

## 2020 Budget Request Form – Douglas County, KS

### Summary and Community Partner Overview

Community Partner:	<b>The Chamber, EDC of Lawrence &amp; Douglas County</b>
2020 Request	\$195,000

Contact Name:	Adam Handshy
Address:	718 New Hampshire
City, State Zip	Lawrence, KS 66044
Phone No.	785.865.4427
E-mail:	ahandshy@lawrencechamber.com

<b>Community Partner Overview:</b>
<p>Founded in 1878, the Chamber is a business advocacy and member support organization working to promote economic growth and prosperity throughout the broader Lawrence community. In addition to its regular, member-oriented advocacy, networking and educational programming, the Chamber also administers a countywide economic development program designed to spur investment, job growth and wealth creation throughout Douglas County.</p> <p>The program consists of five, over-arching, strategic initiatives:</p> <ul style="list-style-type: none"> <li>- Business retention and expansion</li> <li>- Workforce development</li> <li>- Business recruitment and marketing</li> <li>- Entrepreneurship and start-ups</li> <li>- Site and infrastructure capacity</li> </ul> <p>These priorities were developed in collaboration with City and County leadership, as well as other community stakeholders as part of a five-year strategic, economic development plan. Activities in pursuit of these initiatives are numerous and varied, ranging from on-site facility tours and expansion assistance to connecting local employers to qualified talent (KU/Peaslee/Haskell) and marketing the community for outside business recruitment.</p> <p>The requested county funding will be used in concert with matching funds from the City of Lawrence and substantial investment from the private sector in all efforts to further these core initiatives.</p>

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### Service Overview - Metrics and/or data that describe the service impact:

As noted above, the Chamber's economic development program is designed to spur economic growth countywide, and thus, serves the entire population of Douglas County (roughly 118,000). In addition, the program is designed to function in collaboration with our various strategic partners (City, County, BTBC, KU, etc.) and the following successes are shared accordingly.

Throughout 2018, the Chamber was actively engaged in a variety of successful efforts - it worked with the City on the renewal of the Catalyst Program; it worked with the University of Kansas to create a mentorship program for honor students; it worked through its partnership with NetWork Kansas to offer loans to five community businesses; and with the City, County and other partners on a number of manufacturing expansion projects.

One such project, and a great example of how our economic development partnership operates, was Plastikon Healthcare's 50,000 square foot facility expansion. The Chamber had been in discussions with Plastikon, a contract healthcare products manufacturer, since early 2016, working through various iterations of their expansion plans and coordinating discussions with key local and state departments on implementation, timelines and financial assistance programs.

In support of this project...

- the City took the lead in financial assistance and planning via the Catalyst program;
- the County provided valuable acreage in East Hills free of charge (roughly 9+ acres);
- the EDC facilitated numerous meetings and discussions, assisted with the state and local application procedures, and facilitated the public to private land transfer process;
- Plastikon worked through various University of Kansas career placement channels for workforce recruitment efforts and with Peaslee Tech on existing workforce training;

The project officially broke ground on the first of three planned expansion phases in March 2018, completing exterior construction in early-November the same year. The project is ongoing in 2019, with internal construction, equipment installations, FDA approvals, etc. As a result of this partnered effort, Plastikon was able to expand within a relatively short timeline and is now poised for exponential employment, facility and production growth in the near term.

Please see Addendum A, attached with this request, for additional activity details and metrics.

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### Alignment to County Focus Areas and Collaboration:

Community Partner:	<b>The Chamber, EDC of Lawrence &amp; Douglas County</b>
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<b>Focus Area:</b>	Workforce Development, Economic Development, Infrastructure
<p>The Chamber’s economic development program is most closely in alignment with the County’s focus areas: <i>Infrastructure, Workforce Development, and Economic Development</i>. As noted above, our program is intentionally broad, multi-faceted, and designed to operate in conjunction with our strategic partners. For example, there are numerous instances of reciprocal seats on boards of directors or economic development programs (e.g. Peaslee Tech, BTBC, ED Partners, PIRC, Douglas County E-Community, etc.), we host monthly “community tours” of existing businesses to facilitate conversation between the public and private sector, we maintain an ED Partners group to communicate with key community leaders, etc.</p> <p>Please see Addendum A, attached with this request, for further examples of collaboration and impact on County goals.</p>	

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	2016 Actual	2017 Actual	2018 Actual	2019 Adopted Budget	2019 Current Estimates	2020 Budget Request
<b>Revenues:</b>						
Douglas County (Includes KUSBDC)	\$220,000	\$220,000	\$220,000	\$195,000	\$195,000	\$195,000
City of Lawrence (Includes KUSBDC)	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
Chamber Capital Campaign funds	\$202,581	\$200,000	\$250,000	\$250,000	\$250,000	\$250,000
EDC Management Contract	\$30,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Beginning Balance	\$77,938	\$122,589	\$8,823	\$27,744	\$27,744	-\$10,956
<b>Total Revenues:</b>	<b>\$750,519</b>	<b>\$777,589</b>	<b>\$713,823</b>	<b>\$707,744</b>	<b>\$707,744</b>	<b>\$669,044</b>
<b>Expenditures:</b>						
Business Retention and Expansion	\$23,662	\$11,386	\$16,430	\$15,000	\$15,000	\$15,000
Business Recruitment/Development and Marketing	\$57,357	\$24,477	\$48,557	\$15,000	\$45,000	\$15,000
Entrepreneurship	\$0	\$0	\$390	\$4,000	\$2,000	\$2,000
Workforce Development	\$0	\$84,614	\$43,422	\$60,000	\$60,000	\$60,000
Workforce/Peaslee Support	\$0	\$50,000	\$0	\$0	\$0	\$0
Site and Infrastructure Capacity	\$0	\$1,250	\$6,668	\$2,000	\$2,000	\$2,000
KCADC	\$10,000	\$10,000	\$10,220	\$10,000	\$10,000	\$10,000
BTBC	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
KUSBDC	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
KDOC/Team Kansas	\$10,000	\$2,500	\$5,000	\$2,500	\$2,500	\$2,500
Kansas Research Nexus	\$1,004	\$475	\$1,210	\$1,000	\$1,000	\$1,000
Capital Campaign Reimbursement	\$33,400	\$0	\$0	\$0	\$0	\$0
Professional Development	\$3,861	\$7,873	\$4,057	\$5,000	\$5,000	\$5,000
Travel/Mileage	\$3,071	\$2,647	\$2,104	\$4,000	\$4,000	\$4,000
Investor Relations	\$2,740	\$6,219	\$2,980	\$3,000	\$3,000	\$3,000
Meals and Entertainment	\$2,742	\$2,367	\$2,515	\$2,200	\$2,200	\$2,200
Research and Publication	\$10,621	\$0	\$3,949	\$0	\$2,000	\$0
Salaries and Benefits	\$323,349	\$430,202	\$383,259	\$436,000	\$410,000	\$420,000
<b>Admin and Overhead</b>						
Dues & Subscriptions	\$5,196	\$1,750	\$2,203	\$1,800	\$2,000	\$1,800
Community Relations	\$1,456	\$1,435	\$1,444	\$1,800	\$1,800	\$1,800
Advertising	\$2,717	\$1,275	\$943	\$1,300	\$1,300	\$1,300
Commercial Insurance	\$3,860	\$3,196	\$2,894	\$3,400	\$3,000	\$3,400
Equipment Lease/Purchase/Maint	\$8,495	\$2,264	\$2,414	\$2,800	\$2,600	\$2,800

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Miscellaneous	\$4,411	\$1,743	\$2,263	\$1,500	\$2,400	\$1,500
Office Supplies/Expense	\$6,795	\$6,827	\$3,014	\$7,000	\$5,000	\$7,000
Professional Fees	\$8,640	\$12,456	\$24,933	\$9,800	\$20,000	\$9,800
Rent/Building Maintenance	\$27,470	\$27,515	\$34,163	\$25,800	\$35,000	\$25,800
Communications	\$922	\$2,088	\$821	\$1,100	\$1,100	\$1,100
Technology Maintenance	\$6,426	\$4,732	\$8,440	\$4,800	\$9,000	\$4,800
Telephone	\$3,231	\$4,470	\$4,743	\$4,300	\$4,300	\$4,300
Utilities	\$6,504	\$5,005	\$7,043	\$5,000	\$7,500	\$5,000
<b>Total Expenditures:</b>	<b>\$627,930</b>	<b>\$768,766</b>	<b>\$686,079</b>	<b>\$690,100</b>	<b>\$718,700</b>	<b>\$672,100</b>
<b>Ending Fund Balance</b>	<b>\$122,589</b>	<b>\$8,823</b>	<b>\$27,744</b>	<b>\$17,644</b>	<b>-\$10,956</b>	<b>-\$3,056</b>

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## Budget Request Analysis

Community Partner: **The Chamber, EDC of Lawrence & Douglas County**

### Analysis of Revenue Sources:

The Chamber & EDC functions as a public-private partnership, leveraging roughly equal investment from Douglas County, the City of Lawrence, and the private sector. This arrangement represents a longstanding, highly successful partnership, wherein each partner has a direct role in goal development and implementation strategy.

No definitive alternative revenue sources have been identified to date. A dedicated, economic development sales tax, such as that in Topeka, has been discussed many times in recent years, but there are no plans to pursue this course at present. Future capital campaigns are a viable source for additional funding, but are unlikely to generate funds comparable to a sales tax or to offset the need for public investment. Federal grants are a potential source for discussion, but are extremely competitive, and would likely be required to be used for new (highly specific) initiatives, rather than to support existing program efforts.

County funding is intermingled with that of the City and private sector in pursuit of all efforts to further the EDC's five, core initiatives (business retention and expansion; workforce development; business recruitment and marketing; entrepreneurship and start-ups; site and infrastructure capacity). A summary of activities in support of these initiatives is provided in the attached Addendum A.

Public EDC program funding had been stable for many years, until 2019, wherein County support was reduced by \$25,000 as a result of impending revenue challenges facing the County (mail-in ballot initiative, property tax lid, etc.). This reduction has not yet resulted in the elimination of programming or specific initiatives. As the reduction was understood to be short term (perhaps only for 2019), it was determined that the reduction in funding would be absorbed via EDC reserves. This reduction is discussed further in the section for supplemental funding.

### Analysis of beginning & ending fund balances, and dedicated or restricted cash reserves:

The attached budget reflects the implementation of initiatives as laid out in the Chamber/EDC's 5-year economic development plan (began in 2017). As these are multi-year initiatives, funds unspent in the previous year will be used to further the plan in the subsequent year. Further, as economic development is often a fluid, dynamic process, there are minor discrepancies between the original budget and current estimates, e.g. increased business recruitment and marketing expenditures described below.

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### Analysis of expenditure changes:

As noted above, in 2019, there has been a short-term increase in business recruitment and marketing expenditures. One of the Chamber/EDC's five, strategic priorities, developed as part of its five-year ED plan, is Business Recruitment & Marketing. The first few years following the plan's creation were spent assessing community strengths, industry concentrations, labor analysis, etc. The program is now at a point beyond data analysis, wherein direct company outreach is desired for recruitment and support materials are needed. Once produced, costs associated with this line item are anticipated to return to estimated 2019 levels.

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### Supplemental Request for Additional Funding

(This is in addition to the 2020 Request amount on page 1)

Community Partner:	<b>The Chamber, EDC of Lawrence &amp; Douglas County</b>	<b>\$25,000</b>
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#### **Purpose for additional revenue from County:**

For many years, the Chamber’s economic development program has been roughly equally supported by Douglas County and the City of Lawrence, with additional funding being derived from private fundraising efforts. As a result of revenue challenges facing the County for 2019, the Chamber’s funding was reduced by \$25,000 (please see Addendum C for reference on this reduction). As this was understood to be a short-term reduction, it was determined that rather than reducing funding to our partners (Peaslee, BTBC and KU Small Business Development Center) or cutting programming, the costs would simply be absorbed internally. However, as can be seen in the budget (provided as Addendum B), the program is expected to operate at a loss in 2020 and absorbing costs without program reductions will become increasingly difficult. As such, the Chamber requests a reinstatement of pre-2019 funding levels for 2020.

#### **Impact if supplemental request is not funded:**

As noted throughout this request, the Chamber’s economic development program was created in partnership with county leadership and thus reflects the County’s focus on workforce and economic development, e.g. Baldwin and Eudora have a community profile on KCADC’s website via the Chamber’s membership; Peaslee Tech has a dedicated auto lab and is surpassing enrollment expectations via past and ongoing Chamber support; the KU Small Business Development Center is a community-wide, business resource that engages with hundreds of businesses and individuals annually...

These programs are invaluable community resources. A continued reduction in funding will not result in the elimination of these programs, but will make current levels of support increasingly difficult and eventually untenable. As such, we greatly appreciate the County’s continued partnership and consideration of reinstatement of funding for 2020.