



## **RDA ANNUAL REPORT 2012**

Over the past several decades, the Emporia regional economy has weathered economic prosperity and downturns. Some of those local downturns were driven by plant closures, downsizing or bankruptcy. Other economic downturns were driven by national and global issues, such as the financial crisis of 2008 and fiscal cliff issues of today.

**DOLLY MADISON CAKE COMPANY** located in Emporia, Kansas in 1963 through the proactive efforts of the community leadership and partnership between the City of Emporia, the Emporia Chamber of Commerce and the Committee of Fifty. Over the years Dolly Madison grew and prospered, which was a mutual benefit to the growth of Emporia.

The RDA, which is a collaborative effort of the City of Emporia, Lyon County, Emporia Area Chamber of Commerce, Emporia Enterprises, Flint Hills Technical College, Emporia State University and Emporia Main Street, worked with Dolly Madison on several building expansions in the late 1990's and the addition of donut production line in early 2000's.

In 2004, Dolly Madison declared bankruptcy and in 2008, with new investors, became Hostess Brands Dolly Madison. On January 11, 2012, Hostess Brands declared bankruptcy for a second time in less than five years. The community leadership formed an ad hoc task force to monitor the bankruptcy proceedings with the hope that all the parties involved had a goal of reorganizing and continuing operations. The community leadership committee was; Mayor Bobbi Mlynar, City Manager Matt Zimmerman, Lyon County Commissioner Scott Briggs, RDA Chair Jon Geitz, Emporia Chamber Chair Steve Brosemer, Emporia Chamber President/CEO Jeanine McKenna, Senator Jeff Longbine, Representative Peggy Mast, Representative Don Hill, Emporia State University President Michael Shonrock, Flint Hills Technical College President Dean Hollenbeck and RDA President Kent Heermann. We met to expect the best and prepare for the worst.

November 21, 2012 was officially when the bankruptcy court approved the liquidation of Hostess Brands/Dolly Madison and the closing of the plant. On December 21, 2012 it was reported online by the Nasdaq Newsletter that Mr. Joshua Scherer, a partner at Perella Weinburg is in charge of the sale of Hostess Brands and assets for the bankruptcy court, had received a number of non-binding letters of interest. He expects the cake brands – Hostess and Dolly Madison to be bundled together into one transaction. The Buyers are interested in the production facilities as well. We are hopeful that by January 2013 the “stalking horse”, bids will be

received. Then the auction process can begin. There is anticipation the sale of the brands and production facilities will be completed by March 2013.

## **EXISTING COMPANIES**

**Emporia Pet Products** was purchased from American Nutrition by Cargill in 2012. Emporia Pet Products came to Emporia in the late 1970's as Safeway Pet Food, which manufactured all its dry pet products for their grocery stores. In 2001, Safeway Pet Food was purchased by American Nutrition, Inc. and renamed as Emporia Pet Products.

**Hopkins Manufacturing** announced in April 2012 it acquired the assets of F3 Brands, a leading provider of oil drain, drain pans, lifting aids and automotive ramps. The F3 Brands manufacturing facility will continue to operate in Miami, Oklahoma, however some of the administrative and marketing services will transfer to Emporia.

**Hill's Pet Nutrition** in the 4<sup>th</sup> quarter 2012 began expanding their workforce from 106 to approximately 120 plus workers. We anticipate more growth in the future. Hill's produced a YouTube video, which is a tour of the Emporia plant. Here is the link to that video:

<http://www.youtube.com/watch?v=4X0QuaSeEz4>

**Camoplast Solideal** business continues to grow with a workforce of approximately 130 employees. Camoplast Solideal purchased the Emporia rubber track business from Caterpillar Corporation on December 30, 2002.

**VEKTEK** expansion, which started in 2010, was completed and new equipment installed and staff hired. Business continues to be strong on their existing and new product lines. Continued stabilizing and growth are excellent into the future. Here is the link to the VEKTEK what we do video: <http://www.vektek.com/resourcesVideos.aspx>

Renewable Energy Group (REG) which owns the **Emporia REG** plant had an initial public offering (IPO) in January 2012. REG continues to be current on their financial obligations and property taxes with various governmental entities. The Incentive Compliance Agreement (ICA) between the City of Emporia and REGF expires on July 1, 2013. However, REG and the city are in the process of renewing the ICA. It is the mutual hope of both parties that the new ICA will be approved and completed in the first quarter of 2013. REG intends to complete the multi-feed stock biodiesel plant, which will eventually employ 30 full-time workers. Penny Lane was constructed east of Weaver Street to the west edge of the REG property. An Economic Development Administration grant plus special assessments from REG funded the construction of the plant.

**KANSA Technology/Paragon Laser** continues to weather the evolution of the small volume newspaper business. A new product line, which has great promise, is Paragon Laser marking system. Here is the link to the video which demonstrated the system:

<http://www.youtube.com/watch?v=rdFYfY8PpR0>

## **BROADBAND INTERNET**

A number of years ago the RDA and members of the community organizations, Emporia State University, Flint Hills Technical College, City of Emporia, Newman Regional Health, representatives from business and other groups met with the goal of creating the availability of high quality high bandwidth broad band voice and data services. As a direct result of those meetings, in March 2011, research and surveys a group of Emporians “serial” entrepreneurs Steve Sauder, Rick Tidwell, Bob Agler and Stormy Supiran organized a business, **Valu-Net** LLC. These individuals secured over 58 qualified IRS investors to provide the initial equity to begin their fiber optic network throughout the City of Emporia.

Valu-Net has 17 employees, has constructed over 50 miles of fiber optic cable with the potential of serving almost half of Emporia businesses.

## **REGIONAL PARTNERSHIPS**

**Green Dot Pure** continues to grow as an early-stage startup company in Cottonwood Falls, Kansas. The RDA provided initial introductions to the Kansas Bioscience Authority, Kansas State University Institute for Commercialization and Midwest Venture Alliance. Green Dot Pure has developed a flexible polymer which renewable agriculture products and it is 100% compostable and recyclable plastic. This past year, the RDA facilitated a few local meetings of Midwest Venture Alliance who was raising funds for Green Dot. It’s an exciting company with extremely talented team with a product that could have a global impact with renewable polymers. This company will continue to enhance our regional economy.

The RDA assisted the Chase County Economic Development Group back in 1998 when **FAI**, a wiring harness company located in Cottonwood Falls just west of Highway 177 and south of Main Street. Today it is **Valent Aerostructures**, which is the largest private employer in Chase County.

These regional partnerships strengthen the Emporia Micropolitan area which includes all of Chase and Lyon County.

## RETAIL DEVELOPMENT

The past year we began to see an uptick of new retail stores locating in Emporia. Late last year our office was contacted by the **Factory Connection** looking to locate a retail store in the community. As per their requirements, we provided them a list of contact information which met their requirements. Factory Connection located in the West Emporia Plaza in a **3,800 sq. ft.** space. To the north of their store is **Steele's**, which acquired the Stage 17,000 sq. ft. space. U.S. Cellular relocated from the West Emporia Plaza to the strip center located south of the Emporia Credit Union on Industrial Road.

The **Flint Hills Mall** had several new tenants open at their facility, **Rue 21** and **Riddles Jewelry**. Jose Feliciano and Dave Lewis are continuing to work with other interested retailers.

**Staples** office supply business building in the fall of 2011 “right-sized” their retail space, essentially splitting it approximately in half. Late last year, I contacted Staples corporate headquarters, who referred me to their regional real estate person. They had an interest in sub-leasing the space in 2012.

Over the past several years the Emporia team, which consisted of the Mayor, one or two City Commissioners, the City Manager and I have attended RECON, a trade show organized by the International Council of Shopping Centers. At this trade show we meet with potential retailers, developers, consultants and others who may locate a retail operation in Emporia. Several of those national or regional retailers mentioned, “...if I could be right next to the Wal-Mart Super Center, then I would consider locating a store in Emporia.” Well, we called their bluff by contacting them directly and giving their contact information to the regional Staples real estate representative.

At the 2012 RECON in May the Emporia Team – Mayor Mlynar, Commissioner Phipps, City Manager Zimmerman and myself met with Mr. Thomas Butt with **Dollar Tree**. He indicated that Staples and Dollar Tree were close to having a transaction complete on the space in Emporia. It would take some more time but he thought an announcement would be made prior to the ending of the year. He also asked that we keep this information confidential.

On September 14, 2012, Dollar Tree announced the opening of a 9,981 sq. ft. location in 2013 at the north end of the Staples store located at 2200 Industrial Road.

Also at 2012 RECON we met with Mr. Trey Charlton with **CVS Pharmacy**. Over the years we had met with CVS Pharmacy regarding the possibility of CVS locating in Emporia. Several years ago a Kansas City realtor working with CVS attempted to secure a location on Industrial Road, but was unsuccessful to reach an agreement with the property owner. At the 2012 RECON we

stopped by CVS Pharmacy booth and met with the Kansas regional real estate representative Trey Charlton. He indicated in confidence that a Michigan developer was securing options on the real estate west and north of the intersection of 12<sup>th</sup> Avenue and Merchant Street. The transaction was with five different property owners and confidentiality was needed.

After returning from RECON in July, the Michigan developer, city staff and the RDA met to discuss the various issues with regard to development such as zoning, storm water detention, neighborhood revitalization and retail/commercial development incentives. Our sense after the meeting is that CVS may not apply for any of those retail incentives.

After all the real estate purchase options were secured and traffic studies submitted to the Kansas Department of Transportation, then on December 13, 2012 it was made public that CVS Pharmacy wanted to locate on the west side of Merchant Street between 12<sup>th</sup> & 13<sup>th</sup> Avenue, provided all the zoning, traffic and access issues with KDOT are approved. This project will carry over into 2013, if all the governmental approvals and permits are received, and then construction of the approximate 10,000 sq. ft. building will be opening in the fall of 2013.

We are in conversations with other retailers and planning to participate in RECON 2013. In summary in 2013 with **Factory Connection, Dollar Tree** and **CVS Pharmacy**, over **23,480 sq. ft.** of retail space was filled or to be constructed in 2013.

In February 2009 the Emporia Plaza Project Planned Unit Development (PUD), Tax Increment Financing (TIF) and Transportation Development District (TDD) and the development agreement was approved. The PUD has an expiration date which was in January 2012 so the Emporia Plaza was not completed.

Late in 2012 the RDA Board recommended to the Emporia City Commission to amend the Community Improvement District (CID) to grant the City Commission the authority to waive the PUD requirement. At the January 2, 2013 City Commission meeting the CID policy was amended. The RDA assisted the City of Emporia in amending the Tax Abatement policy to allow for partial tax abatement for maintaining employment in mid-2012.

## **MARKETING RECRUITMENT**

The number of project leads we received this past year was up. Our primary source of leads is from the **Kansas Department of Commerce (KDOC)** with eighteen leads. With our affiliation with the **Kansas City Area Development Council (KCADC)** Animal Health Corridor we received five leads. And we received seven other leads for a total of thirty leads. Of those thirty leads six are still pending. Compared to 2009 with only nineteen leads our volume is up.

The Kansas Department of Commerce (KDOC) business recruitment division, which works with new and existing businesses publishes their fiscal year report from July 1<sup>st</sup> to June 30<sup>th</sup> leads were up from the previous two years. The majority of leads are for the metropolitan communities (72%) and the balance in non-metropolitan areas (28%). Of those leads, the majority, 38%, are from site consultants, 32% directly from companies, 48% from communities and other sources represent 12%.

The direct marketing activity of the RDA was the participation at the **Industrial Asset Management Council (IAMC)** semi-annual meetings. This organization is primarily corporate real estate (CRM) representatives, national real estate firms specializing in manufacturing, office and research facilities and economic developers primarily from the United States.

The RDA participated in sponsoring the Southern Economic Development Council annual Meet the Consultants meeting in Atlanta, Georgia. Fifteen to eighteen consultants generally give presentations during their conference, and then a hospitality event is scheduled from other Atlanta-based site selection and commercial real estate professionals to attend.

The RDA attended the annual Great Plains Investment Forum hosted by the Midwest Venture Alliance in Wichita, Kansas. This past year thirteen companies presented to potential investors.

The Kansas City area chapter of Society of Industrial and Office Realtors (SIOR) hosts an annual networking event every September. The RDA attended this event.

Several Kansas City based industrial office and retail/commercial developments were visited in 2012. Some of those were Zimmer Real Estate and Christie Development.

This past fall we invited Mr. Benedikt Ibing of Pegasus Partners to help assess our marketing potential. We spent a day and a half visiting with the manufacturing community to determine our comparative advantages for working with German-based Mittlestand (small to medium sized) business enterprises that are considering an expansion to the U.S.

## **BUSINESS PARK AND INDUSTRIAL SITES**

Emporia Enterprises is our not-for-profit industrial business park land management company. In the early 1950's, the Committee of Fifty was formed and in the 1990's evolved into Emporia Enterprises. Three Industrial/Business parks have been developed – Park I, II and III. The total land available in Park II, III and Park IV is 247 acres. Park II has one lot located on Oakes Drive between Kansa Technology and Emporia Pet Products. The lot has paved street access and all utilities to the lot line.

Park III has 93.2 acres available. There are six platted lots which are available. All lots have all utilities available to the lot lines. The north 682' of lots 5 and 6 and all of lot 13 access from Warren Way is not paved yet. Lot 1 is 14.4 acres, but the west 375' of the lot is a drainage easement, which reduces the buildable area to an approximate 9 acres. Lot 2 is 13.6 acres with the west 375' as a drainage easement which reduces the buildable area to approximately 8 acres. Lot 4 is a 15.3 acre tract, which has a narrowed width of 409' because of a 50' Westar Energy easement on the north side of the lot. Lot 13 and the north 682' of lots 5 and 6 are adjacent to each other, which could be combined into a 46.5 acre tract.

Park IV is in the process of being subdivided into three lots – lot 1, 100.38 acres on the western two-thirds of the tract; and lots 2 and 3 on the east one-third with lot 2 being the south part of 26.36 acres and lot 3 being the north 22.37 acres.

No rail served sites are in the Emporia Enterprises inventory. Last year, we received several requests for rail served sites. Emporia Enterprises is working to secure purchase options on rail served sites.

## **ANIMAL HEALTH CORRIDOR**

The RDA continues its membership with the Kansas City Area Development (KCADC) Animal Health Corridor. The marketing events that the RDA participated in were North American Veterinary conference in Las Vegas, Nevada, meetings with consultants and a networking opportunity at the Brakke consulting reception. As a direct result of this meeting, we continue to be working with an active prospect.

The RDA participated in the Animal Health Corridor Homecoming event in Kansas City. The following day was the Animal Health Investment Forum where thirteen companies presented their business operations to potential investors.

KCADC President Bob Marcusse and Vice President of Bioscience Development Kim Young met on February 3, 2012 with Mayor Mlynar and ESU President Michael Shonrock.

This past year the RDA participated in four Kansas Department of Commerce (KDOC) marketing events – Big 12 Basketball event in Kansas City, a lunch and dinner event in Dallas, Texas, a consultant dinner during the IAMC event in Austin, Texas and a consultant dinner in Bernardsville, New Jersey. All the attendees at the majority of these events are consultants. A project is pending with a consultant from one of the above events.

## **SPECIAL PROJECTS**

A group of local investors who own the **Lowther North Building** are working towards developing the building into a **Boutique Hotel & Convention Center**. The RDA along with other groups in the community are assisting them with their goal. It is anticipated that in order for project success, several performance-based incentives may be utilized on the project. Those programs may include, but are not limited to, area Community Improvement District (CID), Historic Tax Credits – federal & state, Industrial Revenue Bonds, Neighborhood Revitalization program and Community Development Block Grant (CDBG) Infrastructure grant program.

The RDA met with Reading redevelopment several times last year. This past fall I met in Reading with the Public Squares group on the planning of the Flint Hills region.

Late in fourth quarter and early in the first quarter of 2012 NationJobs, which provides an employment and online job search engine, contacted the RDA office to determine if the Emporia based employers were interested in the service. In 2012 several businesses subscribed to the services. Those businesses were Hill's Pet Nutrition, Emporia Pet Products, ESB Financial, Flint Hills Technical College, Hopkins Manufacturing, Newman Regional Health, Lyon County State Bank, City of Emporia, Emporia Public Schools, EVCO Wholesale Food Company, Simmons Pet Food (Menu), Norfolk Iron & Metal and Emporia State University. In 2012, 643 jobs were listed and over 102,406 views were made on the NationJobs Emporia website. The RDA is currently surveying the 13 companies on their satisfaction with the service.

## **MARKETING LOCAL**

This past year the RDA placed an advertisement in the 2012 and 2013 Emporia Living publication. The RDA has an advertisement on the back page of the annual chamber membership directory. Several articles were written and submitted to the Emporia Gazette. The RDA has a monthly newsletter article, entitled RDA Happenings that is included in the Emporia Chamber of Commerce insert into the Emporia Gazette and posted on the RDA website. The advertisements are in the appendix.

Two media releases were issued in 2012; the announcement of the Dollar Store and the CVS Pharmacy project. The RDA Chair and President participated in two Talk of Emporia broadcasts. The RDA President participated in a live interview with E-70 TV.

## **FORWARD LOOKING EVENTS**

In 2013 the RDA is planning a meeting in late February or early March to give an annual update on RDA activities. The RDA Board of Directors is going to participate in our local visitation program with our primary industries.

## **APPENDIX**

- **Emporia Living 2012 - Display Ad**
- **Emporia Living 2012 - Letter**
- **Emporia Area Chamber Membership Directory**
- **Emporia Living 2013 - Double Truck Ad**

# EMPORIA

REGIONAL DEVELOPMENT ASSOC. of EAST CENTRAL KANSAS



## *Emporia's winning formulation*

- *Strategic Location*
- *Shovel-Ready Sites*
- *Available Workers*
- *Pro-Business Climate*



### *Join the Company of*

Better Life Technologies

Camoplast Rockland Ltd.

Detroit Diesel  
Remanufacturing Central

Emporia Pet Products, Inc.

EVCO Wholesale Food Corp.

Fanestil Meats

Glendo Corporation

Hill's Pet Nutrition

Hopkins Manufacturing Corp.

Hostess Brands

Kansa Technology

Red Line, Inc.

Sauder Custom Fabrication

Simmons Pet Food

VEKTEK, Inc.

Tyson Foods, Inc.

[www.emporiarda.org](http://www.emporiarda.org)

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## A letter from your Emporia RDA.

# EMPORIA

REGIONAL DEVELOPMENT ASSOC. of EAST CENTRAL KANSAS

January 3, 2012

Dear Emporia Living –

The Regional Development Association of East Central Kansas (RDA) congratulates the Emporia Gazette team for the inaugural issue of *Emporia Living*, an informative, quality of life and quality of place publication which will assist the RDA in the proactive economic expansion, retention and recruitment efforts.

The RDA serves as the lead economic development organization and key point of contact for the economic development activities for Emporia, Lyon County and East Central Kansas. Our founding members are the City of Emporia, Lyon County, the Emporia Area Chamber of Commerce and Emporia Enterprises. Over our nineteen years of existence, we have reached out to Emporia State University, Flint Hills Technical College, Emporia Main Street and Chase County Economic Development Group to work jointly in our regional economic development efforts.

Our strength is that the Emporia area works together and speaks with one voice. Over the past years, the RDA, Emporia and Lyon County has received over \$693 million in new private sector investment in buildings and equipment, the building construction of 1,926,723 square feet and the creation of 1,063 new jobs. Our return on investment (ROI) has yielded \$61.33 for every \$1 invested from the public sector.

The Industrial Development efforts of the RDA were given a tremendous boost in 1994 when the ½-Cent City Sales Tax for Industrial Development and Property Tax Relief was approved by the voters at the 1994 general election. The voters entrusted the Emporia City Commission, the RDA Board of Directors and the RDA staff to be good stewards of the funds. The Emporia voters have re-appropriated the funding in 2000 and 2010, and we continue to earn the community trust and respect.

The funding source for the RDA efforts created a “war chest” for closing deals with existing and new companies. The existing companies that qualified for performance-based incentives were Detroit Diesel, Hopkins, Dolly Madison, EVCO, Birch Telecommunications, IBP, VEKIEK, Glendo, Fanestil and Westar Energy. The new companies that qualified were Simmons Foods, Camoplast, Norfolk Iron & Metal and Hill's Pet Nutrition.

By working together our region will continue to grow and prosper; we look forward to continued success!

Best regards,

Kent Heermann, CEcD  
RDA President

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## Advantages

Flint Hills Technical College and Emporia State University for customized training

Available productive workforce with low turnover and absentee rate

No personal property tax on business machinery and equipment

Strategic location – I-35, I-335 & U.S. Highway 50

Competitive performance-based incentives

Available sites, ready to build

Pro-business climate

## Advantages for Profitability



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