

2020 Budget Request Form – Douglas County, KS

Summary and Community Partner Overview

Community Partner:	The Chamber, EDC of Lawrence & Douglas County
2020 Request	\$195,000

Contact Name:	Adam Handshy
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Community Partner Overview:

Founded in 1878, the Chamber is a business advocacy and member support organization working to promote economic growth and prosperity throughout the broader Lawrence community. In addition to its regular, member-oriented advocacy, networking and educational programming, the Chamber also administers a countywide economic development program designed to spur investment, job growth and wealth creation throughout Douglas County.

The program consists of five, over-arching, strategic initiatives:

- Business retention and expansion
- Workforce development
- Business recruitment and marketing
- Entrepreneurship and start-ups
- Site and infrastructure capacity

These priorities were developed in collaboration with City and County leadership, as well as other community stakeholders as part of a five-year strategic, economic development plan. Activities in pursuit of these initiatives are numerous and varied, ranging from on-site facility tours and expansion assistance to connecting local employers to qualified talent (KU/Peaslee/Haskell) and marketing the community for outside business recruitment.

The requested county funding will be used in concert with matching funds from the City of Lawrence and substantial investment from the private sector in all efforts to further these core initiatives.

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Service Overview - Metrics and/or data that describe the service impact:

As noted above, the Chamber's economic development program is designed to spur economic growth countywide, and thus, serves the entire population of Douglas County (roughly 118,000). In addition, the program is designed to function in collaboration with our various strategic partners (City, County, BTBC, KU, etc.) and the following successes are shared accordingly.

Throughout 2018, the Chamber was actively engaged in a variety of successful efforts - it worked with the City on the renewal of the Catalyst Program; it worked with the University of Kansas to create a mentorship program for honor students; it worked through its partnership with NetWork Kansas to offer loans to five community businesses; and with the City, County and other partners on a number of manufacturing expansion projects.

One such project, and a great example of how our economic development partnership operates, was Plastikon Healthcare's 50,000 square foot facility expansion. The Chamber had been in discussions with Plastikon, a contract healthcare products manufacturer, since early 2016, working through various iterations of their expansion plans and coordinating discussions with key local and state departments on implementation, timelines and financial assistance programs.

In support of this project...

- the City took the lead in financial assistance and planning via the Catalyst program;
- the County provided valuable acreage in East Hills free of charge (roughly 9+ acres);
- the EDC facilitated numerous meetings and discussions, assisted with the state and local application procedures, and facilitated the public to private land transfer process;
- Plastikon worked through various University of Kansas career placement channels for workforce recruitment efforts and with Peaslee Tech on existing workforce training;

The project officially broke ground on the first of three planned expansion phases in March 2018, completing exterior construction in early-November the same year. The project is ongoing in 2019, with internal construction, equipment installations, FDA approvals, etc. As a result of this partnered effort, Plastikon was able to expand within a relatively short timeline and is now poised for exponential employment, facility and production growth in the near term.

Please see Addendum A, attached with this request, for additional activity details and metrics.

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Alignment to County Focus Areas and Collaboration:

Community Partner:	The Chamber, EDC of Lawrence & Douglas County
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Focus Area:	Workforce Development, Economic Development, Infrastructure
<p>The Chamber’s economic development program is most closely in alignment with the County’s focus areas: <i>Infrastructure, Workforce Development, and Economic Development</i>. As noted above, our program is intentionally broad, multi-faceted, and designed to operate in conjunction with our strategic partners. For example, there are numerous instances of reciprocal seats on boards of directors or economic development programs (e.g. Peaslee Tech, BTBC, ED Partners, PIRC, Douglas County E-Community, etc.), we host monthly “community tours” of existing businesses to facilitate conversation between the public and private sector, we maintain an ED Partners group to communicate with key community leaders, etc.</p> <p>Please see Addendum A, attached with this request, for further examples of collaboration and impact on County goals.</p>	

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double click on spreadsheet to open

[2020 Budget Request Detail](#)

calculated fields

Community Partner:	The Chamber, EDC of Lawrence & Douglas County - PLEASE SEE ATTACHED					
	2016 Actuals	2017 Actuals	2018 Actuals	2019 Adopted Budget	2019 Current Estimates	2020 Budget Request
Revenues:						
Unrestricted Fund Balance 1/1/xx						
Douglas County						
City of Lawrence						
United Way						
Grants						
Fundraisers						
Contributions						
Other:						
Other:						
Interest						
Total Revenues:	0	0	0	0	0	0
Total Revenues and Fund Balance	0	0	0	0	0	0
Expenditures:						
Salaries						
Employee Benefits						
Health Insurance						
Supplies						
Utilities, Building Maintenance						
Travel & Training						
Office Equipment						
Debt Payments						
Other:						
Other:						
Other:						
Total Expenditures:	0	0	0	0	0	0
Ending Fund Balance 12/31/xx	0	0	0	0	0	0

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Budget Request Analysis

Community Partner:	The Chamber, EDC of Lawrence & Douglas County
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Analysis of Revenue Sources:

The Chamber & EDC functions as a public-private partnership, leveraging roughly equal investment from Douglas County, the City of Lawrence, and the private sector. This arrangement represents a longstanding, highly successful partnership, wherein each partner has a direct role in goal development and implementation strategy.

No definitive alternative revenue sources have been identified to date. A dedicated, economic development sales tax, such as that in Topeka, has been discussed many times in recent years, but there are no plans to pursue this course at present. Future capital campaigns are a viable source for additional funding, but are unlikely to generate funds comparable to a sales tax or to offset the need for public investment. Federal grants are a potential source for discussion, but are extremely competitive, and would likely be required to be used for new (highly specific) initiatives, rather than to support existing program efforts.

County funding is intermingled with that of the City and private sector in pursuit of all efforts to further the EDC's five, core initiatives (business retention and expansion; workforce development; business recruitment and marketing; entrepreneurship and start-ups; site and infrastructure capacity). A summary of activities in support of these initiatives is provided in the attached Addendum A.

Public EDC program funding had been stable for many years, until 2019, wherein County support was reduced by \$25,000 as a result of impending revenue challenges facing the County (mail-in ballot initiative, property tax lid, etc.). This reduction has not yet resulted in the elimination of programming or specific initiatives. As the reduction was understood to be short term (perhaps only for 2019), it was determined that the reduction in funding would be absorbed via EDC reserves. This reduction is discussed further in the section for supplemental funding.

Analysis of beginning & ending fund balances, and dedicated or restricted cash reserves:

The attached budget reflects the implementation of initiatives as laid out in the Chamber/EDC's 5-year economic development plan (began in 2017). As these are multi-year initiatives, funds unspent in the previous year will be used to further the plan in the subsequent year. Further, as economic development is often a fluid, dynamic process, there are minor discrepancies between the original budget and current estimates, e.g. increased business recruitment and marketing expenditures described below.

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Analysis of expenditure changes:

As noted above, in 2019, there has been a short-term increase in business recruitment and marketing expenditures. One of the Chamber/EDC's five, strategic priorities, developed as part of its five-year ED plan, is Business Recruitment & Marketing. The first few years following the plan's creation were spent assessing community strengths, industry concentrations, labor analysis, etc. The program is now at a point beyond data analysis, wherein direct company outreach is desired for recruitment and support materials are needed. Once produced, costs associated with this line item are anticipated to return to estimated 2019 levels.

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Supplemental Request for Additional Funding

(This is in addition to the 2020 Request amount on page 1)

Community Partner:	The Chamber, EDC of Lawrence & Douglas County	\$25,000
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Purpose for additional revenue from County:

For many years, the Chamber’s economic development program has been roughly equally supported by Douglas County and the City of Lawrence, with additional funding being derived from private fundraising efforts. As a result of revenue challenges facing the County for 2019, the Chamber’s funding was reduced by \$25,000 (please see Addendum C for reference on this reduction). As this was understood to be a short-term reduction, it was determined that rather than reducing funding to our partners (Peaslee, BTBC and KU Small Business Development Center) or cutting programming, the costs would simply be absorbed internally. However, as can be seen in the budget (provided as Addendum B), the program is expected to operate at a loss in 2020 and absorbing costs without program reductions will become increasingly difficult. As such, the Chamber requests a reinstatement of pre-2019 funding levels for 2020.

Impact if supplemental request is not funded:

As noted throughout this request, the Chamber’s economic development program was created in partnership with county leadership and thus reflects the County’s focus on workforce and economic development, e.g. Baldwin and Eudora have a community profile on KCADC’s website via the Chamber’s membership; Peaslee Tech has a dedicated auto lab and is surpassing enrollment expectations via past and ongoing Chamber support; the KU Small Business Development Center is a community-wide, business resource that engages with hundreds of businesses and individuals annually...

These programs are invaluable community resources. A continued reduction in funding will not result in the elimination of these programs, but will make current levels of support increasingly difficult and eventually untenable. As such, we greatly appreciate the County’s continued partnership and consideration of reinstatement of funding for 2020.

ADDENDUM A

2018 Lawrence Chamber & EDC Program Activities Summary

The Chamber's economic development program is broad in scope and functions in support of the County's focus on workforce development and economic development. The program strives to facilitate primary job growth and expansion of the community tax base through five strategic initiatives (listed below). These priorities were developed in concert with city and county leadership and community stakeholders as part of a five-year strategic, economic development plan (2017 – 2021). A summary of key efforts in pursuit of these initiatives appears below. This list is not intended to be comprehensive.

Economic Development 5-Year Strategic Priorities:

- Business Retention & Expansion
- Workforce Development
- Business Recruitment & Marketing
- Entrepreneurship & Startups
- Site & Infrastructure Capacity

Business Recruitment & Marketing:

Business Recruitment/Project Summary:

The Chamber reviewed approximately 50 business recruitment projects over the course of 2018. The majority of these stemmed from our regional economic development partners, the Kansas City Area Development Council (KCADC) and the Kansas Department of Commerce (KDOC), while others came direct from the business community and local leadership. Of these 50, Douglas County was viable for roughly half, based on existing site and building inventory. As of the writing of this report, our community is still considered active for 11 of these projects, with two in the final decision stages.

Of note in our ability to compete in several of these projects was the new Van Trust spec building at VenturePark. Speed to market is an increasingly important decision driver in location decisions and having an asset of the size and configuration of the Van Trust building, allowed us to vie for several projects we would have otherwise missed. A review of the projects for which Douglas County was not competitive indicates a shortcoming in quality office inventory, a lack of large-acreage industrial tracts, and limited rail-served properties.

Target Industry Analysis/Business Recruitment Marketing Materials:

In order to direct limited financial resources toward the most viable business recruitment prospects, the Chamber determined to conduct an abridged Target Industry Analysis. This effort utilized secondary research data (industry concentrations, wages, employment growth, occupation concentrations, etc.) combined with economic development staff's knowledge of the community to identify strategic growth industries for the region. Research indicates significant growth opportunities in the following industries:

- Information Technology
- Engineering & Design Services
- Scientific R & D Services
- Advanced Manufacturing



The Chamber is working with a professional, economic development marketing and site selection firm, Ady Advantage, based in Madison, Wisconsin, on the development of positioning statements and marketing materials directed to these industries.

Collaborative County/KU/City/BTBC/EDC Economic Development Approach:

Through much of 2018, the Chamber held regular discussions with Chancellor Girod and other KU officials to explore potential synergies for the community and develop a joint economic development plan. Key issues include the development of an innovation park on KU's West Campus, access to KU industry connections for business attraction, enhanced connections between local business and KU resources, and increased local employment opportunities for KU students. This effort has tremendous potential to reshape our core economic development partnership, improve business recruitment efforts, enhance existing industry support resources, foster entrepreneurial growth and shape workforce training initiatives. This effort will be ongoing throughout 2019.

Business Retention & Expansion:

Hilary's Drink Eat Well Expansion Project:

The Chamber was originally contacted by Hilary's Drink Eat Well leadership regarding the need for expansion in mid-2017. Hilary's, a small, local, allergen-free food manufacturer, was seeking to expand its Lawrence facility to consolidate a few off-site, out-of-town storage locations and bring their transportation and logistics division in-house. Hilary's worked through the latter part of 2017 to privately raise the bulk of the \$1.5 million needed for the expansion, but faced a \$30,000 funding gap that they hoped to secure publicly. The Chamber was able to leverage its partnership with NetWork Kansas, to secure a \$10,000 grant for Hilary's and facilitated an agreement with City and County leadership to contribute the same. This filled the gap for Hilary's and allowed the project to move forward in early-2018. The facility expansion continues as of the writing of this report.

East Hills Business Park Board of Trustees:

Since the formation of the East Hills Business Park in the late-80's, the Chamber had served as the managing entity for landscaping, park security, common area maintenance fees, etc. For many years, Park tenants had expressed an interest in self-governance, but the legal structure to transition such control did not exist. The Chamber undertook the complicated legal process to create such a structure in 2015. Working through all requisite channels (approvals from out-of-state landowners, existing board of trustees, Douglas County, etc.), the Chamber worked in conjunction with park tenants to form the East Hills Business Park Association, a separate legal entity to manage the Park and its affairs on behalf of the tenants. Managerial control of all Park concerns and finances were officially transferred to this entity in early-2018.

Grandstand Glassware and Apparel Expansion:

Grandstand, a local glassware and apparel screen-printing company, originally initiated expansion discussions with the Chamber in 2015, but opted to lease external space rather than undertake a physical expansion. Expansion discussion began again in earnest in late-2017, as Grandstand needed greater production and storage space. The Chamber worked closely with Grandstand on their plans throughout 2018, facilitating conversations with the City of Lawrence and KS Dept. of Commerce on financial assistance and with Douglas County on the gifting of roughly 10 county-owned acres to Grandstand. Grandstand formally submitted application for financial assistance for its expansion via the



Catalyst Program. The City Commission accepted this application on Nov. 6, formally approved it Nov. 20, and approved the property tax abatement portion of the request on 12/4. The roughly \$5 million expansion plan calls for an 112,000SF addition and approximately 50 new jobs. The project is expected to break ground in early-2019. The transfer of land from the County to Grandstand was in the final stages as of the writing of this report.

Other business retention and expansion activity of note:

- Manufacturing sector has seen significant growth in last 12-24 months for various reasons
- API Foils moved headquarters to Lawrence from New Jersey; expanded 20,000SF
- Amarr/Entrematic completed an internal, equipment-only expansion
- Berry Plastic completed a \$7+ million internal expansion to add new production line and compete with other locations within the company
- Allen Press has invested heavily in new equipment, particularly for digital print services
- Hallmark has expanded its workforce by approximately 80 employees
- Plastikon Healthcare completed a 50,000 square foot facility expansion
- EDC staff completed numerous facility tours (industrial/office/university)

Entrepreneurship & Startups:

Metro E-Community Program:

The Metropolitan Entrepreneurship Community Program is a “gap-funding” loan program, administered by the Chamber, on behalf of NetWork Kansas, a state-wide entrepreneurial support organization. The program is designed to spur growth in underserved areas or to assist underserved members of the community. The program first came to the Chamber via the City in October of 2015, but did not fund its first project until October of 2017. Since that initial project, the Chamber has worked diligently to promote the program to Lawrence’s financial community, resulting in an additional five deals in 2018. To date, the program has funded six, small-business projects, disbursing funds in excess of \$200,000. These projects, spanning medical services, food production, agriculture and retail, in turn, leveraged an additional \$2.1 million in private capital. The Chamber also holds an ex-officio position on the Douglas County E-Community leadership team.

Workforce Development:

Connecting University Career Resources, Students & Local Industry:

Talent/labor has become the number one factor in business retention, recruitment and start-up efforts across the United States. As a college community, Lawrence is fortunate to have several magnets for talent, supporting a range of disciplines, in KU, Peaslee and Haskell. In an effort to explore ways in which the community can better leverage these talent pipelines, Chamber staff initiated discussions with various KU career services departments (KU Career Services, School of Business, School of Engineering, KU Alumni) in late-2017. Discussions continued throughout 2018 and resulted in two immediate initiatives: each career services department received a complimentary Chamber membership, allowing them to communicate jobs, internships and networking opportunities directly to Chamber members; and an inaugural local business/KU student mixer, “Lawrence Career & Networking Night,” which showcased the breadth of local industry and career opportunities to KU students.

In addition to these efforts, The Chamber also continually strives to support Peaslee Tech via a board position, pass through funding in support of the Peaslee Auto Lab, coordination of local industry tours, and as an extension of marketing for Peaslee services with local industry.



Connect First, Chamber/KU Honors Mentorship Program:

In another effort to connect KU students to local industry, the Chamber partnered with the KU Honors Program, to create the Connect First Mentorship Program – a pilot, job shadowing program, designed to give first and second year Honors students real-world exposure to career paths of interest. The inaugural program was held in the spring of 2018 and was limited to just five students. KU Honors Program staff selected the student participants and Chamber staff then matched them with local businesses that aligned with their stated interest. The program garnered mostly positive reviews from student and business participants and was expanded to 11 students for the fall program. Placement for the fall program was challenging, but through the effort several other existing university mentorship programs were discovered. The future of this program is under discussion as of the writing of this report.

Site and Infrastructure Capacity:

Future Industrial Site(s):

Given the lack of large industrial properties sited above, a group of community stakeholders has been meeting for some time to identify potential sites for future industrial development. From an initial selection of approximately 10 properties, geo-tech, soil borings, and existing and planned infrastructure considerations has narrowed this view to three selections, with one being a clear preference. As of the writing of this report, possible options for acquisition and development are being explored.

Agency Name:		2020 Budget Request Form				4/12/2019	
Chamber/Economic Development							
	2016	2017	2018	2019	2019	2020	
	Actual	Actual	Actual	Adopted	Current	Budget	
				Budget	Estimates	Request	
Revenues:							
Douglas County (Includes KUSBDC)	\$220,000	\$220,000	\$220,000	\$195,000	\$195,000	\$195,000	
City of Lawrence (Includes KUSBDC)	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	
Chamber Capital Campaign funds	\$202,581	\$200,000	\$250,000	\$250,000	\$250,000	\$250,000	
EDC Management Contract	\$30,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	
Beginning Balance	\$77,938	\$122,589	\$8,823	\$27,744	\$27,744	-\$10,956	
Total Revenues:	\$750,519	\$777,589	\$713,823	\$707,744	\$707,744	\$669,044	
Expenditures:							
Business Retention and Expansion	\$23,662	\$11,386	\$16,430	\$15,000	\$15,000	\$15,000	
Business Recruitment/Development and Marketing	\$57,357	\$24,477	\$48,557	\$15,000	\$45,000	\$15,000	
Entrepreneurship	\$0	\$0	\$390	\$4,000	\$2,000	\$2,000	
Workforce Development	\$0	\$84,614	\$43,422	\$60,000	\$60,000	\$60,000	
Workforce/Peaslee Support	\$0	\$50,000	\$0	\$0	\$0	\$0	
Site and Infrastructure Capacity	\$0	\$1,250	\$6,668	\$2,000	\$2,000	\$2,000	
KCADC	\$10,000	\$10,000	\$10,220	\$10,000	\$10,000	\$10,000	
BTBC	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
KUSBDC	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	
KDOC/Team Kansas	\$10,000	\$2,500	\$5,000	\$2,500	\$2,500	\$2,500	
Kansas Research Nexus	\$1,004	\$475	\$1,210	\$1,000	\$1,000	\$1,000	
Capital Campaign Reimbursement	\$33,400	\$0	\$0	\$0	\$0	\$0	
Professional Development	\$3,861	\$7,873	\$4,057	\$5,000	\$5,000	\$5,000	
Travel/Mileage	\$3,071	\$2,647	\$2,104	\$4,000	\$4,000	\$4,000	
Investor Relations	\$2,740	\$6,219	\$2,980	\$3,000	\$3,000	\$3,000	
Meals and Entertainment	\$2,742	\$2,367	\$2,515	\$2,200	\$2,200	\$2,200	
Research and Publication	\$10,621	\$0	\$3,949	\$0	\$2,000	\$0	
Salaries and Benefits	\$323,349	\$430,202	\$383,259	\$436,000	\$410,000	\$420,000	
Admin and Overhead							
Dues & Subscriptions	\$5,196	\$1,750	\$2,203	\$1,800	\$2,000	\$1,800	
Community Relations	\$1,456	\$1,435	\$1,444	\$1,800	\$1,800	\$1,800	
Advertising	\$2,717	\$1,275	\$943	\$1,300	\$1,300	\$1,300	
Commercial Insurance	\$3,860	\$3,196	\$2,894	\$3,400	\$3,000	\$3,400	
Equipment Lease/Purchase/Maint	\$8,495	\$2,264	\$2,414	\$2,800	\$2,600	\$2,800	
Miscellaneous	\$4,411	\$1,743	\$2,263	\$1,500	\$2,400	\$1,500	
Office Supplies/Expense	\$6,795	\$6,827	\$3,014	\$7,000	\$5,000	\$7,000	
Professional Fees	\$8,640	\$12,456	\$24,933	\$9,800	\$20,000	\$9,800	
Rent/Building Maintenance	\$27,470	\$27,515	\$34,163	\$25,800	\$35,000	\$25,800	
Communications	\$922	\$2,088	\$821	\$1,100	\$1,100	\$1,100	
Technology Maintenance	\$6,426	\$4,732	\$8,440	\$4,800	\$9,000	\$4,800	
Telephone	\$3,231	\$4,470	\$4,743	\$4,300	\$4,300	\$4,300	
Utilities	\$6,504	\$5,005	\$7,043	\$5,000	\$7,500	\$5,000	
Total Expenditures:	\$627,930	\$768,766	\$686,079	\$690,100	\$718,700	\$672,100	
Ending Fund Balance	\$122,589	\$8,823	\$27,744	\$17,644	-\$10,956	-\$3,056	



May 22, 2018
Attn: Craig Weinaug
County Administrator
Douglas County, KS

Dear Craig,

As you already well know, economic development is, by necessity, a collaborative effort.

Illustrating this point is The Chamber's current economic development program. Developed in conjunction with City and County leadership, community stakeholders and partner organizations, such as Peaslee Tech, the BTBC and KUSBDC, our program leverages the respective strengths and synergies of the group. As a result, duplications of effort are greatly reduced or eliminated, while return on community investment is greatly improved.

As is often the case with such collaborations, the efforts of the individual partners are intrinsically linked and indiscernible from the collective successes of the whole – or put another way, the “value of the whole is greater than the sum of its parts.” Thus, while we are sensitive to the County's looming budgetary challenges, we are unable to recommend specific financial reductions to our economic development programming or to that of the partners with whom we so closely work.

We are concerned that, given the interconnectedness of our programs, such a reduction would have a compounding effect, i.e. a reduction in funding weakens the efficacy of the partnership, resulting in lower economic growth, which in turn only aggravates the County's funding concerns. We understand that there are some very difficult budgetary considerations ahead for the County and, in the event that a reduction in the County's economic development investment proves unavoidable, we hope to make any decisions on resulting staffing or programmatic changes through the same collaborative approach with which our existing plan was developed.

While The Chamber was disappointed with the outcome of the Proposition 1 vote, the narrow margin with which it was decided was encouraging. It is evident that there is strong support in the community for this initiative and, should there be other opportunities to move it forward, and circumvent the aforementioned funding challenges, The Chamber is prepared to assist in that effort.

Thank you and we look forward to the opportunity for further discussion and collaboration.

Sincerely,

A handwritten signature in black ink that reads "Steve Kelly". The signature is written in a cursive, flowing style.

Steve Kelly
Vice President, Economic Development