

# **BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS**

## **WEDNESDAY, JANUARY 13, 2016**

4:00 p.m.

### **CONSENT AGENDA**

- (1) (a) Consider approval of Commission Orders;
- (b) Acknowledge receipt of letter from the City of Lawrence providing notice of proposed Menard's project, and soliciting comments from County (Weinaug);
- (c) Consider award of the Correctional Facility Food Contract (Jackie Waggoner);
- (d) Consider approval of payment for the 2016 GRM Tax System maintenance invoice (Jim Lawson); and
- (e) Consider approval of payment for the 2016 Hyland OnBase Document Management System maintenance invoice (Jim Lawson)

### **REGULAR AGENDA**

- (2) Energy Savings update (Eileen Horn)

- (3) (a) Consider approval of Accounts Payable (if necessary)
- (b) Appointments
  - Board of Construction Codes Appeals (1) position 12/15
  - Fire District #1 – (1) position 12/15
  - Lawrence Douglas-County Health Board (1) position 03/16
  - Non-Lawyer Members of the District Judicial Nominating Commission (Mike) 03/16
  - Heritage Conservation Council (2) positions 05/16
  - Johnson County Sunflower Community Redevelopment Authority (1) 10/15
- (c) Public Comment
- (d) Miscellaneous

- (4) Adjourn

## **SATURDAY, JANUARY 16, 2016**

-6:00 p.m. Eudora Chamber of Commerce Annual Dinner

## **WEDNESDAY, JANUARY 20, 2016**

-Food Systems Presentation/2015 Market Match Program Overview (Helen Schnoes/Tresa Carter)

## **WEDNESDAY, JANUARY 27, 2016**

## **WEDNESDAY, MARCH 16, 2016 – Light or cancelled**

***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 specifically noted on this schedule.*



# City of Lawrence

DIANE STODDARD  
INTERIM CITY MANAGER

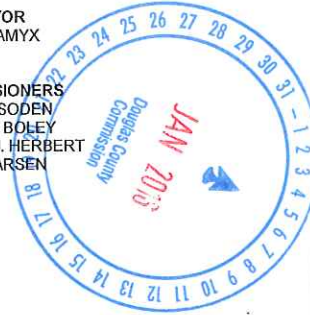
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785-832-3000  
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CITY COMMISSION

MAYOR  
MIKE AMYX

COMMISSIONERS  
LESLIE SODEN  
STUART BOLEY  
MATTHEW J. HERBERT  
LISA LARSEN



December 30, 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*



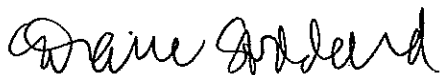
We are committed to providing excellent city services that enhance the quality of life for the Lawrence Community

The City Commission referred the request to the Public Incentive Advisory Committee (PIRC), which met to discuss the request on December 8, 2015. PIRC voted unanimously to recommend the public assistance package as requested to both City and County Commissions. At the December 9, 2015 County Commission meeting, the County Commission received PIRC's recommendation and voted unanimously for 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 19, 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,

A handwritten signature in black ink, appearing to read "Diane Stoddard". The signature is fluid and cursive, with the first name "Diane" and last name "Stoddard" clearly distinguishable.

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

# **Technical Report**

## **Menard Inc. Manufacturing Campus at Lawrence VenturePark**

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### **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.

| <b>Public Assistance Request</b> |                    |
|----------------------------------|--------------------|
| <b>Description</b>               | <b>Value</b>       |
| 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          |
| <b>Total package value:</b>      | <b>\$2,291,583</b> |

### **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<sup>1</sup>. 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.

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<sup>1</sup> 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                                                                                    | <b>AVERAGE WAGE:</b> 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. <sup>2</sup> | Average company annual wage is \$17.30 for full-time, permanent positions.                                                                                                                                                                                                                                                                                                                                                                                                  |
| 3                                                                                    | <b>WAGE FLOOR<sup>3</sup>:</b> 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.                                                                                                                                                                                                                                                                                                                                 |
| <b>4. HEALTH INSURANCE REQUIREMENTS, The business provides one of the following:</b> |                                                                                                                                                                                                                                                              |                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 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.

<sup>2</sup> Source: Kansas Department of Labor, Annual Wage Survey, 2014 Edition, retrieved 8-25-15.

<sup>3</sup> 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.

| <b>Tax Abatement: % Eligible</b> |                                                                                                                                                                                                     |                          |                      |                                                                                                                                                                                                                                                                                                               |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>% Available</b>               | <b>Description</b>                                                                                                                                                                                  | <b>Meets Requirement</b> | <b>Eligibility %</b> | <b>Notes</b>                                                                                                                                                                                                                                                                                                  |
| 50%                              | Company investing over \$7M in 2009 adjusted dollars ( <b>\$7,710,523</b> 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 ( <b>\$5,476,346</b> 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 ( <b>\$11,015,033</b> 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                                                                                                                                                                  | --                       | --                   | --                                                                                                                                                                                                                                                                                                            |
| <b>TOTAL Eligible Percentage</b> |                                                                                                                                                                                                     |                          | <b>70%</b>           |                                                                                                                                                                                                                                                                                                               |

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.

| <b>Assumptions Summary</b>                                                                                                                                                     |                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 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.

| <b>Menards: Phase I<br/>Acquisition and Investment</b> |                                                 |
|--------------------------------------------------------|-------------------------------------------------|
| <b>Description</b>                                     | <b>New Real Property<br/>Capital Investment</b> |
| Land                                                   | \$794,329                                       |
| Improvements                                           | \$14,477,303                                    |
| <b>Total</b>                                           | <b>\$15,271,632</b>                             |

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 <sup>4</sup> | 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.

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<sup>4</sup> 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 <sup>5</sup> |
| 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 <sup>6</sup> |     |                  |                  |                   |                     |                    |
|-------------------------------------|-----|------------------|------------------|-------------------|---------------------|--------------------|
| 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                |
| <b>Total</b>                        |     | <b>90.542</b>    | <b>3,944,010</b> | <b>\$794,329</b>  |                     | <b>\$1,084,018</b> |

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 <sup>7</sup> |           |                  |
|-------------------------------------------|-----------|------------------|
| Description                               | Size      | Value            |
| Land                                      | 1.6 acres | \$14,037         |
| Building                                  | 33,158 sf | \$285,963        |
| <b>Total Market Value:</b>                |           | <b>\$300,000</b> |

<sup>5</sup> Source: Douglas County, Kansas, Online Valuation, data retrieved 8-25-15 from: [www.douglas-county.com/mycounty/property-search](http://www.douglas-county.com/mycounty/property-search). 2015 tax amount is projected based on 2014 mill levies.

<sup>6</sup> Aul Appraisal, September 2014.

<sup>7</sup> 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       |
| <b>New Construction:</b> Class A, Large Industrial Manufacturing | \$42.00 | 184,000       | \$6,938,430              | \$794,329            | \$7,837,239 |
| <b>Existing Building:</b> Bulk Warehouse Building <sup>8</sup>   |         | 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.

<sup>8</sup> 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<sup>2</sup> 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.<sup>9</sup>

*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.

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<sup>9</sup> City of Lawrence Economic Development Goals, Process, and Procedures, approved March 24<sup>th</sup>, 2009, updated May 18<sup>th</sup>, 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.

| <b>Tax Abatement Performance Schedule</b> |                                           |
|-------------------------------------------|-------------------------------------------|
| <b>Blended Percentage Range</b>           | <b>Amount of incentive to be received</b> |
| 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**



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.

## **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 be 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  $\pm$ \$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**

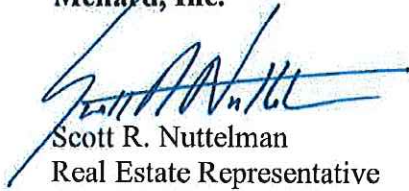
Menards is requesting a 50% property tax abatement for a period of ten years, a grant of \$549,350, and transfer of ownership of the existing bulk warehouse building on the site at no cost to assist with the development of the Venture Park site as described herein. This assistance package would offset 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.**

A handwritten signature in blue ink, appearing to read "Scott R. Nuttelman", is written over the printed name.

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<br>\$200,000 County Grant, paid over 10 years<br>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:<br>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:<br>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                                  |                  |                     |
| <b>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):</b> |                                              |                  |                     |
| 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                                                                                                                                                                                                             |                                              |                  |                     |
| <b>Total</b>                                                                                                                                                                                                   | <b>\$14,477,303</b>                          | <b>\$789,574</b> | <b>\$15,271,631</b> |
| 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 <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner. |              |
| Total Cost of <u>Initial</u> Construction for the Project:                                                                                                                                    | \$14,477,303 |
| Estimated Cost of Construction Materials for <u>Initial</u> 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,<br>please indicate level:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Certification |   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Silver        |   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Gold          |   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Platinum      |   |
| <p>Please describe environmentally friendly features of the project:</p> <p>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<sup>2</sup> emissions.</p> |               |   |
| <p>Please describe anticipated positive environmental impacts resulting from the project:</p> <p>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.</p>                                                                                                                                                                                           |               |   |
| <p>Please describe anticipated negative environmental impacts and planned remediation efforts:</p> <p>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.</p>                           |               |   |

**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<br>(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                                                                 |      |            |                   |              |                   |               |                   |                 |                   |
| Net New Jobs<br>(full-time, permanent)                                                                | Year | Management |                   | Professional |                   | Mech./Superv. |                   | Production      |                   |
|                                                                                                       |      | # Jobs     | Avg Annual Salary | # Jobs       | Avg Annual Salary | # Jobs        | Avg Annual Salary | # Jobs          | Avg Annual Salary |
|                                                                                                       | 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:<br>John Menard, Jr. - President<br>Scott Collette - Chief Operating Officer<br>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:<br>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](mailto: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 <sup>^</sup> | 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            |
| <b>Total</b>        | <b>100</b>  | <b>C</b>            |                | <b>\$3,597,862</b>                 | <b>\$17.30</b>     |

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 certifications, 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.

<sup>^</sup>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          |
| <b>Value of All Incentives Offered:</b>   | <b>\$2,291,583</b> |
| 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             |

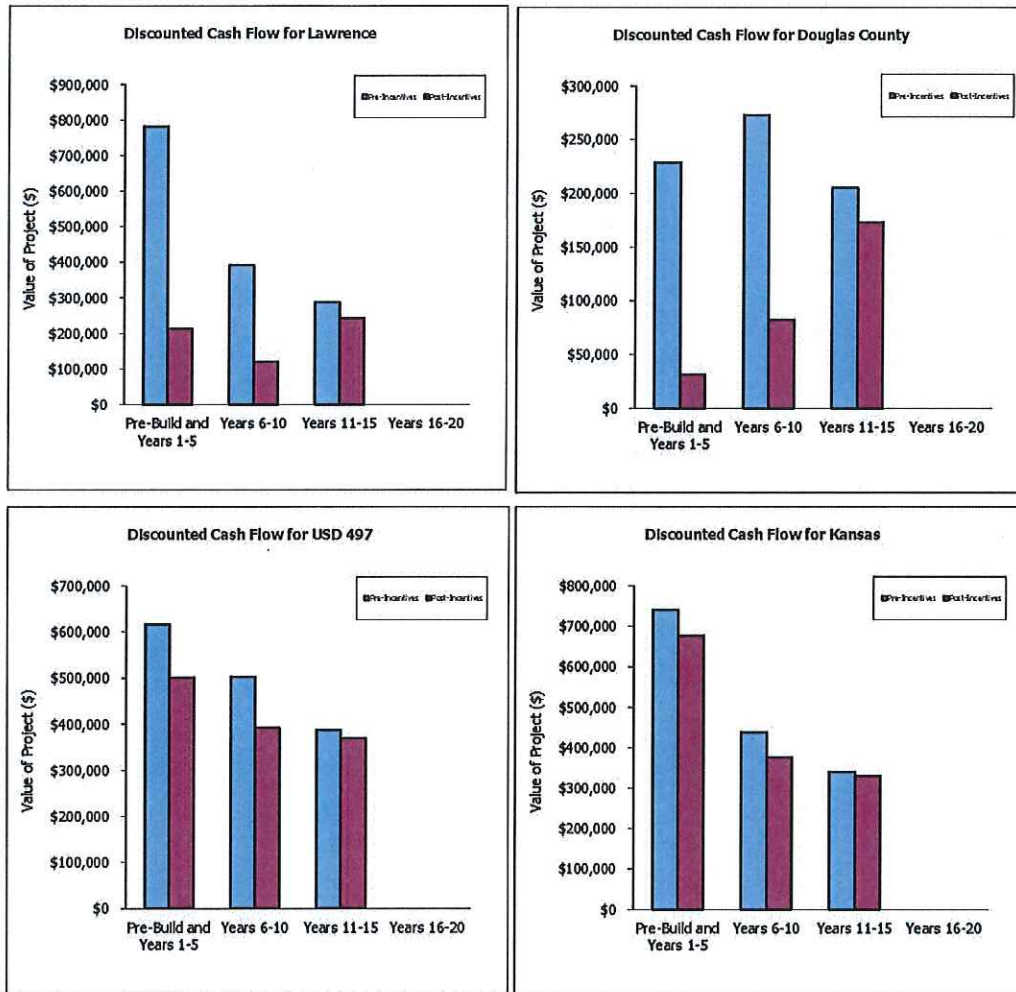
| <b>Summary of Results</b>                     |                    |                       |                    |                        |
|-----------------------------------------------|--------------------|-----------------------|--------------------|------------------------|
| <b>Returns for Jurisdictions</b>              | <b>Lawrence</b>    | <b>Douglas County</b> | <b>USD 497</b>     | <b>State of Kansas</b> |
| Revenues                                      | \$5,128,193        | \$2,798,239           | \$2,842,574        | \$2,330,541            |
| Costs                                         | \$3,005,278        | \$1,647,150           | \$494,938          | \$62,005               |
| <i>Revenue Stream, Pre-Incentives</i>         | <i>\$2,122,914</i> | <i>\$1,151,089</i>    | <i>\$2,347,636</i> | <i>\$2,268,536</i>     |
| Value of Incentives Offered                   | \$1,143,649        | \$601,756             | \$350,246          | \$195,931              |
| <b>Revenue Stream with Incentives</b>         | <b>\$979,265</b>   | <b>\$549,333</b>      | <b>\$1,997,390</b> | <b>\$2,072,605</b>     |
| <b>Returns for Jurisdictions, Discounted</b>  | <b>Lawrence</b>    | <b>Douglas County</b> | <b>USD 497</b>     | <b>State of Kansas</b> |
| Discount Rate                                 | 5.93%              |                       |                    |                        |
| Discounted Cash Flow, Without Incentives      | \$1,460,588        | \$706,419             | \$1,506,421        | \$1,519,920            |
| <i>Benefit/Cost Ratio, Without Incentives</i> | <i>1.71</i>        | <i>1.64</i>           | <i>5.56</i>        | <i>39.09</i>           |
| Discounted Cash Flow, With Incentives         | \$576,784          | \$286,972             | \$1,262,282        | \$1,383,349            |
| <b>Benefit/ Cost Ratio, With Incentives</b>   | <b>1.28</b>        | <b>1.26</b>           | <b>4.82</b>        | <b>35.67</b>           |

## 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**

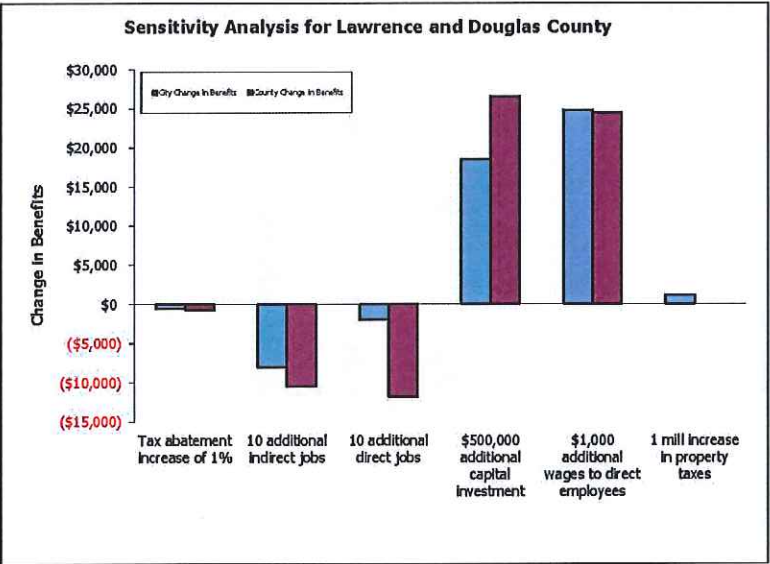


**Addendum C: Model Results (cont.)**

**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**

| <b>Lawrence: Annual Results (not discounted)</b> |                 |              |                   |            |                   |
|--------------------------------------------------|-----------------|--------------|-------------------|------------|-------------------|
| <b>Year</b>                                      | <b>Revenues</b> | <b>Costs</b> | <b>Incentives</b> | <b>Net</b> | <b>Cumulative</b> |
| 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       |

| <b>Douglas County: Annual Results (not discounted)</b> |                 |              |                   |            |                   |
|--------------------------------------------------------|-----------------|--------------|-------------------|------------|-------------------|
| <b>Year</b>                                            | <b>Revenues</b> | <b>Costs</b> | <b>Incentives</b> | <b>Net</b> | <b>Cumulative</b> |
| 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        | \$126,593 | \$1,504,015 |
| 13                                       | \$195,482 | (\$31,964) | \$0        | \$126,519 | \$1,667,534 |
| 14                                       | \$196,737 | (\$32,283) | \$0        | \$126,453 | \$1,831,987 |
| 15                                       | \$198,004 | (\$32,606) | \$0        | \$125,397 | \$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.



## DOUGLAS COUNTY ADMINISTRATIVE SERVICES

### Division of Purchasing

1100 Massachusetts Street  
Lawrence, KS 66044-3064  
(785) 832-5286 Fax (785) 838-2480  
www.douglas-county.com

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MEMO TO: The Board of County Commissioners  
Craig Weinaug, County Administrator

FROM: Jackie Waggoner, Purchasing Director  
Division of Purchasing

SUBJECT: Consider Award of our Food Contract

DATE: January 5, 2015

In 2010 the Board of County Commissioners approved food contracts (by categories) for the Correctional Facility and Youth Services. During the course of our five year agreement we became aware of a national contract with U.S. Communities, Premier, that was awarded to our contractor, US Foods.

Following review of the national contract which reflected cost savings, we brought a recommendation to the Board in 2012 to switch to this contract for the remainder of our contract term (concluding 2015). As we began to evaluate the food contract for our next five year period, another national contract with NJPA (National Joint Purchasing Alliance), Novation, was awarded to US Foods. In September of 2015, we asked the Board to extend our existing contract to allow staff time to evaluate our options. The table below provides a summary of expenses and population at the Correctional Facility:

| Year | Inmate Population | Meals Served | Annual Cost           | Cost Per Meal |
|------|-------------------|--------------|-----------------------|---------------|
| 2010 | 150               | 164,695      | \$210,693             | \$ 1.28       |
| 2011 | 142               | 155,710      | \$256,675             | \$ 1.65       |
| 2012 | 143               | 156,592      | \$240,470             | \$ 1.54       |
| 2013 | 151               | 165,438      | \$292,331             | \$ 1.77       |
| 2014 | 171               | 188,070      | \$319,368             | \$ 1.70       |
| 2015 | 181               | 198,659      | \$315,000 (thru Nov.) | \$ 1.59       |

While the increased/decreased inmate population doesn't offset the annual cost proportionally, there are other factors that attribute to the cost differences: menu changes, number of kosher meals requested, and medical diets. Staff has recently made some changes that create efficiencies but continue to meet the nutritional guidelines.

As we compared both national contracts (Premier and Novation) with US Foods, we found both programs net cost to be comparable. In our evaluation we looked at cost based on one case of all product currently being ordered, incentives, rebates, and network programs. The table below summarizes our evaluation.

| Program  | Cost Comparison<br>(based on one case ) | Pricing<br>Programs                            | Prompt Payment<br>Incentive     | Rebate<br>(quarterly) | Network<br>Programs |
|----------|-----------------------------------------|------------------------------------------------|---------------------------------|-----------------------|---------------------|
| Premier  | \$ 10,649                               | Group "A"<br><\$3,000<br>Group "B"<br>>\$3,000 | 0-10 Days 0.35%<br>Pre-Pay .50% | .5 – 1%               | Annual Mtg.         |
| Novation | \$ 11,544                               | Tier "1"<br><\$2,500<br>Tier "2"<br>>\$2,500   | 0-10 Days 0.38%<br>Pre-Pay .60% | 2 – 3%                | Annual Mtg.         |

The cost comparison reflects an 8.4% savings on the Premier contract, and even with the difference in payment incentives and rebates we still would net a 6.3% savings. The Group/Tier under the pricing programs reflects an average 1.3% savings between the mark-up matrix, and are based on our spend per drop. The Jail's current spend has become eligible for Group "A" under the Premier program. Rebates percentages range depending on product selections and are not necessarily available for every product.

While both programs are excellent and would have the same delivery agent, staff's preference is to remain on the Premier program for the next five years. The only exception to including all food products would be bread which staff wants to continue purchasing from our local Hy-Vee. Our annual spend for bread is approximately \$6,500.

**RECOMMENDATION:** The Board of County Commissioners approves staff to access the U.S. Communities cooperative Premier contract for food products, excluding bread.

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: 1/8/2016  
Subject: Tax System Software Maintenance

---

## **Background:**

Douglas County utilizes the Thomson Reuters GRM software package to maintain our real estate and personal property records, ownership, mill levies, produce state abstract reports, produce tax rolls, produce tax bills, collect taxes and distribute the taxes collected.

Annually we pay a fee for software maintenance and support. This fee gives us rights to install and use the latest version of the software and provides support and fixes for any problems that we have with the software. It is important for Douglas County to maintain a support and maintenance agreement for our GRM software as this ensures that we have all the latest changes mandated by the state. This also ensures that we have support when we need assistance using the product or run into problems.

The annual cost for 2016's maintenance and support is \$61,829.44. The funds for this are included in the Information Technology budget under the hardware/software maintenance line item.

I am asking the Commission for approval to pay the 2016 invoice. This item falls under the sole source clause in our purchasing policy. I will be at the meeting to answer any questions that you have. Thanks for your consideration.

## **Recommendation:**

The Board of County Commissioners approves payment of the 2016 invoice for the Thomson Reuters GRM software maintenance and support in the amount of \$61,829.44.

Jim Lawson

I.T Director  
Douglas County, KS

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: 1/8/2016  
Subject: Hyland OnBase Document Management Software Maintenance

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## **Background:**

Douglas County utilizes the Hyland OnBase software package as our county-wide document management system. It is integrated with the Full Court system and all District Court documents are now electronic and stored in the OnBase system. We also have OnBase integrated with the County's new ONESolution ERP system for storage of financial documents. In addition the OnBase system is used by many other departments to store and index documents electronically.

Annually we pay a fee for software maintenance and support. This fee gives us rights to install and use the latest version of the software and provides support and fixes for any problems that we have with the software. It is important for Douglas County to maintain a support and maintenance agreement for our OnBase software as this ensures that we have all the latest enhancements, changes and fixes. This also ensures that we have support when we need assistance using the product or run into problems.

The annual cost for 2016's maintenance and support is \$62,526.67. The funds for this are included in the Information Technology budget under the hardware/software maintenance line item.

I am asking the Commission for approval to pay the 2016 invoice. This item falls under the sole source clause in our purchasing policy. I will be at the meeting to answer any questions that you have. Thanks for your consideration.

## **Recommendation:**

The Board of County Commissioners approves payment of the 2016 invoice for the Hyland OnBase software maintenance and support in the amount of \$62,526.67.

Jim Lawson

A handwritten signature in black ink that reads "Jim Lawson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

I.T Director  
Douglas County, KS



**DOUGLAS COUNTY ADMINISTRATION**

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ehorn@douglas-county.com

**Eileen Horn**  
**Sustainability Coordinator**

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**MEMO TO:** Craig Weinaug, County Administrator  
Sarah Plinsky, Assistant County Administrator

**FROM:** Eileen Horn, Sustainability Coordinator

**SUBJECT:** **Sustainability & Energy Savings Reinvestment Fund: Replenishment Schedule 2015**

**DATE:** January 5, 2016

The Sustainability & Energy Savings Reinvestment Fund (SES RF) was initiated in November 2011, and over the course of the past four years, has been utilized to fund fifteen energy efficiency projects in Douglas County facilities. *Per the adopted guidelines for the SES RF:*

**“Fund Repayment:** Reports of the Fund status and recommended Fund replenishment/repayment amounts will be provided by the Sustainability Coordinator to the County Commission on an annual basis. The replenishment amounts will be calculated based upon the energy savings achieved through projects funded by the Sustainability and Energy-Savings Reinvestment Fund.”

[See Table on page 2 with list of projects, calculation of annual cost savings from energy efficiency]

**Staff recommendation:** It is recommended that **\$23,559.83** (annual cost savings from energy efficiency projects) be transferred from end-of-year fund balance to the SES RF within Equipment Reserve. This will ensure that the SES RF can continue to provide a predictable and ongoing reserve of funding for sustainability and energy improvement projects in Douglas County facilities.

|                                              |                                                             | Amount Requested From Fund:                  | Anticipated Payback Period: | 2015: Recommended amount to re-seed fund: |
|----------------------------------------------|-------------------------------------------------------------|----------------------------------------------|-----------------------------|-------------------------------------------|
| Date Funded:                                 | Project Name:                                               |                                              |                             |                                           |
| 8/25/2011                                    | Plumbing Extension for YS Solar Thermal                     | \$9,196.19                                   | n/a                         | n/a                                       |
| 12/15/2011                                   | County Clerk: Epoll Books                                   | \$16,625.00                                  | 75.6                        | \$220.00                                  |
| 1/18/2012                                    | Health Dept. LED lighting                                   | \$2,116.50                                   | 2.4                         | 0                                         |
| 2/20/2012                                    | Building 21 Lighting Retrofit                               | \$2,551.50                                   | 1.4                         | 0                                         |
| 2/28/2012                                    | KSU Extension Office Lighting Retro                         | \$1,310.92                                   | 2.2                         | 0                                         |
| 5/15/2012                                    | Hybrid vehicle for Youth Services                           | \$7,871.00                                   | 6.8                         | \$1,150.00                                |
| 7/15/2012                                    | Recycling bins at Fairgrounds Buildings                     | \$2,459.31                                   | n/a                         | n/a                                       |
| 8/1/2012                                     | Exterior & parking lot lighting retrofit                    | 12,713.24                                    | 3.5                         | \$1,793.83                                |
| 9/30/2012                                    | United Way Boiler Retrofit                                  | \$21,849.00                                  | 6.4                         | \$3,400.00                                |
| 5/15/2013                                    | Lonestar Marina 20 SEER heat pump                           | \$5,000.00                                   | 10.0                        | \$500.00                                  |
| 1/29/2013                                    | Courthouse Controls Upgrade                                 | \$53,800.00                                  | 4.9                         | \$11,000.00                               |
| 5/15/2014                                    | Jail Parking Lot LED lighting retrofit (installed Mar 2015) | \$25,648.00                                  | 5.8                         | \$3,300.00                                |
| 7/29/2015                                    | Improved controls at Fairgrounds                            | \$20,000.00                                  | 3.9                         | \$1,272.00                                |
| 6/1/2015                                     | Public Works Solar PV                                       | \$42,006.00                                  | 14.5                        | \$924.00                                  |
| 11/18/2015                                   | Renewable Energy Credits for Pub Works LEED                 | \$1,433.55                                   | n/a                         | n/a                                       |
|                                              |                                                             |                                              |                             | \$23,559.83                               |
| Potential 2016 projects                      |                                                             | SES RF Balance (as of Dec. 2015) = \$125,534 |                             |                                           |
| Upgraded HVAC at Youth Services              |                                                             |                                              |                             |                                           |
| Fairgrounds Renovations - Add Alternates LED |                                                             |                                              |                             |                                           |
| Courthouse parking lot lighting - LED        |                                                             |                                              |                             |                                           |