



RDA ANNUAL REPORT 2008

Some of the topics to be highlighted in the 2008 RDA Annual Report are the Renewable Energy Group, Hill's Pet Nutrition, , the Lenze building, East Park III subdivision plat, Emporia Food & Storage, Westar Energy Emporia Energy Center – Phase One, Kansas Turnpike Authority/Kansas Department of Transportation, I-335, I-35, U.S. Highway 50 exit 127, the Buxton Study, International Council of Shopping Centers (ICSC), D.J. Christie, Inc., Emporia Plaza, Lowe's Home Improvement, Blight Study, Tax Increment Financing, Transportation Development District, Piper Jaffray Financial Feasibility Study, Development Strategies Retail Capacity Analysis, University Inn, Oxbow Development, Neighborhood Revitalization Plan, Non Metropolitan Enterprise Zone Status, Dolly Madison, Project Monarch, Project Henry, future expansion, recruitment, and retention projects.

This year will be remembered for two significant dates, January 25 and February 6, 2008. Those were the days Tyson Foods announced two major lay-offs of 1,500 and 550 workers. Since those dates Tyson Foods has hired back some workers for expanded processing opportunities, but the net job loss is approximately 1,300 to 1,400 workers. Some workers left, some found work elsewhere in Emporia or neighboring communities and some we don't know. The collaborative efforts of the community – the Chamber, the City of Emporia, Lyon County, the Emporia School district, the Flint Hills Technical College, Emporia State University, Newman Regional Health, the business community, State of Kansas agencies, local social service agencies, our church community and many individuals to assist the unemployed workforce. The Lyon County unemployment rate peaked at 7% in July 2008 and hovered at the upper 6% for the next two months; and has declined to 5.1% in October 2008.

The construction of the **REG Emporia** the Bio-diesel plant was halted in early 2008 and continues to be on hold. The high cost of soy bean oil and the unavailability of debt financing have put the project on hold. The parent company - Renewable Energy Group - has the ability to weather this financial storm and is committed to the completion and long term operations at the Emporia facility.

On December 21, 2007 the real estate was transferred to **Hill's Pet Nutrition, Inc.** who began site preparation to construct the +\$100 million dry pet food production plant. In December 2008, the structural steel is beginning to rise on the plant. The management team for the Emporia Hill's Pet Nutrition plant is beginning to be hired. Hill's has a short term lease on the former Lenze building by Hill's to be utilized as a temporary office space until the new plant is completed in third quarter 2009.

The **East Park III** subdivision plat, which brings clarity to the legal descriptions, easements, set backs and lot lines was a coordinated effort between REG Emporia, A.M. Cohron & Son, Norfolk Iron & Metal, Emporia Enterprises, Inc. and Hill's Pet Nutrition. At times the process got protracted, but was approved by all owners, the Planning Commission and City Commission on September 17, 2008.

Emporia Food & Storage project is on hold. APJ Meats is working to find a new partner for the venture. APJ Meats supplies lamb, mutton and sheep products to the pet food industry. The company entered into a purchase option on a 4 acre tract in Park III in August 2007.

Westar Energy – Emporia Energy Center, which was announced in August 2006, began construction in March 2007. On June 11, 2008, the ribbon cutting ceremony was held for the completion of the first phase. The entire 600 mega watt natural gas peaking plant should be operational by late spring 2009.

The project had a tremendous economic impact on Lyon County during the construction phase. Lyon County Rural Water District #5 received considerable system upgrades in order that the Emporia Energy Center could utilize water for its operations. Road U from Road 175 to Road 200 was paved with asphalt. Then in 2014 the property tax abatement will expire and the \$300 million state assessed value will be phased over the next couple of years to the Lyon County tax base. The increased tax base should lower the tax rate for Lyon County tax payers.

The Kansas Turnpike Authority and the Kansas Department of Roads have been cooperating on a **reconstruction** project of **exit 127**, I-335, I-35 and U.S. Highway 50 interchanges. This project has impacted the community in numerous ways during construction with a healthy economic impact during construction. The project nears completion and hopefully in mid 2009 it will be just a memory. The north and south round-abouts from this project opened areas for future commercial development – 35 acres to the south and 72 acres to the north of these round-abouts.

A major focus of the RDA this year was **Retail Development**. The collaborative efforts by all the stakeholders – City of Emporia, Chamber, Main Street, Lyon County and ESU commenced with the Buxton Study, market materials, community video and targeting the International Council of Shopping Centers (ICSC) annual expo in Las Vegas, Nevada. With our proactive marketing efforts in early 2008, we scheduled numerous meetings with developers and retail real estate representatives at the ICSC Expo.

As a result of the Buxton Study, the city's policies on Tax Increment Financing and Transportation Development Districts, and a proactive attitude for retail development, we began a dialogue with D.J. Christie in July about the **Emporia Plaza** project with Lowe's Home Improvement as an anchor tenant. The project evolution required an amendment to the zoning ordinance, and the creation of a Planned Unit Development (PUD) with various zoning overlay district. The Emporia Plaza project required a blight determination study, in order to create a Tax Increment Financing District. Currently a

redevelopment plan for the Emporia Plaza is under review and consideration by the RDA and Planning Commission.

As per City of Emporia Resolution 3295, this requires a market analysis and feasibility study for the Emporia Plaza TIF & TDD approval. Development Strategies conducted the market analysis of the project and Piper Jaffray conducted the financial analysis. On December 19, 2008 the RDA Board of Directors will review the redevelopment plan, market analysis and financial feasibility study. After the RDA Board of Directors review, then the planning commission will meet on December 23rd and make a determination on compatibility of the redevelopment plan with the comprehensive plan.

The Emporia Plaza project is scheduled to be reviewed by the Emporia City Commission at their study session on January 28, 2009; and the Emporia City Commission may have a decision on the project as early as February 4, 2009.

The **former University Inn** property located southwest of the I-35 and Kansas Highway 99 intersection was purchase by Dr. El Salim and his son Mohammad in September 2006. They began a renovation of the property for a variety of reasons the project had a major setback. So in early 2008, they decided to sell the property. Oxbow Development negotiated to purchase of the property. The former property was rezoned and included in the neighborhood revitalization plan area. Oxbow Development will remove the old motel structure and construct new living units for college students. The anticipated completion date is the summer 2009.

An extension to August 31, 2011 of the non-metropolitan enhanced enterprise zone for Lyon County was granted by the Kansas Department of Commerce. The RDA serves as the lead organization for renewal of the designation.

In September 2004, Interstate Brands Corporation, the parent corporation of **Dolly Madison Cake Company** in Emporia declared bankruptcy. It appears in the next several months, IBC will emerge from bankruptcy

Manufacturing expansion, retention and recruitment projects were few and far between in 2008. The most notable recruitment projects, which Emporia did not make the short list, were Project Monarch and Project Henry. Only a few projects are pending, but the prospect leads for 2009 will be soft.

With the prospect of a recessionary economy, continued proactive marketing efforts combined with capacity building will prepare Emporia for future expansions and pay dividends in the next several years. Being prepared several years ago, positioned Emporia to be successful with Hill's Pet Nutrition, Inc project. The plant commissioning and hiring of workers for the Hill's in 2009 will have a positive economic impact.