BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS

WEDNESDAY, DECEMBER 9, 2015
4:00 p.m.
-Recognition of KAC Service Awards

PROCLAMATION
-Declare Jasmy Mavilla as the National Winner of the Uncle Ben's Beginner's Cooking Contest (Nancy Thellman) (no backup)

CONSENT AGENDA
(1) (a) Consider approval of Commission Orders
(b) Consider approval of the Douglas County 2016 Holiday Schedule (Sarah Plinsky)
(c) Consider approval to adopt the Public Records Policy (Sarah Plinsky)

REGULAR AGENDA
(2) County Commission to consider a request from Menard, Inc. for a County grant to aid in establishing manufacturing facilities on 90+ acres at Lawrence VenturePark. Receive PIRC recommendation(s) and if appropriate, authorize a County grant of $200,000 to be paid annually in equal payments over a 10-year period.(Britt Crum-Cano)

(3) EDC Economic Development Report for 2015 (Larry McElwain) (no backup)

(4) Receive report on Market Match participation in the Kansas-Missouri Nutrition Incentive Collaborative application to the USDA FINI program and authorize signing the Core Partner Letter of Commitment for the grant application (Eileen Horn)

(5) Consider approval of Joint City/County Fiber Optic Network Connection to Jail and Fairgrounds (Jim Lawson)

(6) (a) Consider approval of Accounts Payable (if necessary)
(b) Appointments
-Board of Construction Codes Appeals (1) position
-Fire District No. 2 – (1) position expires 12/15
-Food Policy Council (1) position
(c) Public Comment
(d) Miscellaneous

(7) Adjourn

WEDNESDAY, DECEMBER 16, 2015-cancelled

WEDNESDAY, DECEMBER 23, 2015

WEDNESDAY, DECEMBER 30, 2015

WEDNESDAY, JANUARY 6, 2016
-Proclamation to declare January 9, 2016 as "National Law Enforcement Appreciation Day (L.E.A.D.) Michelle Derusseau

WEDNESDAY, JANUARY 13, 2016

WEDNESDAY, JANUARY 20, 2016

WEDNESDAY, JANUARY 27, 2016

Note*: The Douglas County Commission meets regularly on Wednesdays at 4:00 P.M. for administrative items and 6:00 P.M. for public items at the Douglas County Courthouse. Specific regular meeting dates that are not listed above have not been cancelled unless* spec*ifically noted on this schedule.*

(1)(b)

DOUGLAS COUNTY
2016 HOLIDAY SCHEDULE

New Year's Day	Friday, January 1
Martin Luther King's Day	Monday, January 18
Memorial Day	Monday, May 30
Fourth of July	Monday, July 4
Labor Day	Monday, September 6
Thanksgiving	Thursday-Friday, November 24,25
Christmas	Monday, December 26

Two (2) Personal leave/ discretionary days

Personal Leave/ Discretionary Days:

Eligibility: Employee's status must be full time or part time with benefits. Employees hired after June 30, 2016 (but before October 1) are only entitled to one (1) personal leave day. Employees hired on or after October 1, 2016 are not entitled to a 2016 personal leave day.

Definition: One (1) normal work day.

Scheduling: Can be taken in increments no less than one quarter hour. Must be scheduled in advance through the employee's supervisor and according to departmental procedures. Must be utilized during the calendar year 2016 and PRIOR to December 17, 2016.

(1)(e)

RESOLUTION NO. 15-___

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS, PROVIDING POLICIES AND PROCEDURES FOR OPEN RECORDS REQUESTS.

WHEREAS, the Board of County Commissioners desires to adopt policies and procedures for responding to open records requests.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS, SITTING IN REGULAR SESSION DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. AMENDMENTS TO COUNTY CODE. Chapter 1, Article 5 of the Douglas County Code is hereby amended to add the following new sections:

CHAPTER 1: ADMINISTRATION

* *

ARTICLE 5: PUBLIC RECORDS

* *

1-504. LOCAL FREEDOM OF INFORMATION OFFICER. Pursuant to K.S.A. 45-226, the County Administrator shall appoint a freedom of information officer. The local freedom of information officer shall be available to the general public and records custodians to answer questions, resolve disputes, and assist in appropriately responding to requests for inspecting and copying public records.

1-505. OFFICIAL CUSTODIANS.

a. APPOINTMENT. Except as otherwise provided by other applicable law, all department heads are official records custodians for public records on file in their respective departments.

b. SUBORDINATE OFFICERS. Each of the official custodians appointed in subsection (a) of this section may designate any subordinate officers or employees to serve as record custodians. Such record custodians shall have such duties and powers as are set out in the Kansas Open Records Act.

c. DUTIES OF CUSTODIANS. All Douglas County officers and employees appointed or designated under this section shall:

(1) Protect public records from damage and disorganization.

(2) Prevent excessive disruption of the essential functions of the Douglas County.

(3) Provide assistance and information upon request and ensure efficient and timely action and response to all written applications for inspection or copying of public records.

(4) Comply with the Kansas Open Records Act and carry out the procedures adopted for inspecting and copying public records.

d. WRITTEN REQUESTS TO BE DIRECTED TO CUSTODIANS.

(1) All members of the public, in seeking access to, or copies of, a public record in accordance with the provisions of the Kansas Open Records Act, shall address their written requests to the custodian charged with responsibility for the maintenance of the record sought to be inspected or copied.

(2) Whenever any Douglas County officer or employee appointed or designated as a custodian under this section is presented with a written request for access to, or copy of, a public record, which record the custodian does not possess and for which the custodian has not been given responsibility to keep and maintain, the custodian shall so advise the person requesting the record. The person making the request shall be informed as to which custodian the request should be addressed to, if such is readily known by the custodian receiving the request.

1-506 ACCESS AND COPYING PROCEDURES. The following procedures are adopted and shall be applied by each official custodian and record custodian.

a. Consistent with the policy, duties and procedures established by the Kansas Open Records Act, all Douglas County record custodians shall provide full access and assistance in a timely and efficient manner to persons who request access to open public records In writing. Certain records, however, may be excluded from public access. These records are identified and K.S.A. 45-221(a).

b. Record custodians may adopt and apply additional open public record access and copy procedures consistent with the policies of

the Douglas County and with the provisions of the Kansas Open Records Act.

c. Record custodians may adopt and apply procedures that will ensure the protection and preservation of public records with respect to the manner in which such records are inspected and copied.

d. Record custodians shall take necessary measures, not inconsistent with their duties, to provide access to open public records and to ensure that the essential functions of the custodian's office, department or agency are not disrupted by requests for record inspection and copying.

e. A records custodian may require a written request for inspection of public records but shall not otherwise require a request to be made in any particular form. Except as otherwise provided by Kansas Open Records Act and this section, a records custodian shall not require that a request contain more information than the requester's name and address and the information necessary to ascertain the records to which the requester desires access and the requester's right of access to the records. A records custodian may require proof of identity of any person requesting access to a public record. No request shall be returned, delayed or denied because of any technicality unless it is impossible to determine the records to which the requester desires access.

f. Each written request for access to a public record shall be acted upon as soon as possible, but not later than the end of the third business day following the date that the request is received. If access to the public record is not granted immediately, the custodian shall give a detailed explanation of the cause for further delay and the place and earliest time and date that the record will be available for inspection.

g. If the written request for access is denied, the custodian shall provide, upon request, a written statement of the grounds for denial. Such statement shall cite the specific provision of law under which access is denied and shall be furnished to the requester not later than the end of the third business day following the date that the request for the statement is received.

h. The custodian may refuse to provide access to a public record, or to permit inspection, if a request is not in writing, places an unreasonable burden in producing public records or if the custodian has reason to believe that repeated requests are intended to

disrupt other essential functions of the public agency. However, refusal under this subsection must be sustained by preponderance of the evidence.

i. If access to public records or the purpose for which the records may be used is limited pursuant to K.S.A. 45-221 or 45-230, and amendments thereto, the records custodian may require a person requesting the records or information therein to provide written certification that:

(1) The requester has a right of access to the records and the basis of that right; or

(2) The requester does not intend to, and will not: (A) Use any list of names or addresses contained in or derived from the records or information for the purpose of selling or offering for sale any property or service to any person listed or to any person who resides at any address listed; or (B) sell, give or otherwise make available to any person any list of names or addresses contained in or derived from the records or information for the purpose of allowing that person to sell or offer for sale any property or service to any person listed or to any person who resides at any address listed.

Section 2. EFFECTIVE DATE. This is a regular resolution and shall take effect and be in force and effect from and after its adoption.

ADOPTED: ___. 2015.

BOARD OF COUNTY COMMISSIONERS OF
DOUGLAS COUNTY, KANSAS

_____
Jim Flory, Chair

_____
Nancy Thellman, Member

_____
Mike Gaughan, Member

ATTEST:

_____
Jameson D. Shew, County Clerk

This form is being provided to potential requestors as a helpful guide for composing an effective request for public information. Requestors should not consider this form to be mandatory.

****

Date

Sarah Plinsky
Freedom of Information Officer
Douglas County
1100 Massachusetts St. Unit 204
Lawrence, KS 66044
splinsky@douglas-county.com

RE: Open Records Request

Dear Freedom of Information Officer:

Under the Kansas Open Records Act (KORA), K.S.A. 45-221 *et seq.*, I request access to or copies of the following records (*please be as specific as possible in describing the records you want and the time period your request covers; attach additional pages if necessary*):

_____

_____

_____

_____

_____

I request the information be provided in the following format if possible (please check one):

☐ Paper

☐ Electronic

My contact information is:

Name: _____ Daytime Phone No.: _____

Address:

_____

Street Address City State Zip Code

Email Address:

_____

I certify that I do not intend to, and will not: (A) Use any list of names or addresses contained in or derived from the records or information for the purpose of selling or offering for sale any property or service to any person listed or to any person who resides at any address listed; or (B) sell, give or otherwise make available to any person any list of names or addresses contained in or derived from the records or information for the purpose of allowing that person to sell or offer for sale any property or service to any person listed or to any person who resides at any address listed.

Sincerely,

_____

(Name of Requester)

(2)

City of Lawrence

CITY COMMISSION

MAYOR
MIKE AMYX

COMMISSIONERS
LESLIE SODEN
STUART BOLEY
MATTHEW J. HERBERT
LISA LARSEN

DIANE STODDARD
INTERIM CITY MANAGER

City Offices
PO Box 708 66044-0708
www.lawrenceks.org

6 East 6th st
785-832-3000
FAX 785-832-3405

December 4, 2015

Douglas County Board of Commissioners
c/o Craig Weinaug, County Administrator
1101 Massachusetts Street
Lawrence, KS 66044

Sent via Electronic Mail and Regular Mail

Dear County Commissioners and County Administrator,

The City of Lawrence is in receipt of a 50%, 10-year tax abatement request from Menard, Inc., a well-known home-improvement retailer, to assist in establishing manufacturing facilities at Lawrence VenturePark. The company is also asking for City and County assistance to partially defray special assessment expenses. Facilities would comprise approximately 184,000 square feet and be located on a little over 90 acres at Lawrence VenturePark (primarily on Lot C1). The project would be the first at the redeveloped brownfield site of the former Farmland fertilizer plant, providing a large, nationally known anchor tenant for Lawrence VenturePark.

The company plans to invest over $15 million in real property improvements at the site over the next 10 years. The production facilities are anticipated to support 100 full-time, permanent new jobs with starting wages averaging $14.61/hour and annual average wages of $17.30/hour. Products produced at the site are anticipated to supply home improvement stores in Kansas as well as neighboring states.

Staff has completed benefit-cost analysis for the request, which is enclosed. A summary of the impact of the assistance package on Douglas County is summarized below:

Cost-Benefit Ratios					
Description	City	County	USD 497	State	Total Package Value
50% Tax abatement, City provided bulk warehouse (~$286,000 value), City ($549,350 total value) and County ($200,000 total value) grants: total grant amounts to be divided by 10 and payable in equal, annual installments over 10-year abatement period.	1.28	1.26	4.82	N/A	$2,291,583

Assumes JT purchases land at market (appraised) value and pays SA

The City Commission has referred the request to the Public Incentive Advisory Committee (PIRC), which will meet to discuss the request on December 8 at 2:00 pm in the City Commission Room at City Hall. (Additional details are available on the City's website on the PIRC December 8, 2015 meeting agenda.) PIRC will provide recommendations regarding the request to both City and County Commissions. At a future meeting, the County Commission will receive PIRC's recommendation on and consider County participation in assisting with special assessment expenses.

The City Commission is scheduled to hold a public hearing regarding the assistance package at its January 5, 2016 meeting in the City Commission Room at City Hall at 5:45 pm. The City Commission is interested in hearing any feedback from Douglas County regarding the tax abatement requested and would encourage the County to provide comments to the City by the public hearing date.

City staff is available to help answer your questions on the proposed project or analysis. Please contact me if you have questions, comments or concerns regarding this request

Sincerely,

Diane Stoddard

Diane Stoddard
Interim City Manager

cc: Mayor and City Commission
Britt Crum-Cano, Economic Development Coordinator
Craig Weinaug, County Administrator
Sarah Plinsky, Assistant County Administrator
Steve Miles, County Appraiser
Brad Eldridge, County Appraiser

Memorandum
City of Lawrence
City Manager's Office

TO: Craig Weinaug, County Administrator
CC: Diane Stoddard, Interim City Manager
FROM: Britt Crum-Cano, Economic Development Coordinator
DATE: December 9, 2015
RE: Douglas County, Kansas: Menard, Inc.'s Request for Public Assistance

Overview

Menards, a nationally known home-improvement retailer, is proposing a manufacturing campus with multiple production facilities on a little over 90 acres at Lawrence VenturePark. Operations at the site will supply products to several retail stores throughout Kansas and neighboring states.

To assist in establishing the manufacturing operations at the site, the company is requesting a 10-year, 50% tax abatement, City and County assistance with defraying partial special assessment expenses, and the former Farmland Industries bulk warehouse building located on the parcel site.

Menards is proposing a cash transaction to purchase the land at market value and pay the total of 10 years of special assessments at the time of purchase. Anticipated capital investment for real property improvements is over $15 million (includes land and building), supporting an estimated 100 new, full-time, permanent positions with starting wages averaging $14.61/hour and annual average wages of $17.30/hour.

Company Background

Menards is one of the largest home improvement chains in the U.S., employing over 45,000 in approximately 285 stores within a 14 state region, including Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, South Dakota, North Dakota, Wyoming, and Kentucky.

The company is headquartered in Eau Claire, Wisconsin and has remained a family-owned and operated business since its establishment in 1958. Menards sells lumber and home improvement products such as floor coverings, hardware, millwork, paint, tools, stock appliances, pet products, lawn and garden supplies, and groceries. All company stores have full-service lumberyards.

To supply products to its retail stores, Menards has manufacturing facilities located in Eau Claire, Wisconsin; Rochester, Minnesota; Holiday City, Ohio; Plano, Illinois; Shelby, Iowa; Shell Rock, Iowa; Valley, Nebraska; Terre Haute, Indiana; Iron Ridge, Wisconsin; Saginaw, Michigan; and Rapid City, South Dakota. These plants manufacture steel

siding and roofing, interior and exterior doors, state of the art composite decking, environmentally friendly treated lumber, fasteners, stone and block, engineered roof & floor trusses, and countertops.

Project Description

Menards is proposing the construction of a manufacturing campus/production facilities at Lawrence VenturePark to produce and supply products for its home improvement stores in Kansas, Colorado, Missouri, and Oklahoma. Production facilities would comprise approximately 184,000 square feet and be located on a little over 90 acres at the Park, primarily on Block C, Lot 1 (Lot C1). The project would be the first at the redeveloped brownfield site of the former Farmland fertilizer plant, providing a large, nationally known anchor tenant for Lawrence VenturePark.

The property is currently vacant with infrastructure in place and has been the subject of past environmental remediation efforts by the City. The company plans to purchase the land at market (appraised) value and make an estimated additional $14.5 million in real property improvements to the site over the next 10 years. The production facilities are anticipated to support 100 full-time, permanent new jobs with starting wages averaging $14.61/hour and annual average wages of $17.30/hour.

Assistance Request

On November 17, 2015, Menard, Inc. submitted a request and Application for Economic Development Support/Incentives to the City of Lawrence. To help establish their facility and manufacturing operations within Lawrence, Menards is asking for a 50%, 10-year tax abatement on a little over 90 acres of property located in Lawrence VenturePark, City and County assistance with defraying partial special assessment expenses, and the bulk warehouse building (formerly owned by Farmland Industries) located on Lot C1 at the park.

Public Assistance Request	
Description	**Value**
50% Tax Abatement, 10 Years	$1,256,270
City Grant (10 year, SA)	$549,350
County Grant (10 year, SA)	$200,000
City Bulk Warehouse	$285,963
Total package value:	**$2,291,583**

Eligibility Overview

The use of tax abatements is guided by the *City of Lawrence Economic Development Goals, Process, and Procedures* (approved March 24, 2009 and updated May 18, 2010) which outlines the guidelines for consideration of tax abatements and eligibility amounts. Given the policy guidelines, the proposed project and requested public assistance package appears to meet all policy criteria thresholds. The applicant's request for a 50% tax abatement falls within the abatement percentage allowed under City policy.

Analysis Overview

Based on information received through the incentives application, staff conducted analysis of the costs and benefits associated with the project utilizing the City's economic development cost-benefit model. The model outputs a ratio reflecting the comparison of estimated costs to estimated benefits returned to the jurisdictions as a result of the project.

Cost-Benefit Ratios					
Description	**City**	**County**	**USD 497**	**State**	**Total Package Value**
50% Tax abatement, City provided bulk warehouse (~$286,000 value), City ($549,350 total value) and County ($200,000 total value) grants: total grant amounts to be divided by 10 and payable in equal, annual installments over 10-year abatement period.	1.28	1.26	4.82	N/A	$2,291,583

Assumes Menards purchases land at market (appraised) value and pays SA.

With the requested public assistance, the cost-benefit ratio for all taxing jurisdictions meets the preferred 1.25 ratio. For additional detail, please refer to the Technical Report.

Staff Recommendation

If assistance is authorized, Staff recommends the City, County and Applicant enter into a development agreement where annual abatements and grant payments are tied to performance requirements for job growth, wages, health insurance benefits and capital investment to help minimize risk on the part of taxing jurisdictions.

Actions to Date

The City Commission received the request on December 1, 2015 and referred it Staff for analysis and PIRC for recommendation.

Future Actions
PIRC will hear the request on Tuesday, December 8, 2015 and provide recommendation regarding City and County Assistance.

City Commission to receive PIRC recommendation(s) on January 5, 2015 and if appropriate, authorize a City grant of $549,350 to be paid annually in equal payments over the 10-year tax abatement period; authorize ownership transfer of the bulk warehouse, located on Lot C1, to company at no cost; hold a public hearing to consider a tax abatement request, and if appropriate, vote to adopt a resolution approving a 50%, 10 year tax abatement on the requested property at Lawrence VenturePark, Lawrence, Kansas.

County Action Requested
County Commission to receive PIRC recommendation(s) on December 9, 2015 and if appropriate, authorize a County grant of $200,000 to be paid annually in equal payments over the 10-year tax abatement period.

List of Attachments:

1. Technical Report
    a. Applicant Request Letter
    b. Application for Assistance
2. Correspondence

Technical Report

Menard Inc. Manufacturing Campus at Lawrence VenturePark

Overview

Menards is proposing the construction of a manufacturing campus at Lawrence VenturePark to produce and supply products for its home improvement stores in Kansas, Colorado, Missouri, and Oklahoma. Production facilities would comprise approximately 184,000 square feet and be located on a little over 90 acres at the Park, primarily on Block C, Lot 1. (See Addendum A, Property Boundaries, at the end of this report.) The project would be the first at the redeveloped brownfield site of the former Farmland fertilizer plant, providing a large, nationally known anchor tenant for Lawrence VenturePark.

The company plans to invest an estimated $24.8 Million in the project, approximately $14.5 million for land and real property improvements at the site. The production facility is anticipated to support 100 full-time, permanent new jobs with starting wages averaging $14.61/hour and annual average wages of $35,979.

To help establish their facility and manufacturing operations within Lawrence, Menards is asking for a tax abatement, ownership of the on-site, existing bulk warehouse, and City and County assistance in defraying partial special assessment costs. The Company is self-financed and is proposing a cash transaction in which the company would purchase the land at full market price from the City and pay the total of 10 years of special assessments. Anticipated project development would start in 2016 with operations commencing in 2017.

Company Background

Menards is one of the largest home improvement chains in the U.S., employing over 55,000 in approximately 295 stores within a 14 state region, including Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, South Dakota, North Dakota, Wyoming, and Kentucky.

The company is headquartered in Eau Claire, Wisconsin and has remained a family-owned and operated business since its establishment in 1958. Menards sells lumber and home improvement products such as floor coverings, hardware, millwork, paint, tools, stock appliances, pet products, lawn and garden supplies, and groceries. All company stores have full-service lumberyards.

Midwest Manufacturing, the manufacturing and distribution arm of Menards has been in business since 1969. Plants are located in Eau Claire, Wisconsin; Rochester, Minnesota; Holiday City, Ohio; Plano, Illinois; Shelby, Iowa; Shell Rock, Iowa; Valley, Nebraska; Terre Haute, Indiana; Iron Ridge, Wisconsin; Saginaw, Michigan; and Rapid City, South Dakota. These plants manufacture steel siding and roofing, interior and exterior doors, state of the art composite decking, environmentally friendly treated lumber, fasteners, pavers and block, engineered roof & floor trusses, and countertops.

Incentive Request

The City received an application for incentives and request letter (refer to Addendum B at the end of this report) on November 17, 2015. To aid in establishing manufacturing operations in Lawrence, the Corporation is requesting a 50% tax abatement, ownership of the on-site, bulk warehouse (formerly used by Farmland Industries), and City and County assistance with defraying partial special assessment expenses. Below outlines the request package.

Public Assistance Request	
Description	**Value**
50% Tax Abatement, 10 Years	$1,256,270
City Grant (10 year, SA)	$549,350
County Grant (10 year, SA)	$200,000
City Bulk Warehouse	$285,963
Total package value:	**$2,291,583**

Eligibility

Tax abatements are any economic development tool that can be used to encourage manufacturing, research & development, or warehousing and distribution companies to grow within the community and promote primary job employment[1]. Tax abatements exempt a portion of real property taxes on improvements to land and buildings for up to 10 years, as per state statute.

The *City of Lawrence Economic Development Goals, Process, and Procedures* (approved March 24, 2009 and updated May 18, 2010) outlines the guidelines for consideration of a tax abatement and eligibility amounts. According to the policy (Section 1-2121), the City shall only grant a tax abatement to a business which meets the legal requirements for a tax abatement and which indicates in their application that they will fully comply with five requirements. The following table compares these five policy requirements to the project's estimated compliance as per information provided by the applicant.

[1] Primary jobs are those used to produce goods that are primarily exported out of the community, resulting in importing revenue in to the community.

Lawrence: Tax Abatement Policy Criteria			
Item #	**Policy Requirement**	**Threshold**	**Project Delivers**
1	Business is environmentally sound	Not specified	Project will incorporate many environmentally friendly products and practices including, energy star certified roofing, doors, and light fixtures; efficient radiant floor heating from a boiler system fueled partly by recycled waste wood generated by the facility; defect and returned concrete blocks produced by the facility will be recycled and reintroduced into the manufacturing process; facility will produce zero waste water and virtually no other waste.
2	**AVERAGE WAGE:** Business pays all employees in the abated project an average wage per employment category that meets or exceeds the average in the community as determined annually by the Kansas Department of Human Resources Wage Survey.	Community average for all Production jobs is $16.78/hr. [2]	Average company annual wage is $17.30 for full-time, permanent positions.
3	**WAGE FLOOR[3]:** The business pays all covered employees a wage, at or above, an amount which is equal to 130% of the federal poverty threshold for a family of 3, as established by the United States Department of Health and Human Services	$12.56/hour (2015)	Lowest wage paid is $13.84 for full-time, permanent employees. Average starting hourly wage is $14.61 for full-time, permanent positions.
4. HEALTH INSURANCE REQUIREMENTS, The business provides one of the following:			
4-A	(A) The availability of covered employees to obtain an employer-sponsored health insurance policy, pursuant to employer guidelines, in which case the employer provides a minimum of 70% of the cost of such policy	70% of policy cost	Company will pay 50% of healthcare premium for 100% of employees + HAS contribution
4-B	(B) As an alternative to offering an employer-sponsored health insurance policy, the employer shall pay the covered employee a wage which is at least $1.50 per hour above the amount required in Item #3 above.	$14.06 ($12.56 + $1.50 for 2015)	Average starting company wage is $14.61. $17.30 as the average wage during the first year of employment.
5	Positive Benefit/Cost ratio	1.25 or higher	1.25 ratio exceeded for all taxing jurisdictions.

Given the above guidelines, the project appears to meet all eligibility thresholds.

[2] Source: Kansas Department of Labor, Annual Wage Survey, 2014 Edition, retrieved 8-25-15.
[3] Wage floor requirement applies to all employees in the abated project, except for temporary employees working fewer than 100 hours per calendar year, students or seasonal workers not employed longer than 90 calendar days, or new employees undergoing a bona fide or certified job training program for no more than 60 calendar days.

The policy (Section 1-2123) provides a basic schedule that the City can use as a guideline in determining the percentage tax abatement to be granted. According to the policy, the governing body may vary the amount, maximum, and duration of the abatement provided the net abatement to a business shall not reduce the net tax revenues as would be received pursuant to the schedules to the local taxing units over ten (10) years.

The below table shows the Project's tax abatement eligibility amounts with policy suggested thresholds.

Tax Abatement: % Eligible				
% Available	**Description**	**Meets Requirement**	**Eligibility %**	**Notes**
50%	Company investing over $7M in 2009 adjusted dollars (**$7,710,523** in 2015 dollars), minimum 30 new jobs created	Yes	50%	Over $15 million to be invested in building and other real property improvements. 100 new full-time, permanent positions to be created within first two years of operation.
	Company has been on the Douglas County property tax rolls for more than 3 years, is investing over $5M in 2008 adjusted dollars (**$5,476,346** in 2015 dollars), minimum 20 new jobs created	--	--	--
10%	Company has been on Douglas County Property Tax rolls for at least 3 years	--	--	--
5%	Capital investments exceeds $10M in 2009 adjusted dollars (**$11,015,033** in 2015 dollars)	Yes	5%	Total real property capital investment is over $15 million
5%	Project constructed to LEED certification or Silver standards	--	--	--
10%	Project constructed to LEED Gold or Platinum standards	--	--	--
5%	Unique site constraints or construction requirements make development difficult	Yes	5%	Site has multiple monitoring wells that will need continual accessibility to meet KS Health & Energy Department requirements. Applicant will need to design building and site area to accommodate city staff access for performing on-going environmental monitoring. Site has topological design challenges.
5%	Project is seen as a catalyst for future projects in an economic development area	Yes	5%	Project to be first large-scale development and will serve as anchor tenant at Lawrence VenturePark.
5%	Project located in a targeted development location or development-ready site	Yes	5%	Located in Lawrence VenturePark
10%	Project provides exceptional wages	--	--	--
TOTAL Eligible Percentage			**70%**	

As shown above, the applicant's request for a 50% tax abatement appears to fall within the abatement percentage allowed under City policy.

Analysis

Estimated fiscal impacts to taxing jurisdictions are examined through a cost-benefit analysis, which is required by State Statute and current City tax abatement policy. Based on information received through the incentives application, staff conducted analysis of the costs and benefits associated with the project utilizing the City's economic development cost-benefit model. This model measures estimated fiscal impacts to four taxing jurisdictions: City, County, School District, and State. Furthermore, the model outputs a ratio reflecting the comparison of estimated costs to estimated benefits returned to the jurisdictions as a result of the project. (Model limitations are provided in Addendum D at the end of this report.)

Assumptions: Assumptions utilized within the model are shown below.

Assumptions Summary	
Building Size (sf):	184,000
Location:	Lawrence VenturePark
Lot:	Block C, Lot 1+
Lot Size (ac):	90.542
Appraised Land Value:	$794,329
Business Type:	Industrial/Manufacturing (NAICS 327331)
Estimated Construction End:	July 2017
First Full Tax Year After Construction Completed:	2018
Assessment Ratio:	0.25
Capital investment (New Construction):	$14,477,300
Total Real Property Capital Investment, including land + existing warehouse + new construction on building (does not include machinery, equipment, or other personal property)	$15,557,592
Special Assessments Value	$1,084,018
Total value land + SA	$1,878,347
Total FT Jobs over 2 years	100
Average salary without benefits	$30,384 (starting wage) to $35,979 (1st year average)
Benefits:	Company paid 50% healthcare premium + HSA contribution. Employees also eligible for dental and life insurance benefits (50% paid by company).
Estimated Appraised Real Property Valuation for Taxing Purposes (per DG Appraisers):	$7,837,239
Net City Costs on Land:	$244,268
Appraised Warehouse Building Value (Aug. 2015):	$285,963

Capital Investment

As per Menards' application for public incentives, the company plans to invest over $15 million in real property capital improvements during Phase I construction. Additional investment will be made in personal property for the project. However, since personal property is currently tax exempt by State legislation, those values are not incorporated within the cost-benefit model.

Menards: Phase I Acquisition and Investment	
Description	**New Real Property Capital Investment**
Land	$794,329
Improvements	$14,477,303
Total	**$15,271,632**

Note Douglas County uses an income approach to valuation, which may not reflect the cost of real property investment. For estimating property taxes within the cost-benefit model, Staff consulted with Douglas County Appraisers to project appraised real property valuation for the project. See below for additional details on property value for taxing purposes.

Job Creation and Wages

The project anticipates adding 100 full-time, permanent jobs to the community. The company estimates average starting wages of $14.61/hour with earnings for new hires averaging over $17/hour in their first year of employment. For purposes of the analysis, starting wages were assumed.

Job Creation: Phase I			
Year	**# Jobs**	**Starting Hr. Wage[4]**	**SUMProd**
Site Manager	1	$18.19	$18.19
HR Coordinator	1	$13.84	$13.84
Plant Manager	3	$17.22	$51.66
Asst. Plant Manager	10	$16.71	$167.10
Controller	2	$15.17	$30.34
Manager Trainee	5	$16.20	$81.00
Maintenance	3	$14.91	$44.73
Area Superv	10	$15.17	$151.70
Production	65	$13.88	$902.20
Total	**100**		**$1,460.76**
Avg. Hr.	$14.61		
Avg. Annual	$30,383.81		

Temporary and part-time positions were not provided by the applicant and were excluded from calculations. Typically, these positions have minimal impact on the local taxing districts and are not incorporated into the analysis.

[4] Wages do not include overtime, premium pay (overtime, weekends, 3rd shift, equipment certifications), or bonuses.

Tax History

The property has been tax exempt since 2010 due to environmental remediation efforts. With the 2015 tax year, the property becomes taxable, with property taxes due from the City. Current property will be subject to taxes based on the 2015 mill levy, which has not yet been finalized.

Property Tax History			
Year	**Appraised**	**Assessed**	**Total Tax**
2015	$808,550	$202,138	$26,225[5]
2014	$1,494,220	Not Assessed	Exempt
2013	$241,470	Not Assessed	Exempt

Property Market Valuation and Special Assessments

The company is proposing to purchase a little over 90 acres of land at Lawrence VenturePark. The bulk of the area is within Block C, Lot 1. Additional acreage is being requested north of this parcel.

Market Valuation: Land[6]						
Block	**Lot**	**Lot Size (Acres)**	**Lot Size (SF)**	**Market Land Value**	**Special Assessments**	
					$/SF	**Total**
C (area with SA)	1	75.411	3,284,903	$661,584	$0.33	$1,084,018
C (area no SA)		15.131	659,106	$132,745	$0.00	$0
Total		***90.542***	***3,944,010***	***$794,329***		***$1,084,018***

The company is requesting the bulk warehouse (formerly owned by Farmland Industries) located on Lot C1, as part of the project's public assistance package. The value of the warehouse is shown below.

Market Value: Bulk Warehouse[7]		
Description	**Size**	**Value**
Land	1.6 acres	$14,037
Building	33,158 sf	$285,963
	Total Market Value:	**$300,000**

[5] Source: Douglas County, Kansas, Online Valuation, data retrieved 8-25-15 from: www.douglas-county.com/mycounty/property-search. 2015 tax amount is projected based on 2014 mill levies.
[6] Aul Appraisal, September 2014.
[7] Aul Appraisal, August 2015

Property Valuation for Taxing Purposes

The applicant and staff consulted with Douglas County Appraisers to help estimate the County's future projected property valuation for taxing purposes. This property value was then incorporated into the cost-benefit model for estimating property taxes, serving as a more conservative estimate as compared to the capital investment amount.

Valuation Estimates for Property Tax					
Income Valuation Methodology	**Per SF**	**Building Size**	**Building Appraised Value**	**Land Appraised Value**	**Total**
New Construction: Class A, Large Industrial Manufacturing	$42.00	184,000	$6,938,430	$794,329	$7,837,239
Existing Building: Bulk Warehouse Building[8]		33,158	$104,480		

Estimated, appraised value estimates from Douglas County, Appraisal Office

Model Results:

Based on the above assumptions, cost-benefit ratios are shown below for the requested assistance package:

Cost-Benefit Ratios					
Description	**City**	**County**	**USD 497**	**State**	**Total Package Value**
50% Tax abatement, City provided bulk warehouse (~$286,000 value), City ($549,350 total value) and County ($200,000 total value) grants: total grant amounts to be divided by 10 and payable in equal, annual installments over 10-year abatement period.	1.28	1.26	4.82	N/A	$2,291,583

Assumes Menards purchases land at market (appraised) value and pays SA

The model estimates the total value of incentives at $2,291,583, with the project delivering positive returns for all jurisdictions over the 10 year abatement period. Analysis shows that the 1.25 cost-benefit ratio threshold, as suggested within the policy, will be exceeded for all taxing jurisdictions. Model details are presented in Addendum C at the end of this report.

[8] Warehouse building (no land) 2015 appraised value as per County Appraiser (8-25-15)

Additional Policy Considerations

In addition to the results of the cost-benefit analysis, the policy specifies that additional factors may also be considered (Section 1-2106) for granting property tax abatements, including:

- The degree to which the ultimate market for the business products and services is outside the community, recognizing that outside markets bring "new money" to the local economy.

  Applicant estimates that 94% of the revenues at the new Lawrence facility will come from outside of Lawrence/Douglas County.

- The potential of the business for future expansion and additional job creation

  Applicant estimates that the project will add 100 net new jobs, expanding their employee base from 0 current employees to 100 full-time employees over the abatement period. Project also has the potential for future construction phases to accommodate additional employment.

- The beneficial impacts the business may have by creating other new jobs and businesses, including the utilization of local products or other materials and substances in manufacturing and creation of niche businesses.

  Applicant estimates that 57% of additional operating expenditures for the business will be made in Lawrence.

- The benefits and impacts the firm has on environmental quality both to the region, and through its products, nationally, as well as any efforts the firm makes to promote sustainability or mitigate environmental harm.

  As per Menards' incentive application:
  - *Project will utilize energy star certified steel roofing, doors and lighting fixtures.*
  - *Heat will be provided using efficient radiant floor heating from a boiler system fueled in part by recycled waste wood generated by the facility.*
  - *Defect and returned concrete blocks produced by the facility will be recycled and reintroduced into the manufacturing process. The facility will produce zero waste water and virtually no other waste (primarily limited to small amounts of post-consumer waste from employees).*
  - *A large portion of inbound raw materials are delivered by rail, reducing road congestion and CO^2 emissions.*
  - *One of the primary goals of the project is to reduce transportation distances to Menards store locations throughout the region. This reduces truck traffic and resulting emissions.*

- The beneficial economic impact the business will have on a particular area of the City, including areas of needed revitalization or redevelopment.

  - *By occupying almost half the buildable area of VenturePark, Menards will be a strong anchor tenant with a substantial presence.*

- *A major redevelopment at VenturePark by a well-known, large, national company will serve as the catalyst for additional industrial development within and around VenturePark.*
- *Company will be investing approximately $850,000 to rebuild the rail spur. Menards has agreed to allow other park tenants access to the rail spur.*
- *Likely future expansion. Company has indicated initial construction of 184,000 square foot facilities, with plans for future buildings on the site to accommodate future employment opportunities.*
- *In addition to on-site company employment, production operations will support 10-15 local, full-time security and trucking jobs provided by third-party employers.*
- *Trucking operations will directly benefit local gas stations and provide spin off economic benefits for truck sales and services businesses.*
- *The concrete plant will use sand, gravel and cement purchased from local suppliers, estimated at $500,000 in new raw materials sales.*

- Compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services.

  Project is compatible with zoning, land use, and development plans of property located at Lawrence VenturePark. Park has all necessary infrastructure and public services in place.

It should be noted that the policy also encourages meeting certain economic development objectives, including:

- Recruit new companies from out-of-state and internationally.

  Headquartered out of Wisconsin, the manufacturing campus will be the first within Kansas and will provide products to stores within Kansas as well as in other neighboring states.

- Encourage the location and retention of businesses which are good "corporate citizens" that will add to the quality of life in Lawrence through their leadership and support of local civic and philanthropic organizations.[9]

  As per the company's incentive application, "Menards will be a strong corporate citizen with a 60+ year history of commitment to and continual reinvestment in the communities it calls home. Menards participates in many community projects and is a regular sponsor of local events and groups, particularly those related to athletics."

Finally, Horizon 2020 specifies that business within select industries should particularly be a focus of economic development efforts, including "Light Manufacturing and Distribution", which is applicable for the current project under consideration.

[9] *City of Lawrence Economic Development Goals, Process, and Procedures*, approved March 24th, 2009, updated May 18th, 2010, Section 1-2103, page 2.

Other Considerations

In addition to policy and Horizon 2020 goals, there are property limitations that should be mentioned when evaluating the request.

The project parcels are some of the least desirable and most difficult to market:

- The parcels are located at the back of the park, have limited visibility and compared to prime parcels, are further distanced from the park entrance and K-10/SLT access.
- The largest parcel (Block C, Lot 1) is a RCRA (Resource Conservation & Recovery Act), EPA monitored site. Staff anticipates EPA will want monitoring wells on the site for at least three years. This lot also has existing foundations that will need to be removed.
- The parcels have topography challenges, requiring additional development expense.

Performance Provisions

If a tax abatement is approved, Menards will be required to enter into a performance agreement with the City. As per section 1-2107 of the City's policy for tax abatements, "Each company that receives an incentive from the City will be held accountable to certain performance provisions. These provisions will be included in a performance agreement between the company receiving the incentive and the City."

The agreement will specify performance targets in the areas of capital investment, job creation, wages and health insurance benefits. The performance targets will generally be in line with the application submitted by the applicant, upon which the analysis is based. The compliance with each of the annual performance targets will be averaged together to determine a "blended percentage" of compliance, which then determines the total amount of incentive to be received. If a company does not perform in a given year and the amount of incentive is proposed to be reduced from the full amount, a company has the ability to appeal to the Public Incentives Review Committee and then to the City Commission. The City Commission can consider restoring the incentive, based upon majority vote.

Tax Abatement Performance Schedule	
Blended Percentage Range	**Amount of incentive to be received**
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	No incentive

Staff Conclusion

City Tax Abatement Policy Criteria—The project as proposed and requested public assistance package appears to meet all policy criteria thresholds.

Tax Abatement % Eligibility—The applicant's request for a 50% tax abatement appears to fall within the abatement percentage allowed under City policy.

Model Results—Model results show that the cost-benefit threshold of 1.25 can be met for all taxing jurisdictions, given the applicant's request for assistance.

Future Actions

Public Incentives Review Committee (PIRC) to review request and provide recommendation to the City and County Commissions.

County Commission to receive PIRC recommendation(s) and if appropriate, authorize a County special assessment grant of $200,000 to be paid annually in equal payments over the 10-year tax abatement period.

City Commission to receive PIRC recommendation(s) and if appropriate, authorize a City special assessment grant of $549,350 to be paid annually in equal payments over the 10-year tax abatement period; authorize ownership transfer of the bulk warehouse, located on Lot C1, to company at no cost; hold a public hearing to consider a tax abatement request, and if appropriate, vote to adopt a resolution approving a 50%, 10 year tax abatement on the requested property at Lawrence VenturePark, Lawrence, Kansas.

Addendum A: Property Boundaries

Addendum B: Incentives Application & Request Letter

MENARD, INC.

November 17, 2015

City Commission, City of Lawrence, Kansas
Attention: Diane Stoddard, Interim City Manager
6 East 6th Street
Lawrence, Kansas 66044

RE: Project Plan for Menards/Midwest Manufacturing – Lawrence Venture Park

Dear Mayor and Members of the City Commission,

I have been authorized on behalf of Menard, Inc. ("Menards") to submit the following project plan with respect to the acquisition and development of an approximately 90-acre parcel within Lawrence Venture Park. The following is a summary of Menards' proposal, including a brief history of the company, a description of the project and facilities envisioned, and a summary of the benefits that the project would have for the community. Menards is proposing to purchase the property for its appraised value and to pay the appropriate share of assessments for the Venture Park infrastructure in full at the time of closing on the property. In order for the project to proceed, Menards is requesting that the Commission consider a 10-year, 50% tax abatement, a $549,350 grant, and transfer of ownership of the existing bulk warehouse building on the site at no cost to help offset a portion of the development costs of the project.

Company Overview

Menard, Inc. is a family-owned home improvement retail company founded in 1960. It is headquartered in Eau Claire, Wisconsin and currently operates "Menards" stores in approximately 295 locations in fourteen midwestern and plains states. The company has over 55,000 employees nationwide. It is the third largest home improvement store chain in the United States by sales volume.

In addition to typical warehousing and distribution operations, Menards also owns and operates manufacturing facilities to support its retail store network under its Midwest Manufacturing division. Midwest Manufacturing operations include wooden truss, concrete block, countertop, steel siding and roofing and door manufacturing, among others. Midwest Manufacturing operates industrial campuses located throughout Menards' current store range, including major facilities in Eau Claire, WI; Plano, IL; Holiday City, OH; Shelby, IA; and Valley, NE as well as smaller campuses in Iron Ridge, WI; Saginaw, MI; Terre Haute, IN; Shell Rock, IA, Rapid City, SD and Chester, MN.

The continued success of Menards' retail stores has resulted in steady expansion throughout the company's history on both the retail and manufacturing fronts. In the past 12 years, the company has added over seventy-five new stores and entered five new states. It has also developed eight new industrial campuses in this same time period. Midwest Manufacturing currently has new industrial campus under development in North Dakota, Missouri and Iowa and is also in the process of expanding several of its existing facilities. Because the company still has a large number of new markets to enter and develop, all indications are that this growth will continue into the foreseeable future.

Menards prides itself on its commitment to the communities it calls home and has a long history of reinvesting in and expanding its retail and industrial facilities once it becomes a corporate resident. Menards is also committed to its employees and has a "promote from within" philosophy, which is demonstrated by the multitude of team members who have begun their careers as part-time workers in the stores or production workers at a manufacturing plant, and who have turned a school or entry-level job into a lifelong career.

5101 MENARD DRIVE EAU CLAIRE, WI 54703-9625 PHONE (715) 876-5911 FAX (715) 876-2868

Project Description

Menards is proposing to develop the Venture Park site with three primary operations: a concrete block manufacturing plant, a truss plant and a distribution cross dock building. The project would also include construction of a new rail spur into the property to bring in lumber both as a raw material for its truss manufacturing facility and for transloading of lumber from rail cars to semitrailers. The site would also include some ancillary functions, including a fleet repair shop, a wood recycling operation, a visitors/hiring center and administrative offices. Approximately 60 acres of the subject property are proposed to be developed with buildings, product storage areas, parking and driveways. The balance of the property will be used for buffer and screening purposes, landscaping, and storm water collection, with approximately 20 acres set aside for future expansion and development of additional manufacturing and/or distribution functions as the need arises.

The above-described industrial campus will serve current and future Menards store locations throughout Kansas and western Missouri, and may ultimately provide products to future locations farther west and south as Menards' store range continues to expand. The facility will also be able to package and ship materials directly to construction sites throughout this same area. By development of campuses such as this one, Menards is able to reduce the distances trucks must travel to store locations and job sites as well as the total number of truck loads because of the efficiency in loading various products together, thereby decreasing costs and service times to its customers.

The proposed operations are designed to minimize the possibility of negative impacts to surrounding properties and the environment. Grass berms will be used to screen views of storage yards and other operations and to minimize light and sound impacts. The truss and block plants utilize sound dampening technology to prevent sounds of the manufacturing process from emanating beyond the immediate vicinity of the buildings. There are no process water discharges from the facility, it does not handle or utilize dangerous materials or contaminants, and it does not produce significant amounts of waste or other by-products. The manufacturing operations are designed to conserve raw materials and recycle them wherever possible. Small amounts of waste wood from truss manufacturing and broken pallets will recycled on site or back-hauled to other Menards facilities where they can be turned into mulch or fuel for wood fired boilers. Defect concrete blocks are ground and reintroduced into the manufacturing process. In fact, the site will be nearly zero-waste, with the largest source of landfill bound material coming from consumer waste of employees and truck drivers (food packaging, etc.).

Menards' tentative schedule is to commence construction of the project in the summer of 2016 with the first of the facilities starting operation in the summer of 2017. The proposed project would be fully complete and operational by the end of 2017 under this timeline. This schedule would require all due diligence, design and permitting to be completed over the course of this winter, with permits ready for issuance by next spring.

Menards would self-finance the project and has the ability to complete the investment described herein without the use of third party financing. As mentioned above, the company operates numerous industrial facilities throughout the Midwest and beyond and has a dedicated team of in-house site planners, engineers and project managers with extensive experience in the development of this type of facility. A Menards representative will personally attend all City meetings for review of the project, will meet with planning and engineering staff members to review project plans and answer questions, and will be available to the City and the community at large to help coordinate the completion of the site acquisition, permitting and necessary planning and zoning approvals. A Menards project manager will also be assigned for the construction phase of the development to oversee all construction activities and to be responsive to any needs or questions that may arise.

Summary of Project Benefits

Menards will commit to creating at least 100 full time jobs at the project location and investing at least $24,820,094 to develop the facilities described herein. These new jobs will pay an estimated average hourly wage of $14.61 and estimated average annual salary of $35,978.62. Employees will be offered a full package of benefits including health insurance, dental insurance, paid vacation and holidays, and annual profit sharing. Detailed wage, benefit and project cost information have been provided in the Incentive Application accompanying this letter. Based on County estimates, the facility will have a projected property tax value of ±$7,800,000, adding significant tax base revenue for the City, the local school district and other taxing authorities. Because the property is owned by the City, the purchase price funds of over $750,000 will represent an additional direct benefit to the City and its residents.

The proposed project will also result in numerous ancillary benefits to the community and its residents. The construction phase of the development will support around 100 construction jobs on the property for a period of approximately 18 months. The facility will also purchase goods and services from area businesses, including raw materials for the manufacturing processes, hotel rooms, fuel, auto parts and services, and utilities. Permanent trucking and site security jobs will also be created to support the facility, which are not included in the above numbers. Menards will also agree to allow other future users in the Venture Park to access the rail line installed as part of the project, which should add value to the remaining lots in the City-owned park and will open the park to additional development opportunities.

Proposed Economic Assistance

Menards is requesting a 50% property tax abatement for a period of ten years, a grant of $549,350, and transfer of ownership of the existing bulk warehouse building on the site at no cost to assist with the development of the Venture Park site as described herein. This assistance package would offset a projected $2,291,583 out of the total of the $24,820,094 minimum investment in the project, or roughly 9% thereof. Public assistance with the cost of the project is required to provide a positive rate of return on the large up-front investment involved in developing a project of this magnitude.

Generally speaking, all of Menards' industrial projects are evaluated versus a "no build" scenario. The Menards retail store locations in Kansas and Western Missouri could continue to be served from existing industrial facilities in the Omaha area or from the new campus being developed in the greater St. Louis area. The annual freight savings from having a facility closer to these store locations is the main source of "revenue" used to offset the costs of constructing and operating a new industrial site in Lawrence. Menards has completed a cost and benefit analysis of the project evaluating the average reduction in distance to stores, the number of stores to be served in the near and long term and the projected costs of the project. This cost versus benefit equation is particularly challenging in the case of the project in Lawrence, because the number and density of stores to be served is lower than for other facilities that Menards has developed in the past. Based upon this analysis, the proposed public assistance from the City, in addition to incentives being offered by Douglas County and the State of Kansas, will be vital to provide a positive return on the investment in land, buildings, equipment and infrastructure.

Menards is excited to work with the City of Lawrence, Douglas County, the State of Kansas and the entire community to make the proposed project a reality. The public-private partnership represented by the requested tax abatement will produce over 100 new jobs, millions of dollars of new tax base and numerous other benefits to the community as described herein. The project will also represent a major first step toward completing the renewal of former Farmlands site and the start of a new economic engine in the Lawrence Venture Park. For all of these reasons, Menards requests that the City Commission approve the proposed incentive application to allow the development to move forward.

Thank you for your time and your consideration of this request. If you have any questions or need any additional information to complete your review of the application, please do not hesitate to contact me directly using the information provided below.

Very truly yours,
Menard, Inc.

Scott R. Nuttelman
Real Estate Representative
Phone: (715) 876-2383
Fax: (715) 876-5998
Mobile: (715) 577-0363
snuttelm@menard-inc.com

Enclosures

City of Lawrence, Kansas
Application for Economic Development Support/Incentives

The information on this form will be used by the City to consider your request for economic development support and may also be used to prepare a cost-benefit or other analysis of the project. Information provided on this form will be available for public viewing and will be part of compliance benchmarks, if approved for economic development support. Prior to submission, applicant may wish to seek technical assistance from City Staff, the Chamber of Commerce, the Small Business Development Center, or others to address questions and ensure the application is complete.

Please provide data in the cells below. Applicant is encouraged to attach additional pages as necessary to fully explain and support the answers to each question. Note anything additional you wish the City to take into consideration for your request and provide supporting documentation.

Applicant Contact Information	
Name:	Scott R. Nuttelman
Title:	Real Estate Representative
Organization:	Menard, Inc.
Address 1:	5101 Menard Drive
Address 2:	Eau Claire, WI
Phone:	(715) 876-2383
Email:	snuttelm@menard-inc.com
Fax:	(715) 876-5998

Application Tips:

Enter contact information for the company representative completing this application.

Economic Development Support Requested		
City Incentives	**Amount**	**Term (in years)**
Tax Increment Financing District (TIF)	--	--
Transportation Development District (TDD)	--	--
Neighborhood Revitalization Area (NRA)	--	--
Tax Abatement (TA)	50%	10 years
Industrial Revenue Bonds (IRBs)	--	--
Community Improvement District (CID)	--	--

Other (Please Describe):

$549,350 City Grant, paid over 10 years
$200,000 County Grant, paid over 10 years
Transfer of "Bulk Warehouse Building" at no additional cost.

Application Tips:

Applicable Terms:
TIF: Up to 20 years
TDD: Up to 22 years
TA: Up to 10 years
CID: Up to 22 years

IRBs: If applying for IRBs, please enter the amount that will cover all construction costs for the project. Enter "n/a" for term.

Examples: City provided water main along ABC Street from 1st Street to 2nd Street, employee training grant for 5 years at $500/new employee, etc.

Project Information		
Name of Company Seeking Incentive(s):	Menard, Inc.	
Project Type *(check one)*:	Expansion:	
	New Facility:	X
Company Type *(check one)*:	Existing Local Company:	
	Out-of-Area Company Locating Locally:	X
Current Company Address:		
Location of Proposed New Facility/Expansion Project:	Venture Park Block C, Lot 1	
Describe the Company's Plans to Develop or Expand in the Community: The company plans to develop a new industrial campus to support its retail store network, including distribution, concrete block and truss manufacturing and lumber transloading facilities.		
Operations Start Date at the Expansion or New Facility:	July 2017	
Industry NAICS # for the New or Expanded Facility *(6-digit code)*:	327331, etc.	
Describe the Primary Industry the New or Expanded Facility Will Support: All products manufactured and distributed will be supplied exclusively to current and future Menards retail store locations in Kansas, Missouri and other surrounding states.		

Application Tips:

Company's Plans: e.g. ABC manufacturing is the nation's largest processors of wind turbine components. The company plans to construct a new 250,000 sf manufacturing plant in Commerce Park, initially employing 150 with an average annual salary of $35,000 each. Another 50 employees will be hired in Year 5 and 40 in year 7. The firm expects to initially invest $5 million in land and buildings and anticipates a 50,000 sf, $2 million expansion in Year 5 and another 50,000 sf expansion in Year 7.

Link for NAICS code lookup:
http://www.naics.com/search.htm

Capital Investment Information for New Facility or Expansion	
Estimated Size of New Facility *(square feet)*:	±184,000 sq. ft. total
Estimated Size of Land for New Facility *(acres)*:	±90.5 Acres

For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):

Year	Buildings & Other Real Property Improvements	Land	Total
1	$7,269,212	$794,328	$8,063,540
2	$7,208,091		$7,208,091
3			
4			
5			
6			
7			
8			
9			
10			
Total	$14,477,303	$789,574	$15,271,631
Will land be leased from the City or County *(Y/N)*:	N		
If yes, Monthly Lease Rate for Land:	N/A		

Application Tips:

If expansion, only include information on size and values of the new facility, not existing facility.

If land is currently owned, enter current land value from Douglas County property tax records. Otherwise, enter the market value amount the company will pay for land.

Local Utility Expenses		
Utility	**Current Local Monthly Expenses**	**Projected Local Monthly Expenses at New Facility**
Gas	0	$3650
Electricity	0	$30,000
Phone	0	$1000
Cable	0	$0
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		$0
Annual Operating Expenses after Expansion/Relocation:		$5,850,000
% of Additional Operating Expenses Anticipated to be Spent Locally:		57%
Exports		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		94%

Application Tips:

Current Local Monthly Expenses: Enter 0 for an out-of-area relocation or if project involves a separate, new facility.

Projected Local Monthly Expenses: Enter expense amounts anticipated at the new facility.

Existing Facility Annual Operating Expenses: Enter 0 if project is being relocated from out-of-area or if project involves a separate, new facility.

% Additional Operating Expenses Spent Locally: Enter % of operating expenses anticipated to be spent in Lawrence/Douglas County as a result of the project.

Exports: Enter % of revenues (from the sale of goods or services) anticipated to be generated from sources outside of Lawrence/Douglas County.

IRB and Tax Abatement Request Information	
If you are seeking an IRB, please list the firm that will be receiving the IRB:	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? *(Y/N)*	N
If you are leasing the building or land, and you are seeking a tax abatement without an IRB, please list the tenant and owner and the financial relationship between tenant and owner.	
Total Cost of Initial Construction for the Project:	$14,477,303
Estimated Cost of Construction Materials for Initial Construction:	$5,790,921
Anticipated Annual Gross Profits:	$0*

*All sales internal to Menard, Inc.

Application Tips:

Anticipated Annual Gross Profits: If you are seeking a tax abatement or an IRB, please provide an estimate of anticipated Annual Gross Profits ($). Note: For expansions, please enter anticipated gross annual profits from expansion.

This question helps estimate the impact of your incentive request on the State of Kansas, which is required for all tax abatements and IRBs.

Environmental Information		
Will the new facility meet Energy STAR criteria? (Y/N)		Y
Will the project seek or be designed to LEED certification standards? (Y/N)		N
If yes, please indicate level:	Certification	
	Silver	
	Gold	
	Platinum	

Please describe environmentally friendly features of the project:

The project will utilize energy star certified steel roofing, doors and lighting fixtures. Heat will be provided using efficient radiant floor heating from a boiler system fueled in part by recycled waste wood generated by the facility. Defect and returned concrete blocks produced by the facility will be recycled and reintroduced into the manufacturing process. The facility will produce zero waste water and virtually no other waste (primarily limited to small amounts of post-consumer waste from employees). A large portion of inbound raw materials are delivered by rail, reducing road congestion and CO^2 emissions.

Please describe anticipated positive environmental impacts resulting from the project:

One of the primary goals of the project is to reduce transportation distances to Menards store locations throughout the region. This reduces truck traffic and resulting emissions. Given the project site's history of environmental contamination, the development of the facility will also serve to "cap" any remaining contaminants, preventing infiltration of water and potential access to contaminants by the public at large.

Please describe anticipated negative environmental impacts and planned remediation efforts:

There is the potential for an increase in total storm water volume resulting from an increase in impervious area as well as possible water quality concerns. Because the site was previously developed and contains a substantial amount of impervious surface already, this potential impact is greatly reduced. A large portion of the storm water will be conveyed using grass swales instead of underground pipe, which will significantly improve water quality. The City has also designed Venture Park to include a regional detention facility to assure appropriate flood volume control.

Application Tips:

Environmentally Friendly Features: e.g. Low-energy, led lighting used throughout, pedestrian friendly elements including green space, bike paths, water saving native plantings used in landscapes, etc.

Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project:

The projected employment numbers do not include security and trucking jobs which are contracted with local third party companies and owner/operators. This will create an additional 10-15 full time jobs supporting the facility. The concrete plant will also use sand, gravel and cement purchased from local suppliers, amounting to approximately $500,000 in new raw materials sales. The trucking component of the operation will benefit local gas stations and truck sales and service businesses and will likely spur construction of new businesses of this type. The facility will also require frequent visits from Menards' corporate management and administrative staff, who will utilize local hotels, restaurants and other services.

Describe Other Quality of Life Benefits Resulting From Project:

The project will be the first major redevelopment of the former Farmland Industries site, and will constitute the start of a renewal of this area of the City with significant aesthetic and psychological benefits for the community, particularly after the City's investment of time and resources into this area. Menards will be a strong corporate citizen with a 60+ year history of commitment to and continual reinvestment in the communities it calls home. Menards participates in many community projects and is a regular sponsor of local events and groups, particularly those related to athletics.

Application Tips:

Local Economic Benefits: Include additional benefits not directly related to project capital investment and direct employment (e.g. Project attracting overnight visitors that will spend on lodging, entertainment, food and beverages, shopping, etc.)

Quality of Life Benefits: Include tangible and intangible benefits; such as how company is/will be a good corporate citizen, community involvement, local philanthropy efforts, and how project /company will contribute to local well being of citizens.

Employment Information	
Construction Employment for New Facility or Expansion	
# Full-Time. Construction Jobs:	±100
Average Annual Salary for Full-Time. Construction Workers *(during construction period)*:	±$35,000
Construction Period (months):	±18 months
For Expansion, # of Full-Time Employees Currently Working in Lawrence:	

New Employment Resulting from Project

	Year	Management		Professional		Mech./Superv.		Production	
		# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
Net New Jobs (full-time, permanent)	1	0		0		0		0	
	2	14	$55,883	8	$43,444	13	$33,944	65	$30,999
	3	0		0		0		0	
	4	0		0		0		0	
	5	0		0		0		0	
	6	0		0		0		0	
	7	0		0		0		0	
	8	0		0		0		0	
	9	0		0		0		0	
	10	0		0		0		0	
	Total	14	$55,883	8	$43,444	13	$33,944	65	$30,999

Anticipated # of Employees to Be Relocated Locally as a Result of the Project	
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:	5
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:	5 (incl. above)
# of Local, Full-Time Jobs Anticipated At End of Incentives Period:	100

Application Tips:

Enter 0 if project is new or relocation.

Enter information by major job category (e.g. administrative, support, professional, executive, production, etc.)

For a local expansion, Net New Jobs = number of additional employees to be hired each year, excluding employees that are already employed in Lawrence.)

Average Annual Salary: Only provide wage information. Do not include the value of non-wage benefits such as insurance and time off.

 # Jobs at End of Incentives Period: Enter total number of full-time employees (existing & new) anticipated to be employed at the new facility over the term of incentives (e.g. If applying for a 10-year tax abatement, this would be the total number of local Existing (if expanding) + Net New full-time jobs anticipated at the end of that 10-year period.)

Employee Benefits	
Description	**After Expansion or Relocation**
% of Employees with Company Provided Health Care Insurance	100% (eligible)
% of Health Care Premium Covered by Company	50% + HSA Contrib.
% of Employees with Company Provided Retirement Program	0%
Will You Provide Job Training for Employees? *(Y/N)*	Y
If Yes, Please Describe: On the job and computer based training will be provided on the subjects of safety, equipment operation, maintenance, management skills and other job skills varying by position.	
What is the Lowest Hourly Wage Offered to New Employees?	$13.84*
What Percentage of Your New Employees Will Receive this Wage?	1%
Will You Provide Additional Benefits to Employees? *(Y/N)*	Y
If Yes, Please Describe: Employees are also eligible for dental and life insurance benefits (50% paid by Menards). All employees who work at least 1000 hours in a calendar year also receive profit sharing, which is calculated at 2.5% of W2 earning for each year employed up to a maximum of 15%.	

*See attached wage information

Disclosures	
Company Form of Organization: "S" Corporation	
Company Principals: John Menard, Jr. - President Scott Collette - Chief Operating Officer John Menard, III - Exec. Vice President/Treasurer	
List all subsidiaries or affiliates and details of ownership:	
Subsidiary : N/A	
Principals:	
Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?	Yes
Has the Company, developer or any affiliated party declared bankruptcy?	No
Has the Company, developer or any affiliated party defaulted on a real estate obligation?	No
Has the Company, developer or any affiliated party been the defendant in any legal suit or action?	Yes
Has the Company, developer or any affiliated party had judgments recorded against them?	Yes
If the answer to any of the above question is yes, please explain: Menards is involved in various legal proceedings which are of a type and magnitude as would typically be expected with the operation of a large business. No current or pending legal actions or previous judgments have the potential to threaten the company's ability to complete the project as proposed.	

Note: Applicant may be required to provide additional financial information for the project and company.

When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

City of Lawrence
Attn: Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044
Fax: 785-832-3405
Email: bcano@lawrenceks.org

Application Fees	
Tax Abatement	$500
Industrial Revenue Bonds (IRB)	$1,000
Community improvement District (CID)	$2,500
Neighborhood Revitalization Area (NRA)	n/a
Transportation Development District (TDD)	n/a
Tax Increment Financing (TIF)	n/a
Other	n/a

I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: Scott R. Nuttelman; Real Estate Rep.; Menard, Inc.
(Please Print)

Signature: _____ Date: 11/17/15

Employment & Earnings Projections

Phase 1

Job Category	No. of Jobs	Created or Retained	Starting Wage*	Estimated W2 Earnings^	Earnings/ 2080 hrs
Site Manager	1	C	$18.19/hour	$72,996	$35.09
HR Coordinator	1	C	$13.84/hour	$41,652	$20.03
Plant Manager	3	C	$17.22/hour	$65,223	$31.36
Asst. Plant Manager	10	C	$16.71/hour	$51,371	$24.70
Controller	2	C	$15.17/hour	$47,519	$22.85
Manager Trainee	5	C	$16.20/hour	$44,519	$21.40
Maintenance	3	C	$14.91/hour	$33,469	$16.09
Area Supervisors	10	C	$15.17/hour	$34,086	$16.39
Production	65	C	$13.88/hour	$30,999	$14.90
Total	**100**	**C**		**$3,597,862**	**$17.30**

All positions will be paid hourly plus time and a half for overtime, hourly bonuses for weekends, holidays, 2nd and 3rd shift hours, and equipment cerifications, as well as production, management and other bonuses.

*Starting wage is the average of 1st and 2nd shift hourly wages plus 2.5% profit sharing.

^Estimated W2 earnings is the historical average of actual earnings for new hires in their first full year.

Addendum C: Model Results

Cost-Benefit Model Results: Menards

Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

Project Summary	
Capital Investment in Plant:	$6,938,430
Annual Local Expenditures by Firm:	$3,334,500
Retained Jobs:	100
Average Wage per Retained Job:	$30,384
Indirect Jobs Created:	71
Economic Value per Indirect Job:	$21,029
Total New Households:	79
Discount Rate:	5.93%
Cost and Revenue Escalation:	1.00%
Number of Years Evaluated:	15

Incentives	
IRB Offered	No
Value of IRB Construction Sales Tax:	$0
Tax Rebate:	50%
Length of Tax Abatement/s:	10 Years
Value of Tax Abatements, Total:	$1,256,270
Other Incentives	
Site Infrastructure:	$0
Bulk Warehouse:	$285,963
City & County Grants:	$749,350
Value of All Incentives Offered:	**$2,291,583**
Value of All Incentives per Job per Year:	$1,528
Value of Incentives in Hourly Pay:	$0.73
Value of Incentives per Dollar Invested:	$0.33

Summary of Results

Returns for Jurisdictions	Lawrence	Douglas County	USD 497	State of Kansas
Revenues	$5,128,193	$2,798,239	$2,842,574	$2,330,541
Costs	$3,005,278	$1,647,150	$494,938	$62,005
Revenue Stream, Pre-Incentives	*$2,122,914*	*$1,151,089*	*$2,347,636*	*$2,268,536*
Value of Incentives Offered	$1,143,649	$601,756	$350,246	$195,931
Revenue Stream with Incentives	**$979,265**	**$549,333**	**$1,997,390**	**$2,072,605**

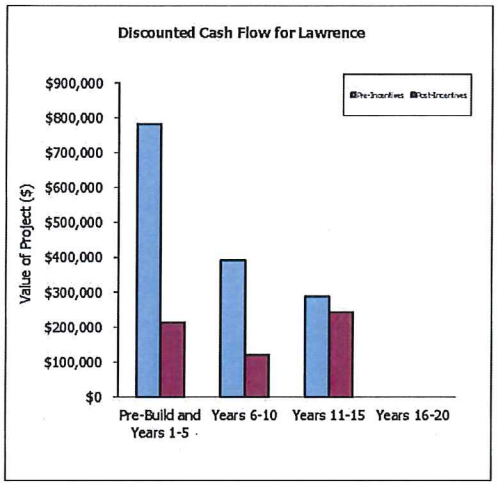
Returns for Jurisdictions, Discounted	Lawrence	Douglas County	USD 497	State of Kansas
Discount Rate	5.93%			
Discounted Cash Flow, Without Incentives	$1,460,588	$706,419	$1,506,421	$1,519,920
Benefit/Cost Ratio, Without Incentives	*1.71*	*1.64*	*5.56*	*39.09*
Discounted Cash Flow, With Incentives	$576,784	$286,972	$1,262,282	$1,383,349
Benefit/Cost Ratio, With Incentives	**1.28**	**1.26**	**4.82**	**35.67**

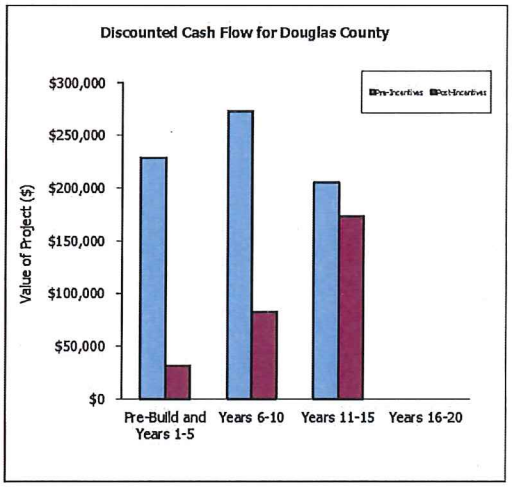
Addendum C: Model Results (cont.)

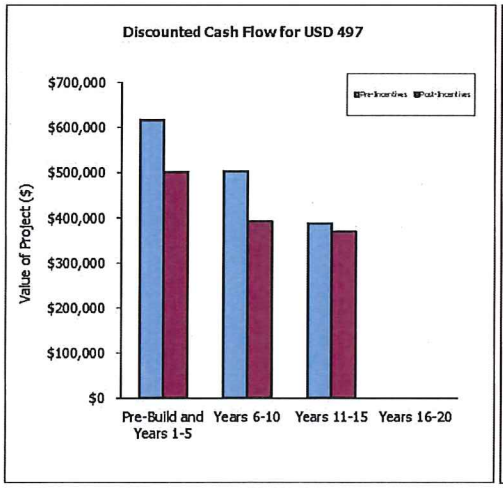
Cost-Benefit Model Results: Menards

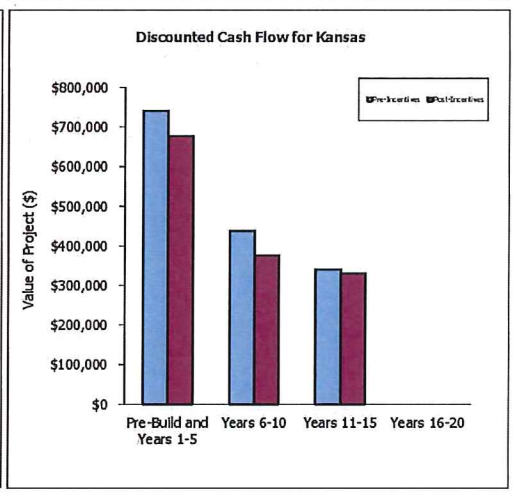
Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

Graphs of Benefits and Costs by Time Period, with and Without Abatement







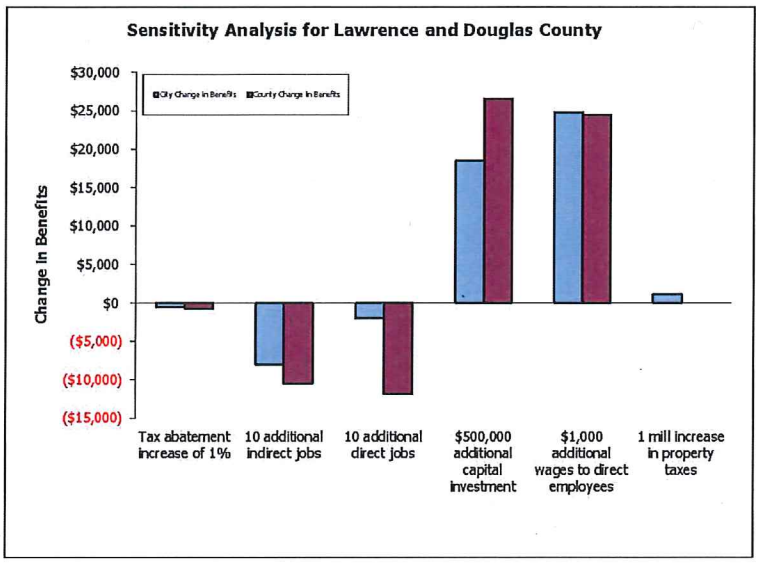


Addendum C: Model Results (cont.)

Cost-Benefit Model Results: Menards

Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

Sensitivity Analysis



Addendum C: Model Results (cont.)

Cost-Benefit Model Results: Menards

Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

APPENDIX 1: Annual Results Not Discounted

Lawrence: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$892,819	($535,773)	$0	$357,046	$357,046
2	$299,739	($165,213)	($85,769)	$48,757	$405,803
3	$302,119	($166,865)	($85,769)	$49,486	$455,289
4	$304,524	($168,534)	($85,769)	$50,222	$505,511
5	$306,953	($170,219)	($85,769)	$50,965	$556,476
6	$309,405	($171,921)	($85,769)	$51,716	$608,192
7	$296,541	($173,640)	($85,769)	$37,132	$645,324
8	$293,725	($175,377)	($85,769)	$32,580	$677,904
9	$296,046	($177,130)	($85,769)	$33,146	$711,050
10	$298,389	($178,902)	($85,769)	$33,719	$744,769
11	$300,757	($180,691)	($85,769)	$34,297	$779,066
12	$303,147	($182,498)	$0	$120,650	$899,716
13	$305,562	($184,323)	$0	$121,240	$1,020,956
14	$308,001	($186,166)	$0	$121,835	$1,142,791
15	$310,465	($188,028)	$0	$122,437	$1,265,228
16	$0	$0	$0	$0	$1,265,228
17	$0	$0	$0	$0	$1,265,228
18	$0	$0	$0	$0	$1,265,228
19	$0	$0	$0	$0	$1,265,228
20	$0	$0	$0	$0	$1,265,228

Douglas County: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$191,310	($247,246)	$0	($55,936)	($55,936)
2	$179,500	($93,655)	($60,176)	$25,669	($30,268)
3	$180,491	($94,592)	($60,176)	$25,724	($4,544)
4	$181,492	($95,538)	($60,176)	$25,779	$21,235
5	$182,504	($96,493)	($60,176)	$25,835	$47,070
6	$183,525	($97,458)	($60,176)	$25,892	$72,962
7	$184,557	($98,433)	($60,176)	$25,949	$98,911
8	$185,599	($99,417)	($60,176)	$26,007	$124,918
9	$186,652	($100,411)	($60,176)	$26,065	$150,983
10	$187,715	($101,415)	($60,176)	$26,124	$177,107
11	$188,788	($102,429)	($60,176)	$26,183	$203,290
12	$189,873	($103,454)	$0	$86,419	$289,709
13	$190,968	($104,488)	$0	$86,480	$376,189
14	$192,074	($105,533)	$0	$86,541	$462,730
15	$193,191	($106,588)	$0	$86,603	$549,333
16	$0	$0	$0	$0	$549,333
17	$0	$0	$0	$0	$549,333
18	$0	$0	$0	$0	$549,333
19	$0	$0	$0	$0	$549,333
20	$0	$0	$0	$0	$549,333

Addendum C: Model Results (cont.)

Cost-Benefit Model Results: Menards

Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

APPENDIX 1: Annual Results Not Discounted (Continued)

USD 497: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$181,365	($66,697)	$0	$114,668	$114,668
2	$182,478	($28,650)	($35,025)	$118,803	$233,471
3	$183,602	($28,936)	($35,025)	$119,641	$353,112
4	$184,738	($29,226)	($35,025)	$120,487	$473,599
5	$185,885	($29,518)	($35,025)	$121,342	$594,941
6	$187,043	($29,813)	($35,025)	$122,205	$717,145
7	$188,213	($30,111)	($35,025)	$123,077	$840,222
8	$189,395	($30,412)	($35,025)	$123,957	$964,179
9	$190,588	($30,717)	($35,025)	$124,846	$1,089,026
10	$191,793	($31,024)	($35,025)	$125,745	$1,214,770
11	$193,011	($31,334)	($35,025)	$126,652	$1,341,422
12	$194,241	($31,647)	$0	$162,593	$1,504,015
13	$195,482	($31,964)	$0	$163,519	$1,667,534
14	$196,737	($32,283)	$0	$164,453	$1,831,987
15	$198,004	($32,606)	$0	$165,397	$1,997,385
16	$0	$0	$0	$0	$1,997,385
17	$0	$0	$0	$0	$1,997,385
18	$0	$0	$0	$0	$1,997,385
19	$0	$0	$0	$0	$1,997,385
20	$0	$0	$0	$0	$1,997,385

State of Kansas: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$322,421	($3,852)	$0	$318,569	$318,569
2	$136,829	($3,891)	($19,593)	$113,346	$431,914
3	$137,806	($3,929)	($19,593)	$114,283	$546,198
4	$138,792	($3,969)	($19,593)	$115,230	$661,428
5	$139,788	($4,008)	($19,593)	$116,187	$777,614
6	$140,794	($4,048)	($19,593)	$117,152	$894,767
7	$141,810	($4,089)	($19,593)	$118,128	$1,012,895
8	$142,836	($4,130)	($19,593)	$119,113	$1,132,008
9	$143,873	($4,171)	($19,593)	$120,109	$1,252,117
10	$144,920	($4,213)	($19,593)	$121,114	$1,373,231
11	$145,977	($4,255)	($19,593)	$122,129	$1,495,360
12	$147,045	($4,298)	$0	$142,747	$1,638,107
13	$148,124	($4,341)	$0	$143,783	$1,781,890
14	$149,213	($4,384)	$0	$144,829	$1,926,719
15	$150,313	($4,428)	$0	$145,885	$2,072,605
16	$0	$0	$0	$0	$2,072,605
17	$0	$0	$0	$0	$2,072,605
18	$0	$0	$0	$0	$2,072,605
19	$0	$0	$0	$0	$2,072,605
20	$0	$0	$0	$0	$2,072,605

Addendum C: Model Results (cont.)

Cost-Benefit Model Results: Menards

Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

APPENDIX 2: Discounted Annual Results

Lawrence: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	($285,963)	($285,963)	($285,963)
1	$842,823	($505,771)	$0	$337,052	$51,089
2	$267,109	($147,228)	($76,432)	$43,450	$94,539
3	$254,154	($140,373)	($72,152)	$41,629	$136,168
4	$241,832	($133,838)	($68,111)	$39,883	$176,051
5	$230,110	($127,606)	($64,297)	$38,206	$214,257
6	$218,960	($121,665)	($60,697)	$36,598	$250,856
7	$198,105	($116,001)	($57,298)	$24,806	$275,662
8	$185,235	($110,600)	($54,089)	$20,546	$296,208
9	$176,244	($105,451)	($51,060)	$19,733	$315,941
10	$167,692	($100,541)	($48,201)	$18,950	$334,891
11	$159,557	($95,860)	($45,502)	$18,195	$353,086
12	$151,820	($91,397)	$0	$60,423	$413,509
13	$144,460	($87,142)	$0	$57,318	$470,827
14	$137,459	($83,085)	$0	$54,374	$525,201
15	$130,799	($79,216)	$0	$51,583	$576,784
16	$0	$0	$0	$0	$576,784
17	$0	$0	$0	$0	$576,784
18	$0	$0	$0	$0	$576,784
19	$0	$0	$0	$0	$576,784
20	$0	$0	$0	$0	$576,784

Douglas County: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$180,597	($233,401)	$0	($52,804)	($52,804)
2	$159,959	($83,460)	($53,625)	$22,874	($29,930)
3	$151,836	($79,574)	($50,622)	$21,640	($8,290)
4	$144,129	($75,869)	($47,787)	$20,472	$12,182
5	$136,816	($72,337)	($45,111)	$19,368	$31,550
6	$129,877	($68,969)	($42,585)	$18,323	$49,873
7	$123,294	($65,758)	($40,200)	$17,335	$67,208
8	$117,047	($62,696)	($37,949)	$16,401	$83,609
9	$111,119	($59,777)	($35,824)	$15,517	$99,126
10	$105,494	($56,994)	($33,818)	$14,681	$113,808
11	$100,156	($54,341)	($31,924)	$13,891	$127,698
12	$95,091	($51,811)	$0	$43,280	$170,978
13	$90,283	($49,399)	$0	$40,885	$211,863
14	$85,721	($47,099)	$0	$38,623	$250,486
15	$81,392	($44,906)	$0	$36,486	$286,972
16	$0	$0	$0	$0	$286,972
17	$0	$0	$0	$0	$286,972
18	$0	$0	$0	$0	$286,972
19	$0	$0	$0	$0	$286,972
20	$0	$0	$0	$0	$286,972

Addendum C: Model Results (cont.)

Cost-Benefit Model Results: Menards

Scenario: 50%, 10-Year Tax Abatement, City provided bulk warehouse, City & County grants

APPENDIX 2: Discounted Annual Results (Continued)

USD 497: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$171,209	($62,962)	$0	$108,247	$108,247
2	$162,613	($25,531)	($31,212)	$105,870	$214,117
3	$154,453	($24,342)	($29,464)	$100,646	$314,763
4	$146,706	($23,209)	($27,815)	$95,682	$410,446
5	$139,350	($22,128)	($26,257)	$90,965	$501,411
6	$132,367	($21,098)	($24,787)	$86,482	$587,893
7	$125,736	($20,116)	($23,399)	$82,222	$670,114
8	$119,440	($19,179)	($22,088)	$78,173	$748,287
9	$113,462	($18,286)	($20,851)	$74,325	$822,611
10	$107,786	($17,435)	($19,684)	$70,667	$893,279
11	$102,396	($16,623)	($18,582)	$67,191	$960,470
12	$97,278	($15,849)	$0	$81,429	$1,041,899
13	$92,418	($15,111)	$0	$77,306	$1,119,205
14	$87,802	($14,408)	$0	$73,395	$1,192,600
15	$83,419	($13,737)	$0	$69,682	$1,262,282
16	$0	$0	$0	$0	$1,262,282
17	$0	$0	$0	$0	$1,262,282
18	$0	$0	$0	$0	$1,262,282
19	$0	$0	$0	$0	$1,262,282
20	$0	$0	$0	$0	$1,262,282

State of Kansas: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	$0	$0	$0	$0	$0
1	$304,366	($3,636)	$0	$300,729	$300,729
2	$121,934	($3,467)	($17,460)	$101,007	$401,736
3	$115,927	($3,306)	($16,482)	$96,139	$497,876
4	$110,219	($3,152)	($15,559)	$91,508	$589,383
5	$104,794	($3,005)	($14,688)	$87,100	$676,484
6	$99,637	($2,865)	($13,866)	$82,907	$759,390
7	$94,737	($2,732)	($13,089)	$78,916	$838,306
8	$90,079	($2,604)	($12,356)	$75,118	$913,424
9	$85,652	($2,483)	($11,664)	$71,504	$984,928
10	$81,444	($2,368)	($11,011)	$68,065	$1,052,993
11	$77,444	($2,257)	($10,395)	$64,792	$1,117,785
12	$73,642	($2,152)	$0	$71,490	$1,189,275
13	$70,028	($2,052)	$0	$67,976	$1,257,251
14	$66,593	($1,957)	$0	$64,636	$1,321,887
15	$63,327	($1,865)	$0	$61,462	$1,383,349
16	$0	$0	$0	$0	$1,383,349
17	$0	$0	$0	$0	$1,383,349
18	$0	$0	$0	$0	$1,383,349
19	$0	$0	$0	$0	$1,383,349
20	$0	$0	$0	$0	$1,383,349

Addendum D: Cost-Benefit Model Limitations

This analysis utilized the City of Lawrence's Cost-Benefit Model. The City's cost-benefit model provides a framework for estimating the fiscal impacts of a project, assuming it were in existence and in use today, through the examination of costs and benefits to various taxing jurisdictions (City, County, School District, State).

The Cost-Benefit model is one tool that government decision makers can incorporate in their decision-making process. However, as with most models, it does have limitations, including:

- **Does not consider intangible effects**
  The model does not speak to the effects of intangible costs or benefits resulting from the project, since intangible effects are difficult, if not impossible to assign a dollar value.

- **Does not consider private or market effects**
  The model only seeks to quantify the cumulative effect on public revenues and expenses and not the effect on private interests that may be affected by the project. Thus, the model only considers public, or governmental, costs and revenues.

  Logic would dictate that any development may also have a financial impact on the private sector. For example, if one were analyzing a proposal to build a new baseball stadium, the new tax revenue from the building and property – as well as the costs for providing additional public security and emergency services (police, fire, ambulance, etc.) – would factor into the analysis. However, the effect of the stadium on neighboring property values or the impact on business at local restaurants would not be accounted for within the model.

  The cost-benefit model does not consider market impacts of the project, including the amount of market share the project captures from existing businesses or the amount of new revenues brought into the community as a direct result of the project. A market study can be employed to study these effects.

- **The model considers direct effect economic impacts**
  Multipliers used within the model are applied to direct effects such as the number of jobs created by the project and associated wages. The model does not attempt to measure all indirect effects such as capturing visitor spending associated with the project, nor the economic effects of that spending as outside dollars circulate through the community over time.

- **Model assumes current effects**
  The model is run on assumptions and estimations provided at the time of analysis. The current effects aspect of the model means that the analysis provides a way of estimating the financial impact of a development as if the project were in existence and in use today, given estimated costs and assumptions that are usually defined prior to the project being constructed or operational. Given that it may be difficult to predict future costs and benefits accurately, there is an implicit assumption that future changes affect both revenues and costs.

  In addition, the model does not reflect any changes in economic adjustments over time due to macroeconomic conditions, regional industrial structure, public policies, and technological advances.

- **Does not consider fiscal impacts of temporary or part-time employment**
  Employment analyzed is for full-time, permanent positions related to the project and does not consider temporary jobs created due to project construction or part-time positions created during project operation.

Other considerations for decision making:

It is important to remember that there could be several important considerations that fall outside of the realm of municipal budgets. For example, fiscal impacts of development on abutters, local businesses and natural resources are not accounted for in the cost-benefit model.

The model also does not consider issues of equity and social responsibility. For instance, while it may be easy to identify the fiscal downsides of low-income housing on municipal and school budgets, municipalities may also bear some level of responsibility for ensuring access to affordable housing, as is dictated by the Fair Housing Act. Finally, communities maintain certain values that cannot be assigned a price tag, such as the intrinsic value of nature, cultural heritage, and aesthetics.

Depending on the project, it may be prudent to employ other analytical models or studies (e.g. economic impact analysis; pro forma/but-for analysis; trade area analysis; tourism impact, market demand and other studies; etc.) in conjunction with the cost-benefit model, as well as non-quantifiable elements, to gain insight into the project's overall value to the community.

PUBLIC ASSISTANCE REQUEST: MENARD, INC.

County Commission
December 9, 2015

Presentation

- Project Overview
- Assistance Request
- Eligibility
- Analysis
- Other Considerations
- Future Actions

Project Overview

- 90.5+ Acre Manufacturing Campus at LVP
- 184,000 S.F. of Facility Space
- $15+ Million Real Property Investment
- 100 Net New Full-Time Jobs
- Starting Wages Averaging $14.61/Hour with First Year Wages Averaging $17.30/Hour
- 94% of Goods Sold Outside Community
- Cash Purchase of LVP Land with10-Year Total of Special Assessments Paid Up Front

Assistance Request

- 10-Year, 50% Tax Abatement
- City and County Aid in Defraying Partial Special Assessments (paid over 10-years)
- Bulk Warehouse Building (former Farmland Indus. Building)

Approximate Value = $2.29 Million

Eligibility

- Tax Abatement Policy Criteria

Lawrence: Tax Abatement Policy Criteria			
Item #	Policy Requirement	Threshold	Project Delivers
1	Business is environmentally sound	Not specified	Project will incorporate many environmentally friendly products and practices including, energy star certified roofing, doors, and light fixtures; efficient radiant floor heating from a boiler system fueled partly by recycled waste wood generated by the facility; defect and returned concrete blocks produced by the facility will be recycled and reintroduced into the manufacturing process; facility will produce zero waste water and virtually no other waste.
2	AVERAGE WAGE: Business pays all employees in the abated project an average wage per employment category that meets or exceeds the average in the community as determined annually by the Kansas Department of Human Resources Wage Survey.	Community average for all Production jobs is $16.78/hr.	Average company annual wage is $17.30 for full-time, permanent positions.
3	WAGE FLOOR: The business pays all covered employees a wage, at or above, an amount which is equal to 130% of the federal poverty threshold for a family of 3, as established by the United States Department of Health and Human Services	$12.56/hour (2015)	Lowest wage paid is $13.84 for full-time, permanent employees. Average starting hourly wage is $14.61 for full-time, permanent positions.

Eligibility

- Tax Abatement Policy Criteria (continued)

4. HEALTH INSURANCE REQUIREMENTS, The business provides one of the following:			
4-A	(A) The availability of covered employees to obtain an employer-sponsored health insurance policy, pursuant to employer guidelines, in which case the employer provides a minimum of 70% of the cost of such policy	70% of policy cost	Company will pay 50% of healthcare premium for 100% of employees + HAS contribution
4-B	(B) As an alternative to offering an employer-sponsored health insurance policy, the employer shall pay the covered employee a wage which is at least $1.50 per hour above the amount required in Item #3 above.	$14.06 ($12.56 + $1.50 for 2015)	Average starting company wage is $14.61. $17.30 as the average wage during the first year of employment.
5	Positive Benefit/Cost ratio	1.25 or higher	1.25 ratio exceeded for all taxing jurisdictions.

Eligibility %

Tax Abatement: % Eligible				
% Available	Description	Meets	Eligibility %	Notes
50%	Company investing over $7M in 2009 adjusted dollars ($7,710,523 in 2015 dollars), minimum 30 new jobs created	Yes	50%	Over $15 million to be invested in building and other real property improvements. 100 new full-time, permanent positions to be created within first two years of operation.
	Company has been on the Douglas County property tax rolls for more than 3 years, is investing over $5M in 2008 adjusted dollars ($5,476,346 in 2015 dollars), minimum 20 new jobs created	--	--	--
10%	Company has been on Douglas County Property Tax rolls for at least 3 years	--	--	--
5%	Capital investments exceeds $10M in 2009 adjusted dollars ($11,015,033 in 2015 dollars)	Yes	5%	Total real property capital investment is over $15 million
5%	Project constructed to LEED certification or Silver standards	--	--	--
10%	Project constructed to LEED Gold or Platinum standards	--	--	--
5%	Unique site constraints or construction requirements make development difficult	Yes	5%	Site has multiple monitoring wells that will need continual accessibility to meet KS Health & Energy Department requirements. Applicant will need to design building and site area to accommodate city staff access for performing on-going environmental monitoring. Site has topological design challenges.
5%	Project is seen as a catalyst for future projects in an economic development area	Yes	5%	Project to be first large-scale development and will serve as anchor tenant at Lawrence VenturePark.
5%	Project located in a targeted development location or development-ready site	Yes	5%	Located in Lawrence VenturePark
10%	Project provides exceptional wages	--	--	--
TOTAL Eligible Percentage			70%	

Eligibility

- Eligibility Conclusion:
  - **City Tax Abatement Policy Criteria**—The project as proposed and requested public assistance package appears to meets policy criteria thresholds.
  - **Tax Abatement % Eligibility**—The applicant's request for a 50% tax abatement appears to fall within the abatement percentage allowed under City policy.
  - **Model Results**—Model results show that the cost-benefit threshold of 1.25 can be met for all taxing jurisdictions, given the applicant's request for assistance.

Analysis

- Assumptions:

Assumptions Summary	
Building Size (sf):	184,000
Location:	Lawrence VenturePark
Lot:	Block C, Lot 1+
Lot Size (ac):	90.542
Appraised Land Value:	$794,329
Business Type:	Industrial/Manufacturing (NAICS 327331)
Estimated Construction End:	July 2017
First Full Tax Year After Construction Completed:	2018
Assessment Ratio:	0.25
Capital investment (New Construction):	$14,477,300
Total Real Property Capital Investment, including land + existing warehouse + new construction on building (does not include machinery, equipment, or other personal property)	$15,557,592
Special Assessments Value	$1,084,018
Total value land + SA	$1,878,347
Total FT Jobs over 2 years	100
Average salary without benefits	$30,384 (starting wage) to $35,979 (1st year average)
Benefits:	Company paid 50% healthcare premium + HSA contribution. Employees also eligible for dental and life insurance benefits (50% paid by company).
Estimated Appraised Real Property Valuation for Taxing Purposes (per DG Appraisers):	$7,837,239
Net City Costs on Land:	$244,268
Appraised Warehouse Building Value (Aug. 2015):	$285,963

Analysis

- Assumptions:
  - Capital Investment

Menards: Phase I Acquisition and Investment	
Description	New Real Property Capital Investment
Land	$794,329
Improvements	$14,477,303
Total	$15,271,632

Analysis

- Assumptions:
  - Job Creation & Wages

Job Creation: Phase I			
Year	# Jobs	Starting Hr. Wage	SUMProd
Site Manager	1	$18.19	$18.19
HR Coordinator	1	$13.84	$13.84
Plant Manager	3	$17.22	$51.66
Asst. Plant Manager	10	$16.71	$167.10
Controller	2	$15.17	$30.34
Manager Trainee	5	$16.20	$81.00
Maintenance	3	$14.91	$44.73
Area Superv	10	$15.17	$151.70
Production	65	$13.88	$902.20
Total	100		$1,460.76
Avg. Hr.	$14.61		
Avg. Annual	$30,383.81		

Analysis

- Assumptions:
  - Property Tax History
    - Previously exempt during remediation
    - Will go on the tax rolls in 2015 (~$26,000 property tax due from city)

Analysis

- Assumptions:
  - Market Valuation and Special Assessments

Market Valuation: Land						
Block	Lot	Lot Size (Acres)	Lot Size (SF)	Market Land Value	Special Assessments	
					$/SF	Total
C (area with SA)	1	75.411	3,284,903	$661,584	$0.33	$1,084,018
C (area no SA)		15.131	659,106	$132,745	$0.00	$0
Total		90.542	3,944,010	$794,329		$1,084,018

Market Value: Bulk Warehouse		
Description	Size	Value
Land	1.6 acres	$14,037
Building	33,158 sf	$285,963
	Total Market Value:	$300,000

Analysis

- Assumptions:
  - Market Valuation for Taxing Purposes

Valuation Estimates for Property Tax					
Income Valuation Methodology	Per SF	Building Size	Building Appraised Value	Land Appraised Value	Total
New Construction: Class A, Large Industrial Manufacturing	$42.00	184,000	$6,938,430	$794,329	$7,837,239
Existing Building: Bulk Warehouse Building		33,158	$104,480		
Estimated, appraised value estimates from Douglas County, Appraisal Office					

Analysis

- Results

JT Public Assistance Request	
Description	Value
50% Tax Abatement, 10 Years	$1,256,270
City Grant (10 year, SA)	$549,350
County Grant (10 year, SA)	$200,000
City Bulk Warehouse	$285,963
Total package value:	$2,291,583

Cost-Benefit Ratios					
Description	City	County	USD 497	State	Total Package Value
50% Tax abatement, City provided bulk warehouse (~$286,000 value), City ($549,350 total value) and County ($200,000 total value) grants: total grant amounts to be divided by 10 and payable in equal, annual installments over 10-year abatement period.	1.28	1.26	4.82	N/A	$2,291,583

Assumes JT purchases land at market (appraised) value and pays SA

Considerations

- Additional Policy Considerations:
  - **Future expansion/additional job creation:** Estimated 100 net new, full-time positions on site, with potential for additional jobs added during future expansion phases
  - **Utilization of local products in business:** ~ *57% of operating expenditures will be made in Lawrence.*

Considerations

- **Environmental Impact:**
  - *Project will utilize energy star certified steel roofing, doors and lighting fixtures.*
  - *Heat will be provided using efficient radiant floor heating from a boiler system fueled in part by recycled waste wood generated by the facility.*
  - *Defect and returned concrete blocks produced by the facility will be recycled and reintroduced into the manufacturing process.*
  - *Facility will produce zero waste water and virtually no other waste.*
  - *A large portion of inbound raw materials are delivered by rail, reducing road congestion and* CO^2 *emissions.*
  - *Reduced transportation distances to retail store locations throughout the region helps reduces truck traffic and resulting emissions.*

Considerations

- **Area Economic Impact:**
  - *Strong Anchor Tenant, Sizable Presence at LVP*
  - Well known, large national company—Can be catalyst for additional industrial development within and around LVP
  - Rebuilding Rail Spur—will allow other tenants access
  - Likely future expansion with additional buildings and employment opportunities
  - Estimated support of10-15 local, full-time security and trucking jobs by 3rd party employers.
  - Trucking operations should benefit local gas stations and provide spin off economic benefits for truck services and sales.
  - Concrete plant will use sand and gravel and cement purchased from local suppliers (~$500,000 in new raw materials sales).

Considerations

- **Compatibility with land use and City development plans, Availability of existing infrastructure:**
  - *Compatible with zoning, land use, and development plans for LVP property.*
  - *Park has all necessary infrastructure and public services in place.*
- ***Meeting Policy Economic Development Objectives:***
  - *Recruitment of companies from out of state: Menard's 1st manufacturing plant within Kansas. Provides product to stores in Kansas and neighboring states.*
  - *Encourage Good Corporate Citizenship: 60+ year history of communities it calls home. Participation in many community projects and regular sponsor of local events and groups.*
  - *Horizon 2020 specifies business within select industries, including "light manufacturing & Distribution" should be a focus of economic development for the community.*

Other Considerations

- **Parcels are some of the least desirable topographically.**
- **RCRA Site: requires on-site monitoring wells**
- **Least desirable parcels for visibility.**

Performance Provisions

- If a tax abatement is authorized, a Performance/Development Agreement will be needed to tie compliance performance categories to incentives earned.

- Capital Investment
- Job Creation
- Wages
- Health Insurance Benefits

Averages →

Blended Percentage Range	Amount of incentive to be received
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	No incentive

Requested Action

- Public Incentives Review Committee (PIRC) to reviewed the request on 12-8-1.
- County Commission to vote on participation in a County special assessment grant of $200,000.

Next Steps

- City Commission to hold a public meeting and vote on City participation in special assessment grant of $549,350 , ownership transfer of bulk warehouse building to company, and 10-year, 50% tax abatement.

Questions & Discussion

Thank you!

(4)

DOUGLAS COUNTY ADMINISTRATION
1100 Massachusetts Street
Lawrence, KS 66044-3064
(785) 832-5873 Fax (785) 832-5148
ehorn@douglas-county.com

Eileen Horn
Sustainability Coordinator

TO: Board of County Commissioners
FROM: Eileen Horn, Sustainability Coordinator
DATE: December 3, 2015
RE: Market Match SNAP matching collaborative USDA grant project

Background

Market Match is the dollar-for-dollar matching program that matches SNAP benefits (food stamps) spent at participating farmers' markets. The program provides SNAP matching funds up to $25 per day. For example, a family that spends $25 of their SNAP benefits at one market would receive $50 in market tokens to use at the various vendor booths for SNAP-eligible foods, like fresh vegetables, fruits, and meats. The benefits of Market Match are three-fold: low-income consumers eat more healthy foods, local farmers access new customers and increase revenue, and more dollars stay in the local economy. www.marketmatchks.org

Market Match was created in 2014 as an initiative of the Douglas County Food Policy Council and LiveWell Lawrence. In the pilot project year, almost $9,000 in SNAP benefits were matched, for a total of $18,000 spent at the two Lawrence farmers markets. In our post-program surveys and interviews participants indicated that the incentives offered by Market Match were very important in their decision to shop at the market (73%) and that their fruit and vegetable consumption increased because of the program (62%). Vendors also touted the success of the program, with 83% of market vendors agreeing that there was an increase of SNAP customers visiting their stand compared to previous years.

The program expanded in 2015 to serve low-income families at six farmers' markets in the region: The Lawrence Farmers' Market, Cottin's Hardware Farmers' Market (Lawrence), Downtown Farmers' Market of Manhattan, Pittsburg Farmers' Market, Atchison Farmers' Market and Allen County Farmers' Market (Iola). The 2015 market season is currently funded by the Kansas Health Foundation, Topeka Community Foundation, Kansas Department of Health and Environment, and the City of Lawrence. To date, approximately $17,000 has been matched at these markets.

2016 will be a pivotal year for Market Match. With support from the City of Lawrence, the Topeka Community Foundation, Southeast Kansas Community Foundation, Emporia Community Foundation, the Community Mercantile, and Wholesome Wave, Market Match will expand from the current six markets to eleven markets in the region- doubling the

number of low-income families who will have better access to healthy foods. We are strategically pursuing partnerships with markets in Kansas counties with the highest number of food insecure Kansans to ensure that we are addressing areas of greatest need. See table, below, for 2016 funding partners. (All are committed to the expansion of Market Match at farmers markets. The expansion to grocery stores is not planned unless additional funding is secured from the Sunflower Foundation at their December 10 board meeting).

Douglas County (remaining grant funds from 2015)	$20,000
City of Lawrence	$9,100
Topeka Community Foundation	$16,898
SE KS Community Foundation	$1,200
Emporia Community Foundation	$4,528
Wholesome Wave	$12,668
Merc Change Program	$3,500

While we are growing the program in 2016, we are simultaneously leveraging our partnership with Kansas State Rural Grocery Initiative for a yearlong research and planning initiative to evaluate our program and provide strategic direction for future expansion. We are also connecting with national organizations and resources to build a diverse and sustainable funding model that will provide for Market Match in the future.

Recently, we've been presented with a unique opportunity: The USDA Food Insecurity Nutrition Incentive (FINI) program has made funding available in the Farm Bill to support SNAP matching programs such as Market Match. We have partnered with other SNAP-matching programs in the region coordinated by Cultivate KC, Metropolitan Area Regional Council (MARC), and Fair Food Network to apply for a large, regional SNAP matching project. The FINI funds will match our local fundraising efforts $1:$1 to expand Market Match, and allow us to create a nationally-innovative program model around SNAP matching at rural grocery stores.

We are collaborating with the Metropolitan Area Regional Council (MARC), Cultivate KC, and the Fair Food Network to apply for a USDA Food Insecurity Nutrition Incentive (FINI) grant which would provide $1:$1 matching funds to support a Kansas-Missouri SNAP matching program expansion. The full project includes expansion of SNAP Matching at 72 farmers markets and 114 grocery stores over the period from April 2016-April 2019.

Market Match will be a subcontract of the full application submitted by MARC. MARC, Cultivate KC, and the East-West Coalition in St. Louis all serve urban cities in KS and MO. Market Match's role in the FINI partnership will be to serve the non-Kansas City communities in Kansas.

This FINI-fueled program expansion would allow Market Match to grow from our current 6 farmers markets to 15 in eastern Kansas over three years. See locations, below:

Existing MM markets (2015)				
Allen County Farmers' Market	**4 S Washington Ave**	**Iola**	**KS**	**66749**
Atchison Farmers' Market	**500 Main St.**	**Atchison**	**KS**	**66002**
Cottin's Hardware Farmers' Market	**1832 Massachusetts Street**	**Lawrence**	**KS**	**66044**
Lawrence Farmers' Market	**824 New Hampshire**	**Lawrence**	**KS**	**66044**
Downtown Farmers' Market of Manhattan	**300 Leavenworth Street**	**Manhattan**	**KS**	**66502**
Pittsburg Farmers' Market, Inc.	**109 E. 11th St.**	**Pittsburg**	**KS**	**66762**
Future MM markets (2016)				
Farmers' Market at Clinton Parkway	4900 Clinton Pkwy	Lawrence	KS	66047
East Topeka Market	2010 S.E. California	Topeka	KS	66607
Emporia Farmers' Market	702 Commercial St. #202	Emporia	KS	66801
Perry-Lecompton Farmers' Market	2115 Ferguson Rd	Perry	KS	66073
Baldwin City Optimal Living Farmers' Market	519 Ames	Baldwin City	KS	66006
Future MM markets (2017)				
Geary Community Hospital Farmers Market	1102 Saint Marys Rd.	Junction City	KS	66441
Downtown Topeka Farmers Market	SW 12th St & SW Harrison St	Topeka	KS	66612
Leavenworth Farmers Market	Cherokee St & S 7th St	Leavenworth	KS	66048
Downtown Salina Farmers Market	339 N. Ninth	Salina	KS	67401

**Should additional funding be secured, six farmers markets in Wichita would be added to the program in 2017 and 2018.*

This expansion would also allow us to innovate in a new program area: SNAP matching at rural grocery stores. We know of only a handful of SNAP matching programs at grocery stores across the country, and none are tackling the need in our rural communities. Rural grocery stores often lack the point of sale and loyalty card infrastructure of larger chains that have facilitated SNAP matching programs. However, rural grocery stores are key food outlets for rural low-income families.

The rural grocery store partners for this pilot project are:

- Baldwin City Market, Baldwin City
- Gene's Heartland Foods, Eudora

Budget:

Douglas County will serve as a subcontract under the award. The full FINI grant will be awarded to, and administered by MARC.

To leverage the $1:$1 match provided by USDA, Douglas County is providing cash match (in the form of already-raised funding from the foundations and partners listed above) and in-kind staff support of Eileen Horn, County Sustainability Coordinator (0.25FTE).

(see federal budget narrative for details)

Action:

Receive report on Market Match participation in the Kansas-Missouri Nutrition Incentive Collaborative application to the USDA FINI program, and authorize signing the Core Partner Letter of Commitment for the grant application.

December 9, 2015

FINI Review Panel
National Institute of Food and Agriculture
Waterfront Centre
800 9th St. SW
Washington, DC 20024

Dear FINI Review Panel:

It is with great enthusiasm that we commit to partnering with MARC on the Kansas/Missouri Nutrition Incentive Collaboration project. We are thrilled to be able to scale our Market Match program beyond the borders of Douglas County in support of regional food security and food access for Kansans.

Douglas County is the local governmental entity that serves the 115,000 residents of Douglas County, Kansas. The County coordinates agencies such as the Lawrence-Douglas County Health Department, funds community agencies that address social services, and convenes citizen policy advisory bodies, like the Douglas County Food Policy Council. The Food Policy Council was created to advise Commissioners of policies to build a robust local food economy and to support our region's agricultural producers. For the past five years, the Food Policy Council has worked with key stakeholders (farmers, grocers, nonprofits, educators, etc.) to create programs and policies that advance our regional food system such as Market Match.

Market Match was created in 2014 as an initiative of our Douglas County Food Policy Council and LiveWell Lawrence, our community health coalition. In the pilot project year, $9,000 in SNAP benefits were matched, for a total of $18,000 spent at the two Lawrence farmers markets. In our post-program surveys and interviews, participants indicated that the incentives offered by Market Match were very important in their decision to shop at the market (73%) and that their fruit and vegetable consumption increased because of the program (62%). Vendors also touted the success of the program, with 83% of market vendors agreeing that there was an increase of SNAP customers visiting their stand compared to previous years.

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2016 will be a pivotal year for Market Match. With support from the City of Lawrence, the Topeka Community Foundation, Southeast Kansas Community Foundation, Emporia Community Foundation, the Community Mercantile, Sunflower Foundation, and Wholesome Wave, Market Match will expand from the current six markets to eleven markets in the region-doubling the number of low-income families who will have better access to healthy foods. In 2017, we plan to expand to 15 farmers markets in northeast Kansas, and two rural grocery stores in Douglas County. If funded, the proposed Kansas/Missouri Nutrition Incentive Collaboration will allow us to expand existing programming and intentionally collaborate with core partners.

Specifically, Douglas County (Market Match) commits to:

- Participate as a Core Partner in the Kansas/Missouri Nutrition Incentive Collaboration to catalyze a bi-state expansion of SNAP matching programs and increase access to healthy, locally grown fruits and vegetables.
- Grow its SNAP incentive program at its 6 current markets and expand into 15 new farmers' markets by the end of the three year funding period. This will provide $155,750 in matching incentives for SNAP shoppers at farmers markets.
- Collaborate with the project partners and grocery store partners to replicate SNAP matching in large grocery stores (i.e. Price Chopper) to two small, independently-owned rural grocery stores in Northeast Kansas, providing $33,750 in matching incentives for low-income shoppers at these stores.
- Work with MARC and other core partners to:
    - align program operations,
    - achieve efficiencies through combined reporting and evaluation efforts,
    - create a collaborative, multilevel marketing campaign spanning both farmers' markets and grocery stores across the bi-state region,
    - participate in meaningful evaluation of SNAP incentive programming and will collaborate with MARC in project evaluation and overall FINI Program evaluation as requested by the FINI outside evaluator.

Douglas County will provide a total of $252,899 in matching funds of cash and in-kind contributions to this project. Our cash contribution to this project will total $128,948, and a good faith estimate of the current fair market value of our in-kind contribution to this project has been calculated at $ 123,951. The entirety of these in-kind contributions will be made during the proposed three-year grant period. None of the work outlined for our organization will duplicate or supplant existing funding.

Sincerely,

Jim Flory, Chair
Douglas County Board of County Commissioners

Federal Budget Narrative - Market Match

OVERVIEW:

Source of Federal Funds: FINI Program
Funding Request Summary:

	Match	Federal	Total
Personnel:	**$ 176,950**	**$ 74,946**	**$ 251,896**
Fringe Benefit:	**$ 4,488**	**$ 19,438**	**$ 23,926**
Travel:	**$ 5,710**	**$ 0**	**$ 5,710**
Equipment:	**$ 0**	**$ 0**	**$ 0**
Supplies:	**$ 0**	**$ 0**	**$ 0**
Contractual:	**$ 0**	**$ 0**	**$ 0**
Other:	**$ 65,750**	**$ 123,750**	**$ 189,500**
Indirect:	**$ n/a**	**$ n/a**	**$ n/a**
TOTAL:	**$ 252,899**	**$ 218,134**	**$ 471,033**

Total project cost: $471,033
Total federal percentage: 46.3%

NARRATIVE:

Personnel: The total Personnel cost is $ 251,896
Federal budget includes 30% of total Personnel, or $ 74,946. The remainder is committed as both cash match and in-kind from Douglas County, and in-kind from market managers participating in the program.

- Double UP/Market Match Kansas Program Coordinator, @ 1.0 FTE.
  Program Coordinator is responsible for management of Double Up Kansas program operations, including payments to participating markets/retail locations, tracking of incentive utilization, all communications with market managers, distribution of communications and marketing collateral, and participation with external evaluators.

  1.0 FTE equals $41,600 in Year 1, $42,640 in Year 2, and $43,706 in Year 3, for a total of $127,946. Of this amount, 41%, or $53,000, will be paid for by Match. The remaining 59% of the total cost for this position will be funded by a cash match from Douglas County.

- In-Kind Time: Eileen Horn, Sustainability Coordinator for the City of Lawrence and Douglas County, KS, @ 0.25 FTE.
  Eileen Horn, Sustainability Coordinator, will be responsible for supervision of the Double UP Kansas Program Coordinator, and will coordinate grant management, reporting, and strategic communications about the program and the collaborative project.

  0.25 FTE equals $18,826 in Year 1, $19,297 in Year 2, and $19,779 in Year 3, for a total of $57,902. Of this amount,100%, or $57,902, will be paid for by Match, in the form of in-kind time committed by Douglas County.

- In-Kind Time: Market Managers of participating Double UP Kansas farmers markets
  Market managers at the Double Up Kansas participating markets will be responsible for administering the Double Up program during the market's operating hours, tracking the SNAP redemption receipts, and reporting totals to the Double UP Kansas Coordinator.

  In-kind support from market managers was calculated for each of the participating markets, assuming 4 hours/week per market @ a rate or $13/hr. This equals $19,968 in Year 1, $19,968 in Year 2, and $26,112 in Year 3, for a total of $66,048. Of this amount, 100%, or $66,048, will be paid for by Match, in the form of in-kind time committed by market managers.

Fringe Benefits: The total Fringe Benefit cost is $23,926
Federal budget includes 81% of Fringe, or $19,438

- Fringe is calculated at 18.7% of Personnel costs and includes healthcare coverage, retirement plan, workman's compensation, unemployment, and payroll taxes. The total amount per year is $7,779 in Year 1, $7,974 in Year 2, and $8,173 in Year 3 for a total of $23,926, of which 19%, or $4,488 is paid for by Match.

Travel: The total Travel cost is $5,710
Federal budget includes 0% of Travel, or $0.

- Travel to participating markets and grocery stores is calculated at the $0.57/mile federal mileage reimbursement rate. This includes two trips to new participating markets per program year, and one trip to existing markets per program year. All travel originates from Lawrence, KS. The total amount per year is $1,202 in Year 1, $2,448 in Year 2, and $2,061 in Year 3 for a total of $5,710 of which 100%, or $5,710 is paid for by Match.

Other: The total Other cost is $189,500
Federal budget includes specific items below, totaling $123,750

- INCENTIVES: Federal portion of budget to cover 65% of incentives, equaling $123,750

Incentive Redemption: Total $189,500. **Federal portion: $ 123,750**

- Year 1 @ 11 direct markets and 0 grocery stores = $32,000
- Year 2 @ 15 direct markets and 2 grocery stores = $70,000
- Year 3 @ 15 direct markets and 2 grocery stores = $87,500

This number assumes a sustained growth rate of incentives used at markets over time based on historical data collected over the past 3 years, along with incentive calculations created by Fair Food Network. The amount varies greatly by market, as many are small rural markets. It also assumes year-round operations at 2 markets and 2 grocery stores over the project period.

HOW OUR SNAP INCENTIVE PROGRAM WILL WORK

82 COMMUNITIES • 900 LOCAL FARMERS • 114 GROCERY STORES • 72 FARMERS MARKETS

CO-BRANDED • COLLABORATIVE • COORDINATED PROCESSES & METRICS • ALIGNED WITH FINI GOALS

Independent local farmers grow fresh fruits and vegetables for Kansas and Missouri consumers.

Some farmers sell their produce to grocery stores, and some sell directly to consumers at farmers' markets.

GROCERY STORES

GOOD NATURED FAMILY FARMS™
Good Earth • Good Food • Good Life

The Good Natured Family Farms alliance uses a sophisticated distribution and warehousing system to distribute locally grown produce to area grocery stores.

FARMERS MARKETS

Core program partners Cultivate Kansas City and Douglas County will expand their SNAP incentive programs to 72 farmers markets in Missouri and Kansas by 2018.

beans&greens

MARKET MATCH

DOUBLE UP FOOD BUCKS

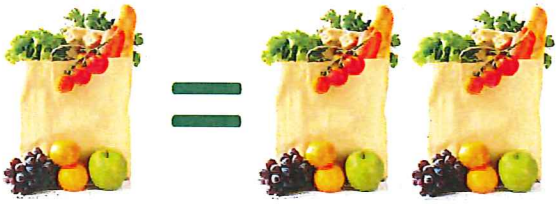
By 2018, 114 grocery stores in Missouri and Kansas, including Price Chopper, Schnucks and Whole Foods chains and independent rural groceries will implement SNAP incentives.

When SNAP customers at farmers' markets buy locally grown fruits and vegetables using EBT, they will receive tokens good for additional produce purchases.

When SNAP customers buy locally grown fruits and vegetables using EBT, they will receive matching reward dollars on store loyalty cards. Software systems track redemptions to help evaluate the incentive program.

EBT

This incentive program will allow SNAP customers to double their purchasing power for fresh, local produce, which helps their families eat healthier meals.

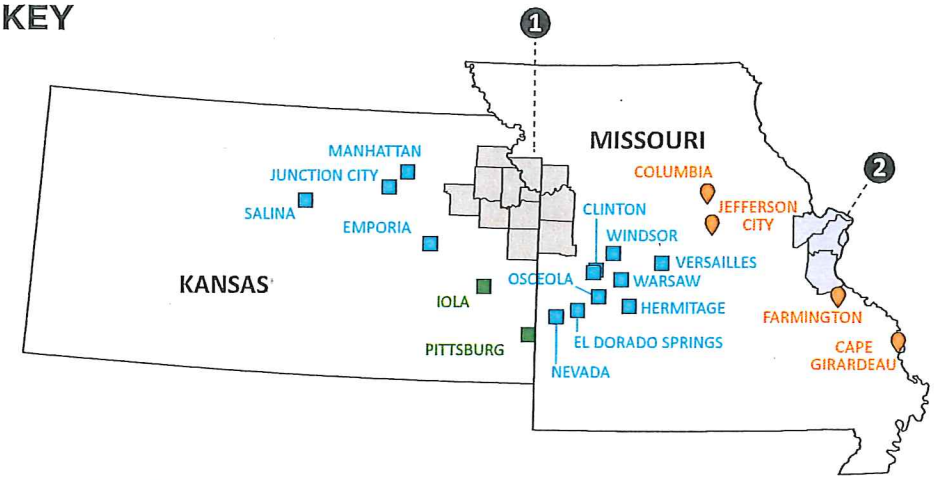


Increased sales of locally grown produce will help farmers grow their businesses.

582,480 TRANSACTIONS • $4.54 MILLION IN PRODUCE PURCHASES • 50,000 SNAP HOUSEHOLDS IMPACTED

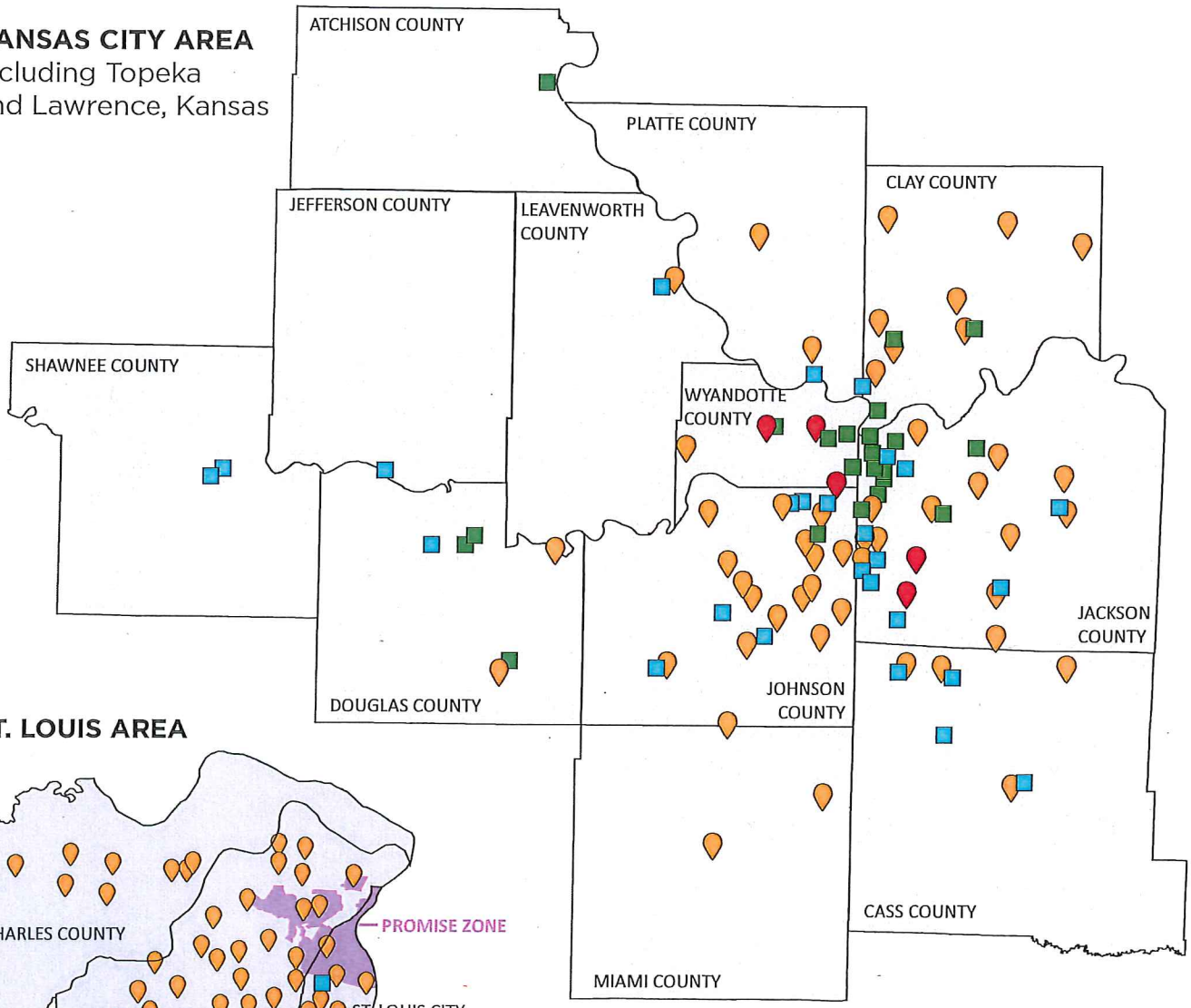
INCENTIVE LOCATION KEY

- Current grocery stores
- Additional grocery stores
- Current farmers' markets
- Additional farmers' markets

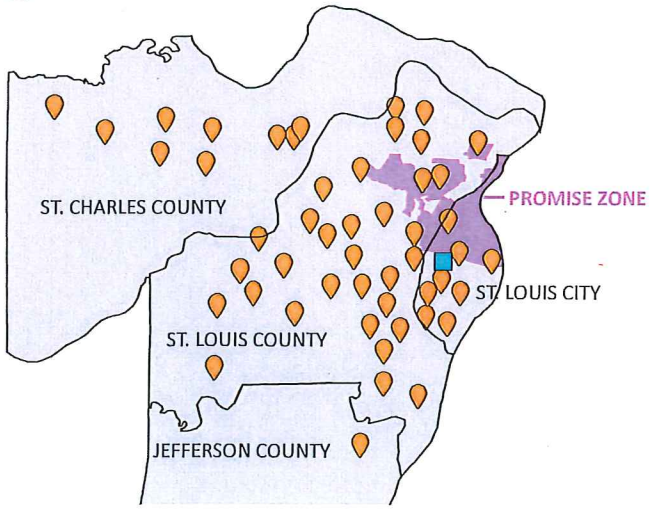


1 KANSAS CITY AREA

Including Topeka and Lawrence, Kansas



2 ST. LOUIS AREA



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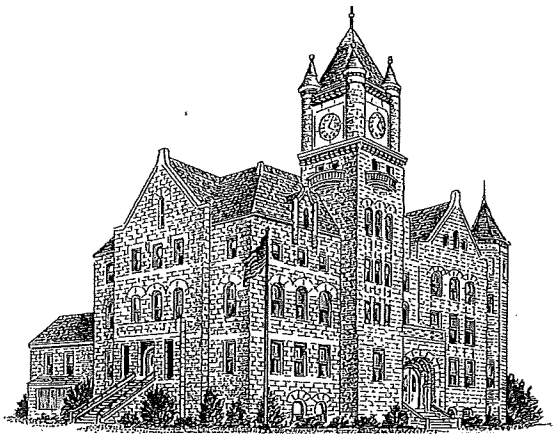
Douglas County
Information Technology
832-5299
Fax: 832-5180



MEMORANDUM

To: Board of County Commissioners

From: Jim Lawson, Information Technology Director

CC: Craig Weinaug, Sarah Plinsky

Date: 12/4/2015

Subject: Joint City/County Fiber Optic Network Connection to Jail and Fairgrounds

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History:

Beginning in 2006, Douglas County and the City of Lawrence have been cooperating on building out a fiber optic network to help each organization improve its network connectivity to each other and to their remote offices. Another goal of this cooperation is to help reduce the costs associated with having to lease fiber or copper lines for this purpose from a private company. The County and the City have many of the same needs and also have facilities in close proximity to each other. It makes sense for the two entities to work together when possible to lower our expenses to provide services to the citizens of Lawrence and Douglas County. We created a Memorandum of Understanding (MOU) that outlines this cooperation. This MOU is also known as the Fiber Optic Network agreement. So far we have cooperated on four projects with great success. Each project was documented as an addendum to the original MOU.

- 2006 – Fiber optic cable between the JLE building and City Hall. Used to share data, co-locate network equipment for backup purposes, video arraignment from Municipal Court to Jail and allow access to each other's applications as needed.

- 2010 – City began DTS/ITS fiber project to control traffic signals. Extra fiber was installed during this project to allow for the City to connect some of its remote locations back to City Hall. The County and City worked out an agreement that allowed the County to have use of 12 fibers of this extra fiber for our own use. Douglas County Youth Services was connected to this fiber eliminating the need to lease fiber from Sunflower.

- 2013 – Emergency Communications 911 was building out a new radio system and needed a reliable fast network connection to the Stratford Water Tower. The City and County jointly extended the existing City fiber from the street to the water tower to provide the needed connectivity. This eliminated the need to lease lines for this purpose.

- 2013 – City and County worked together to extend the fiber optics network to a main building at Kansas University that houses IT infrastructure. This provided both entities with the ability to connect to the KanREN (Kansas Research and Education Network), a not-for-profit provider of internet services providing a significant savings to both entities. This also was used to improve 911 Emergency Services between the County, City and KU.

New Projects:

Currently Douglas County leases a fiber optic network connection from the Judicial and Law Enforcement Center to the Jail from WOW for $1950/mo. We also lease a fiber optic connection from the Judicial and Law Enforcement building to the Fairgrounds (our Disaster Recovery Site) from WOW for $3466/mo. We have been looking at options on how to reduce costs and provide a more robust network connection to these two sites. I had meetings with the City IT director to see if they had any needs in these same two areas. We discovered that the City of Lawrence needs a secure connection to the Jail facility and a connection to pump station 34 which is just east and north of the new Public Works facility on E 25th St. They also need connectivity to the water tower and fire station on Harper Street south of the fairgrounds. The City has existing fiber on the south side of 23rd street as far east as O'Connell and on the north side of 23rd street as far east as Franklin Rd. These fiber optic cables take different paths back to City Hall.

After several meetings we came up with a plan that can meet each organization's needs and provide some needed redundancy in case the fiber is disrupted on one of the paths.

Project 1 – Install fiber from the northwest corner of 23rd and Harper to the Fairgrounds and connect this new fiber to existing City fiber on the north side of 23rd St. See attachment labeled addendum 5 for exact route and details. This will allow the County to have our own fiber connection to the Fairgrounds facilities, saving the County $2641/mo. This will also allow the City to get fiber connections to both the Harper Water Tower and Fire Station 2 replacing lines they are leasing for this purpose. This project would become addendum 5 to the MOU.

Project 2 – Install fiber from the northwest corner of 23rd and Franklin proceeding south on Franklin to E 25th St and then east on E 25th St to the Jail. This fiber would then be connected to existing fiber that the County has that goes to the new PW facility. Additional fiber would be installed to complete the route to City pump station 34. See attachment labeled addendum 6 for exact route and details. This will allow the County to have our own fiber connection to the County Jail, saving the County $1950/mo. An additional benefit to the County is that by controlling our own fiber it will make it easier and simpler to follow Kansas Criminal Justice System rules for all of the protected information that flows from the Jail back to the JLE building. This will also allow the City to have their own secure fiber connection to the Jail and allow them to connect to pump station 34. This project would become addendum 6 to the MOU.

Because of an agreement with the contractor who recently won the competitive bid with the City on a very large fiber project to extend the City's fiber out further to the western part of Lawrence, we are able to secure the same pricing as was bid for that project. This saves the County money on this project versus bidding it by itself due to the capacity of fiber, conduit and labor being purchased.

Each project was costed out in detail with the City and the County splitting the costs based on usage. The County will pick up the cost of the conduit and fiber for the parts of the project we both will be using and each organization will pay for their own costs to extend the fiber into their facilities. For doing this, the County will receive more than equivalent value. The City will grant the County the use of existing City-owned fiber from 23rd and Harper St back to City Hall. This fiber travels a different route than the existing fiber that we have access to, giving us dual paths to most of our locations in case one part of the fiber gets damaged. The City will also manage the project since they are already working with this contractor and will do locates on the fiber when the need arises in the future.

The total cost for the two projects will be $99,888, with the County paying $77,420 and the City paying $22,468. These two projects will pay for themselves with the money we will save by not having to lease fiber in 17 months ($4591 * 17 = $78,047). It will also save the County $4591/mo or $55,092/yr for as long as we continue to use those facilities.

I am asking the Commission to approve these two projects utilizing the existing City of Lawrence contract with K&W Underground in the amount of $77,420. There is the possibility that we could run into unknown obstacles while boring the conduit, so I would ask that you provide the County Administrator with authority to approve change orders up to 5% over this amount. We will use technology reserve fund 602-30710 to pay for this purchase. There is money available in this fund that was specifically earmarked for the fiber optics project to the Jail and Fairgrounds. I will be at the meeting to answer any questions that you have. Thanks for your consideration.

Recommendation: The Board of County Commissioners approves the utilization of the existing City of Lawrence contract and agrees to pay the City of Lawrence for the County's share of the projects upon completion in an amount not to exceed $77,420 and authorizes the County Administrator to approve change orders up to 5% over this amount. The Commission also authorizes the County Administrator to sign addendums 5 and 6 as part of our Fiber Optic Network Agreement with the City of Lawrence.

Jim Lawson

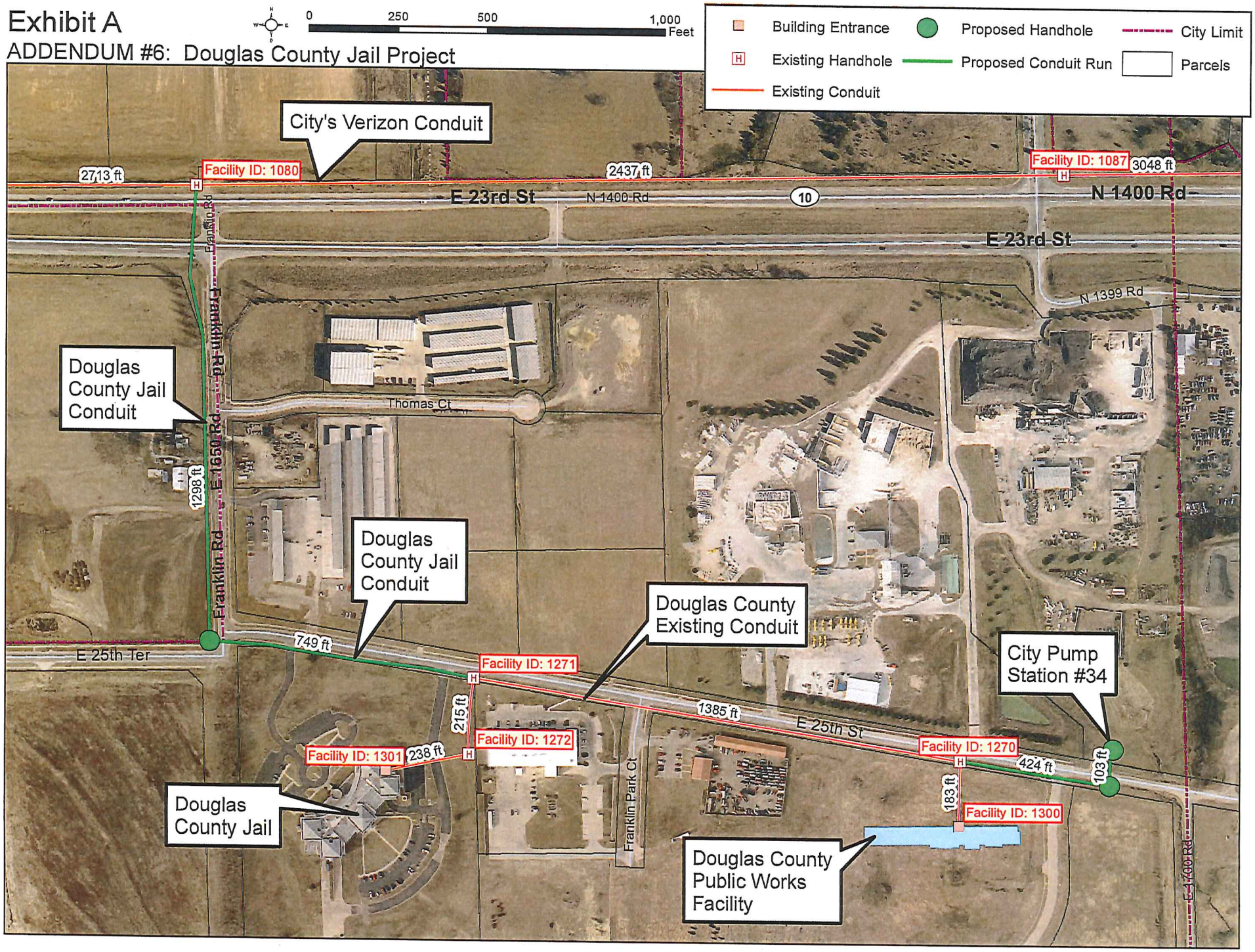
Jim Lawson

I.T Director
Douglas County, KS

Exhibit A

ADDENDUM #5: The Douglas County Fairgrounds Project

Proposed Handhole
Proposed Conduit Run
Existing Handhole
Existing Conduit
City Limit
Parcels

Exhibit A

ADDENDUM #6: Douglas County Jail Project