

RDA HAPPENINGS

We have been quite busy this year. Activity has increased dramatically, we have had more prospect visits this year than in the last several years combined. The RDA team has prepared numerous proposals that have been submitted to these prospects.

One proposal included an eight page letter with over 26 pages of attachments, documenting data requested regarding Emporia. The Emporia go, or no-go decision by the company would be influenced by this supporting data.

Many of the prospects/businesses have specific data driven questions used in the analysis of Emporia. We are generally working with C-Level Executives in management, logistics, human resources, operations, and the Chief Financial Officer. Many times, the decision is driven on the potential site by the bottom line, one-time, and on-going costs.

Quality of life generally factor into the decision after a community makes the short list. A quality of life value judgement is made by the individual business owner and their management team.

The Emporia City Commission has placed the ½-Cent City Sales Tax for property tax relief, and industrial and economic development on the November 7th ballot. In addition to the sales tax issue, three Emporia City Commissioners out of five are running for office. The Emporia School Board has three open positions, with four candidates running for the office.

The City Sales Tax has been in place since January 1, 1995. The tax has been approved by the voters three times – 1994, 2000, and 2010 by more than 64% at each election.

The RDA staff has provided many detailed facts and figures to the Emporians for Growth committee. In the interest of simplification, and not to duplicate the same information, the following is a short summary from the past 23 years for Emporia and Lyon County.

Our major losses have been Didde Web Press, Modine Manufacturing, Dolly Madison, and the significant downsizing of Tyson Foods. We have gained many new companies, in fact, six of our top ten largest manufacturers and employers were not in Emporia in 1995. Those new companies are Hostess Brands, Simmons Pet Food, Norfolk Iron & Metal, CAMSO, Better Life Technologies, and Hill's Pet Nutrition.

We have added **2,000** direct new jobs to the community.

The new tax base added by the new, and expanding industrial/manufacturing companies have added **\$1,297,581** to the property taxes collected for Lyon County, USD #253, and the City of Emporia. Several companies received a tax abatement to expand in Emporia, which when the abatement expires will add another **\$1,138,634** to the tax base.

The Return on Investment to Emporia is over **2,000** direct jobs, estimated annual payroll of **\$90 million**, a reduction in property taxes of **\$1,200,000**, and the growth of **\$2.2 million** in property taxes paid by the new companies.

As mentioned earlier, there is an election on November 7th, please vote!

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Over the years there are certain dates that become important events in our area economy.

For instance in June of 1994, we were first contacted by Menu Pet Food representatives, who was conducting a site search in eastern Kansas, southwest Missouri, or northeastern Oklahoma for a new nutrition plant. They identified this region as a “zone of indifference” meaning that Menu could build a Pet Nutrition plant in that area and be successful.

Our objective continues to present the Emporia region as a community that can make a difference for a prospective company that will be mutually beneficial to the Emporia region and business.

Over the years we developed a cooperative relationship with Menu, then in the spring 1997 the decision was made for Menu Pet Food to locate in Emporia, which today is Simmons Pet Food, which has grown steadily with numerous expansions in the last 20 years.

Simmons today has over 500 employees, and is one of our top ten major employers in the region, for almost 20 years has had a significant economic impact on our region, with job creation, purchasing agricultural products, and increasing the local property tax base.

The past July 20, 2017 we experienced the Emporia water outage. This impacted everyone and every business in Emporia, and Lyon County. It was a wake-up call that the city water system needs some upgrades to protect the water system from a total shut down. The Emporia City Commission is committed to necessary improvements to make the system will be much better, and more reliable.

In June 2013, we first met the developers Spencer Thompson, Mike Neighbors, and Rob Herman, who wanted to invest in Emporia’s retail development. Over the last year or so, the first phase of the Emporia Pavilions was completed with a ribbon cutting on August 14th for the new Hobby Lobby store on August 14th.

The community waits patiently for the next addition to the Emporia Pavilions. We welcome their investment and faith in the Emporia retail market area.

We are hopeful that several new developments will occur in the Emporia market area over the coming months. We have several of our existing businesses considering reinvesting in Emporia, and a few new companies considering Emporia.

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The RDA office continuously updates the Emporia, Kansas & Lyon County data book. Some of the data is obtained from primary sources, such as surveys the RDA conducts, for instance the local major manufacturers and employers survey on total number of full-time employees. Many secondary sources are utilized such as the Kansas Statistical Abstract, the Bureau of Labor Statistics, Kansas Departments of Labor, Agriculture, Commerce, and Revenue to name a few.

When the facts are charted over a time period, a day, week, month, quarter, or year, five years, ten years, etc., while analyzing the facts, the length of time has to be correct in order to determine a meaning trend. For instance, if you measure the growth of a tree, you would probably measure the caliper on an annual basis. If it was measured on a daily basis you would not be pleased with the results.

Primarily new business considering Emporia as a location utilize this data, however, some of our existing businesses utilize the data in their growth, and expansion plans.

For the moment, let's consider the facts with regard to industrial real estate in and around Emporia and Lyon County. The RDA was created in 1993, so from 1994 to the present, 354 acres of industrial land has been acquired by new, and existing businesses to grow, and expand their operations.

Of those 354 acres, 42% or 148 acres have, or could have rail access. Those businesses with rail access are – Norfolk Iron & Metal (NIM), Renewable Energy Group (REG), and Hill's Pet Nutrition, which are 24, 43, and 81 acres respectively.

Some of you may not know about REG, which is a bio-diesel plant east of the NIM tract that began construction in 2007. They halted construction in the second quarter of 2008.

Over 360 acres have been added to the inventory, of that, the majority has been developed with businesses. Today the amount of available industrial land is 163 acres.

An important fact about the real estate, is that land is in various sizes and shapes, and is not like bushels of corn.

Of the eleven businesses developed from 1994 to today, two were larger than 80 acre sites. Those sites being Simmons Pet Food, with a total of 81 acres, and are considering a 17 acre tract, and a 64 acre tract, and Hill's Pet Nutrition is an 81 acre tract.

REG, NIM, and CAMSO are 43, 34, and 24 acres respectively. CAMSO also leased the former Lenze site, which is 10 acres.



Detroit Reman, EVCO, H.J. Baker, (which is on hold), Emporia Kenworth, formerly Martin Tractor, and Fanestil are on sites varying from 13 to 18 acres.

We currently, have no rail served sites available for development. There is one 100 acre site, and two 24 acre sites that are not shovel ready. In order to be able to compete for the next Simons Pet Food, or Hill's Pet Nutrition type project, we need more industrial tracts of 80 acres or greater.

I can absolutely assure you, without the proper sized sites for business development, we will not be successful in attracting new businesses to Emporia.

The RDA from 1993 to today has assisted businesses in creating over 2,000 full-time jobs, which represents 12.3% of the total employment for Lyon County. There has been over \$917,000,000 in new private sector capital investment in Emporia and Lyon County with over 2,245,000 sq. ft. of new buildings constructed, having pad ready real estate sites is paramount. Just think what Emporia and Lyon County would be if this land was not available - none of this have happened.

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“*The future aint what it used to be*” – Yogi Berra. At a recent Industrial Asset Management Council (IAMC) meeting, the speaker was Peter Zeihan, a geo-capital strategist specializing in demographics, global energy, and security. By utilizing geography and demographics, he gives an understanding and predicts what the future global political trends have on markets, and economic trends.

Two of his books are, “The Accidental Super Power: The Next Generation of American Preeminence, and the Coming Global Disorder”; and “The Absent Super Power: The Shale Revolution and a World Without America” are quite interesting reading.

Several of the take a way’s from this presentation were that the United States will have enough oil and natural gas supplies from the U.S. and Canada to be total independent of other global oil and natural gas suppliers.

The breakeven cost of U.S. Shale Oil in 2012 was \$90 a barrel and in January 2017 the breakeven cost was \$37 a barrel. The only lower cost per barrel oil is from Saudi Arabia, but if you add transportation costs, would be higher.

The U.S. Demographic age groups, in the 25 to 29, 30 to 34, and 35 to 39 age ranges are much better off than Japan, North Korea, and Russia, because these three countries have an aging population not a growing population.

The U.S. is the largest global consumer economy, whereas other nations will be lagging behind. Lower energy, with lower oil and natural gas costs, will in turn lower the U.S. production cost for high energy consumption industries. With the abundance of supply, and low cost of natural gas, chemicals now made from petroleum will now be made with natural gas at a much lower cost. Three compelling reasons the U.S. economy will grow.

The U.S. financial markets and banks are much more stable and have less non-performing loans. U.S. financial centers continue to attract more global money.

There is a high potential for more Foreign Direct Investment (FDI) coming to the United States in the coming years. With the potential for corporate tax cuts and lowering the tax liability on those global corporations whose profits are overseas, there is tremendous potential for U.S. growth.

This past month in conjunction with the Kansas Department of Commerce, and Hostess Brands, there were two Made in Kansas events. An event with Hostess Brands was held at the state capital, and then a celebration was held at Flint Hills Technical College.

Hostess Brands Emporia facility has over 600 employees today. They continue to reinvest in the Emporia facility with state of the art technology utilizing more robotic applications for packaging, and finishing products. They also mentioned that an expansion of the receiving area would occur in the fall of 2017.

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KANSASWORKS JOB FAIR

From 11:00 a.m. to 2:00 p.m. on Friday, February 17th was the Job Fair for the unemployed Birch Communications workers and any other job seeker. Approximately 24 companies were at the job fair with 60 to 70 job seekers.

There are job opportunities all through the Emporia region. We thank those employers, and job seekers who attended.

COMPREHENSIVE PLAN

During February, the planning group Urban Collaborative, hosted several meetings to discuss the topics of land use, economic development, transportation, housing, infrastructure, and public facilities.

Over the past twenty four years, the RDA, in conjunction with Emporia Enterprises, which owns large industrial sites adjacent to the City of Emporia, in Lyon County, have developed 360 acres with new and expanding companies. Emporia Enterprises is the land development arm of our economic development goal for job creation and investment.

Industrial Park II, where Detroit Reman, Glendo, Emporia Kenworth, Kansa Technology, Cargill, and EVCO are located, 37 acres were developed and new buildings or expansions occurred. Park II is the area east of Overlander Road, south of Highway 50, west of Graphic Arts Road, and north of 6th Avenue.

The Park III area, which is located south of East South Avenue, north of East Logan Avenue, and west of Weaver Street. Three new developments occurred in the park, CAMSO, Simmons east & west, and the Lenze building, which is currently leased by CAMSO. Those three companies utilized 133 acres for their operations.

The East Park III area is east of Park III, generally between East South Avenue, west of Road M5, north of East Logan Avenue, and east of Weaver Street. The developments are Norfolk Iron & Metal, Hill's Pet Nutrition, and the stalled Renewable Energy Group project. All three of these developments either have rail spur access or could get rail service access.

In 2015, an 18-acre tract was purchased for the Detroit Reman warehouse.

In the current industrial and business park inventory, Emporia Enterprises has 210 acres available for development, or a 13-year supply. Of those 210 acres, we have one 100-acre site, one 45-acre site, two 22 to 26-acre sites, and several sites varying from 7.6 to 9 acres with no rail served sites. Emporia Enterprises Board of Directors works in collaboration with the RDA and its partners, the city, and county, identifying and acquiring sites for future development. It is an ongoing process that takes time, patience, and good timing.

Without Emporia Enterprises it would be extremely difficult for the RDA to accomplish its mission of working with existing and new businesses in creating new jobs and investment in Lyon County, and Emporia, Kansas.

Emporia Enterprises, which was originally organized in the early 1950's as the Committee of 50, has been instrumental in acquiring real estate for development. Industrial Park I, which is located north of 12th Avenue, east of Graphic Arts Road, west of Industrial Road, and south of 18th Avenue.

Hostess Brands is located in Park I. It originally located in Park I in 1963, then closed in November 2012. A new investment group purchased the plant and reopened in April 2013, and the new Hostess Brands is better than ever.

With regard to the comprehensive plan, current land-use, future land-use, zoning for business and industrial parks, infrastructure planning for utilities, such as water, sanitary sewer, natural gas, fiber optic, electric, and street improvements are all necessary to have an adequate supply of sites for business expansions and job creation, for not only the next 20 or 30 years, but to plan for the next 50 to 100 years, adjacent to the City of Emporia and in Lyon County.