



RDA HAPPENINGS

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Since Park III is located in the southeast corner of the City of Emporia, most residents don't normally drive by the Industrial Park, and if they do they may not know the products or services provided by the Park III businesses. So why not share the information in this newsletter article. Park III was acquired in 1978, and other adjacent parcels have been acquired over the years. The sequence of businesses locating their businesses operations in Park III began with Lenze, Menu Foods Midwest Corporation, Caterpillar/Camoplast, Norfolk Iron & Metal, Renewable Energy Group and Hill's Pet Nutrition.

Lenze (1996)

The 30,000 sq. ft. building was constructed in 1996. The capital investment in building and equipment was approximately \$1.3 million with the creation of 30 jobs. In the spring of 2007, the company relocated to Massachusetts. Since that time, the building has been used by Menu for storage, and then by Hill's Pet Nutrition as a temporary office.

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The phase II, III and IV expansions occurred in 2000, 2002 and 2004. The original building was expanded to 435,000 sq. ft. and an additional capital investment of \$14.8 million with the addition of 75 more employees in 2000. In 2002 Menu added \$14 million in expanded production capacity of pouch lines and the addition of 70 more employees.

The Ingenium Corporation project was announced on June 12, 2002. In late fall 2002 the construction of the 155,400 sq. ft. building began. The corporation was unable to complete the project. The building was purchased by Menu in 2004. The expansion of the pouch line was added to the main building with the addition of 30 full-time employees at the same time.

On March 16, 2007 Menu Foods had a major recall of their pet food. The wheat gluten was adulterated with melamine. With the plant shut down and the erosion of customer base, \$55 million was set aside to settle lawsuits. Menu workforce was reduced to approximately 250 workers. Prior to the recall, Menu had nearly 500 employees.

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Emporia is starting to see some glimmers of economic recovery. This has been a unique recession and most of the expert opinions I value have indicated the economic recovery will be slow.

None the less, we at the RDA continue to contact our site selection consultants, industrial real estate brokers and corporate real estate contacts about their expansion possibilities. The summary of those conversations are that most businesses are not expanding. Those who are considering expansions are extremely cautious because of the populist attitude in the Nation's Capital.

There is not an abundance of projects right now. In our region, we have had inquiries for existing buildings with rail spur access and large acreage of 75 to 200 acres. Unfortunately, Emporia and Lyon County does not have any buildings meeting those requirements. So the few leads we receive, we don't meet their thresholds.

When the economy begins to turn, we generally will have some of our local manufacturers who will begin to consider expansions. That could be several years in the future, because several of our manufacturing plants have excess capacity, which can accommodate growth by adding employees. But that will be a start.

Our pet nutrition industry cluster will experience expansion in 2010. It was already announced that Emporia Pet Product is expanding production.

Hill's will be in production by June 2010, which means more people will be hired between now and in June.

Hopefully in 2010 we will begin to see more of our local companies hiring followed by consideration of expansion in the future. Currently we have in our industrial parks a total of 250 acres in lots that vary in size from 10 to 100 acres. Some of those sites have all utilities and paved access to the lot line and other sites need considerable infrastructure improvements.

As mentioned in previous newsletters, the RDA works in conjunction with its partners – City of Emporia, Emporia Chamber, Emporia Enterprises and Lyon County preparing for the next round of growth.

Economic expansion is cyclical with periods of economic contraction so it continues to improve.

February 2010



RDA HAPPENINGS

Emporia has done fairly well in business recruitment and expansion over the past sixteen years. In 1950 Emporia had 15,669 residents; by 1980 that had grown to 25,287. Then in 2000 the Emporia population was 26,760. The Lyon County population in 1950 was 28,576 to 35,935 persons in 2000. The region had significant population growth up to 1980. Since the 1980's, growth has been relatively flat.

This is good news since most rural Kansas communities, which Lyon County and Emporia would be included in that category, has lost population. In the last census, Emporia and Lyon County had modest growth. My prediction is that our population for Emporia and Lyon County had a slight decline.

Under my watch at the Regional Development Association of East Central Kansas (RDA), we have done fairly well. The primary reason is that we have the support of the community and the leadership so the RDA volunteers and staff have the resources to be successful.

In 1994 and in 2000 Emporians supported the ½-cent city sales tax for economic development. I believe both times the community supported the sales tax by over a 70% majority.

In both sales tax campaigns, the city commissioners clearly articulated the use of the sales tax in their resolutions to place the issue on the ballot. Back in 1994, Emporia was one of five Kansas communities – Manhattan, Hays, Pittsburg and Independence were the others competing for the Cessna Aircraft Company single-engine piston assembly plant. The proposed sales tax was to be used for performance-based incentives on this project.

The Emporia City Commission had the wisdom to pass a resolution stating that if the Cessna project did not locate in Emporia, then the ½-cent city sales tax would be used for property tax relief and economic development such as property acquisition for industrial parks, infrastructure, performance-based incentives, and for the RDA marketing effort.

It is apparent that Cessna didn't choose Emporia for their plant location; they chose Independence, Kansas. We were disappointed, but we had the resources to compete on future projects.

The most recent success was Hill's Pet Nutrition. I drove out to their plant site this morning and it is nearly complete. The 500,000 sq. ft. facility is located on a little more than an 80 acre site. By the second quarter of 2010, the plant will be operational with over 100 employees. It is my understanding that the warehouse operation will be managed by a third party who will add an additional 50 to 80 employees.

The ½-cent city sales tax approved in 1994 and 2000 has a "sunset provision", which means that on December 31, 2014, unless reauthorized by a vote, then the tax ceases to exist. With the combination of our successes and the ½-cent city sales tax receipts approaching the end of the funding cycle, Emporia's economic development effort does not have the resources to successfully compete in the next several years. In the near future, the economy will begin to pick up and businesses will begin to expand and grow. We want to be competitive so we need the help of the community again.

The conversations are beginning with the RDA Board of Directors, the Emporia City Commission, Emporia Enterprises Board of Directors, the Lyon County Commission and the Emporia Area Chamber Board of Directors whether the ½-cent city sales tax should be continued for economic development, and shall the issue be placed on the ballot for the August 3rd primary.



RDA HAPPENINGS

Last Thursday I received a telephone call from Hill's Pet Nutrition Emporia's plant manager. He wanted to know if I wanted a driving tour of the exterior of the plant and an actual tour of the offices. My reply was of course.

The Hill's Emporia plant is several buildings connected together on their 80-acre tract. The warehouse is 320,000 sq. ft., the production area and office area is approximately another 180,000 sq. ft. or over a 500,000 sq. ft. "foot print". Let's put this into perspective - that would be 11.4 acres under a roof.

During the tour, he mentioned that the City of Emporia was relatively easy to work with during the construction phase that started in 2008 and nears completion in 2010. Since Hill's has numerous buildings, the city has issued an occupancy permit for their offices only. The balance of the facility is still under construction but nearly ready to be occupied.

For the last year or so, Hill's has been leasing the "former" Lenze building as their temporary office space. It should be noted that 80 full-time employees are on staff right now and in the near future, pet food will be processed.

During our tour of the office, they had some posters of the employees hired; and I know a few of them. It makes us feel good about a project that started back on April 18, 2007, with the telephone call from Hill's Pet Nutrition who had a strong interest in locating a facility in Emporia, to actually know some of the people being hired.

My overall impression of the new plant is WOW! It is a state-of-the-art facility with great potential to expand and add future employees. We are excited that Hill's Pet Nutrition chose to operate their business in Emporia; and we look forward to many years of a mutually beneficial relationship between the company, their employees and the Emporia area.

It is our hope that in the future, we could celebrate their success with a ribbon cutting ceremony; hopefully, that opportunity will present itself in the near future.

Many positive events have occurred in Emporia, and I would like to congratulate the Emporia State University Lady Hornets and their coaches and staff for winning the NCAA Division II Women's Basketball National Championship. They have clearly demonstrated great abilities and talents when the opportunities were presented to them to be successful through hard work.

A friend of mind used to always say, "I'd rather be lucky than good". But I would follow it up with "You can make your luck through hard work". Clearly the lady hornets and coaches worked hard to earn their championship.

April 2010



RDA Happenings

Thank you, Emporia voters, for supporting the renewal of the ½-cent city sales tax for property tax relief and industrial and economic development.

We also thank the Emporians for Growth committee volunteers who were Chair Ray Toso, Treasurer Evora Wheeler, Jim Lowther, Nik Roth, Jerry Olmsted, Mark Schreiber, Dorine Harter, Kurt Steinkuhler and Jeanine McKenna.

We are pleased that the community supports the industrial and economic development team effort of the RDA, which is a collaborative effort of our members – the City of Emporia, Lyon County, Emporia Enterprises, Emporia Area Chamber of Commerce and Convention & Visitors Bureau, Emporia Mainstreet and Emporia State University.

KDOC Record-Setting Job Creation Fiscal Year

We just recently received the Kansas Department of Commerce annual report on fiscal year 2010, which is July 1, 2009 to July 31, 2010. During this tough recession, Kansas had a record-setting year of 68 projects. The anticipated job creation is 13,900 with an average annual wage of \$25/hr. (\$50,000 annualized income), a total new payroll of \$721 million, and the total anticipated capital investment of \$838 million.

Some of the most notable Kansas projects were Cermer, Kansas City, KS 4,500 jobs with \$170 million in capital investment, General Motors, Kansas City, KS 1,000 jobs with \$88 million in capital investment, U.S. Bank, Overland Park, KS 1,100 jobs with a \$21 million capital investment, JP Morgan, Overland Park, KS 650 jobs and a capital investment of \$30 million; Tindall Corporation, 400 jobs in Newton, KS with \$66 million in capital investment. Red Barn Pet Products announced a \$2 million project in Great Bend, KS, with 200 new jobs. Then in Topeka, KS, Allen Foods will invest \$30 million in building and equipment to create 50 new jobs. These are just a few of the expansion projects. For more information, go to the Think Big Kansas.com website http://www.thinkbigks.com/latest_successes Also at the same website is a feature on the Emporia Success Story. The direct link is http://www.thinkbigks.com/emporia_success_story

Kansas Bioscience Authority (KBA) Annual Meeting

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Last year KBA outcomes were the creation of 1,184 new jobs, \$151.7 million in capital investment, \$75.2 million in research funding and \$34.4 million in equity investments. The bottom line, for every \$1 million in KBA funding the Return on Investment (ROI) was \$7.47.

May 2010



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Camoplast has had two production capacity expansions, one in 2004 and the other in 2005 with the addition of \$4.6 million of equipment. The plant has 100 employees today.

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Norfolk Iron & Metal (NIM) a carbon steel service center and warehouse announced the location of their 156,000 sq. ft. facility on November 1, 1999. The building was completed in late 2000 and operational in early 2001. The total capital investment was \$7.2 million, with the creation of 75 jobs.

On August 28, 2006, NIM announced a 75,000 sq. ft. expansion to their Emporia facility with the addition of 30 jobs. The corporate headquarters for Norfolk Iron & Metal is Norfolk, Nebraska.

Renewable Energy Group 2007

On April 13, 2007, Renewable Energy Group announced plans to construct a 60 million gallon multiple-feedstock bio-diesel plant. Construction began on the \$65 million plant in the summer of 2007. In the first quarter of 2008, the construction in process was in excess of \$14 million; however, the project was put on hold because of the financial markets.

REG is current on their obligations as outlined in the incentive compliance agreement with the City of Emporia. They are optimistic that before the end of 2010, the financing will be in place; and construction to resume and the plant operational in 2012.

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Today over 100 workers are employed, and the plant will begin the incremental "spooling up" of operations over the balance of the year.

The Regional Development Association of East Central Kansas serves as the lead organization in our regional economic development efforts in expansion and recruitment. In the fall of 1994 the citizens of Emporia, Kansas, approved a one-half cent sales tax to be used for property tax relief and industrial development with a ten-year sunset provision, which means the tax, was to have expired on December 31, 2004.

The renewal of the one-half cent sales tax was placed on the August 2000 ballot. The use of the sales tax was expanded to include the repayment of bonds for a new aquatic center. Property tax relief and industrial and economic development are to continue. The tax was approved with a 10-year sunset which is December 31, 2014.

From January 1, 1995 to December 31, 2009 the one-half Cent City of Emporia sales taxes collected \$27,542,993. Of that amount, \$13,767,287 or 50% of the sales tax was used for property tax relief by the City of Emporia General fund. Approximately 9% or \$2,474,400 was used to repay the aquatic center bond principal & interest and for construction costs. The balance of \$11,301,307 was used for industrial development purposes.

Approximately 10% of the Industrial Development Sales Tax or \$2,703,200 was used by the RDA for administrative and marketing purposes over the past 15 years.

Land acquisition, infrastructure development and performance-based cash grants accounted for \$12,957,107 The Sales Tax amount was \$8,598,107, 31% of the Sales Tax; And the remaining amount \$4,358,990 was other revenue, such as bond proceeds and interest.

None of this development would have occurred in Emporia and other expansions throughout Emporia and Lyon County without the one-half cent sales tax. Half of the sales tax is used to reduce the property tax rate of the city by approximately 6 to 7 mills.



RDA HAPPENINGS

The other day someone asked if the Regional Development Association of East Central Kansas (RDA) was working with a particular company. Our standard reply is the RDA cannot confirm or deny discussions with a particular company

The Regional Development Association of East Central Kansas (RDA) has prided itself on client confidentiality. Lack of client confidentiality is the basis for a community to be eliminated from consideration by a particular company. It is our policy to keep negotiations confidential until both parties have mutually agreed upon public disclosure.

All qualified businesses, whether a Fortune 100 or a single proprietorship and whether located either inside or outside Lyon County are treated equally. These businesses must comply with the same application procedures and the performance thresholds of job creation, minimum wage and capital expenditure in order to be considered for performance-based incentives.

In general terms in order for a new qualifying business to be eligible for a performance-based incentive, such as 100% property tax abatement for up to 10 years, is to invest \$2,000,000 in new construction, and create 25 new fulltime jobs at an average annual salary of \$30,073.

For an existing qualifying business to be eligible for a performance-based incentive, such as 100% property tax abatement on the real property (i.e., building) for up to 10 years, is to increase their number of employees by 10% but in no case less than two new full time employees. Plus increase the real value of their existing real property (i.e., building) by 110% by \$1,500,000 but no less than \$500,000.

The RDA serves as the “point of contact” for performance-based incentive evaluations. Any qualified business may submit to the RDA, a Business Information Checklist application. Phase 1 requires the business owner to submit a brief cover letter about the expansion project, such as capital investment in building and equipment, job creation, average annual salary per job and total annual payroll. The RDA staff reviews the request, and based upon the adopted City of Emporia and Lyon County performance-based incentives, the RDA staff advises the business of the potential performance-based incentives.

If the business chooses to proceed with a “firm” incentive offer of performance-based incentives, then phase 2 of the Business Information Checklist is required. The next phase requires a detailed financial due diligence of the company. The proprietary and confidential business financial information is reviewed by the RDA Board of Directors which, based upon the information provided, then makes a recommendation of the performance-based incentives to the qualified business. If the business chooses to proceed, then a recommendation is submitted to the City of Emporia Commission or the Lyon County Commissioners, and the performance-based incentive offer is made public.

July 2010



RDA Happenings

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RDA Happenings

As mentioned in a previous newsletter article, Emporia was featured on the Kansas Department of Commerce small town spotlight at ThinkBigKS.com/STS.

In early September, the Kansas Department of Commerce developed a postcard that highlighted Emporia and the link to the website. It was mailed to the national consultant database, International Asset Management Council members, Kansas Economic Development Alliance members, the Bioscience database and the Alternative Energy database. The direct mail piece will generate some interest about Emporia.

Kansas was recognized for business excellence by Business Facilities Magazine by being named a Top 10 state in eight of twenty business categories. Those categories and rankings are as follows: Economic Growth Potential (10th); Biotechnology Strength (5th); Biofuels Manufacturing Research (10th); Alternative Energy Industry (10th); Wind Energy Manufacturing (3rd); Quality of Life (3rd); Employment Leaders (5th) and Best Education Climate (3rd).

Other national rankings are as follows:

- Southern Business & Development annually ranks the seventeen southern states on their recruitment and retention projects based upon creation and/or retained jobs and capital investment. In 2010 Kansas was ranked 3rd.
- Kansas was ranked 7th in the Top Ten Pro-Business States by the Pollina Corporation.
- CNBC ranked Kansas 11th in America's Top States for Business.
- Area Development Magazine named Kansas as the winner of the Silver Shovel Award for excellence in job creation and capital investment in May.
- Kansas was named to the top ten list for capital investment and facility development by Site Selection Magazine.

The Kansas Department of Commerce is one of our strategic partners in the RDA's marketing efforts. We continue to support their marketing efforts which ultimately will yield job creation in Emporia.

September 2010



RDA Happenings

In the late summer of every year is the annual meeting of the International Economic Development Council (IEDC) which I normally attend. One session that was quite thought provoking was entitled, “What Would Google Do?” Rethinking Economic Development in the Internet Age.

This session is based upon the forty rules for the internet age developed in Jeff Jarvis’ book entitled “What Would Google Do?” During the session, the presenters did not have time to comment on all forty rules, but discussed eight of the most relevant rules.

Rule #1 – **Everyone needs Google juice.** In order to determine if your organization is “juiced”, go to the Google search engine, then type in your organization name, such as Emporia, Kansas Economic Development. I am pleased to announce that the first three listings on the Google search are the Regional Development Association of East Central Kansas. So according to Google Juice Quotient (GJQ) which is ranked in four categories from no juice, Google, Googlier and Googliest, I believe the RDA website www.emporiarda.org is ranked Googliest. We can thank Scott at IM Design Group for that.

Now that it has been determined that the RDA website is the Googliest, is the information relevant on the website for our clients; those who are expanding either locally or from out of the area.

Rule #2 – **Middlemen are doomed.** With economic development, organizations have the role of providing information about a community in the former role of being the gatekeeper to a new role of being a distributor of information.

Our clients want the basic information on demographics, workforce, wage rates, available buildings and sites and performance-based incentives. A website markets and informs the client 24-7, where the old model is only available from 8 to 5 Monday through Friday. Businesses looking for sites need and expect to access the relevant data 24-7. The economic development business is the process of identifying a list of communities to be considered with the process of elimination.

Rule #3 – **Do what you do best and link to the rest.** An example of leaving what others do best is using Google maps on the RDA website. Many are familiar with Google maps, and the information can be accessed from Smartphone’s, i pads and laptops for those determining a geographic location of a potential site.

October 2010

Caterpillar 1999-2002/Camoplast 2003

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Over the past several months, we have submitted several requests for information to prospective businesses who are interested in expanding. One of the most recent requests was for a fairly large project. Emporia was one of a half-dozen communities in Kansas and about the same number of communities in sixteen other states. The odds were long that we would make the first cut, let alone the short list or the final location.

When we receive an inquiry, they have certain requirements, such as an industrial site of varying acreage, utility (water, sewer, natural gas, electrical) requirements of capacities and volume, labor base, proximity to highways, railroads & commercial airports and type of incentives that are available. This information is necessary to assist the company in determining if Emporia is in the proper geographic location to be competitive.

Many times in the criteria the prospect desires a location to be 60 or 90 minutes from a commercial airport. Emporia is approximately 90 minutes from Wichita Intercontinental and Manhattan airports. The Kansas City International Airport has more choices for non-stop flights competitively priced, but it is an hour-and-three-quarters to two hours from the front door of my home to the gate waiting area.

These criteria could be a convenience factor for the management team traveling from corporate locations to the new location. It is also for the convenience of the customers who travel to the production plant. So it really doesn't impact the "bottom line" on the income statement, but does add to the perceived travel time for the management team.

Site selection is a process of elimination. Perceptions and personal relationships developed with the site selection team can help or hurt in the final analysis. A few days ago we were notified of our elimination from consideration on one of the projects. It's difficult to argue the point if the prospect perceives time from a commercial airport an important criteria.

The other day I was at a meeting in the Kansas City metro area with about 25 people. We all introduced ourselves, and being from Emporia, the comments were made "all the way from Emporia". Yes it took me an hour and 45 minutes to 2 hours to get from Emporia to the meeting in downtown Kansas City. But I look at time and drive times differently than most.

In Emporia there is only a hand-full of times when there are any traffic jams. Usually they are after the holiday parade or after the fireworks, so traffic is rarely an issue. Growing up in a metropolitan area (Washington, DC metro), I know about traffic, grid-lock, stop/go traffic, long traffic lights, etc.

Let's consider the journey to work for a worker in the Kansas City metropolitan area vs. Emporia, Kansas. There are 52 weeks in a year and on average, most work 5 days a week, which would be (52 x 5) 260 days. Now if you deduct holidays (11 days) and vacations (15 days) the average worker commutes (260 - 26) 234 days a year. Let's assume in the metropolitan area that the daily commute is 25 minutes twice a day or 50 minutes. Then in Emporia the average commute is 10 minutes twice a day or 20 minutes. The total annual journey to work time for the metropolitan worker is (234 x 50) 11,700 minutes or 195 hours; and for Emporia (234 x 20) 4,680 minutes or 78 hours. In Emporia you will have a journey to work time savings of 117 hours annually.

Therefore, those times that I drive to the Kansas City metro area for business or pleasure, which we will assume is 4 hours per round trip. I could take 24 trips or 96 hours to the KC metro area annually. I would still commute at least 21 hours less than the average KC metropolitan commuter, and the real bonus is no grid-lock or stop/go traffic jams. So who has the better quality of life? Shorter journey to work times with the ability to drive to Kansas, Wichita or Topeka to enjoy other amenities with more personal time not commuting time.



RDA Happenings

The December newsletter topic is generally a recap of the past year in industrial and economic development. Many significant events occurred in 2010. Some of those were that Menu Foods was purchased by Simmons Pet Food. As one door closed on the Menu Foods era, a new opportunity is opening with Simmons Pet Food. I believe this transaction will be quite positive for Emporia. The Emporia production facility is the “flagship” plant of the three former Menu plants; and continues to be an important part of the Simmons strategy in the future.

December 10, 2010, was the grand opening ceremony for the Hill’s Pet Nutrition plant. This marks the beginning of the Hill’s Pet Nutrition era in Emporia. Mr. Michael J. Tangreg, Vice-Chairman of Colgate-Palmolive Co., Mr. Neil Thompson, President/CEO of Hill’s Pet Nutrition, Inc. and Emporia Plant Manager Jim Vaughn participated in the ceremony. Kansas was represented by Kansas Secretary of Commerce Bill Thornton, and Mayor Jim Kessler welcomed Colgate-Palmolive and Hill’s to Emporia.

The Hill’s project actually started on April 18, 2007, when we were contacted. On June 20, 2007, the formal announcement was made on the Hill’s Pet Nutrition decision to locate in Emporia. Then on December 21, 2007, the real estate was transferred. The production of pet nutrition products has commenced.

The incentive compliance agreement between Hill’s Pet Nutrition and the City of Emporia indicated that Hill’s would invest at least \$100 million in building and equipment and create at least 100 full-time jobs with a minimum annual payroll of \$4,309,000. I am pleased to report that Hill’s has exceeded the capital investment, job creation and total annual payroll. We look forward to a mutually beneficial relationship today and into the future.

The renewal of the ½-cent city sales tax for personal property tax relief and industrial and economic development was another significant event in 2010. We certainly thank the voters for their continued (69%) support of the efforts of growing the Emporia economy. Emporia will continue to be competitive in the future.

The Regional Development Association of East Central Kansas (RDA) has a board member retiring this year. Jeff Longbine has resigned from the RDA to serve the community as a Kansas State Senator from the 17th District. Jeff served the community well with his service on the RDA and City Commission. We look forward to him representing us in Topeka.

Kevin Nelson is the City of Emporia appointee on the RDA Board replacing Jeff Longbine. We welcome and look forward to Kevin on the RDA Board of Directors.

Emporia’s future gets brighter every day.