❑ Transparency: to provide a complete picture to citizen investors
- ❑ Aids tracking/monitoring incentive program effectiveness
- ❑ Provides data for community goals

Introduction

How Is The Report Used?

- Educate and inform
- Support transparency:
 - Links to regulating documents
 - Financial details
 - Investment returns
- Evaluate outcomes: annually and long-term
- Historical record of economic development support

Introduction

Where To Find The Report

City of Lawrence
Economic Development Webpage:
www.lawrenceks.org/ed

The screenshot shows the City of Lawrence Economic Development webpage. At the top, the City of Lawrence logo is on the left, and a 'MENU' button is on the right. Below the logo is the 'Economic Development' title and a blue banner with the text: 'Helping existing businesses to grow within our local community is a primary objective of economic development efforts. This effort requires advance planning that takes into consideration the lifestyle and needs of the community while sustaining an environment that encourages the business investment that fuels our tax base and funds many of the services citizens now enjoy.'

On the left side, there is a 'Quick Links' section with a list of links: Catalyst Industrial Incentive Program, Lawrence VenturePark, DOC of Lawrence and Douglas County, Lawrence Chamber of Commerce, State Economic Development Incentives, Lawrence Municipal Airport, Helpful Information for Businesses, 2015 Retail Market Report, 2016 Conference Center Feasibility Report, and Growing Forward - Leading Lawrence and Douglas County.

In the center, there is a '2016' graphic with a collage of images and a list of links: 2016 Economic Development Report, 2016 Report Video, and MBA Explainer Video.

On the right side, there is a 'COMMISSION MEETINGS' section with a list of events: Final Friday (Aug 24 @ 5:00pm - 9:00pm), Compost Facility Saturday Hours (Aug 26 @ 9:00 am), Saturday Morning Free Program (Aug 26 @ 10:30 am - 12:30 am), and Eagle Tournament (Aug 27 @ 8:00 am - 5:00pm). Below this is a 'VIEW MORE...' button and a 'NEWS' section with a list of news items: Food Policy Council August Agenda Posted, Lawrence / Douglas County Planning Department taking input on draft comprehensive plan, Story time to pair books with live animals, and Belly dance lesson for beginners offered.

Below the news section is a 'MORE NEWS' section with a 'I WANT TO...' button and a list of options: Apply, Contact, Dispose, Pay, Report, Sign Up, and View.

At the bottom, there is a 'Policies' section with a list of tabs: Policies, Reports, and Data. The 'Policies' tab is selected, and the content includes: Economic Development Policy (The City of Lawrence adopted a revised Economic Development Policy via Resolution No. 7184 at the December 20, 2016 City Commission meeting. This policy became effective on January 15, 2017 and governs the use of economic development incentives in the City, providing general policy standards and information on the use of industrial revenue bonds (IRB), property tax abatements, neighborhood revitalization areas (NRA), tax increment financing (TIF), transportation development districts (TDD), and community improvement districts (CID)), Affordable Housing Eligibility (2017 Affordable Housing Eligibility), Forms (Application for Economic Development Support/Incentives (Word), Application for Economic Development Support/Incentives (PDF)), and Committee (Public Incentives Review Committee).

Overview of Economic Development Programs

PayGo Programs

1. Property Tax Abatements
2. Industrial Revenue Bonds (IRB)
3. Neighborhood Revitalization Area (NRA)
4. Tax Increment Financing (TIF)
5. Transportation Development District (TDD)

Developer pays for improvements initially & then is reimbursed over time with a portion of project-generated tax revenues

Direct Support

1. ED Agency Services
2. Relocation Assistance
3. Infrastructure
4. Workforce Development
5. Small Business Assistance
6. Affordable Housing Assistance

Assistance provided up-front by City/County

PayGo: Property Tax Abatements

❑ Catalyst Tax Abatements:

1. VanTrust—Phase I in Lawrence VenturePark
2. Plastikon—Phase I & II expansion in East Hill Business Park

❑ Traditional Tax Abatements:

2017 Tax Abatements: Active			
Company	Start	Expires	Abatement %
Amarr Garage Doors	2010	2019	55% personal property
Grandstand/Screen-It Graphics	2012	2021	65% on real property
Sunlite Science & Technology	2014	2023	50% on real property
Rock Chalk Park	2014	2023	100% on real property

PayGo: Property Tax Abatements

- All companies with traditional property tax abatements met substantial compliance measures for 2017.

Tax abatement companies substantially outperformed projections for the year.

Real Property Investment:	↑	90%	(\$6M projected, \$11.4M delivered)
Personal Property Investment:	↑	3%	(\$9.4M projected, \$9.7M delivered)
Full-Time Employment:	↑	161%	(157 projected, 409 created)
Company Wages:	↑	36%	(\$32,642 projected, \$44,251 delivered)
Co. Wages vs. Average Private-Sector Wage:	↑	\$12,003	(\$44,251 vs. \$32,248 average private community wage)
Co. Wages vs. 2017 Wage Floor:	↑	\$17,711	(\$44,251 vs. \$26,541 Wage Floor 2017 Rate)

PayGo: Property Tax Abatements

2017 Tax Generation (on portion of property receiving an abatement)				
Company	Taxes Paid	Tax Abated	Total Taxes	Abated % of Total
Amarr	\$124,495	\$27,152	\$151,649	18%
Grandstand	\$55,847	\$103,715	\$159,562	65%
Sunlite	\$22,997	\$22,997	\$45,994	50%
Total	\$203,339	\$153,864	\$357,205	43%

2017 Local Expenditures & Outside Sales		
Company	Expenditures Spent Within Lawrence	Sales Generated Outside Lawrence
Amarr Garage Doors Inc.	5%	99%
Grandstand/Screen-It Graphics	1%	99%
Sunlite Science & Technology	13%	97%

PayGo: Industrial Revenue Bonds (IRB)

Conduit financing mechanism used in association with a property tax abatement or to obtain a sales tax exemption on project materials

- ❑ No liability for City to purchase or pay back bonds
- ❑ No obligation for City to finance the project

PayGo: Industrial Revenue Bonds (IRB)

2017 IRBs: Outstanding

Company	Year Matures	Amount Authorized	Project
Bowersock: Series 2011B & 2011C	2037	\$27,000,000	Hydro-Electric Facility
Rock Chalk Park	2023	\$40,000,000	Commercial Recreational Facility
826 Pennsylvania Street*	2018	\$3,200,000	Mixed-Use Commercial/Multi-Family Residential
Peaslee Technical Center: Series 2016*	2019	\$2,000,000	Technical Training Center
Boys & Girls Club*	2020	\$5,000,000	Teen facility addition to College & Career Center

2017 IRBs: Authorized, Not Issued

Company	Description	Project
Vermont Place*	Authorized 10-3-2017	Mixed-Use Commercial/Residential

* Stand-alone IRB used for a sales tax exemption on construction materials

2017 IRBs

- *5 Outstanding*
- *1 Authorized (bonds not yet issued)*
- *Majority sales tax only IRBs*

PayGo: Neighborhood Revitalization Area (NRA)

Property tax rebate given as a percentage of the incremental increase in property value, resulting from improvements

- ❑ Incremental Increase in property value is subject to NRA
- ❑ Base property value is shielded from NRA rebate
- ❑ City, County, and USD each decide their participation

PayGo: Neighborhood Revitalization Area (NRA)

2017 NRAs: Active

NRA	Project	% Rebate	Duration	First NRA Tax Year
8th and Pennsylvania	720 E 9th Street	95%	Based on amount rebated	2011
1040 Vermont	Treanor Architect's Headquarters	Declining (3)	10 years	2013
810/812 Pennsylvania	Cider Building Art Gallery	95%	10 years	2014
1106 Rhode Island	Hernly Architect's Office	85%	10 years	2016
1101 Indiana	Mixed-Use, Student Housing	85%	10 years	2019
900 Delaware	9 Del Lofts	95%	15 years	2016
826 Pennsylvania Street	826 Pennsylvania Street	85% County	10 years	2018
		50% City & USD		
800-815 Vermont Street	Vermont Place	75%	10 years	TBD

2017 NRAs

- *8 Authorized*
- *5 Rebates: \$112,600*

PayGo: Neighborhood Revitalization Area (NRA)

Real Property Tax Revenues Realized:

Tax Revenue Comparison: All NRAs			
	Base	Retained	% Gain (Loss)
2017	\$50,159	\$66,445	32.5%
To Date	\$251,942	\$290,554	15.3%

Unimproved Property

Improved Property

Return

PayGo: Tax Increment Financing (TIF)

Pledges future gains in sales and/or property taxes generated within the district, to finance improvements which will result in tax gains.

- ❑ Incremental Increase in property value subject to TIF
- ❑ Base property value shielded from TIF reimbursement
- ❑ Used to reduce higher costs associated with redevelopment in blighted or challenging development areas

2017 TIFs

- *3 TIF Districts:*
 1. *Downtown 2000*
 2. *Oread*
 3. *9th & New Hampshire*
- *Distributions: \$917,300*

PayGo: Transportation Development District (TDD)

A special taxing district in which a transportation sales tax or special property assessment tax is charged

- ❑ Additional 1% sales tax applicable in all local TDDs
- ❑ Promotes economic development by encouraging quality, transportation-related infrastructure that benefits a development and the public

2017 TDDs

- 3 TDD Districts:
 1. Bauer Farms/Free State
 2. Oread
 3. 9th & New Hampshire
- Distributions: \$320,500

PayGo Programs: Overall Performance

- In 2017, for every \$1 in public sector assistance given to PayGo projects, \$4.94 in private sector capital investment was realized.

2017 Public Return on Private Capital Investment (by Year)	
Public Assistance:	\$1,504,246
Private Investment:	\$7,424,802
Private Investment for each Dollar of Public Assistance:	\$4.94

Direct Support Programs

2017 Other Support Programs			2017 Assistance	
Support Program	Description	Location	City	County
Economic Development Services	BTBC	2029 Becker & 4950 Research Pkwy	\$418,540	\$568,540
Economic Development Services	Chamber and KU-SBDC	718 New Hampshire	\$220,000	\$220,000
Relocation Assistance	Integrated Animal Health	2029 Becker Drive	\$11,766	\$11,766
Workforce Training	Peaslee Technical Training Center	2920 Haskell Avenue	\$150,000	\$195,105
Expansion Assistance	Special Assessment Forgiveness (donated County property)	3780 Greenway Circle	\$40,648	\$270,240*
		Total	\$840,954	\$1,265,651

Other Information in Report

- ❑ Appendix A: Regulating Documents
- ❑ Appendix B: Historical Assistance & Investment Data
- ❑ Appendix C: Matured, Non-Initiated, or Expired Programs
- ❑ Appendix D: County-Specific Programs
- ❑ Appendix E: Supplemental Information
- ❑ Appendix F: Economic Snapshot

Economic Snapshot

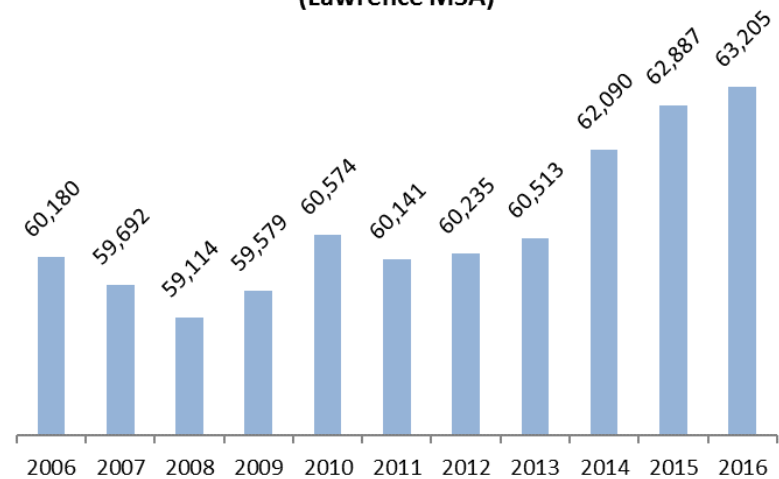
- ❑ Employment Growth
- ❑ Income Growth
- ❑ Tax Base
- ❑ Economic Indicators

Economic Snapshot: Employment

Employment Growth (Lawrence MSA)		
Period	Change	% Change
1Y (2015-2016)	318	0.5%
5Y (2012-2016)	2,970	4.9%
10Y (2007-2016)	3,513	5.9%

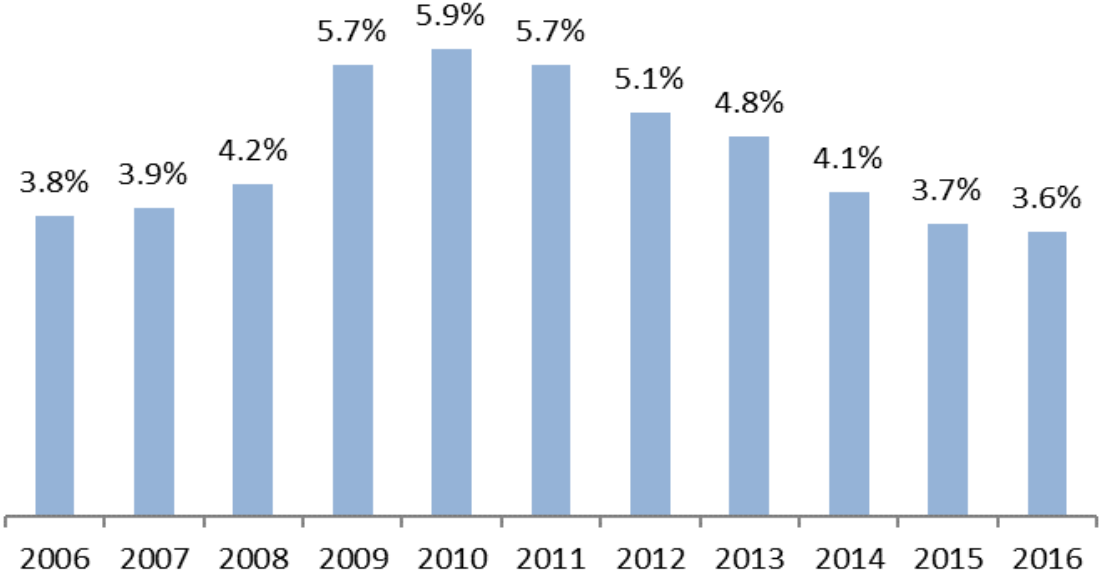
Labor Market Information Services, Kansas Dept. of Labor in cooperation with BLS, U.S. Dept. of Labor. Annual, not seasonally adjusted Labor Force.

Annual Employment Growth (Lawrence MSA)



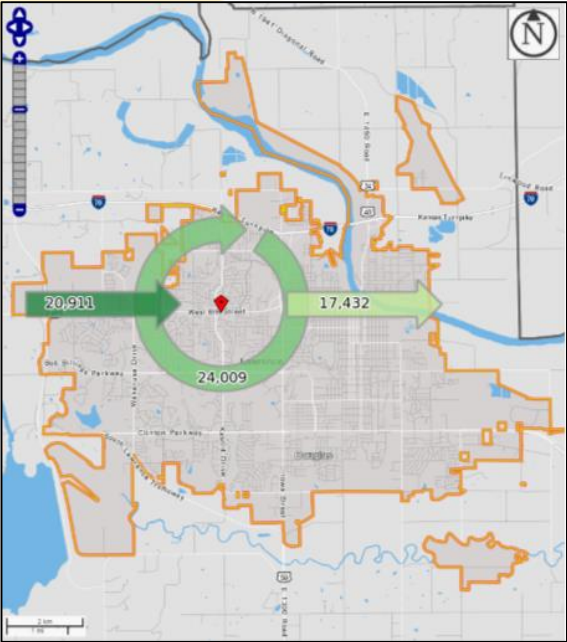
Economic Snapshot: Employment

Annual Unemployment Rate (Lawrence MSA)

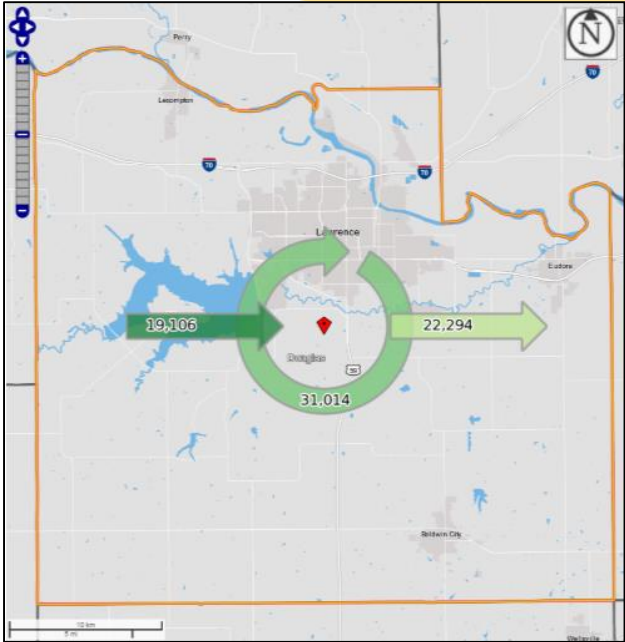


Economic Snapshot: Employment

Lawrence: All Jobs



Douglas County: All Jobs



Commuting In
Commuting Out
Total Commuting Workforce

Commuting Workforce							
Lawrence, City				Douglas County, KS			
All Jobs		Primary Jobs		All Jobs		Primary Jobs	
Count	%	Count	%	Count	%	Count	%
20,911	55%	19,028	54%	19,106	46%	17,236	46%
17,432	45%	16,070	46%	22,294	54%	20,633	54%
38,343	100%	35,098	100%	41,400	100%	37,869	100%

Source: Longitudinal Employer-Household Dynamics: Inflow/Outflow Analysis.

Economic Snapshot: Income

Personal Income & Population Change			
Description	1Y ('15-'16)	5Y ('12-'16)	10Y ('07-'16)
Population	1.3%	5.4%	10.7%
Personal income (\$1000s)	1.4%	11.9%	18.5%
Per capita personal income	0.1%	6.2%	7.0%

Source: Bureau of Economic Bureau of Economic Analysis, U.S. Department of Commerce, Table CA30 Economic Profile for Lawrence, KS (Metropolitan Statistical Area). Note: All dollar estimates are in 2016 inflation adjusted dollars.

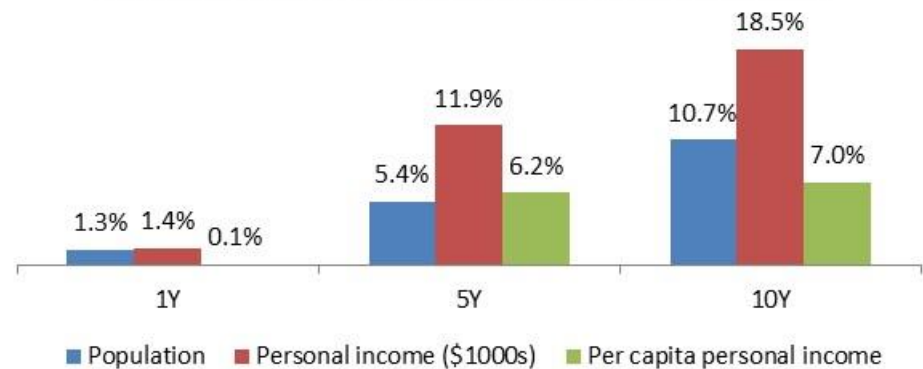
Population = Census Bureau midyear population estimates.

Personal Income = Income received by persons residing in that area (wages + salaries + other income – gov social insurance + adjustment for residence)

Per Capita Personal Income = Personal income divided by population.

Personal Income & Population Change

(Lawrence MSA, Inflation Adjusted 2016 Dollars, US CPI)



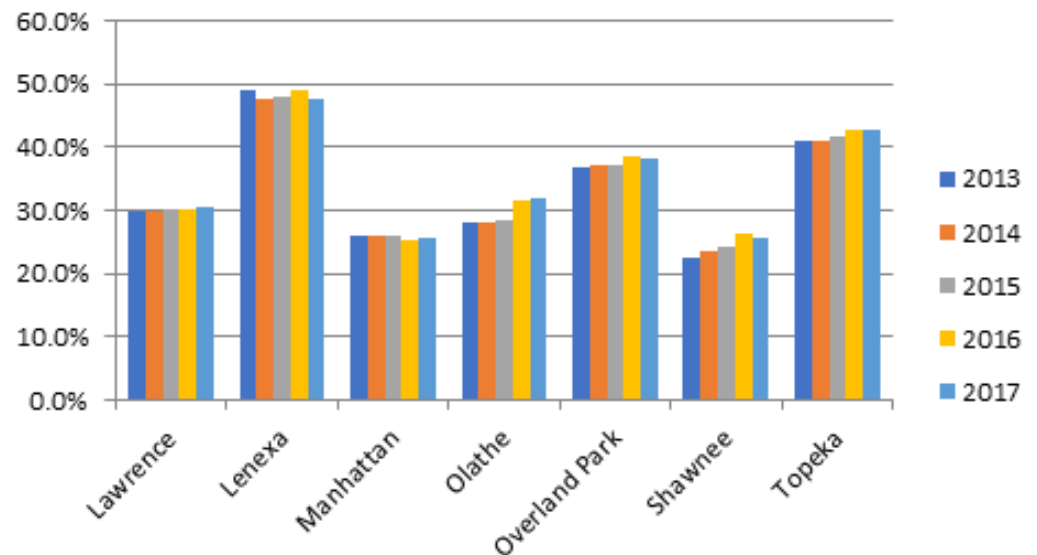
Economic Snapshot: Tax Base

- Commercial Property: 25% assessment rate
- Residential Property: 11.5% assessment rate

Commercial Real Estate Assessed Valuation (shown as percent of total)					
	2013	2014	2015	2016	2017
Lawrence	29.8%	29.8%	30.0%	30.3%	30.6%
Lenexa	48.8%	47.7%	48.1%	49.0%	47.7%
Manhattan	25.9%	26.1%	26.0%	25.4%	25.5%
Olathe	28.1%	28.3%	28.6%	31.5%	32.0%
Overland Park	36.9%	37.1%	37.2%	38.5%	38.1%
Shawnee	22.7%	23.5%	24.1%	26.4%	25.7%
Topeka	41.0%	41.0%	41.7%	42.6%	42.8%

County Appraisers

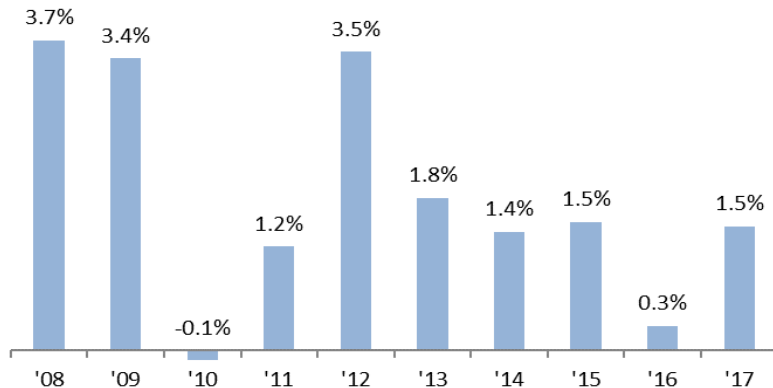
Commercial Real Estate Assessed Valuation (% of Total)



Economic Snapshot: Economic Indicators

Annual Inflation

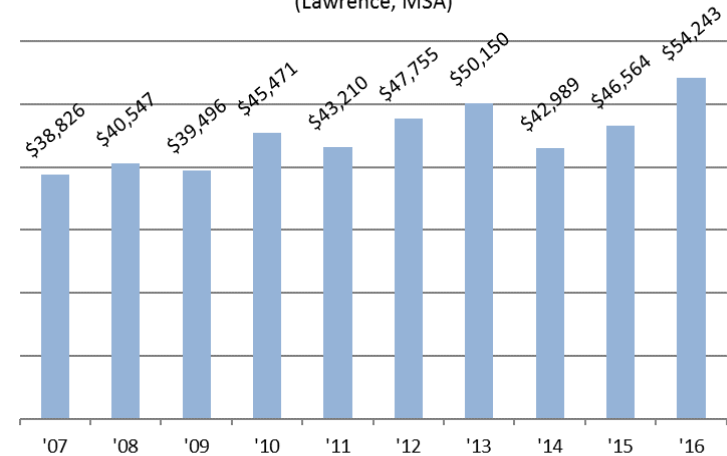
(U.S. City Average, All Urban Consumer)



U.S. Bureau of Labor Statistics. Consumer Price Index - All Urban Consumers, U.S. City Average, Not Seasonally Adjusted.

Median Household Income

(Lawrence, MSA)

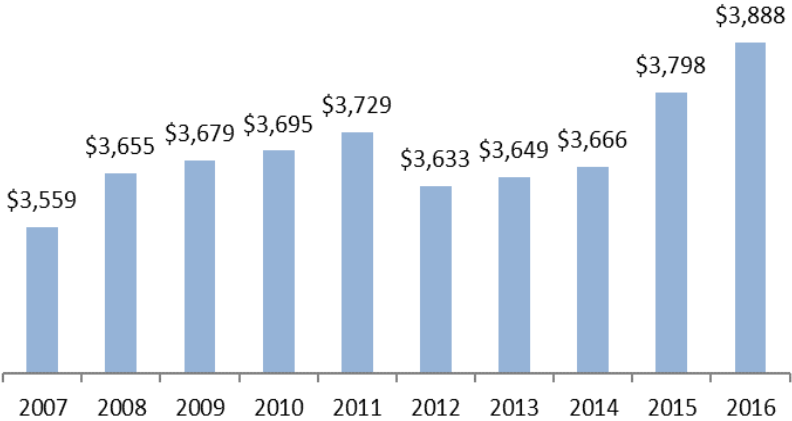


U.S. Census Bureau, American Community Survey 1-Year Estimates, Table B19013: Median Household Income in the Past 12 Months (in Inflation-Adjusted Dollars).

Economic Snapshot: Economic Indicators

Real GDP: All Industries

(Lawrence MSA, Millions of chained (2009) Dollars)

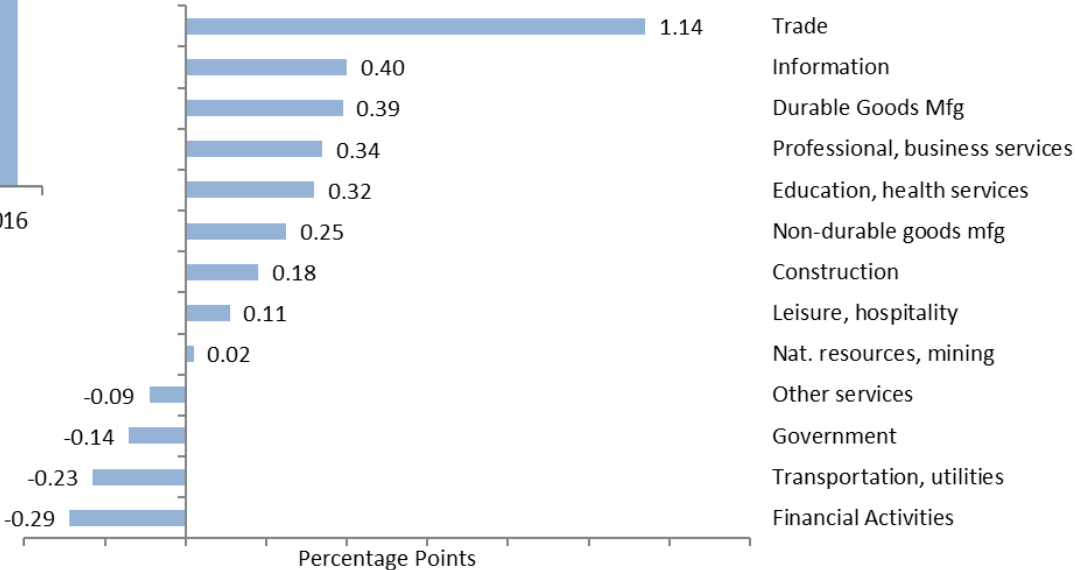


U.S. Department of Commerce, Bureau of Economic Analysis.

Real GDP by metropolitan area is an inflation-adjusted measure of each area's gross product that is based on national prices for the goods and services produced within the metropolitan area.

2016 Contributors to Real GDP Change

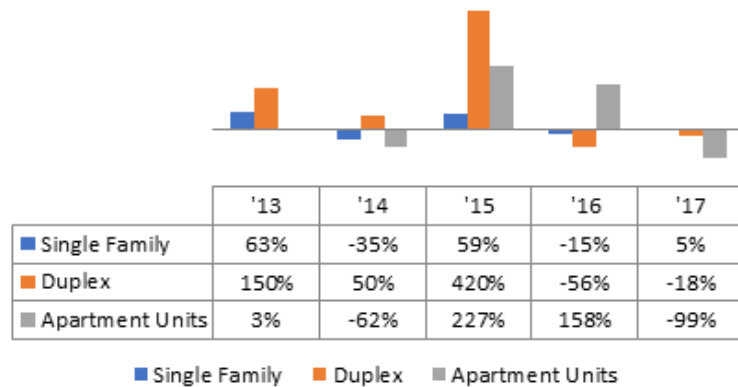
(Lawrence MSA, 2016)



Economic Snapshot: Economic Indicators

New Construction Building Permits			
Period	Single Family	Duplex	Multi-Family (apartment units)
2017	144	28	8
2016	137	34	1,205
2015	161	78	467
2014	101	15	143
2013	155	10	374

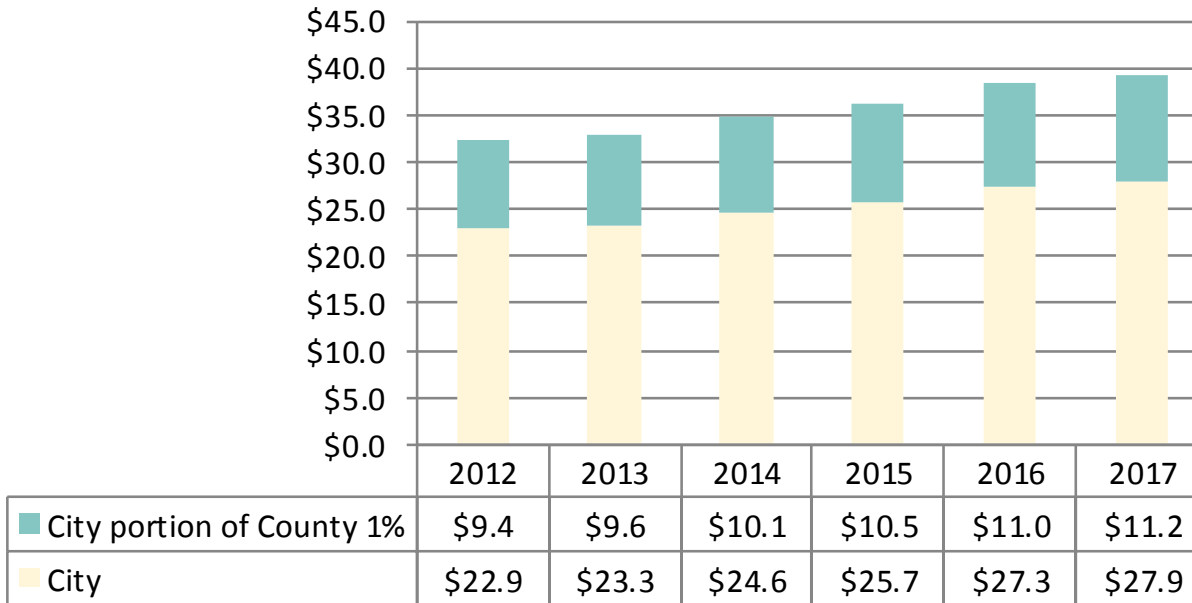
Annual Change
New Construction Building Permits
 (Lawrence, Kansas)



City of Lawrence, Kansas. Neighborhood Resources Department, Valuation of Building Permits.

Economic Snapshot: Economic Indicators

City Sales Tax Revenues (millions \$)



City of Lawrence, Kansas, Finance Department.

Requested Actions

- **PIRC:**

- Review report and provide recommendation to the City and County Commissions

- **City & County Commissions:**

- Receive PIRC Recommendations
- Vote to accept the Report, if appropriate

Thank you!