

**ECONOMIC DEVELOPMENT AND FINANCE  
STANDING COMMITTEE MINUTES  
Monday, May 2, 2016**

The meeting of the Economic Development and Finance Standing Committee was held on Monday, May 2, 2016, at 6:00 p.m., in the 5<sup>th</sup> Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walker, Townsend (via conference call), Murguia, Walters, and BPU Board Member Alvey. The following officials were also in attendance: Patrick Waters, Senior Attorney; Melissa Mundt, Joe Connor and Gordon Criswell, Assistant County Administrators; Emerick Cross, Commission Liaison; Charles Brockman, Management Analyst; Kathleen VonAchen, Chief Financial Officer; George Brajkovic, Economic Development Director; Debbie Pack, County Treasurer; Maddie Waldeck, Deputy County Treasurer; Marlon Goff, Urban Redevelopment Manager; Mike Tobin, Interim Public Works Director; Chris Slaughter, Land Bank Manager; Reginald Lindsay, Budget Director; and Chris Blake, Sergeant-at-Arms.

**Chairman McKiernan** called the meeting to order.

Roll call was taken and members were present as shown above.

**Chairman McKiernan** said first of all, we do have two revisions to tonight's agenda. I just want to make sure everybody got the blue sheet. We have a fifth item added to our Committee Agenda and then we have a new Item #1 under Public Agenda. Those will come at the end of the items that were on the initial agenda that was distributed.

Approval of standing committee minutes from March 7, 2016. **On motion of Commissioner Murguia, seconded by Commissioner Walker, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

**Item No. 1 – 16547...REPORT: FIRST QUARTER REPORTS**

**Synopsis:** First quarter Reports: Quarterly Investment, Budget Revisions, and Budget to Actual Report, submitted by Kathleen VonAchen, Chief Financial Officer.

### Quarterly Investment

**Kathleen VonAchen, Chief Financial Officer**, said we'll start with the First Quarter Investment Report. As you'll see on the cover summary page, our total investments total \$162M and 24% of them are invested within our own checking accounts. They're available to meet our liquid needs. We have 65% of the total portfolio invested in certificates of deposit with various local banks. The remainder is 11% invested in various treasuries and agency notes. The total average yield that we're currently earning is around 86 basis points or .86%, less than 1%. That's typical for localities over the past five or six years because of our low interest rate environment. The average rate of maturity is about a year and one-half.

Also included, you'll find the individual investments and a list of them and when their maturities are and accrued interest for each. I plan in the next quarterly meeting you'll be receiving an investment report that has a little bit more detail and kind of summary information so look forward to that.

The next quarterly report is the Budget to Actual Report. I'm glad that the Commission has an opportunity to review this report on a quarterly basis. In the future meeting, I hope to incorporate how individual departments within the General Fund are performing. It's good to take a look at the financial performance of the departments throughout the fiscal year to make sure they are meeting the budget targets.

If we go to the first page, I'm just going to go directly to the General Fund since it's so sizeable, the Consolidated General Fund. As you can see, overall, on the bottom line for revenues, we thus far collected \$61M out of the \$201M expected to be collected for this given fiscal year. Through the first three months of the year that amounts to 30% of the total. If you were to do a straight-line quarterly percentage, that would be 25% so we're up about 5% overall. That's only because the way we collect property tax, we collect property tax two to three times a year. The biggest distribution is at the beginning of the year. As you can see, property taxes and delinquent taxes are in at roughly 57% and 53% of the total projected to be received this year. We're a little higher.

Going down, you'll see that sales and use tax budgeted at \$36M. Thus far we've collected \$9.1M so that's a little up. We're holding steady. We've collected at about 25% of what we expected. My guess is that sales tax collections during the summer goes up a bit so we have that to look forward to. Charges for services vary throughout the year depending on demand for those services. Other governmental revenues, you see-well, it's not very much money, but that sort of depends on when we receive the money from the various grants. Overall, those are my comments on the revenue side.

On the expenditure side, we're exactly at where we ought to be. 24.8% of our budget has been expended thus far.

**Commissioner Walker** asked why is KPERS 40% paid already in the first quarter. **Reginald Lindsay, Budget Director**, said those include penalties that are paid to KPERS from retirements.

**Commissioner Walters** asked could you comment on the County General Fund, the 34% expenditure. Is that a timing issue? **Mr. Lindsay** asked is that for KPERS also. **Commissioner Walters** said no, this is on the first sheet about the fourth line down, General Fund County. **Chairman McKiernan** said those same numbers are on the County General Fund budget to actual. They're the same totals. **Commissioner Walters** said yes, budget to actual is what I'm looking at. **Ms. VonAchen** said no, that 34%, that's with respect to the Bond & Interest City Fund. The General Fund County is at 18.9%, the one right below it. The fourth one down. **Mr. Lindsay** said there's something in Other at 98%. I can't say right off what other is right now. **Ms. VonAchen** said under contractual services. **Commissioner Walters** said so I'm going to assume it's just the timing or a onetime thing that isn't going to continue or something may be? **Ms. VonAchen** said well, whatever was budgeted in the category for other contractual services is 100% spent for the most part. We can look it up and see it.

I'm happy to walk through each one: City/County rather than just talk about the consolidated. **Chairman McKiernan** said I think I'd just ask if anybody has any questions other than what Commissioner Walters had. I have two. They're just a couple of things I'm just curious about. If we go back to the initial revenues & expenditures, the very first, your cover page, it just struck me under Other Funds that Sewer System is only 14, 15% of budget at the

25%. That was one of the ones that just kind of jumped out at me because it's a large dollar fund. I assume that is—are those the fees that we collect for the purpose? If you look under Other Funds about two-thirds of the way down, Sewer System budgeted at \$33.7M, collected \$4.9M. Just curious if there was a reason why we're behind on that. **Mr. Lindsay** said we're assuming it's a timing issue. We'll find out for you. **Chairman McKiernan** said that would be great.

The only other thing that jumped out at me on the Consolidated General or on the City General, either one, was the BPU PILOT was 14.9% of budget at the 25% mark. Again, that's a fairly large dollar line so that low percentage ends up turning into more dollars. **Ms. VonAchen** said well, that's also a timing issue because that amount is allocated on a monthly basis.

**Ms. VonAchen** said there is one thing. The first quarter—especially on the revenue side, the first quarter is a little bit tricky because we have accruals that we enter as part of the yearend audit. Some of the transactions that were for billings that occurred in the prior fiscal year but were received in the future fiscal year, those have to be brought back to the prior fiscal year so there's a little bit of a timing issue. It all flushes out the further along you get into the year.

**Chairman McKiernan** said if my bottom line appears to be that if we look at all funds we are ahead on revenue, ahead of the 25% mark on revenue, behind the 25% mark on expenditures so we are ahead for the year to date. **Ms. VonAchen** said yes, that's true.

**Commissioner McKiernan** said I really appreciate the report. It's always good to look and just see how we're doing. It's nice to know for the first quarter we're ahead.

#### Budget Revisions

**Mr. Lindsay** said the next report is the Budget Revisions, \$10,000 and over, for the first quarter. There were five transactions during the quarter; two of those were approved by the Commission. The first one was \$750,000 that was added to the Employee Health Fund from the County General Fund. That was approved by the Commission on January 29. The second one was the 2016 Countywide Citizens Survey that was approved last year by the Commission. We did a budget revision this past quarter for \$100,000. The funds came from both the City and the

County General Fund. The other three budget revisions came from contingencies, one being an improvement grant issue that was reallocated from 2015, 2016 from Economic Development. The next one for a Kansas Speedway parking lease with the CPI (Consumer Price Index) increased. The next one was to move revenue from 2015 for the Land Bank over into 2016.

**Ms. VonAchen** said at your next meeting we'll be presenting the 2015 Yearend Financial Audit and Comprehensive Financial Report. Look for that. **Chairman McKiernan** said we look forward to that every year. **Ms. VonAchen** said I would like to remind you so that you're not shocked, but during this presentation, we'll be talking about the implementation of GASB68. That is the requirement that we record all of our pension liability on our financial statements, which is on the government wide statements. Be looking for that. It will make our statements look quite different. **Chairman McKiernan** said so recording our unfunded liability will dramatically change the bottom line of our statement. **Ms. VonAchen** said it will, yes, but it will also change the bottom line. **Chairman McKiernan** said gosh, with a teaser like that, how can we not look forward to June. **Ms. VonAchen** said I won't tell you how much yet, but you should also know that it also changes the bottom line for every other locality in the United States. Everyone's in the same boat.

**Action: For information only.**

**Item No. 2 – 16562....REQUEST: CONDUCT A PUBLIC HEARING TO CONSIDER IRBS AND PILOT STRUCTURE FOR NORTHPOINT DEVELOPMENT**

**Synopsis:** A request to conduct a public hearing on May 26, 2016, to consider the intent to issue \$55M of industrial revenue bonds (IRBs) and a PILOT structure for NorthPoint Development's proposal for Building 2 at Central Industrial Park in Fairfax, submitted by George Brajkovic, Economic Development Director.

**George Brajkovic, Economic Development Director,** said I'm going to ask Brent Miles to come up. He's the Vice President of Development with NorthPoint and Tim Klink with Polsinelli.

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**Chairman Walker** said we're going to hear this again and again. Tonight, why don't we just simply...

**Action:** **Commissioner Walker made a motion, seconded by Commissioner Murguia, to approve and forward to full commission.**

**Chairman McKiernan** said we have a motion and a second to establish the public hearing for May 26. Mr. Brajkovic, Patrick, make sure I understand what we're doing here. This motion is not only to conduct a public hearing with the intent of adopting a resolution of intent to approve the IRBs and the PILOT structure. **Mr. Brajkovic** said correct. We'll just advertise for the public hearing on May 26.

Some of our incentives require a resolution to set a public hearing date; that's not the case. We love this project and we'd love to talk about it as many opportunities as we can get, Commissioner Walker. With respect to time, I appreciate that. You'll hear the full presentation. There's an embedded PILOT structure. This deal though does contemplate the development agreement and two other incentives structured in: a CID and a TDD with a large size facility they're building. The TDD would generate a significant amount of annual revenue for what we call the Fairfax Fund for improvements for Fairfax and Kindelberger Road. We'll tell you more about it at the future date.

**Chairman McKiernan** said it is the continuing good development of a great project. **Commissioner Murguia** said you're winning. I would walk away now if I were you. **Mr. Brajkovic** said we'll be back. **Commissioner Walters** said my consensus is it's a big building.

Roll call was taken on the motion and there were six "Ayes," Alvey, Walters, Murguia, Townsend, Walker, McKiernan.

**Chairman McKiernan** said I've had a request that we alter the order of presentation of tonight's meeting. We're going to move the Public Agenda up now because our presenters are still students and there are these things called finals that they are either in the midst of or about to be in the midst of. What we're going to do is we're going to go ahead and move forward now to

our Public Agenda. We'll put our Committee Agenda temporarily on hold and come back to Item #3 on that.

Public Agenda:

**Item No. 1 – 16579....PRESENTATION: UNIVERSITY OF KS STUDENTS**

**Synopsis:** Presentation by University of Kansas students from the School of Business to discuss how to position the Argentine neighborhood for business relocation through a Tapestry analysis, submitted by Melissa Mundt, Assistant County Administrator.



**Wally Meyer, Director of Entrepreneurship Programs, University of Kansas; Ben Tumbleson, Senior studying Finance; and Wilson Hack, Junior studying Computer Science,** introduced themselves.

**Mr. Meyer** said we really thank you for this opportunity and particularly thank you for this opportunity to be here. By way of a moment's background, these two students are part of a group of Jayhawk consultants, so named because they're students who are particularly interested in understanding more about solving challenging business problems. The problems that we typically take up in this out-of-class group are ones that meets two criteria. One, for our clients they must be significant challenges such that we would expect that our clients would adopt the recommendations as we provide them. Number two, they must provide a significant learning experience because after all at KU, education is job one.

We were approached some time ago to look at a specific area that this study analyzed with the idea in mind of really trying to provide a perspective on the area's interests and

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attractions to entities, organizations, businesses that might be interested in and encouraged to move into the area, develop a rationale if one existed for that and then identify specific targets of opportunity. If I can say as their professor, the students have done an extraordinary job.

**Mr. Tumbleson** said like Wally just mentioned, we had an opportunity through an engagement from Commissioner Murguia to really look at how do we position the Argentine community for business relocation purposes. This is a version of that presentation that we had originally given to Commissioner Murguia a few weeks back and we had the opportunity to come here to share with you guys some of our findings on that.

### **Objective**

- Provide a compelling argument for businesses to choose the Argentine as their premiere site location
- Identify Argentine-specific differentiation elements
- Identify and match highly compatible businesses with Argentine



We wanted to start and kind of talk about our objective and what we were really trying to do here. It started with, how do we provide a compelling argument for businesses that might want to move to the Argentine community. Additionally, we're going to look at some Argentine specific differentiation elements so what really makes Argentine stand out as a community that businesses would want to be in this location. Finally, we'll look at how do we match compatible businesses into that area.

### **Strategy**

- **Module 1:** What's the criteria for any retail stores for its site selection? Identify the top 8 characteristics. How does Argentine stack up against that?
- **Module 2:** Specifically responding to your requests of certain industries to attract (hardware stores, fitness, etc.)
- **Module 3:** An extra deliverable, our research has identified a specific business opportunity for which Argentine would thrive



Our presentation will take up three main parts here. I will talk about the first one which is really from a high level as we're going to look at what do businesses, primarily retail stores look for in site selection. We honed in on eight primary characterizes that we think are broad and general enough that they apply to a mass of market of businesses. Then we asked ourselves how does Argentine stack up against these.

Secondly, was a specific request to Commissioner Murguia's request for certain businesses to look at if they might succeed well in the Argentine community. In the interest of time, we will skip this; however, we're excited about our third one on there which is all of our research kind of pointed toward one primary recommendation of which is well timed today. We're pretty excited to share that as well.

### ***Research and Sources***

- *Data was collected and analyzed from the following sources:*
  - *US Census Data*
  - *ESRI Geographic Information System (GIS) Mapping*
  
- *Custom Tapestry Analysis*
  - *Tapestry analysis compares similar demographic locations across the United States for "apples to apples" comparison*



Just a quick background here. Our research and sources were primarily US census data as well as ESRI GIS mapping. One of the coolest parts of what we'll touch on a little later in the presentation is data we derived from a custom tapestry analysis. That does come from ESRI. This is really, really interesting because it allows us to provide kind of an apples to apples comparison, Argentine with other communities. Traditionally when we look at how certain demographic factors compare, it becomes almost misleading when you compare Argentine to communities that might have similar demographics when that's not considering socioeconomic characteristics.



That's where this ESRI data is incredibly useful because what they've done is they've taken specific segments of communities in the United States and broken them down a step further than demographics and included those socioeconomic variables.

What you can see on that kind of blue faint map there is all of those kind of darker segments that are areas that have similar demographic and socioeconomic elements as the Argentine community. This is especially exciting because when we compare businesses and we look at how businesses thrive in certain areas, we can actually compare it really, truly apples to apples with Argentina. It helps us show geographic under and over representations of certain businesses. We'll come back to that a little later in the presentation.

### ***Module 1: Site Considerations for Businesses***



Our first module we'd like to talk about is site considerations for businesses.

## Approach

- “What do businesses look for in new locations?”
- Find the factors that influence these decisions
- Weigh Argentine relative to these factors
  - Use census and location data to support these conclusions



We really started by asking ourselves what do new businesses look for when they set up shop in a new place. So we really wanted to look at what were those factors that influence these decisions and then see how Argentine kind of fairs against them from kind of a high level qualitative perspective.

### *A model was created to quantitatively assess Argentine versus each site consideration factor*

There are eight factors in which business primarily consider for site location.

Site Consideration Matrix	Rating
Accessibility, visibility, traffic	
Signing, zoning, planning	
Retail potential	
Potential for employees	
Competition considerations	
Population & demographics	
Distribution of purchasing power	
Tenant preferences & logistics	



We started pretty simply with a very basic model with eight factors. We said, where does Argentine fit in with those. I'd love to walk through each of those factors and kind of understand what a business might look for and then how Argentine does in kind of a basic level.

## 1. Population and demographics

- Businesses are attracted to regions that have high densities of potential customers
- Positive growth trends are desirable

For Argentina:

- Argentina is a tight-knit community with a growing population



The first one is very simple. Businesses like regions that have high density for potential customers and obviously positive growth trends are desirable businesses want to be in areas where people exist. What we know for Argentina is Argentina is a tightknit community and they do have a growing population which is a good sign.

## 2. Distribution of purchasing power

- Businesses are attracted to regions that have consumers with a high degree of purchasing power (disposable income)

For Argentina:

- Although the Argentine area itself may not be exceptionally strong economically, the surrounding areas provide a strong boost in disposable income figures



The second one is the distribution of purchasing power. This can kind of take on two aspects so businesses really like areas that consumers have both disposal income for their products as well as income to provide for necessity items. What we know is although Argentina might not be an economically strong area when compared to other regions, the surrounding area does provide a strong example for boost in disposal income figures which is a strong que.

**BPU Board Member Alvey** asked when you say the surrounding areas, how far out does that reach. **Mr. Tumbleson** said excellent question. We actually have a graphic a little later that's more specific. These first eight elements, we're talking about kind of a really qualitative

perspective and some of these will actually drill into it with actual numbers and actual data. This is one case where we will have some numbers to support that.

### **3. Accessibility, visibility, and traffic**

- Business are attracted to regions that have a high degree of visibility and accessibility and can handle high volumes
- Accessibility via public transportation and adequacy of parking are strong considerations

For Argentine:

- Argentine is located between three major highways allowing high volumes of traffic and visibility to the Argentine community



The third one looks at accessibility/visibility of traffic. This is best understood that businesses like to be in visible areas. What we know is that businesses prefer to be visible, have traffic considerations, parking, and public transportation available to them so customers are able to get to their business to see it. What we know is that Argentine is located between three major highways which have high volumes of traffic as well as visibility. Again, we have data on that a little later.

### **4. Signing, zoning, and planning**

- Businesses look for areas that make it easy for new businesses to become established and thrive
- Businesses must consider the financial impact of expensive areas in terms of lease/rent, relocation, and startup costs

For Argentine:

- Argentine has continually shown a pro business attitude in order to encourage relocation



The fourth factor is signing, zoning, and planning. This one is kind of more high level. It really comes down to that businesses want to move to areas where the community is willing and able to adapt and really wants them to be in their community. So businesses obviously must consider the financial impact of these expenses in terms of things like lease and rent, relocation, and

startup costs. What we know is that Argentina has always had this pro-business attitude to encourage business relocation.

### 5. Competition considerations

- Businesses like to relocate to regions where other competitors are located
  - Location next to existing businesses provides consumers alternatives to the businesses they are already familiar with in certain areas
  - Relocation to regions with existing businesses leverages the site and location considerations already conducted
- Businesses like locating in regions that have complementary businesses already established

For Argentina:

- Within the surrounding area there is strong competition that reinforces the demand for goods and services



Competition considerations are a bit of an interesting one. It's kind of twofold. It can be confusing that sometimes you think that a business would want to move into an area where competitors don't exist; however, we find through research that it's more likely that businesses want to relocate to areas where competitors do already exist. That works for two reasons. One, because it shows that there's already a demand in that region and somebody has already done the research to prove that that demand exists and it has a continuing demand. The second, there are synergies that can be created by multiple businesses being together. This is why shopping districts are so successful. What we know with Argentina is that there is in the surrounding area, strong competition for a number of the industries that we looked at in this analysis.

### 6. Tenant preferences and logistics

- When buying or utilizing existing space, businesses consider specific tenant services required in order to promote curb appeal (building maintenance, utilities, lawn care, security)
- Businesses prefer regions that are considered safe and have a low crime rate

For Argentina:

- Argentina has historically stood prepared to provide amenities to enhance the attractiveness of the locale
- Argentina is in a region with moderate levels of crime, which may deter some niche businesses



The sixth one here is what we call tenant preferences and logistics. This ties very closely to the sign, zoning, and planning. What we know is that when a business moves into an area where

they are having to lease or buy a facility rather than build their own, there becomes specific tenant considerations and especially things like curb appeal, we mentioned some factors on there like building maintenance, utilities, lawn care and security. That can really be boiled down to businesses want to be in areas where their customers are going to feel safe, where there's a low crime rate. What we know for Argentine is that they historically stood prepared to provide amenities to businesses wanting to be in this area. We do know that Argentine does have moderate levels of crime which may deter some niche businesses.

### **7. Retail potential**

- Businesses are attracted to regions where customers are lacking essential products and services
- Businesses favor regions that have above-normal demand for their products and services relative to other geographic regions

#### For Argentine:

- Argentine has a high density of underserved residents that lack access to a number of industry products and services
- These opportunities are elements of unmet needs waiting to be filled



The seventh is retail potential. This is one of the more specific factors. What we know is that businesses want to be in areas where their products or services are wanted, so to speak. There are certain products or services that thrive in certain regions in the United States where they might not in others. What we know is that they favor areas that have above normal demands and we're excited. What Wilson is going to talk about in a little bit is one specific industry that does have a heighten demand for certain products. What we know is that Argentine does have a high density of underserved residents who do lack access to some certain industries that we did look at.

### **8. Potential for employees**

- Businesses look favorably upon regions with a large, commonly motivated labor pool
- Areas that have high densities of willing workers are attractive for local businesses

#### For Argentina:

- The Argentine has an immediately deployable workforce who are eager to fill new position openings

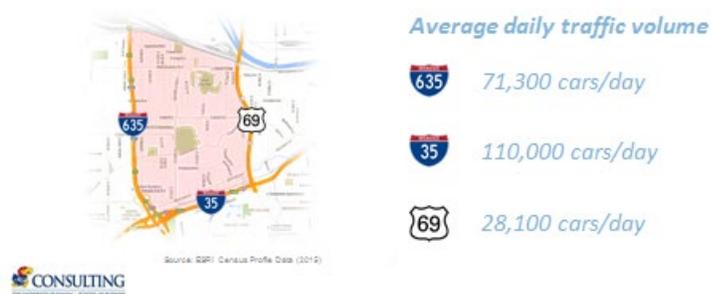


Finally is the potential for employees. When businesses move to certain regions, they really have to look at are we able to accurately staff a force. For some businesses that might mean a skilled labor force and for others it might mean blue-collar work. In the case for a majority of the industries we looked at, that was retail or customer-facing service, what we know is that Argentina has an immediately deployable workforce who is eager to fill new positions.



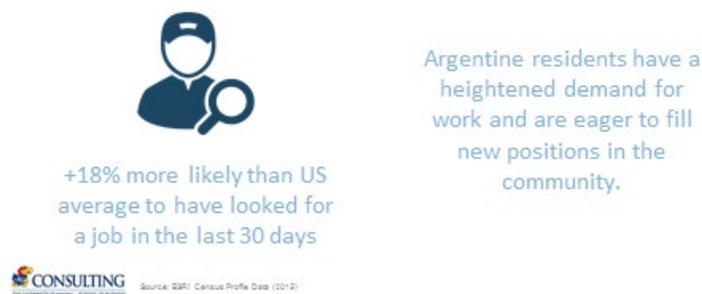
If we take all of those factors, we can actually build a case for Argentina on a couple of data points.

**Argentine is located between three of the busiest highways in Kansas**



The first one we talked about, which is important, which is visibility. What we know is that Argentine is located between three of the busiest highways in Kansas. All of that visibility is incredibly strong to a business that might want to move to a region where they get strong visibility not only from those within the city, but those driving through.

**Argentine has a workforce willing to fill new positions**



Secondly, we know that Argentine has a workforce that's willing to fill new positions. ESRI census data from 2015 told us that the Argentine residents are actually 18% more likely to have looked for a job in the last 30 days. This is from 2015. What we know is that they have a heightened demand for work and there is an immediate deployable workforce.

**The Argentine area median household income is growing faster than the average area in Kansas, and Nationally**



Finally, this goes back to your comment earlier. We know that the average Argentine median household income is actually growing faster than the average area in Kansas and nationally. I know it's difficult to see on the screen here but there's a faint red hue around Argentine that extends at a five-mile radius around. Those five miles does touch slightly into the downtown region. What we know is that when businesses are located in certain regions, it doesn't disqualify them from those who might be outside of that region. What we know, if you can see on the left there, Argentine is actually growing faster and this region is growing faster than 25% of Kansas and 32% faster than the US average. This comes to us as an extension of our ESRI analysis that we had conducted.

**Argentine is an ideal place for business relocation**

Site Consideration Matrix	Rating
Accessibility, visibility, traffic	5
Signing, zoning, planning	5
Retail potential	5
Potential for employees	5
Competition considerations	4
Population & demographics	3
Distribution of purchasing power	3
Tenant preferences & logistics	2

*Argentine scores a 4.1 on a five point scale of site consideration viability*

\*Ratings from 1-5, 1 indicating worst and 5 indicating best



If we put all of those together and we qualitatively applied scores, what we know is that Argentine scores very, very well on this analysis. This is interesting in that it can be really easy to write-off a city that might not look appealing from the curb, but everything is deeper than just the cover. What we know is that Argentine is actually really, really well positioned for business relocation. With that being said, I'd love to have Wilson talk about where we're doing next.

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**Module 2:**  
**Industry Segments Analysis**



**Mr. Hack** said he already touched on this just a little bit, but we're actually going to skip this module. What this module looks at is four of the five specific industries that Commissioner Murguia had requested. We'll show you the list of those and we do have those slides in the back of the deck in case anybody is really interested in looking at those, but just in the interest of time, we're going to go ahead and skip ahead to what was our final conclusion.

**Industry Segments**

-  Hardware Stores
-  Auto Parts Stores
-  Fitness Offerings
-  Convenience Stores



These were the four that we looked at: hardware stores, auto parts stores, fitness offerings, and convenience stores.

**Module 3:**  
**One additional recommendation**



On to the third module here

**A Case for Food in Argentina**



All of our research kind of pointed to one final conclusion and that was that food and restaurants, specifically fast food offerings in Argentina is really a good play and there's an unmet demand in the Argentine area for food and restaurants.

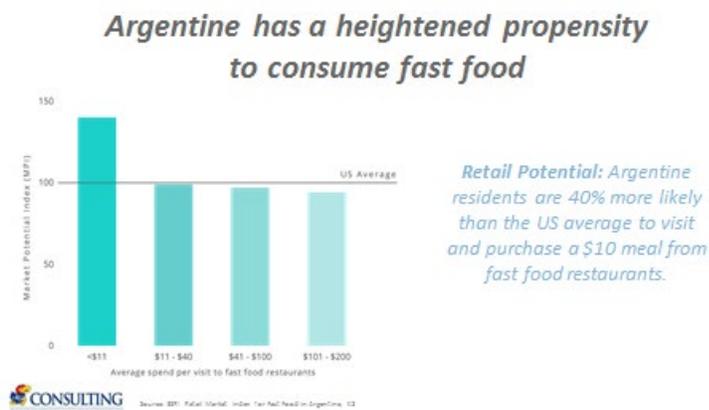
**Argentina has 30% fewer restaurants and fast food than comparable demographic regions**



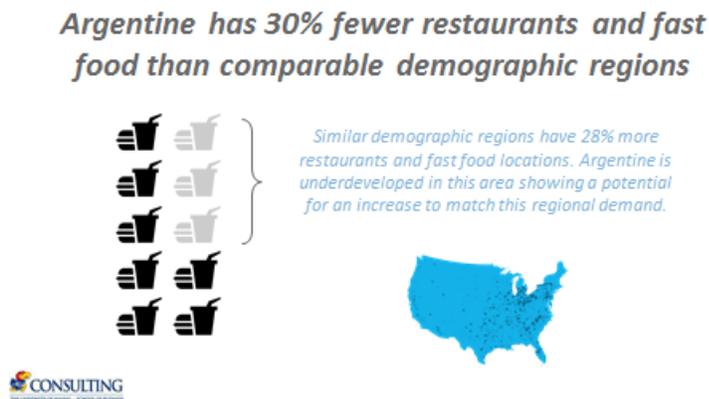
*Similar demographic regions have 28% more restaurants and fast food locations. Argentina is underdeveloped in this area showing a potential for an increase to match this regional demand.*



You might recognize that little blue graph again. Here, we're doing the same apples to apples comparison here looking at nearly identical regions. We were able to find that the Argentine area has 30% fewer restaurants and fast food locations than areas just like Argentine in the United States. This shows that there's an underdeveloped industry here that is fast food in restaurants. There needs to be somebody to come in to meet this unmet demand.



Secondly, over here on the left we have what's called an MPI and this is something that ESRI uses. They assume that the US average is 100. If the average US resident, for example, spent \$100 and you had an MPI of \$125, then you would spend \$125. It's kind of a ratio here. As you can see, Argentine residents are 40% more likely than the average US resident to visit a fast food restaurant and spend approximately \$10 which lends itself to prepared food/fast food locations.



Third, this is kind of a graph showing you—it's not totally exhaustive, but just looking at what's there in the surrounding area. As you probably know, Argentine is kind of centered in the middle of that graph.

### **Existing competitors prove a continuing demand for fast food and restaurants**

*Competition consideration:*  
While there are several food service locations in the surrounding area, none are within the limits of Argentine offering a physical gap where a restaurant will thrive in an underserved location.



There are some big players: Taco Bell, McDonalds, names that everybody would recognize, but there's not really anything in the Argentine area and that kind of represents a physical gap. As we've seen, there is demand from the Argentine residents for businesses like this presenting them an opportunity to thrive in a location like this. Specifically we were able to look through the ESRI data and find actual businesses that are best suited for the Argentine residents instead of just making a high-level conclusion that fast food would be a good approach.

### **Data suggest these businesses would thrive:**

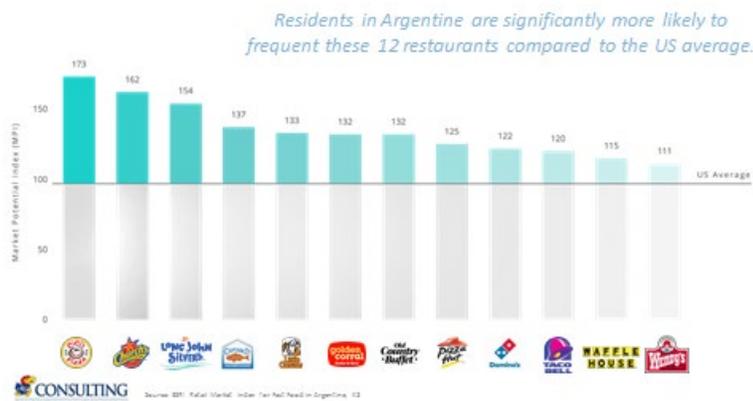


*Retail Potential: Restaurant market potential data shows that Argentine residents have higher-than-average demand for these 12 restaurants.*



Source: ESRI, Retail Market, Indian Territory Need in Argentine, CA

Here are the 12 listed.



This next graph here should allow you to see this a little bit better. Over on the left, CC's Pizza had the highest MPI, that same relative ratio that we were talking about of 173, so they're 73% more likely than the average US resident to visit a CC's Pizza. All the way down to Wendy's, they're still 11% higher demand in the Argentine area to visit a Wendy's.

### Next Steps

- Use this pitch deck to effectively sell Argentine to businesses
- Attract a national convenience store offering, specifically Casey's General Store to achieve a balance of food and tobacco sales
- Go out and redirect industry acquisition efforts to emphasize fast food and restaurants
- Utilize available space in the "Argentine shopping center" for an outdoor food court featuring multiple fast food and restaurant outlets



As we presented this to Commissioner Murguia, these were kind of the next steps that we gave to her. I guess this probably wouldn't apply as much to some of the people sitting in this room. We wanted her to be able to take this deck and use it to effectively sell Argentine to potential players, specifically the ones that we had listed in our presentation.

## A Case for Convenience Stores in Argentina



The second point here probably doesn't make much sense so I'll go into it in a little bit of detail. One of the things we looked at was convenience stores.

### Argentine residents have a heightened demand for tobacco



Tobacco products are the highest grossing product for convenience stores representing 36% of revenue. Argentine residents are 42% more likely than the average person to purchase cigarettes.



An MPI (Market Potential Index) measures the relative likelihood of the adults or households in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. average.

We found that Casey's General Store does not derive as much of its revenue from tobacco sales as most convenience stores. It actually derives quite a bit of its revenue from prepared food.

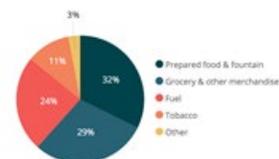


### A Casey's General Store would thrive without a reliance on tobacco sales

Recognizing that attracting business based on their likelihood to sell tobacco to residents isn't ideal, a Casey's General Store would be a perfect fit.

At Casey's, tobacco only makes up approximately 1/5 of the industry average of revenue for a convenience store. In its place, is a high profitability for food, fountain, and grocery.

Casey's General Store Gross Profit by Category  
Source: Casey's General Store Form 10-K (April 15)



Because prepared food was already something that we identified as having heightened demand in the Argentine area and not relying as much on tobacco sales, a Casey's General Store was one of the other strong recommendations we had as somebody to attract to the Argentine area. Specifically for Ann as well, to be able to go out and redirect and focus her acquisition efforts instead of trying to kind of put feelers out, she can definitively say this is who I want to be going for and this is who we want in the Argentine area.

Finally, the ultimate goal would be there's some available space in the Argentine area that we think could pretty much be created and developed into a food court with several of those large industry players locating in the Argentine area and creating an Argentine shopping center with fast food offerings and prepared food offerings for the Argentine residents.

So that's kind of a quick run-through of what we've done here.

**Chairman McKiernan** said we certainly thank you for your presentation and your work.

**BPU Board Member Alvey** said I just think it's a really interesting approach. I've not heard of tapestry analysis. It gives you some very targeted information and comparison data. It's excellent. Good work. **Mr. Tumbleson** said I'm disappointed we didn't get to it, because a number of the other industries we looked at really, really benefited from that. Traditionally, when you look at consensus data, it's very tough to compare Argentine to Orange County, CA. Even if demographics were similar between them, the socioeconomic kind of element that comes into that tapestry report is incredibly useful. It sells itself especially when you look at fast food that we know that it's underdeveloped, not just based on demographics but based on socioeconomics. We definitely agree.

**Commissioner Murguia** said I just wanted to thank these three. They've been great to work with this last semester and create a wealth of information for myself to better represent my district. They sort of downplayed this part probably for my benefit, but I did want to bring something up. Something that would have done particularly well in Argentine, which isn't a good thing, is a smoke shop because there is a disproportion amount of tobacco usage in Argentine so that's the negative side. What I particularly loved about their recommendation is

that they knew, because of the work this Commission has done in regard to smoking and we aren't interested in that, they specifically came up with Casey's, which still meets our demand for convenience store items and for gasoline and things like that without feeding into that sort of unhealthy tobacco sort of lifestyle. I was particularly excited about that in particular. I think that is a great example. The whole reason of this presentation is this is all a great example of other areas east of 635 that could benefit from these kinds of businesses. In particular, it's interesting to know Casey's is not making most of their revenue from tobacco sales.

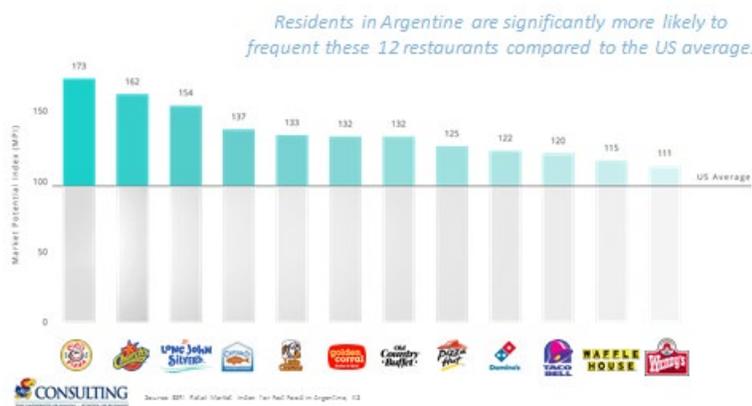
**Melissa Mundt, Assistant County Administrator**, said I did want to state that I did meet with Ben and Wil over the phone and walked through this presentation a few weeks ago when we committed to make sure that they could be available before they graduated or had to take off for the summer. I apologize that we had to move this through but I do think it was good to get them in before they left town.

The other item of notice, we have spoken with their professor, who's sitting over here tonight, and asked that he consider working in other parts of our community given that I think there are quite a few groups that will be clamoring for this level of analysis to feed in with our Planning staff and Economic Development staff as they move forward with the different plans for our community. **Chairman McKiernan** said that is true. We have pretty much an endless supply of future student projects.

**Mr. Meyer** said we've been dedicated to trying to do what we think is the right—presenting the right corporate responsibility. In that regard, Jayhawk Consulting has worked on three or four projects with GM, the Fairfax facility, with Juniper Gardens and a number of other KCK establishments. If there's a way for KU to, again, live up to what we see is our corporate responsibility given capacity limitations when we have so many students and so many hours, and they take multiple courses, but we certainly would love to consider it.

**Chairman McKiernan** said fantastic. It really is great to see students who are out in the community not just doing something that's abstract in a classroom but who are engaged in a real-world analysis that leads to real-world solutions. Once again, well done.

**Commissioner Townsend** said I wanted to congratulate those young men on their upcoming graduation from Kansas University and on the presentation made tonight. I had a particular question about how you went about getting the information that led to your analysis on the slide that showed in the Argentine area which restaurants would be most likely to be frequented by the Argentine residents. As you've said, Mr. Chairman, this would be great for other districts to have the opportunity to have a similar analysis done.



**Mr. Tumbleson** said I can tackle that. Great question. I know it's very difficult to see there at the bottom, but the source is actually—the ESRI data source we used had a wealth of information that extended just beyond things you might traditionally find in the census report. They actually have market analysis for certain industries. In this case, we looked at, if I can read that correctly, that's the retail market potential for fast food in Argentina. What ESRI has actually done is assessed the variability of these businesses specific to Argentine.

Like Wilson talked about earlier, this uses that same MPI, the market potential index, which looks at 100 so you can see the baseline there is our 100 and then everything above that, which we highlighted in the blue here, is saying these are heightened demands for these specific businesses. This information was kindly provided from ESRI.

**Commissioner Townsend** said I was wondering in particular since we just recently gotten the results of a city/county-wide survey if the compilation of that information was the result of actually going to residents in the district and asking them their preferences. **Mr. Hack** said no, I don't think that was specifically included. We didn't have any of that data but this is based on a large pile of information that ESRI creates some insights out of. **Mr. Tumbleson** said to my

understanding, ESRI takes US Census data and adds an additional layer of analysis more in depth than we'd expect from the US census.

**Commissioner Townsend** said last question. From the time that you began this project, how long did it take you to completion? **Mr. Tumbleson** said great question. I say that because this project was actually done in two parts. We've had the pleasure of working with Commissioner Murguia for a previous engagement that was more general. In this engagement that we took upon is an extension of that. We were able to look more specifically at these businesses. I would say that when we started, we started in January and we probably finished this late March so eight-ten weeks about. That does, like Wally mentioned, we are students. This unfortunately is not a full-time occupation. We were pretty satisfied with the turnaround part of our work. **Commissioner Townsend** said you mean January of 2016. **Mr. Tumbleson** said yes. **Commissioner Townsend** said well, that's amazing. Thank you, again. Congratulations.

**Chairman McKiernan** said, gentlemen, once again, thank you so much for your presentation. Great work.

**Action: For information only.**

**Chairman McKiernan** said we are going to go ahead and move back to the Committee Agenda now. We had left off at Item No. 3.

**Item No. 3 – 16567....RESOLUTION: MUNICIPAL PARKING GARAGE, 625 STATE AVENUE**

**Synopsis:** A resolution authorizing the County Administrator to execute a purchase and redevelopment agreement with Carojoto, LLC to acquire, renovate and operate the municipally-owned parking garage at 625 State Avenue, submitted by Marlon Goff, Urban Redevelopment Manager. The \$1M project would return up to 300 parking stalls for commercial tenants, residents and visitors to the central business district. It is requested that this item be fast tracked to the May 5, 2016 full commission meeting

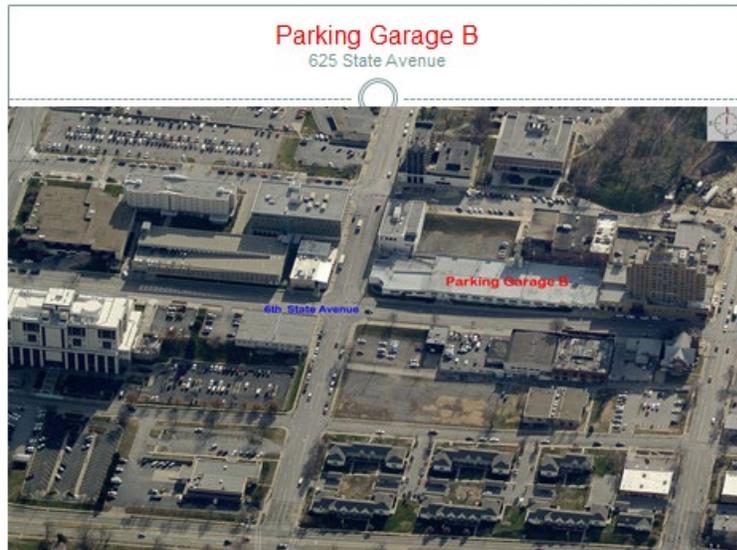


**Marlon Goff, Urban Redevelopment Manager,** said we do have a presentation tonight regarding the municipal parking garage. First, I'll introduce my guest. To the left is Tony Privitera. I believe many of you guys are familiar with Mr. Privitera. He's a principle with Mark One Electric. Here more recently he's continued to expand his investment portfolio of commercial properties in our community. More recently, he responded to a proposal from our department regarding redevelopment proposals for the municipal parking garage.

To start, again, this is a presentation regarding a redevelopment proposal in the garage. But really, it's also conversation about the demand we've seen for dedicated parking. A positive outcome of the recent investment we've seen in the downtown corridor with the number of commercial transaction has presented a challenge for staff to assist these new business and existing business owners in identifying adequate parking for their new tenants. What we've done is, we've worked with Mr. Privitera to come up with a term for our redevelopment agreement.

**May 2, 2016**





This screen may be a little difficult to see, we'll focus your attention to what we describe as Parking Lot B. In this aerial view, you'll see the garage labeled just at the intersection of 6<sup>th</sup> & State Avenue. The 3-story parking structure is immediately adjacent to Cross Lines Towers at 7<sup>th</sup> & State Avenue.

### Site Timeline

1954	Construction of parking garage completed.
1984	City of Kansas City, KS acquires title to property from Public Building Commission
2008	Garage is decommissioned in lieu of capital repairs, demolition & redevelopment. (2008 est. costs = \$1.8M)
2013	Resolution of support for Cross-lines Tower LIHTC Project <a href="#">2-Year MOU</a> for parking garage while project secures permanent financing.
2016	UG exercises reversionary option on the garage in <a href="#">Year 3</a> . UG issues public notice calling for redevelopment proposals.

A quick snapshot overview of the history of this site. We've seen construction plans as early as the 1950s. The Appraiser has this structure completed in 1954. You see in 2008, as a result of on-going capital repairs and serious structural concerns, the garage was decommissioned. This site was actually before you a couple of years ago as part of the Cross Line Towers redevelopment project. At the time, we entered into a memorandum of understanding with that

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project's developer while they attempted to secure permanent financing. Earlier this year, as we decided to exercise our reversionary clause on that property, again, in sight of the ongoing demand for parking, our staff, we had ongoing requests for long-term lease agreements or acquisition for some of the surface lots. When we look at the highest and best use for a lot of those properties, we kept coming back to what are we going to do with the parking garage. We met with our Public Works staff, met with Patrick Waters in the Legal Department, just to get a better understanding of what it would take. Do we need to move forward with the original plans for demolition or could we stabilize this garage?



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Mr. Privitera, as part of his proposals, he shared some of the inspection photos. We'll just scroll through a couple of these, but this will give you kind of a sense of the scale that this redevelopment project will entail.



Mr. Alvey, you'll appreciate the photo on the right. On the top level of the garage we have transformers/utilities that will also be included as part of the permanent easement. That will be written into the legal description and recorded in the Deeds that those utilities will remain in place. Again, this will be a pretty comprehensive redevelopment project.

**Proposed Terms**

<ul style="list-style-type: none"> <li>• Private capital investment of \$1M including acquisition, structural improvements and soft costs.</li> <li>• Renovation project returns up to 300 structured parking stalls to the CBD under private ownership and operation.</li> <li>• (50) permanently dedicated parking stalls for use by UG vehicles, juror overflow or civilian parking.</li> <li>• Fair market rates charged to downtown office tenants, visitors and patrons.</li> </ul>	<ul style="list-style-type: none"> <li>• Formal purchase &amp; redevelopment agreement</li> <li>• Reversionary clause requires buyer to achieve <a href="#">substantial project completion</a> within 12 months.</li> <li>• Project may qualify for NRA incentive program.</li> <li>• Buyer has engaged Cross-lines Tower and surrounding commercial property owners to assess parking needs.</li> </ul>
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Real quickly, these are some of the key terms that we're calling out for in the redevelopment agreement. It's about a \$1M in total project costs including acquisition. That will return up to 300 parking stalls back to the central business district.

Also important to us is we're asking, and Mr. Privitera has agreed to, allow for 50 permanently dedicated stalls as needed for UG vehicles, juror overflow parking. Finally, we'll also include a reversionary clause with this agreement for substantial completion within 12 months.

Project Costs	
Item	Budget
Acquisition	\$10,000
Legal	\$5,000
Site security	\$10,000
Site cleanup	\$20,000
Structural Engineering	\$100,000
Iron/Steel Erection	\$100,000
Concrete Construction	\$80,000
Plumbing/Sprinkler	\$75,000
Electrical	\$145,000
Painting	\$80,000
Security System	\$50,000
Parking control systems	\$75,000
Landscaping	\$45,000
ADA/Elevator/Ramps	\$67,000
Contingency	\$272,000
<b>Total:</b>	<b>\$1,134,000</b>

- 2016 County Appraisal
  - \$161,300 (Land Value)
- Est. Value of (50) parking stalls
  - (\$20 per month for 15 years)
  - \$180,000

Again, here's an overview of the preliminary project costs. The County Assessor has the land value of the garage at just over \$160,000. We just use a factor of \$20 per month over a period of 15 years, we feel like we'll achieve that value by virtue of having the dedicated parking stalls for UG vehicles.

Action Item

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- A resolution authorizing county administrator to execute purchase and redevelopment agreement.
- Consider fast track to May 5, 2016 Full Commission meeting
  - ✦ Developer would like to take advantage of the remaining spring/summer construction period.
  - ✦ Closing transaction targeted for June 2016.

With that, I want to give Mr. Privitera an opportunity to really talk about his company's history with operating parking facilities in the metro and maybe what more he has planned for this particular project.

**Tony Privitera** said the name of the company that would be purchasing this parking structure is Carojoto. It's kind of a funny name but it stands for Carl, Rosie, Joe and Tony. I'm Tony. I have a brother Carl and a sister named Rosie. How it happened and how we arrived at it, it just kind of came out.

Back in the '80s, our family we grew up owning parking structures and parking lots in downtown Kansas City, MO. As a matter of fact, we owned all of the parking structures across the street from City Hall all the way to what is now the Federal Courthouse in Kansas City, MO. We had about 4,000 parking stalls there. When I was a high school student, we used to go down there and park cars for city officials. It was a lot of fun. That was how we learned to drive stick shifts at the time.

We have a lot of experience with managing and running parking structures. With our construction business, we've been on the team of probably over 25 parking structures in the Kansas City area. I have a good understanding of what it takes. There's a lot of concrete, there's a lot of lights, and a lot of maintenance after-the-fact which this particular structure is lacking.

I brought in a couple of really good, practical structural engineers to help us make a good educated decision on is this monstrosity fixable. We came to the conclusion that it was. We'd

**May 2, 2016**

like to tackle it. At this moment in time, we've been buying buildings and more buildings and more buildings in the Kansas City, KS, area. We see something in downtown Kansas City, KS. I've become a believer in downtown Kansas City, KS. Maybe we're a little early; it's possible, but we see a huge change coming and we'd like to get in on the ground floor.

**BPU Board Member Alvey** asked, Tony, would you go back one or two slides. **Mr. Privitera** said sure.



**BPU Board Member Alvey** said so the last bullet point: Buyer engaged Cross-Lines Tower. It's running? **Mr. Privitera** said good question. I spoke to Mr. Hughes of the Cross-Lines Tower and worked out an agreement with him that if I'm successful in obtaining this garage that I will make sure that he has parking for what he needs for his project at a fair and marketable rate. I did not agree to a price because I don't really know where I'm going to be, but we discussed it and he has parking for the Cross Line Towers within our plan.

**BPU Board Member Alvey** asked where do they currently park, on the surface lots. **Mr. Privitera** said I really don't know. **BPU Board Member Alvey** said all over. **Mr. Goff** said he asked Mr. Hughes just for curiosity how many of his residents, for example, have registered vehicles. It's a specific population that currently resides there and to that point, in talking with our Parking Control staff, they don't have very many stalls reserved currently in any of the other surface lots that you saw on the map. I think part of his plan is to hopefully attract a

profile of tenants that he doesn't currently have as part of the redevelopment project. As part of the financing, having to be able to establish that he has adequate parking is associated with the project.

**BPU Board Member Alvey** asked originally, was this a city-owned lot or a parking garage, or was it built as part of the Town House Hotel. **Mr. Goff** said our staff dug through the Register of Deeds' records. I'd like to say—I wish we could say that the method of recordkeeping was the same in the early '50s as it is now...**BPU Board Member Alvey** said so in other words, you don't know. **Mr. Goff** said we searched through a number of deeds and title transfers. The best we could come up with is we do know when the city of Kansas City, KS, acquired title to the property, that being in 1984. We know the date of construction. I'm not exactly certain if it was built as part of that big hotel project, previously Cross Line Towers.

**Action:** **Commissioner Walker made a motion, seconded by Commissioner Murguia, to approve and fast track to full commission on May 5.** Roll call was taken and there were six "Ayes," Alvey, Walters, Murguia, Townsend, Walker, McKiernan.

#### **Item No. 4 – 16498....REPORT: MOTOR VEHICLE REGISTRATION CUSTOMER SERVICE**

**Synopsis:** A presentation by the Treasury Division regarding efforts to enhance the customer experience related to motor vehicle registration. This informational item will present an update of the initiatives that have been undertaken over the past few years and the results of internally conducted customer service surveys. Presentation by Debbie Pack, County Treasurer, and Maddie Waldeck, Deputy County Treasurer.



**Debbie Pack, Director of Revenue, and Maddie Waldeck, Deputy Director,** appeared. **Ms. Pack** said we are here because we wanted to bring some information that we thought was important for you to see. We realized that the community survey that we all looked at a few weeks ago didn't shine a very favorable light on motor vehicle registration. As you recall, citizens voiced a strong opinion that motor vehicle be the number one priority for county services to be improved, that there was a 4% decrease in satisfaction, and there was a 37% level of dissatisfaction in general. Those results were a little disappointing to my staff and I because over the last few years, we've done a lot to work very hard to try to improve the taxpayers' experience when they come into the Motor Vehicle Registration Offices.

We believe the results from those surveys—there are a couple of factors that are going on with those results. One is timing. As you all know, when you purchase a car, you have to come into the Motor Vehicle Office to title that car, register it. That doesn't happen for everyone every day. It's usually, in my mind, every five to seven years. If you came in five years ago even between the years of 2012 and 2014, I certainly couldn't blame you for giving these negative comments on the survey. In 2012, that was the year that the State implemented the infamous new motor vehicle system that was do all and be all.

Another factor that we think has something to do with it is kind of customer behaviors. Customers are still walking in the door when they don't need to. There are a lot of options for renewals and things like that. We're still seeing significant numbers of customers walking in the door. There are many reasons for that whether it's financial or they forgot or whatever, but we're still seeing a lot of those.

We also believe that taxpayers aren't utilizing the enhancements that we've given them. We've given them options of online queuing and not having to sit in the office and they're not utilizing that as much as we'd like to see it.

One of the other things that we see a lot of in our complaints is that the taxes in Wyandotte County are high. The sales tax and the property taxes are among the highest in the state. We certainly understand that people's perceptions are going to stay with them a long time so if they came in four or five years ago and they had a bad experience, we know it's going to take a lot to get them to feel positive about us. We've tried to put in a lot of improvements and tried to be very conscientious about how we can improve the service that we're giving.

Tonight, we're going to give you some of the results from our own internal survey and plus we're going to show you some of the data that we've been tracking to make sure that we're going about business the right way; to see if things are improving.

First, I'll have Maddie go over some of our survey results for you.

## Customer Service Surveys

Since July 20, 2015



▶ 1,469 responses

What Facility Did You Visit Today?			How Did You Check In?		
Downtown	549	37.37%	Kiosk (In Office)	775	52.76%
Annex	920	62.63%	Online	694	47.24%
Total	1469		Total	1469	

**Ms. Waldeck** said we implemented our own internal survey on July 20, 2015. Constituents can fill out those surveys one of three ways. One, they can go online to our website. Two, we have in our signature of our emails, an invitation to fill out a survey of the service that they received through email. Also, the biggest response we get is from our text message from the Kiosk so when you put in your cell phone number to put yourself in line for a motor vehicle registration or renewal, once your ticket is coded as complete, you'll get a text message with an invitation to take a survey.

At the time that we put this presentation together, we received 1,469 responses. 95% of those have been from text messages. We ask several questions. The first question is, what facility did you visit? We see a higher response rate from the annex facility. How did you check in? Right now it's a 50/50 between the Kiosk and online. We'd really like to see the percentage of people checking in online to increase. The more people do that, the more they see the benefit of the online check-in process.

## Customer Service Surveys

How Would You Rate the Check-In System?		
Poor	111	7.69%
Fair	84	5.72%
Good	183	12.46%
Great	358	23.63%
Excellent	775	52.48%
Total	1469	

Total Positive Response to Check In: 86.92%

How Would You Rate Our Customer Service?		
Poor	76	5.17%
Fair	64	4.36%
Good	120	8.17%
Great	251	17.09%
Excellent	998	67.21%
Total	1469	

Total Positive Response to Customer Service: 90.42%

How Would You Rate Our Knowledge?		
Not knowledgeable	33	2.25%
Somewhat knowledgeable	46	3.13%
Knowledgeable	126	8.57%
Very knowledgeable	326	22.19%
Extremely knowledgeable	924	62.86%
Total	1469	

Total Positive Response to Knowledge: 94.62%

Overall, How Was Your Experience?		
Poor	147	10.01%
Fair	88	5.99%
Good	212	14.43%
Great	295	20.08%
Excellent	727	49.49%
Total	1469	

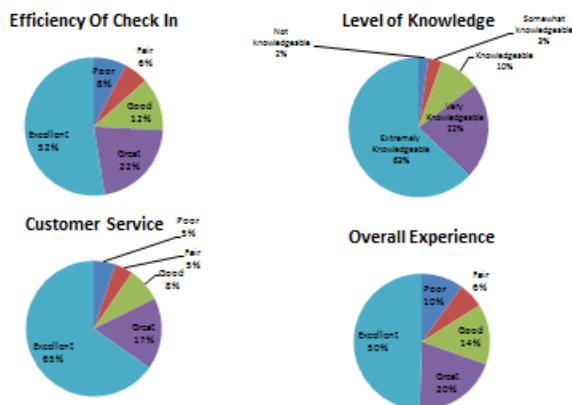
Total Positive Response to Experience Overall: 84.00%

Comments or would you like us to contact you?

This is a summary of our results thus far. First, how would you rate the check-in system? You can see that we breakout the survey responses for positives and negatives. They can answer these questions on a scale from poor to excellent. We consider anything that they answer poor or fair to, to be a negative response. Anything that is good, great, or excellent to be a positive response. Of those 14, 69 of surveys that we've gotten so far, almost 87% have a positive response to the check-in. 90% were positive response to our customer service. 95% positive response for our level of knowledge. 84% positive response for overall experience.

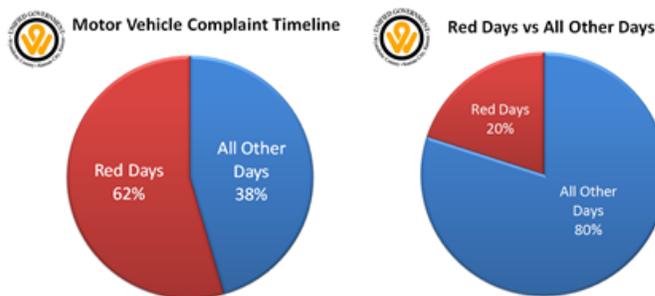
In addition to those questions, we also ask if they would like to have any comments or questions. We also welcome them to leave their contact information if they'd like to be contacted by a supervisor about their experience. We also encourage them to leave the name of the person who helped them so we can give that person recognition during our staff meetings.

## Customer Service Surveys



This is just a summary of the responses from the previous slide. One of the things that we're proud about is that the three best responses in these questions account for the three largest percentages within each category. You'll see that the best response that anybody can give and these four questions also account for the highest percentage.

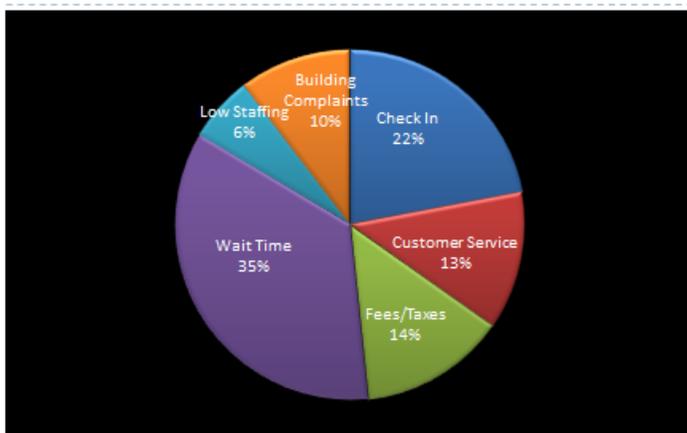
## Complaint Topic Timeline



In addition to tracking those questions, we also track when people complain. On the right-hand side you'll see a chart, this is red days versus all other days. Red days are the days you don't want to come into our office. Those are the last two business days of the month and the first two business days of the month. You'll see that red days account for about 20% of our work month. From our data tracking, we've seen that the time people complain it accounts for almost two-

thirds of the complaints that come in. The people that wait until the last minute are the people that are also—who we hear the most complaints from.

### Motor Vehicle Complaint Topic Trends



In addition to that, what people complain about, we noticed that the people that complain, the biggest segment of complaints are 35% for the wait time. That also correlates with the previous slide with the people that complain the most are the people that come in on the busiest days.

We also have people complain about the check-in. People don't really understand how it works. People get frustrated if somebody checks in online and they get to check back in when they come into the office. They don't really understand how it works so people get really frustrated. They think if you're number is called and you're not in the office that you should start at the end of the line, but that's not how the system works.

Then the third largest wedge is the fees and taxes. We hear a lot of complaints about how high our tax rate is and also about the \$5 in-office renewal fee. We hear complaints about our customer service. This, again, plays into we tried to ask the person who's filling out the survey to leave the name of the person that they came into contact with so we can really troubleshoot those problems from the ground.

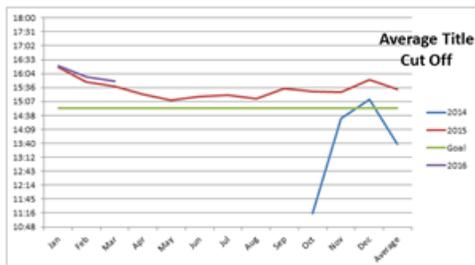
We talked about building complaints. People complain that it's too hot, too cold, the carpet's dirty, and there isn't enough parking and things like that. We really tried to improve the office to make sure that those people are accommodated.

The lowest percentage is low staffing.

I'll turn it over to Debbie to talk about more of our data tracking.

## Average Title Cut Off

- ▶ Goal- 2:54pm
- ▶ 2014- 1:40pm
- ▶ 2015- 3:32pm
- ▶ 2016- 4:02pm



**Ms. Pack** said besides the survey, what we've been doing internally is doing some tracking of the data; the data that we can control. One of the pieces that we track is our cutoff for title work. Back in 2012, we soon realized that we weren't going to be able to take customers until 5:00 and process titles because we were finding times that we had staff there until 8:00/8:30 at night because the process takes so much longer. We had to really evaluate when we could take titles and when we couldn't. The choice was made that we would cutoff early on certain days. That kind of leveled out so that the current situation is we cutoff title work at 2:00 on Mondays and Fridays. This is what's published, and we cutoff title work at 3:30 on Tuesdays, Wednesdays, and Thursdays.

Back until about six months ago we did no title work on the last day of the month because renewals were so heavy, but we have put that back in place because we feel like with the que system, we can manage that much better.

What this graph shows us is that if we average out what that goal is, it's 2:54 pm between all five days of the week. Back in 2004, October 2004 when we started tracking this data, we couldn't even make it until 11:00 am without cutting off titles because the system was telling us how many people were in the que and how long it was going to take us to get those people processed.

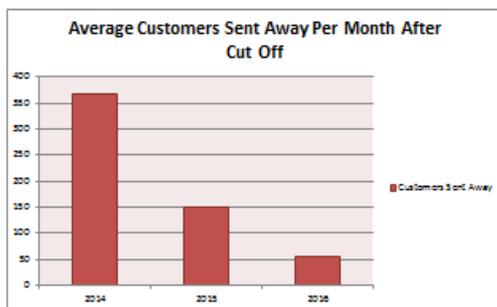
Back in 2004, we couldn't even make it to 11:00 am. One of the big reasons for that was because we had a shortage of staff, our staff wasn't trained well, we had a lot of system issues still in 2004, and there was really no way to track. Since that time, we've ramped up our staffing

process by working with HR. What we found is that it was taking us 6, 8, 10, 12 weeks to get somebody hired and in the system. We did a lot of work with HR and we worked with the union to get that position filled more quickly. We implemented a formal training protocol. We added to provisional positions and we enhanced the queuing system.

What we've seen, our data shows that in 2015, we were able to exceed our average throughout the entire year. What we're seeing now in 2016, our average cutoff time in '15 was 3:30. Our average cutoff time so far in 2006 is 4:00. That means we're being able to keep our offices opened longer, be able to service those people and still maintain a competent level of comp time and keeping our staff getting out of the office.

#### Average Customers Sent Away per Month

- ▶ 2014: 368
- ▶ 2015: 149
- ▶ 2016: 56



Another indicator that we tracked because it's really important to us is what happens when we cutoff that title work. What happens to those customers? Something we were tracking was how many customers are we turning away on an average basis. What this graph shows us is that in 2014, our monthly average was 368 people. That was as you saw that other one that we weren't meeting any deadlines. 2015, we were cutting that over in half to 149 average per month. So far in 2016, we've cut that down to 56 on average per month. We're pretty happy about where those numbers are going. We certainly hope they keep going a little bit farther.



As we have implemented things like the \$5 in-office renewal fees, some other things we're tracking is are these implementations making an effect on the way people do business. What we're seeing is, you can see in 2014, this is just renewals because these are the people that have options. In 2014, 80% of those people were coming into our offices. In 2015, that dropped 8% to 72%. In 2016, our average is 65%. What I also like to look at on this graph is that you'll see the online number going up consistently also which is really where them to be is online. It takes less time for us to process through the online process.

Having giving you all that data, I wanted Maddie now to go over some of the initiatives that we've actually put into place that we believe has helped us achieve these goals.

## Summary of Initiatives Since Last Community Survey

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**Online Check In:**  
Implemented October, 2014. Customers can now set their appointment in line online and receive a text message on their phone 30 minutes before their number is called.

**Survey Initiative:**  
Implemented July 20, 2015. Customers can now fill out a survey regarding their experience via our website or our texting system through Motor Vehicle.

**Red Days:**  
Implemented August, 2015. The last 2 business days of the month and the first 2 business days are now called Red Days. On those days, all windows will be filled and supervisors will fill stations over the lunch period to keep the lobby moving.

**Formal 2 Week Training for New Hires:**  
Implemented October, 2014. All Motor Vehicle new hires go through a formal two week training period. Prior to this, there was no formal training.

**Additional Customer Service Training:**  
Implemented October, 2015. Employees attend customer service trainings upon hire, during our annual training, and throughout the year.

**Additional Employees (2 provisional positions):**  
Implemented October, 2014. One additional staff member went to the Annex and another for Downtown.

**MEMO (Meetings to Encourage Motivational Operations) Meeting:**  
Implemented March, 2015. Every month, staff will come in at 7:30 on a certain Thursday of the month for a team meeting. During the MEMO, supervisors address staff concerns, recognize staff through survey feedback, do various team building activities, and address any improvements that needs to be made.

**Title Turns Around:**  
In 2014, the average turn around to receive your title back in the mail was between 10-12 months. Now customers receive their titles less than 45 days from the date of registration.

**Morale Boosting Initiatives:**  
Implemented January, 2015. Initiatives include: Pardon Pancake Friday, Employee of the Quarter, Spirit Weeks, Office Outings outside of Work Hours.

**Education of Customers:**  
Implemented November, 2014. A mailer was sent with all tax statements in November of 2014 making the public aware of the online check in system for Motor Vehicle as well as the \$5.00 renewal fee.

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**Ms. Waldeck** said we've already talked about the online check-in and the survey initiative. We also touched a little bit on red days. In addition to those just being heavy volume days, we also make sure that every window is full. We also dedicate two supervisors at each location to be floaters during the lunch hours so that the constituency has a constant flow of the line as opposed to that normal lunch a little bit everyone used to see.

Debbie talked about this; we have a formal two-week training for new hires. Previous to October 2014, there was no formal training for people that came in that had virtually no motor vehicle experience. We have additional customer service training. We do that every year. At

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our October meeting, we do a Treasury staff meeting. We also do one upon hire and then throughout the year as needed.

We had the two additional provisional employees that we were able to hire in October 2014. One went to the annex, one was for downtown. We have staff meetings that we call memos and we go over things that collectively, as a team, we just need to work upon. We go over the survey data. We give staff recognition for any surveys that call them out by name saying that they gave good service and just kind of go over some teambuilding activities.

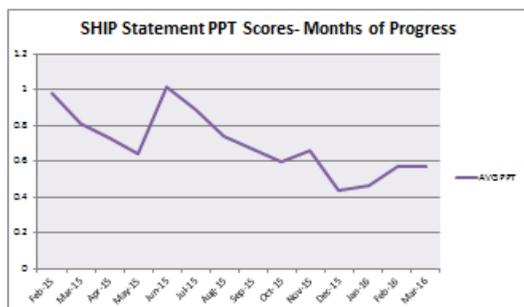
We have a lot better title turnaround. With the implementation of the new motor vehicle system, the responsibility of approving the titles fell upon the county with no additional resources to support that function. In 2014, when you came in to register your vehicle in our county, you could expect to wait 10-12 months to receive your title back in the mail. Now if you come into the office, you'll receive your title back in the mail within 45 days.

We do morale boosting initiatives. We do something fun called Payday Pancake Friday. Every payday we cook some pancakes back in the breakroom and have breakfast together on our 15 minute break in the morning. We do Employee of the Quarter where employees can earn points for doing things for customers or doing things for other employees in the office and they'll get office recognition. We do things like Spirit Weeks. Think about when you were in high school and you had Spirit Weeks and everybody votes on what their favorite day is. We did like Super Hero Day and fun stuff like that. It also helps the customers kind of feel not so anxious to see us be real people. We also do office outings outside of work hours.

We've also done education of customers. We send a mailer out with the tax bills in November 2014 introducing the online check-in as well as the \$5 fee.

## SHIP (See How I'm Progressing) Statements

- Implemented February, 2015.
- We developed an error tracking mechanism called a SHIP Statement to give feedback to Motor Vehicle front line personnel. In each SHIP Statement, each clerk is given a PPT (Points per Transaction) score which gives them a snap shot of how they're processing.
- The lower the PPT score, the better they are doing. The office has a goal to have an average PPT score of below 1.0



We also have an interoffice tracking mechanism that we've developed. We're the only county in the state of Kansas that does this. It's an error tracking mechanism that basically shows us how we're processing titles. When our title approvers approve titles, they audit them to make sure that they're in compliance with the statutes that the state has outlined for us. We have a series of errors and those errors are weighted according to severity. We average those points over the amount of transactions that that particular clerk has processed to give them what we call a PPT score. The lower the PPT, the better that we're doing. This chart just kind of captures the fact that we're just steadily getting better at our title processing.

**Ms. Pack** said so as you can see, we've put a lot of things into place, not only for the customers but for our employees because we feel like if we can help our employees grow, then that's going to grow our business and they're going to have a better interaction with the customers.

## Ideas for the Future

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- ▶ Social Media Presence
- ▶ More Employees?
- ▶ Extended Office Hours
- ▶ Consolidation of offices to one location
- ▶ Building Logistics of Downtown and Annex
  - ▶ Improve parking
  - ▶ Improve office flow

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Some of the things that we are looking to the future for, some of the things that we have ideas about and these certainly aren't fixed in place or anything like that. Getting a social media presence, we feel like that's going to be a way for us to educate the people. People have become so technology-minded that we have to be able to reach them in mass ways. We have to be able to give them information about what's going on about where we are, how we're doing, what's the new statutes are and everything like that. We're thinking about maybe a social media presence.

We're considering more employees. We do have physical space restrictions; however, we still are seeing, as you can see by the statistics, we're still seeing long wait times. The problem we have with that is we always have to balance that against what is the need and what our financial resources are so we don't always need those staff members but we might need them two or three weeks out of the month. How do you address those issues?

We've looked at ideas like extended office hours. We've tossed around this idea several times; however, there are a lot of factors that we have to consider. We have to consider staffing because if we extend the office hours, we either have to hire more people and there are going to be times during the day that our staffing levels are going to be down. We have to consider security. We have to consider how we're going to get these taxpayers in and out of buildings so those are big issues for us. People are always telling us, well, why don't you stay open longer. It's not that simple for us.

One of the other things that we've talked about many times is consolidation of our offices to one location. We feel like consolidation of offices into one location would help us become a better oiled machine because we have all the resources in one place. It would enable us to combine those resources and be more consistent with the messages that we're giving.

Something that was kind of interesting to us, Johnson County paid to have an efficiency study done on their motor vehicle process this year. One of the recommendations that came out from that study was for them to consolidate their offices. That's just something that we kind of looked at and it's something that's in our mind. We know there are issues with that too so that's why—it's one of those things.

One of the other things that we're looking at and we're really moving forward with this year is building logistics. We had put into the budget request some information for our parking issues out at the annex. If you've ever been there at the end of the month, we used to have people out in the streets. There would be people in the streets at the end of the month. Right now the way we resolve that is we close the drive-through for four days a month because we can't control the traffic so we basically close that service to our customers.

The other problem out there is there's not enough parking for the people that are coming in there with the Appraiser and us and our staff in there. We used to have an agreement with the church. That's kind of been back and forth a little bit. Parking is a big issue out there.

Some of the other issues are just logistics for the physical space so we're looking at redesigning some of the space. We're looking at adding more check-in kiosk so that people can have a better opportunity to check-in. They're not waiting so long for that type of information either.

We get a lot of calls and we talk to a lot of people. Maddie, as she's said, she talks to people from these surveys. We're always wanting suggestions because we want people who are coming in from the outside to give us suggestions. It's not that we can always do them, but we would certainly like to evaluate them and see if the resources and efficiencies make sense to us so we're always looking for those recommendations.

That's all we have for you tonight. We would like to say we appreciate your support because we know it's a difficult process, but we do appreciate your support when bad times happen.

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**Commissioner Murguia** said I just want to say that I think you have made amazing improvements. You're a busy department and working constantly. There are people coming in all the time. I know there's a lot to deal with. I personally think you are understaffed and that leads to a lot of the issues that you have. I just think you've made amazing progress. Until we put more money into your department, I just don't—I hope you can get better, but I think until you get to where all of us are going to say that's a great department and people are satisfied and you're getting good survey results, we have to invest some money there.

**Chairman McKiernan** said somebody in this room, oh, it was me, showed up on what I now know is a red day. I will say that the on que system dramatically accelerated or cut down the amount of time that I needed to spend physically waiting for my appointment. I think we need to continue to educate people about the existence of the on que system or whatever it is called because that ability to get that 30-minute warning and have time to leave the building and do other things because as I left the building, I noticed there were a lot of people who were just hanging around and I assume because they did not have that text.

**Ms. Pack** said they have the option even if the walk in the door and get their number to use that texting functionality. We just haven't gotten that mindset, that change in people's minds to say, I don't know whether it's they say I've already paid for parking, I don't want to leave or what that is. Everyone has that option whether they check-in online or they check-in at the kiosk to do that as long as the wait time is less than 45 minutes. We just haven't convinced people that that's what they should do. What's still concerning to me is that even though you don't have to sit in the office for three hours, the wait time is still three hours, two hours, but we're still helping you by having you be able to do other things. We see a lot of comments in that regard.

**Commissioner Walker** said I think I said it the night of the survey. I don't think the survey accurately reflected the experience or the changes that had been made in your operation. Parking is terrible out there. That's not your fault, that's I suppose arguably our fault for not having a building that has adequate parking.

The tax rate is not your fault. People—I'm generally not very happy when I have to go write a check either to the government or to a private business. Any inconvenience or slight or lack of attention or if I see someone walking around, they've just been at a stall and they've done

somebody and now they're walking around and they're going into the backroom, and I don't know what they're doing, but I'm assuming they're going back and having coffee and donuts. There are inherent biases in an experience like yours that I did not feel were adequately addressed in the survey. I'm not saying people don't have bad experiences and that there aren't bad days, but I never have had any fun paying my taxes at your shop. You start out with two strikes against you when I walk in the door. I have to say, the last three or four times that I've not taken advantage of the technology and gone in, I haven't had that long of a wait. The experience has been good. The people treated me—I'm absolutely certain most of them didn't know who I was. It had nothing to do with me being a commissioner. In fact, some of the times I was speaking of I had been retired and they didn't know me from Sam Hill. Keep doing the changes, keep working and we'll try to help. Certainly if we lowered the taxes, I'm sure that would help a lot. Certainly, parking I will admit, I hate to go out there and park. It is a nightmare of driving around until you either get one or finally give up and come back later.

**Action:** For information only.

**Item No. 5 – 16580....PRESENTATION/DISCUSSION: FERGUSON PROPERTIES' PROPOSAL**

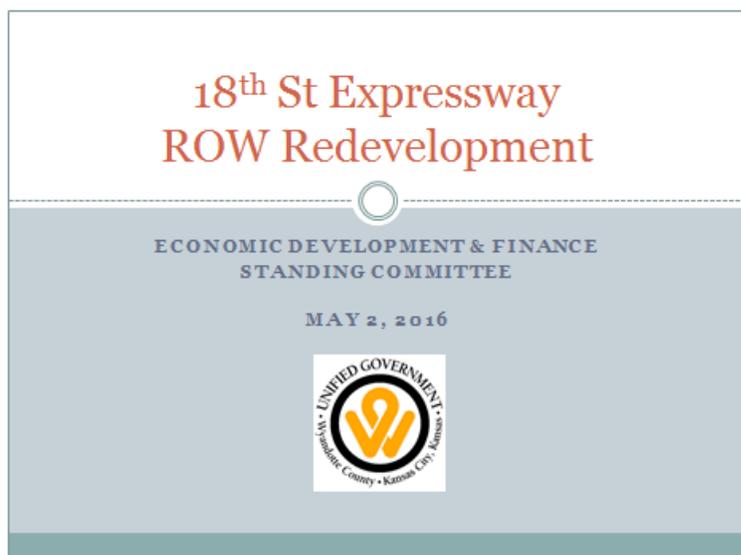
**Synopsis:** Presentation and discussion of Ferguson Properties' proposal for a Dunkin' Donuts and Pizza Hut/Wendy's fast food restaurants near 18th St. Expressway & Metropolitan and the use of grant funds from Economic Development for projects facing funding gaps, submitted by George Brajkovic, Economic Development Director.

**Chairman McKiernan** said this is the blue sheeted item. I'll give a little bit of a setup here. One of the things as we talk about tax rates, one of the things that would help lower property taxes for any individual in the county and the city is if we grow our tax base. That is more residential and more commercial buildings that pay taxes, spreading the burden of the tax or the budget pressure of the tax over more payers.

We know that sometimes projects that could bring new residential or new commercial development into the city face gaps that is the developer has sharpened their pencil and we've used all the incentives at our disposal and there still is a gap that prevents the projects from

moving forward. We've been talking for it's been a couple of years now about the possibility of the government having what we might call a gap-fill fund and that is a pool of cash the government could invest in projects that would bring a return and that would be beneficial for growing the tax base and beneficial for the community.

What we have tonight is we have—I'll back up. We have now actually budgeted some money for said fund but we haven't clearly articulated how the fund will operate and what criteria might be in play for evaluating projects and moving them forward. We have a real life case study here with us tonight. There is a project that has come forward in the Argentine district or in Commissioner Murguia's district that is facing a gap. We're going to use this specific project as the jumping off point for discussion on how we might structure the fund to assist projects in moving forward. My understanding is this item is up for presentation and discussion but we have no action pending on this item this evening. Is that correct? **George Brajkovic, Economic Development Director**, said correct.



**Mr. Brajkovic** said let me make a couple of quick introductions. Of course you know Kathleen, Korb Maxwell with Polsinelli representing the developer, and Jeff Sharp with Ferguson Properties who submitted the development proposal for this site.

Thank you for the Segway and the great intro on this.

## What we're here for tonight

- Informational only
- Direction on proposal seeking Economic Development grant – part of FY 2016 initiatives

It is, again, tonight we're here for informational purposes only and, again, trying to get direction on this economic development grant. You'll recall for year 2016 we introduced this initiative suggesting that we have \$3M available in grant monies to help with gap financing a project. It is my understanding that we'll have to issue debt to come up with that money. That was part of some initial conversations with the former CFO and bond counsel trying to determine exactly how we would get that money put out there. Nonetheless, we suggested that we would have \$3M available for gap funds.

## Proposed Site



The proposed site that I'm going to talk about tonight is an interesting piece of property. If you saw the title of the slide, it was 18<sup>th</sup> St. Expressway Right-of-Way Redevelopment. I think that's

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a pretty accurate description of what the proposal is. In this picture toward the bottom right-hand corner you'll see a star and then you'll see a small parcel. That small parcel is owned by the city of Kansas City, KS. To get you situated, that is 18<sup>th</sup> St. heading south, I guess, toward the bottom of the picture, and then Metropolitan Ave. We've highlighted a few of the retailers that are already part of the Metropolitan Avenue TIF Project. You'll recall we have two project areas, and I've got a slide later that details that a little bit better. The property itself is about a two acre piece total, give or take. Again, it's that piece encompassed by the star to include the small square owned by the city of Kansas City, KS.



**Site Ownership**

- **Option Agreement for Purchase of Real Property**
  - Between UG and KDOT
  - 3 year term, executed 12/02/2014
  - KDOT review of Development Plan
  - Deed – restrictive covenant re: maintaining lateral support for highway
  - 50% split of sale proceeds

So, why is the UG marketing or trying to redevelop excess KDOT right-of-way? Well, we entered into an option agreement for the purchase of real property with KDOT in 2014. It's a three-year term. Some of the conditions of that are that KDOT still retains the ability to review the development plan. The deed is going to have some sort of restrictive covenants regarding proper structuring or lateral support for the highway. I think they're acknowledging they don't need all of that right-of-way. They also acknowledge they're not exactly sure how much of it they need. I'm sure Jeff's had some great conversations with design and engineers to that end. Obviously, if we sell this property there's a 50% split of the proceeds with KDOT. We're well within the time limit of this agreement.

We did some initial marketing of the property. There was a physical sign advertising it. We added it to our list of marketing properties that were available. We decided to proceed with the development proposal from Ferguson Properties to do a retail center here.

I've got a couple of slides on project proposal but I think what I'll do is I know the developer, they've got their own presentation. I'd rather turn it over to them and let them role through the project and then we'll kind of come back to the way staff has been evaluating the proposal.



**Korb Maxwell, Polsinelli Firm,** said Jeff Sharp with Ferguson Properties, and also a number of folks from the Argentine neighborhood are here with us including Mario Escobar, the Executive Director of the Argentine Betterment Corporation, that have been working on this project.

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## Site Location

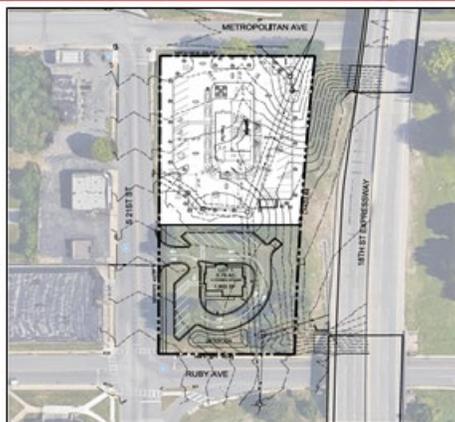
- 2022 Metropolitan Ave., Kansas City, KS
- Southeast corner of Metropolitan Ave. & 21<sup>st</sup> St.
- Acres- 0.291



Highlighting what George said and sort of in the green this is the property we're talking about. We list it at .291 acres, I believe that's just that one UG-owned lot. Just like George, it's a little under two acres is the property that we're discussing with the right-of-way piece.

## Site Plan

- Wendy's /Pizza Hut
  - 4,000 Sq. Ft.
- Dunkin' Donuts
  - 1,800 Sq. Ft.



Getting into it, what is the opportunity in front of us? The opportunity in front of us is to put some may call it or something that I heard earlier, a food court setup or a food court area. It's funny that that came up and was in the students' presentation because that is basically what we're proposing. We have three retailers that are today ready and willing to move forward and would like to move forward on this site.

The first is an 1,800 sq. ft. Dunkin' Donuts. We've been going back and forth with Dunkin' Donuts on an LOI for the furthest southern piece of the property and then we just received an LOI last week approximately, about a week and a half ago, from a Wendy's and Pizza Hut combination all in one building. That would be approximately 4,000 sq. ft. This would be the first in the nation, Wendy's and Pizza Hut combination. I think folks have seen or probably been too often you can have Pizza Hut and Taco Bells together or Pizza Hut and other retailers that are part of the Young brands network. This is based on NPC which is a local franchisee that owns a ton of Wendy's franchises and also owns a ton of Pizza Hut franchises that when we proposed them the site, they came back and said they wanted not just one of the concepts but two.

**Job Creation**

DUNKIN' DONUTS & WENDY'S/PIZZA HUT FINANCIAL ANALYSIS		
Dunkin' Donuts		
Position	New Jobs Created	Hourly Rate
Crew Member	Estimated to create 20 jobs. 10 jobs with 30-40 hours per week, 10 jobs with 10-39 hours per week.	\$8.00-\$10.50/hr + Tips
Shift Leader		\$9.00-\$12.00/hr + Tips
Store Manager		\$36,000-\$42,000 + Bonus
Wendy's		
Position	New Jobs Created	Hourly Rate
Crew Member	24	\$7.75-\$8.50/hr
Shift Manager	3	\$8.50-\$9.50/hr
Assistant Manager	1	\$10.00-\$12.00/hr
General Manager	1	\$40,000-\$50,000/yr
Pizza Hut		
Position	New Jobs Created	Hourly Rate
CSR (front counter)	2	\$7.50/hr
Production (cooks)	6	\$7.50/hr
Driver	10	\$4.25-\$7.50/hr (dependent on if they are in store or on the road)
Shift Manager	3	\$8.00-\$9.00/hr
General Manager	1	\$30,000/yr + Bonus

**Estimated Job Creation Total:  
71**

The jobs, we've asked given this is the Economic Development Committee, for a little bit of input of what would the job makeup look like and what would the wages look like that would come into these three different positions. What we generally found is that there would be approximately 71 jobs between all of the various components of this and that's made up from Crew Members at starting salaries of \$7.50 - \$8.00 and working up to the General Manager in the \$30,000 - \$40,000 type of job. Very working class, entry level jobs, but as I think the students showed also, jobs that could be available for many in the neighborhood here.

## Budget

DUNKIN' DONUTS & WENDY'S/PIZZA HUT FINANCIAL ANALYSIS			
May 2, 2016			
	Dunkin' Donuts BTS	Wendy's/Pizza Hut BTS	TOTAL
	1,800	4,000	5,800
<b>PROJECT COSTS:</b>			
<b>Land Costs:</b>			
Total Land Costs:	\$ 32,000	\$ -	\$ 32,000
<b>Construction Costs:</b>			
Total Construction Costs:	\$ 886,536	\$ 1,544,895	\$ 2,431,431
<b>Soft Costs:</b>			
Total Soft Costs:	\$ 357,276	\$ 480,522	\$ 837,798
<b>TOTAL PROJECT COSTS:</b>	<b>\$ 1,275,812</b>	<b>\$ 2,025,417</b>	<b>\$ 3,301,229</b>

We're going to build this sort of case up to kind of show you the numbers and ultimately get to a gap funding request. What we've done first and when we build these pro formas, as we look at them we start with what is the budget. What are the costs? I break these down and we have a lot more detail on this that we'll take staff through and we can go through with the committee as well. Generally, the good thing we've got going is that we have almost no land cost on this. Essentially, between KDOT and the UG, we are able to acquire the land for next to nothing so we have an incredibly low land basis. Really what that \$32,000 is, it's just surveys, title, clearing title, going through all the things so that you can have the affective transfer of land.

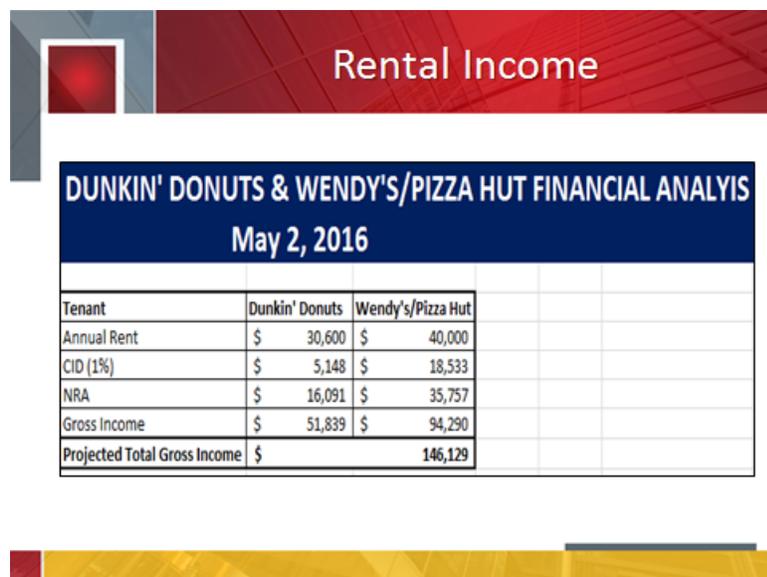
We then come to construction costs. Jeff along with folks they work with, this is not taking this all the way out to bid, but this is taking this out and putting pen to paper and going through based on the prototypes of the developments to look at the actual costs that are involved in this and come up with numbers.

I will led with, on a per square foot basis, these costs are pretty high, but they are real and they are what they are. Essentially, they're high on a per square foot basis for two reasons. One, they're very small stores and two, although the site is generally small and you can see from sort of the setup of the topo and otherwise, we have a lot of site work to do to end up bringing this in. We're getting 5,800 buildable square feet across the two acres, two pad sites out of it, but we have a lot of site work to be able to deliver that so it ends up in some of those higher costs.

Then we have soft costs which come out to about 20 to 25% of the project costs. That is standard, I would say, in the pad site development business or in these build to suit business of

these individual pad sites. It also counts for the financing plan that we have put together and that we're going to show that we have to throw every trick in the book to try to make this work.

It is very, very similar in a lot of ways to what we saw in the Save-A-Lot Grocery Store across the street. There, also, we have approximately \$3M project between them and we had to mix and match a variety of incentives to make it work.



DUNKIN' DONUTS & WENDY'S/PIZZA HUT FINANCIAL ANALYSIS			
May 2, 2016			
Tenant	Dunkin' Donuts	Wendy's/Pizza Hut	
Annual Rent	\$ 30,600	\$ 40,000	
CID (1%)	\$ 5,148	\$ 18,533	
NRA	\$ 16,091	\$ 35,757	
Gross Income	\$ 51,839	\$ 94,290	
Projected Total Gross Income	\$ 146,129		

Why do we have to do that and this really comes to where we sit today? I told you we have LOIs. We have retailers that are ready and willing to go into the neighborhood, but those retailers do it with a caveat. The caveat is that they need a brand new building built to their prototypes and specs that costs about somewhere around, when final numbers all come in, \$3.3M. Between them, they will pay about \$70,000 in rent. For Dunkin' Donuts that means they would be paying about \$17 per sq. ft. in rent and for Wendy's, they would pay about \$10 per sq. ft. in rent.

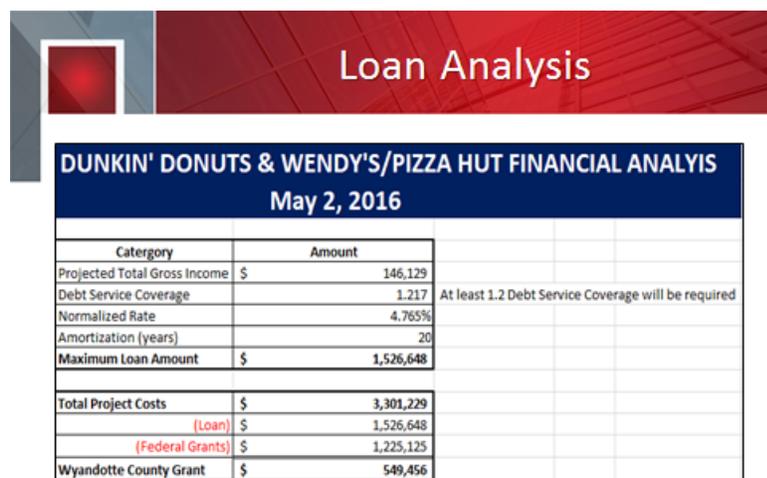
I made this statement earlier when I was presenting to someone on this, but to put this in sort of context for those that are not doing real estate every day and are not working in this world every day like Jeff and I and others are, if these retailers were locating in western Wyandotte County, if they were locating in Overland Park, if they were locating in the Northland, if they were locating in other places, they would likely be coming in and offering to pay twice to three times this rent. I would say a standard market rate that they would look to pay would be somewhere in the \$30 a sq. ft., triple net rent.

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They're willing to come. They're willing to do a deal. They're willing to work in the urban core and in east of 635 in an urban redevelopment project, but they're not willing to pay sort of market rent on that. We, obviously, try. The easiest thing in the world instead of coming before this committee and coming before the federal government and coming before everybody else, is to get a retailer to pay a higher rent. They run it through their models.

The students did a wonderful job and brought up a lot of great information, information that I'm sure the Commissioner and ABC and others will use. In our world where we work with these folks, they usually look at only two metrics or really maybe three metrics. They look at population, they look at disposable income, and then they look at some other various stats about urban neighborhoods. From that they then would make a proposal.

We are getting paid—approximately that \$70,000 in rent, we then have pro forma. What does it look like if we do a 1% CID on the project and that comes up to about \$23,000 that we can drive off of that. As this is in the NRA area, we would ask for an NRA on the project as well. Based on our calculations that would drive about \$51,000 in total income to the project. We have approximately \$146,000 that we can pro forma out and see as the income from the project that can be generated if this is able to move forward.



### Loan Analysis

DUNKIN' DONUTS & WENDY'S/PIZZA HUT FINANCIAL ANALYSIS		May 2, 2016	
Category	Amount		
Projected Total Gross Income	\$ 146,129		
Debt Service Coverage	1.217	At least 1.2 Debt Service Coverage will be required	
Normalized Rate	4.765%		
Amortization (years)	20		
Maximum Loan Amount	\$ 1,526,648		
Total Project Costs	\$ 3,301,229		
(Loan)	\$ 1,526,648		
(Federal Grants)	\$ 1,225,125		
Wyandotte County Grant	\$ 549,456		

What the final component of the puzzle is, is saying balancing sources and uses and figuring out sources and uses to how do I get my project built. With \$146,000 of income, we are going to have to take that to a bank. We are going to have to get a bank to lend on that. What I did was

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take a 1.2 debt service coverage ratio, which is what any bank is going to want on a project like this, meaning you have a \$1.20 of revenue for every \$1 of payments you need to make, i.e., you have a 20% coverage to show at least a \$1.20 debt service coverage ratio. I picked an interest rate. I picked an amortization on the loan. I asked what is the maximum loan I could drive. What is the maximum private loan I can go and get based on CID, NRA and the rent? That came to \$1.5M. You have your total project costs of \$3.3M. You take off \$1.5M.

ABC has gone out and secured substantial federal grants for this project. They have secured grants in the amount of about \$1.225M. This is approximately \$700,000 to the Dunkin' Donuts' project and approximately \$500,000 to the Wendy's and Pizza Hut project. I count that as equity. It's much more complicated than that fitting it into their formats, fitting it into their structures and otherwise. It's incredibly complicated and a lot of work. It also is part of what leads to the high soft costs on this project, but it is \$1.2M. If I take out the \$3.3M, I drop the \$1.5M, I drop the \$1.2M, I'm left with \$550,000, i.e. the gap. The gap on this project to be able to get it done, is \$550,000.

Now obviously we could have some luck. We could go out and work this and estimate it and bid it and have costs savings and if that happens, we'll need less cash. Our best estimates right now of being able to deliver this project on everything we know and where we are in this project right now is that to be able to move forward on this and be able to do this, we have a \$550,000 gap that we need to be able to close to bring this project forward.

**Chairman McKiernan** said it's a bit unusual here that we have an actual project in front of us at the same time we're still trying to define some of the perimeters of how the fund works. We're a little out of order here and hopefully we would have had all of all perimeters laid out before we actually had a project. I'm sure there's—at least I have some questions that are not reflective of your project but just of the fund and how we administer it generally. I just want to make that clear before we get into questions.

**Mr. Brajkovic** said probably another good segway to some of the, I guess, factors that staff is considering along with this request, they already went through their proposal details. They stated accurately, and this is just a different way of restating what they've already said because it came from the exact same pro forma that they submitted.

## Requested Incentives Structure

- **CID – 1% sales tax add-on**
  - Pro forma suggests \$591k, 22 year term
- **NRA – 95% rebate for 10 years**
  - Pro forma suggests \$518k, 10 year term
- **Economic Development grant - \$550k**
- **Federal grants - \$1,225,125**

If we look at the CID, it is suggested to be a 1% sales tax add-on for a 22 year term. The pro forma suggests that that should be able to get about \$591,000 out of that incentive stream. NRA, again, it does qualify for a 95% rebate for 10 years. The good news is, there's very little existing base taxes so the bulk of what they create goes right back to this project for 10 years. Again, their pro forma suggests that's about another \$518,000 worth of revenue from that incentive stream. Again, very impressive on the federal grant, I mean we just don't see projects very often that have this level of federal grants being applied to it. Ultimately, they asked again before us tonight is to consider an economic development grant in the amount of approximately \$550,000.



Some of the factors that we considered outside of the submittal and the pro forma that came through—and I'll give these guys a lot of credit. We were kind of under the gun in terms of getting everything, the Clerk's deadline submittals for this standing committee meeting. We're

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still kind of pouring through the details of that pro forma, but in addition to that, here are some of the other things we are looking at.

Number one, again, it's the proximity to an existing TIF district. The Metropolitan Avenue TIF, again, if you look, the property we're talking about tonight is this piece here, essentially, right across the road. I actually took some measurements on our mapping system. It's about from the middle of this, it's about 250 or so feet to this site and its over 1,000 feet to kind of come down to the Project Area 2.



One of the things to consider, again, with the TIF is there are existing pad sites within the TIF. Again, I don't want to plagiarize or steal anything from Lane4 but I did get this diagram which shows the Walmart and Save-A-Lot. We actually had discussion with this committee as well as full commission about putting South Patrol on this property here in the middle. I know it's hard to read, but these are generally one acre plus pad sites that Lane4 controls. ABC or Argentine Betterment Corporation actually controls this pad site here as part of the Save-A-Lot project. This correlates back to this parcel map. It gives you kind of maybe a better idea of the layout. Again, the dot represents the ABC-owned pad and then these are the four pads that Lane4 is advertising.

So why I think this is an important consideration is part of the pro forma for this project, and Korb touched on it, was there is almost \$1M worth of site work associated with this site. One of the things we wanted to consider is, well, if there are partners here that are either willing

to sell or have that property put into the project, is there a way to have a lower overall cost and help benefit the TIF. Some of the preliminary findings we've been able to secure, it would suggest that it would be a less expensive option to go to the pad sites than it would be to develop this two-acre pad.

### Factors to Consider – GO debt issued in TIF

- **UG has issued \$1.6M in bonds for Save-A-Lot:**
  - Property Tax TIF - \$650k
  - Sales Tax agreement - \$950k
- **\$3.7M in G.O. bonds issued for Wal-Mart Neighborhood Market, March 15, 2014**
  - \$1M to UG for public infrastructure
  - \$2.7M for grocery store
- **Development of outlots may initiate additional revenue, not currently projected in pro forma.**

Another factor, again, related to the TIF is there is existing GO debt that's been issued for both of the project areas in the TIF. On the Save-A-Lot, we issued in 2013—sorry, I was getting some edits done in preparation for tonight and just got a few of these done tonight or earlier as the meeting had already started—so I know that these were issued in 2013. That will be important because the next few slides talk about how well the revenue is performing on these sites.

Just to kind of set the stage, \$1.6M for Save-A-Lot came from the property tax and then we have a local sales tax agreement. Then we did \$3.7M in GO for the Walmart Neighborhood Market in 2014. Again, to be fair, \$1M of that went to public infrastructure improvements at about 24<sup>th</sup> & Metropolitan, and then \$2.7M back for the grocery store.

As I was going back through our original presentation material when we did both of these projects, one of the components we had on those presentations were discussion of these out lots or pads. Again, even as we develop that, we always acknowledge that the pad sites weren't really reflected in the projected pro forma, but future development of that could help pay down this debt that we did issue.

<b>Revenue Performance– Project Area 1*</b>			
	<u>Debt Service</u>	<u>Revenue</u>	<u>Net</u>
<b>1. Property Tax TIF</b>	\$48,000	\$96,000	\$48,000
			<u>x 17 years</u>
<i>Projected Excess</i>			<b>\$816,000</b>
<i>Projected Years Until Payoff</i>			<b>2022 (8 years)</b>
<b>2. Sales Tax Home Rule</b>	\$71,000	\$55,000	-\$16,000
			<u>x 17 years</u>
<i>Projected Deficit</i>			<b>-\$272,000</b>

\* as reported 07/20/2015

This slide should look familiar because this is what Lew put together in July when we were talking about South Patrol and we wanted to talk about how well the projects were performing or the revenue from each project area was covering the debt.

In talking with Finance, these were all issued initially as 20-year terms on the debt. This project, according to Lew in '15, so after it had already three years of issue, had about eight years left if the revenue projections continued on. So it's performing well and could pay off early.

<b>Revenue Performance – Area 2*</b>			
	<u>Debt Service</u>	<u>Revenue</u>	<u>Net</u>
<b>1. Property &amp; Sales Tax TIF</b>	\$325,000	\$600,000	\$275,000
			<u>x 19 years</u>
<i>Projected Excess</i>			<b>\$5,225,000</b>
<i>Projected Years Until Payoff</i>			<b>2023 (9 years)</b>

\* as reported 07/20/2015

It looks like we missed one slide, sorry, probably while we were editing. Let me give you some of the details. I'm not sure why it's not on this, but Project Area 2, revenue, again, it was issued

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in 2014, 20-year term. Last year, with Lew's projections, it was actually well over the estimated forecast and it was projecting to pay out in about nine years.

I think one of the questions we said was, great. Those projects are performing well but what about if we could move this particular type of development, which we heard a great, the tapster analysis was fantastic because we know there's an extremely strong market for it. I think one of the policy level discussions that we need direction from you guys on is how do we juggle these requests. Clearly there's a need for it. Clearly there's a project that needs about half a million dollars in incentives to essentially help get the land prepared for the development, but we've got a TIF where we've already issued some GO debt. Maybe there's a possibility of attracting those types of developments that could fit on those pad sites and paying that already issued GO debt down faster. Again, the project itself stands on its merits. Clearly we heard, again, a great argument tonight for why it's needed. Tonight was the first time I saw the job creation numbers. It's great. I would have never guessed it was going to generate 71 jobs.

Again, to kind of come back to the policy level discussion that Commissioner McKiernan alluded to earlier, that's really kind of the feedback I'm looking for as a staff person that's evaluating the grant proposal like this. That's really what I'm after.

**Chairman McKiernan** said I will tell you I have more questions than I have feedback. These really are questions for staff and questions for other commissioners on policy level issues. For me, anyway, there are some specifics of this project that I'm not sure should come into play because there are some things that we might say well, there's a specific thing about this project that we don't want to consider that. I think we need to back off from that and go a level higher than that.

For example, one of my questions is, do we drive location of the project. Is that something that we do regardless of what project it is in what area? How much do we drive the location because we're talking about 250,000 feet away? Do we do that? If we do, under what circumstances would we do that? Do we drive it to a TIF area? Do we drive it to an NRA area? Do we drive it to where there's an oak tree? Those are some things that I wonder about is how much do we drive the location of a proposed development.

I will say that I'm one of the people who initially advocated for this fund to be created because I saw a project that did go down with a gap that could have been closed. I am

disappointed that we're issuing debt for this. I had envisioned a cash fund that we would spend down and not issue debt that we had cash that we could help invest. I will just say from my perspective as we look long term, I'd love to have a pool of cash, not a pool of debt, that we could dedicate toward filling gaps which would certainly be much more advantageous to us in the long run. I'm fine; we've already said this year we're going to issue debt. As this fund evolves, I'd love to see it be a cash-based fund that doesn't get any additional debt.

I'll just throw out some of the questions that came up as I think about this type of fund, regardless of what project it is. Does geography drive the fund? Does location within the county? Does being in NRA 1 versus NRA 2 versus NRA 3 drive some aspect of the scoring or the eligibility for getting these funds? Is it a first come, first serve fund? That is, if we have x amount of dollars, is it simply good projects line up and if you happen to be first in line, then good for you? I will say that's how I initially envisioned it; it would be just that. Are all other incentives still at play? Have we exhausted all of our other incentives before the gap fill comes into play? That is, have we used CID? Have we used NRA? Have we used TIF? Are all of those to be exhausted or how much exhausted before we put our cash into the project?

Another question I had was do we have some sort of a gap fill money to project value ratio that we want to hit or is there some sort of a return on investment that we envision for this? It struck me as we were looking here at the value of the project versus the amount of the gap. I wonder if there's a ratio that we might want to consider. I don't have the answer to that.

Who evaluates the gap? Is it possible that we get a third party who evaluates the gap and asks if the gap is real? Can it be closed without the UG investing cash or debt into it? Are there specific projects that get preference for gap fill? Retail versus housing versus mixed use? I don't have any answers. All I have is a whole bunch of questions that I think come into play as we evaluate not this project but this fund overall that might get applied to this project. I've exhausted my questions.

**Commissioner Walters** said you touched on a few of mine. I think when Doug Bach proposed this, one of the things he said—one of his fears was that as soon as we establish a gap fund, every project will have a gap. I do think we do need to do some analysis somehow. A third party review board of some kind is probably appropriate. We're not the first entity that gives

grants. Surely there are some proven best practices that we can look at and see how they affect our decision-making.

I think we will have to, at some point, say this project is not worthy and this project is. We have to have some sort of an analysis to do that. I think what Brian mentioned was some sort of arithmetic needs to be involved. If the taxpayers are going to invest in a project, I think, as Brian said, the purpose being growing our tax base. We need to figure out if it's growing our tax base or not and over what period of time and how much. We certainly will have to evaluate the risks and the likelihood that everything precedes according to how we hope it will.

We had a Wendy's in Bonner Springs at K-7/I-70 interchange and it didn't last very long. I think it was only opened for three years or so, maybe longer than that. Unfortunately, bad things do happen sometimes. If we're going to get into the investment game, we just have to accept that. We do have to have absolutely the best information possible for our decision-making.

Those are sort of general 30,000 foot evaluations not related to this particular project. The issues you bring up of the other project sites nearby are important. I don't know how to evaluate that but I think you could spend some time on that and help us out too. We don't want to undermine our own investments if you think that might happen. That's certainly a concern also.

**Commissioner McKiernan** said I jumped right in with all my questions about the fill fund. Can I go back and just say cool project. It really is. If we can figure out how to close this gap and come north of the river, we can do it all over again.

**Commissioner Murguia** said I just have a couple of comments. There is a little bit of confusion on our end. We approved the \$3M Economic Development Fund as a Commission this last budget cycle. **Chairman McKiernan** said correct. **Commissioner Murguia** said my understanding was that was an experimental fund to help us set these guidelines. That we were supposed to be looking for pilot projects to be able to move forward with them and figure out sort of a policy that could apply all over the county. I want answers to all the same questions that Commissioner Walters and Commissioners McKiernan asked but I would say as a novice developer, I would tell you if we get caught up in trying to answer all these questions before we

bring this deal forward for denial or approval, we'll lose the deal. I'll be really blunt, I'm probably shooting myself in the foot here, if you all think that this deal is going to happen east of 635 right now under our current situation anywhere else, it won't. It will never get this good. The difference is that you all know, and I've never been a secret about this, is that I'm out there every day busting my hump to raise charitable dollars for this.

This is \$1.2M in federal grant money. It is specifically for low-income job creation. Not only are Korb and Jeff saying that using words and just telling you stuff and as George saying oh that's great, but that 71 jobs is verified through a federal audit every year by the federal government, which is not a process that has to take place even on our jobs in western Wyandotte County and our more affluent areas.

I'd also note that both current TIFs that we've done in that area or both areas within the TIF, I should say, are performing. I would also add that that is old data because I'll just speak in regard that I have access to the Walmart information through Walmart corporate headquarters and I've also confirmed that with our new financial officer. Last year, the Walmart Neighborhood Market in Argentine saw a 117% increase in sales last year. Now this is even, to me, more startling and more amazing is that I was able to get this month's sales data and they are looking at already three days ago a 29% increase in sales in one month. We've already cut the payback timeline to the Unified Government from 17 years down to 7 I think you said or 10, I can't remember, but it's almost in half.

I think the standard, in my opinion, that we have set today/tonight is way too high for other areas, other urban areas of our community. I think it will be difficult given the resources available to those other neighborhoods to come half as close to that. I also don't think we should set policy or make decisions based on that. We have an anomaly or a situation that isn't common where for good or bad I'm able to raise a lot of money however you want to look at it. I don't think that's fair. That's what I do for a living and not every other commissioner does that. I don't think that's a fair comparison or a standard we should set for everyone else.

With all of that information said, I appreciate all of your questions but for me, as Korb had indicated, one of the ways we can decrease this gap is instead of having development lawyers like Korb who are paid hourly come forward repeatedly while we develop a policy around a situation that we allow some situations to become pilots and we learn from them as we move along. We have a history of incredible performance in a very low income neighborhood in

Argentine. We built a Walmart Neighborhood Market, the very first ever in our country on that former superfund site. We've raised millions and millions of private dollars. I don't know what else to do to make things move faster. As far as growing the tax base and if it's really making a difference, the ground virtually is donated. I personally went to Topeka, the Governor personally, gave only because he was not allowed to give it directly to a not-for-profit because of state statutes. It was given to the local government. 50%, that's 50% more in ground sales, whatever the cost of the land ends up being factored in, we didn't even own it to begin with. That move is making money for our local government, cash up front at the moment it occurs.

I want answers to all those questions too. If setting good policy was a key to redeveloping urban neighborhoods and making things happen like we're making happen in the Argentine neighborhood, then there wouldn't be any problem in this country with urban redevelopment. You can go to almost every major city and you're going to see difficult neighborhoods like what we live in. There is really nothing out there at least I've never been able to find anything. For me, it seems more of a waste of money to pay lawyers, no offense, Korb, I'd rather than pay lawyers and pay developers, no offense, Jeff, but put the money into the project. The only way we can do that and keep those costs down is to move it quicker and move it forward.

I don't know what to do from here. I guess I'm looking at this point from direction from George.

**Mr. Brajkovic** said well, I think the comments we're hearing from you is it just helps us better formulate how to go back and analyze their proposal. There are things we've already gone back and forth on; soft costs, hard costs, why this, what kind of finish. We're into the details with them but not having really any policy direction of how to apply that analysis to a specific grant request, it just seems like well, let's do two things at once.

I think we'll continue to evaluate. Obviously we'll continue to evaluate the proposal, but with this kind of policy input, we can better come back with the analysis to say hey, look, I know, like for example in this project, they're asking for NRA but the sales tax is a CID add-on. We're not—the local generation of sales tax stays with the project. I think that goes back to maybe you're kind of a ratio of project value or return on that investment versus the grant or the incentive value of incentives going back into the project. Those kinds of things help but I think

we were both getting to a spot and I certainly don't want to put words in Korb or Jeff's mouth, but we just weren't sure if we were structuring the deal properly to reflect what we needed to show. Was the grant proposal in line? Was it a stretch? Is it, like you said, Commissioner Murguia, is it a pilot? Should we be getting into all of these details? Like all development deals, time is of the essence. We thought, okay, the best thing to do is come to the committee, present what we have so far, get some input and see if we can better direct the end product.

**Commissioner Murguia** asked do we have to wait for the policy to approve this deal. **Mr. Brajkovic** said well, I think that's something we'll have to discuss with the County Administrator and see what the comfort level is. I think a lot of the items we talked about tonight were already on the list, some maybe not as specific detailed as we got tonight, but I think that, from my perspective, I can get a little more comfortable in preparing my end of the analysis as a reflection of these concerns. Do we do that in advance of formalizing the policy or do we do that in a month's time develop a policy, adopt a policy, and consider the first project? That's an aggressive timeframe, but perhaps one we can achieve.

**Commissioner Murguia** said I don't understand why we need to adopt a policy before we approve this project or deny it for that matter. **Commissioner Walker** said I think, Commissioner, one of the reasons is we're spending public money and we should have a policy. I don't understand why we had this meeting tonight to be perfectly honest with you. **Commissioner Murguia** said yes, I don't either. **Commissioner Walker** said because all it does is create a lot of information. You've gotten input from half the commission. My position is, you bring back a proposal and we approve it or not, depending on the vote. I favor it as proposed.

Obviously I am concerned that every project that Korb brings forward now will have a gap in it. I don't want to issue \$3M in debt every year to fund this thing. That's ludicrous. Are we going to fund \$3M just from the get-go and drop it into a bucket? Can we do that legally and hold it for a period of time as projects come along or do we have to just do the \$549,000 and the costs associated with that each time a project comes forth?

There are questions but if we're going to move forward with this fund, policy sometimes follows action. We can develop a policy and adopt it at the same time we either thumbs up or

thumbs down this project and move on down the road and learn from either our wisdom or our mistakes. I don't know how the other half of the commission will feel about this. If you're waiting on a policy, we'll be waiting until September to get it done.

**Commissioner Murguia** said well, we won't have a deal. We won't have a deal because I'll tell you what. I'm not helping working on this even for my district as a commissioner for six more months. I obviously have worked personally on this. It's stringing—like I said, when we approved the \$3M, I don't know why we'd approve \$3M in an Economic Development Fund when there is no policy there. I understood this to be a pilot program where we were going to develop a policy around projects that we brought forward. Now were saying after—I personally, as commissioner, have gone out advocating for my district and raised a ton of money to make this happen. Now, all of a sudden, we've got to slam on the brakes and set policy. Well, I'm telling you guys, retailers are going to run right by Wyandotte County, at least the urban core. I mean they may not run by Village West because they're stopping there, but they're going to run right through the urban core. If they were going to come on their own, they'd have come already.

**Chairman McKiernan** said one of the things that strikes me is, and I certainly support pilot projects to help craft policy as we generate a project, but there is an issue of I'm sure there's lots of other pilot projects out there that could be sitting here with their own gaps clearly articulated. Have we communicated to the community that we're looking for projects? We have this \$3M. We know it internally but, again, have we communicated out and noticed everybody on this?

**Commissioner Murguia** said I haven't done it. I represent my district. I mean that would be up to the other commissioners. We all knew that there was a \$3M fund because we all voted for it. It was a unanimous approval. It's striking me as crabs in a bucket. If this isn't going to happen everywhere all at the same time under a policy, it's not going to happen.

**Mr. Brajkovic** said I guess maybe to answer one of the questions. It's been our working policy to try to exhaust the bag of incentives that we already have in place as we evaluate proposals. This is generally the first project where we've done the CID to a reasonable level. NRA is a fantastic—it's about as aggressive as we can get on a property tax incentive and the project still

has a gap. From my perspective, I'll just speak for myself or for my department, we see the value in this project and that's why we're bringing it here. We also realize that in very close proximity, we have already issued other public debt. My opinion is, that's a policy level direction I need from you because I don't have a policy pertaining to this particular incentive to go fall back on. I guess at a very simple level, that's one of the questions I had tonight.

One of the things that I didn't hear you guys say that we're strongly considering is, there's \$1.2M grant match in this thing. Commissioner Murguia is right; not every project comes forward with other grant match. That was one of the criteria we've been suggesting could flow back into the policy as well. I get it. I get the concern over the timing and I get the concern over the pilot and I'll be happy to pass that message on to the County Administrator.

**Commissioner Walker** said pass this along to him too. As far as this commissioner is concerned, the applicability of this Economic Development Gap Funding is east of 635 exclusively. I'm using that as sort of an arbitrary, easy to understand boundary. Maybe it goes west a little bit in certain areas and some surveyor defines it, but basically this is an urban core gap. In my opinion you're going to have your gap most often in an urban core area where your poverty is, where your median income is low, and where we have seen development is extremely hard. I'm not putting gap funding in Piper. I'm not doing it. We've put enough out in Piper and I'm using Piper only because they had such success they haven't needed this. I don't know what the other commissioners think. I would say you bring us back a recommendation on this project with a proposal. We either thumbs up or thumbs down it and in doing so, create the first policy.

**Chairman McKiernan** said that would be my suggestion, Mr. Brajkovic, is have discussions with the County Administrator and, again, with the developers, bring us back for our first Monday of June Economic Development and Finance meeting a solid proposal that we would then take action on.

**Commissioner Townsend** said, Mr. Chairman, I have a couple of comments I wanted to make also on this. I agree with the issues/items for consideration, policy consideration, whatever you want to call them that you and Commissioner Walters articulated and as Commissioner Walker said it is essential that we address these. I know it's a bit maybe confusing because we have a

particular issue that is before us, a possibility for development before us while we're trying to articulate the policy.

This is the same type of discussion that we had and was needed when we're talking about the Business Incentive grant funding. A whole lot fewer dollars involved, the \$50,000 Business Incentive Fund that was identified for development. I think we called it economically distressed areas which we also articulated were east of 635. This is the kind of discussion we should have even as a Dunkin' Donuts lover, I know we should have that kind of discussion. I think that we have to realize that we're doing this so that similar projects, whatever they are, are going to be treated similarly or at least by a set of criteria that's going to be applicable to all. Having said that, if this project comes back, and I'm saying if, I'm sure that it will, that as part of this policy consideration that I would recommend that when it comes back because of the fund and we're in our fledgling states of what we should be considering that staff articulate exactly what it considered in evaluating the proposal when it comes back. Was it near a TIF? Have we already put money into it? All of the things that I've heard earlier tonight expressed because whether we like it or not, we are setting policy as we will look at this again. I think those are things that should be set out if and when we see this particular development project again and thereby we start establishing policy for this fund.

I too thought that it was cash that we had set aside. I understand now that it's not. That's neither here nor there for this particular issue. As the fund itself, I was thinking it was more along what we had done with the Business Incentive Grant funding.

I do have another question. How much of this \$3M has been expended here. This would be the first application for it for any part of those funds? **Mr. Brajkovic** said that is correct.

**Chairman McKiernan** said, gentlemen, thank you for your presentation tonight. Mr. Brajkovic, you've gotten feedback and our goal is to have an item for our first Monday of June EDF meeting.

**Action: For presentation and discussion only.**

Public Agenda:

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**Item No. 1 – 16579....PRESENTATION: UNIVERSITY OF KS STUDENTS**

**Synopsis:** Presentation by University of Kansas students from the School of Business to discuss how to position the Argentine neighborhood for business relocation through a Tapestry analysis, submitted by Melissa Mundt, Assistant County Administrator.

**Action:** (This item was heard earlier in the meeting.)

Adjourn

**Chairman McKiernan** adjourned the meeting at 8:20 p.m.

cg