

CITY COMMISSION MEETING

April 14, 2021 at 9:30 AM

CITY COMMISSION / MUNICIPAL COURT ROOM
518 MECHANIC, EMPORIA, KS

Agenda

Pre-Luncheon Items

- ▶ Discuss Annual Financial Update Greg Vahrenberg
- ▶ Discuss Water Tap Fees
- ▶ Discuss Urban Growth Area Agreement
- ▶ Overview of Brownstone Development TIF/CID
- ▶ Review Housing Policy Draft

Post-Luncheon Items



**If you need accommodations due to a disability to participate in this event, meeting, or activity, or alternative format of written materials contact City of Emporia Jeff Lynch, ADA Coordinator at least 48 hours before the event at 620-343-4285 or jlynch@emporia-kansas.gov*

Memo

TO: City Commission

FROM: Mark McAnarney, City Manager

CC: Department Heads

DATE: April 8, 2021

SUBJECT: Financial Update

Greg Vahrenberg, Managing Director with Raymond James & Associates will be at the April 14, 2021, Study Session to review the City's 2020 Financials.

Memo

TO: City Commission

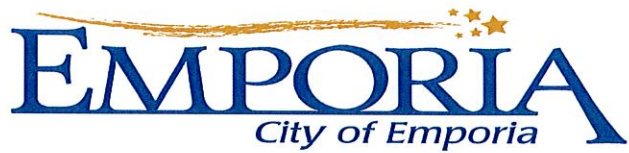
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Greg Vahrenberg, Managing Director with Raymond James & Associates will be at the April 14, 2021, Study Session to review the City's 2020 Financials.



TO: City Commissioners

FROM: Janet Harrouff, Dean Grant

DATE: April 9, 2021

RE: Water tap fees

Staff has been reviewing the fee that is charged when a new service is added to an existing water or sewer main. The fee has not been changed since 2009.

The current fee for a water tap is \$126.50 for a 1" tap for a 5/8" meter. The tap materials and labor cost \$294.00. The city currently provides \$800 of materials that include the meter, pit, ring, lid, shut off valve and street cut (if needed) free of charge.

The sewer tap current charge is \$100 for a 4" tap. Materials and labor cost \$200 not including a street cut which is \$1500.

A spread sheet comparing the City of Emporia's fee to other cities is attached. Staff will be at the April 14th study session for additional discussion.

Water

Meter size	5/8	1	1.5	2
Emporia Current Charge	\$126.50	\$135.00	\$264.50	\$293.00
Emporia provided equipment	\$800.00	\$920.00	\$1,075.00	\$1,315.00
Emporia tap costs	\$294.00	\$294.00	\$350.00	\$550.00
Emporia Street Cut	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
	<u>\$2,594.00</u>	<u>\$2,714.00</u>	<u>\$2,925.00</u>	<u>\$3,365.00</u>
Hutchinson	\$340.00	\$440.00	\$1,015.00	\$1,265.00
ElDorado	\$350.00	\$450.00	\$550.00	
Salina		\$510.00	\$660.00	\$710.00
Dodge City	\$300.00	\$1,312.00	\$1,783.00	\$1,747.00
McPherson	\$2,594.00	\$2,694.00	\$3,550.00	\$3,800.00
Garden City		\$3,614.00	\$4,125.00	\$4,765.00
Hays Connection/tap Charge	\$1,500.00	\$1,560.00	\$3,980.00	\$4,250.00
Topeka	\$1,589.00	\$1,589.00	\$4,195.00	\$5,015.00
Wichita		\$2,782.00		\$8,692.00
Manhattan	\$2,456.00	\$1,754.00	\$3,507.00	\$11,103.00
Lawrence	\$3,609.00	\$6,952.00	\$9,375.00	\$15,000.00

Sewer

Meter size	Residential	1	1.5	2
Emporia Current Charge	\$100.00	\$100.00	\$100.00	\$100.00
Emporia costs	\$200.00	\$200.00	\$200.00	\$200.00
Salina Tap fee 4" Main		\$210.00	\$360.00	\$410.00
Dodge City	\$300.00	\$300.00	\$300.00	
ElDorado	\$350.00			
Topeka	\$880.00	\$880.00	\$1,560.00	\$2,376.00
Garden City		\$1,100.00	\$1,400.00	\$1,600.00
Manhattan	\$878.00	\$1,754.00	\$3,507.00	\$11,103.00
Wichita		\$2,612.00		\$8,152.00
McPherson	\$3,050.00	\$3,050.00	\$3,050.00	\$3,050.00
Lawrence	\$3,619.00	\$13,987.00	\$25,200.00	\$40,320.00

Memo

TO: City Commission
CC: Mark McAnarney, City Manager
FROM: Christina Montgomery, City Attorney
DATE: April 14, 2021
SUBJECT: Urban Growth Area

The Urban Growth Area Map Committee met on March 2, 2021, to discuss a shift from the Metropolitan Planning Area to a new Urban Growth Area as anticipated in Plan ELC. The group was composed of city and county planning and zoning staff, city and county commissions, and members of the public. County Zoning Administrator Sam Seeley facilitated the meeting and provided a short history of the Metropolitan Planning Area and past interlocal agreements. The group reviewed the scope and goal of the committee and discussed the proposed extraterritorial jurisdiction maps. The group reviewed the current needs and growth patterns and was able to come to a mutual understanding.

A proposal for a new interlocal agreement is attached, as well as maps showing the current Metropolitan Planning Area area and the committee recommendation for the new Urban Growth Area.

INTERLOCAL AGREEMENT BETWEEN LYON COUNTY, KANSAS, AND THE CITY OF EMPORIA, KANSAS, PROVIDING FOR THE REGULATION OF THE USE AND DEVELOPMENT OF LAND WITHIN TERRITORY DESIGNATED AS THE URBAN GROWTH AREA OF THE CITY OF EMPORIA.

This Interlocal Agreement ("Agreement") is entered into this _____ day of _____, 2021, by and between Lyon County ("County") and the City of Emporia ("City").

WHEREAS, K.S.A. 12-2901 *et seq.*, the Interlocal Cooperation Act, and K.S.A. 12-744(c) provide legal authority for cities and counties to cooperate in the exercise of their powers in a manner that will best serve the public interest; and

WHEREAS, K.S.A. 12-2901 *et seq.*, the Interlocal Cooperation Act, authorizes cities and counties to enter into interlocal agreements for joint or cooperative action pursuant to the provisions of the Interlocal Cooperation Act; and

WHEREAS, K.S.A. 12-741 recognizes the authority of cities and counties to use Home Rule powers to pass nonconflicting laws relating to planning and zoning (K.S.A. 19-101a *et seq.* and Kansas Constitution, Art. 12, Sec. 5); and

WHEREAS, Lyon County and the City of Emporia desire to enter into an interlocal agreement for the regulation of the use and development of land outside the city limits of the City of Emporia;

NOW THEREFORE, it is hereby agreed by and between the parties hereto, as follows:

Section 1. Purpose and Scope

- a. The purpose of this Agreement is to provide for the delegation of certain land use regulatory authority, from the County to the City, over territory designated as the "Urban Growth Area," subject to the conditions set out in this Agreement.

- b. This Agreement shall not be interpreted as affecting the zoning or subdivision enforcement powers of the City or County other than within said Urban Growth Area. All existing powers of the County over unincorporated territory outside the designated Urban Growth Area, and all existing powers of the County over territory within the designated Urban Growth Area other than those relating to zoning and subdivision, as provided for in this Agreement, are expressly reserved to the County.
- c. This Agreement shall not be interpreted as granting to the City any greater authority than that held by the County for the regulation of the land and structures actually used for agricultural purposes.
- d. Administration of this Agreement shall be the responsibility of the Mayor of the City of Emporia and the Chair of the Lyon County Board of County Commissioners.

Section 2. Urban Growth Area Boundary; Adjustments

- a. The City and County hereby designate certain territory outside the City's corporate limits but within Lyon County, as the Urban Growth Area. Land use and development in the Area is found to primarily affect the City, including City resources, due to its close proximity to the City limits. Therefore it is in the public interest for certain land use regulatory authority over the Area to be held by the City. The Area is designated on a map that is incorporated by reference within this Agreement as "Attachment A."
- b. Adjustments to the boundaries of the Area shall be made by passage of a joint resolution and ordinance. Such adjustments shall neither be interpreted as amendments to this Agreement nor as amendments to the City or County zoning or subdivision regulations.

Section 3. Zoning Authority Jurisdiction; Urban Growth Area

- a. The County hereby delegates to the City its zoning authority under state law, over land designated as the Urban Growth Area. Such delegation of authority shall take effect

upon: i) the effective date of any necessary amendments to the City's and County's zoning regulations which are required under this Agreement, and ii) the City's appointment of two members to its Planning Commission who reside outside of, but within three miles of, the City's corporate limits. Land within the Urban Growth Area shall continue its current zoning classification, unless and until such land is rezoned in accordance with the applicable law.

- b. Delegation of the zoning authority now held by the County to the City over land within the Urban Growth Area is made with the following conditions.
 - 1. The City shall comply with all statutory procedures for amending its zoning regulations and map to extend its zoning authority over land within the Urban Growth Area.
 - 2. The County shall comply with all statutory procedures for amending its zoning regulations and map to recognize zoning authority over land within the Urban Growth Area.

Section 4. Zoning Authority Jurisdiction; Beyond the Urban Growth Area

- a. The County shall retain all its existing zoning authority over land beyond the Urban Growth Area under this Agreement; subject to the conditions set out herein.
- b. The County agrees to provide notice to the City of proposed text amendments to the County's zoning regulations affecting any parcel(s) then outside the Urban Growth Area boundary but within one (1) mile of such boundary. Such notice shall be given to the City of Emporia Planning, Zoning, and Floodplain Manager prior to the applicable public hearing before the County Planning Commission.
- c. The County agrees to provide notice to the City of applications, and staff reports to the County Planning Commission, for rezoning and special or conditional use permits

affecting land beyond the Urban Growth Area boundary but within one (1) mile of such boundary. Such notice shall be given to the City of Emporia Planning, Zoning, and Floodplain Manager prior to the applicable public hearing before the County Planning Commission.

Section 5. Subdivision Authority Jurisdiction; Urban Growth Area

- a. The County hereby delegates to the City its subdivision authority over land within the Urban Growth Area designated under this Agreement. Such delegation of authority shall take effect upon the effective date of any necessary amendments to the City's and County's subdivision regulations which are required under this Agreement. Until such delegation takes effect land within the Urban Growth Area shall continue to be subject to the Emporia-Lyon County Metropolitan Area Subdivision Regulations.
- b. Delegation of all subdivision authority now held by the County over land within the Urban Growth Area is made, except where the County expressly retains such authority by the provisions of this Agreement, and except where such delegation is conditioned, as follows:
 1. The City shall comply with all statutory procedures for amending its subdivision regulations to extend its subdivision jurisdiction within the Urban Growth Area.
 2. The County shall comply with all statutory procedures for amending its subdivision regulations to remove its subdivision authority over land within the Urban Growth Area.
- c. Streets, rights-of-way, and other dedications to the public set forth in plats shall be subject to acceptance by the County Commission.

Section 6. Subdivision Authority Jurisdiction; Beyond the Urban Growth Area

- a. The County shall retain all its existing subdivision authority over land beyond the Urban Growth Area designated under this Agreement, subject to the conditions set out in this section.
- b. The County shall provide notice to the City of proposed text amendments to the County's subdivision regulations of any parcel(s) then outside beyond the Urban Growth Area but within one (1) mile of such boundary. Such notice shall be submitted to the City of Emporia Planning, Zoning, and Floodplain Manager prior to the applicable public hearing before the County Planning Commission.
- c. The County shall provide notice to the City of applications, and staff reports to the County Planning Commission, for preliminary and final plats affecting land beyond the Urban Growth Area but within one (1) mile of such boundary. Such notice shall be submitted to the City of Emporia Planning, Zoning, and Floodplain Manager prior to the applicable public hearing before the County Planning Commission.

Section 7. Building Codes Jurisdiction

As authorized by K.S.A. 12-751, the City has adopted and enforces building codes within the Urban Growth Area. Such building and construction regulations as are in existence on the effective date of this Agreement shall continue in existence.

Section 8. Duration and Effect

This Agreement shall be perpetual in duration, unless terminated in accordance with Section 10, and shall be in effect from the latter of the date the Agreement has been filed with the Lyon County Register of Deeds or filed with the Secretary of State pursuant to K.S.A. 12-2905. Such filings shall occur after approval of this Agreement by the Attorney General.

Section 9. Termination

- a. At the end of the initial five (5) year duration of this Agreement, either the City or County may unilaterally terminate this Agreement upon giving six months' written notice to the other party of its intent to withdraw, with such termination becoming effective following the running of the six months' notice and upon the action of the Governing Body of the terminating entity. Termination shall then be effective on January 1 following the six months' notice.
- b. The City and the County may mutually agree to terminate this Agreement at any time.
- c. Upon termination of this Agreement all land use regulatory authority of the County shall again apply to all unincorporated territory designated as the Urban Growth Area and Beyond the Urban Growth Area.

Section 10. Amendment

This Agreement may be amended by majority vote of the City Governing Body and County Commission, following procedures set out in the Interlocal Cooperation Act, K.S.A. 12-2901 et seq.

Section 11. Approval by the City of Emporia

Agreement approved by adoption of Ordinance No. _____ on the _____ day of _____, 2021.

Mayor, City of Emporia, Kansas

City Clerk, City of Emporia, Kansas

Section 12. Approval by Lyon County Board of County Commissioners

Agreement approved by enactment of Resolution No. _____ on the _____ day of _____, 2021.

Chair, Lyon County Board of County
Commissioners

County Clerk, Lyon County, Kansas

Section 13. Approval of Attorney General

Agreement approved by the Attorney General of the State of Kansas on the _____ day of _____, 2021.

_____ By: _____
Derek Schmidt, Attorney General

Section 14. Filing

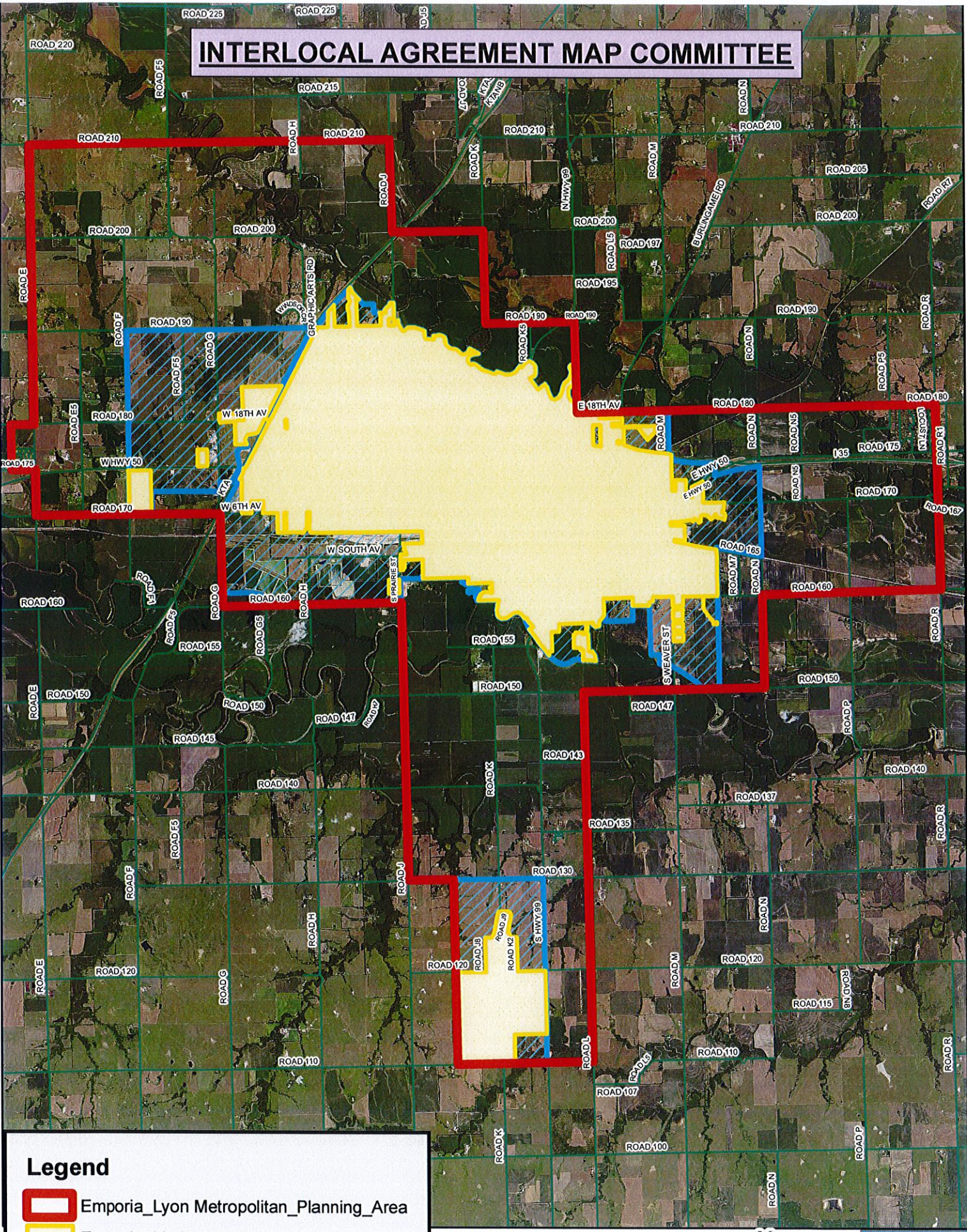
Agreement filed with the Secretary of State of the State of Kansas on the _____ day of _____, 2021.

Scott Schwab, Secretary of State

Agreement filed with the Lyon County Register of Deeds, on this ____ day of _____, 2021.

Lyon County Register of Deeds

INTERLOCAL AGREEMENT MAP COMMITTEE



Legend

-  Emporia_Lyon_Metropolitan_Planning_Area
-  Emporia_Limits_Existing
-  Emporia_Lyon_Growth_Area_Proposed

0 1,700 3,400 6,800 10,200 13,600 Feet



Lyon County Zoning
430 Commercial St.
Emporia, KS 66801
03/2021
Not Survey Accurate

Memo

To: City Commission
From: SPC Witt
cc: Mark McAnarney
Date: 4-7-2021
Re: Overview and Update South Travel Plaza

City Staff will be present to review the application for a TIF/ CID for the above project. Final review action by the RDA Board is scheduled for 4-9-2021. If approved some legal documents must be submitted before the Commission can begin the formal legal process of considering the formation of a TIF and CID on the subject property. So at this time, there is no rush to consume and digest all the specifics of the application but given the scope and breath we wanted to provide you all ample time to review.

Attached is the application and supporting documentation for the TIF/ CID. Questions or comments can be directed to the SPC.



April 9, 2021

Emporia City Commission
104 East 5th Avenue
Emporia, KS 66801

Re: Emporia Travel Plaza – Red Brick Investments

Dear City Commissioners:

On March 18, 2021, Red Brick Investments, LLC CID/TIF application for the Emporia Travel Plaza was re-submitted. The application fee was submitted earlier to the City of Emporia.

The City Review Committee, which consists of the City Manager, Assistant City Manager, City Attorney, City's Bond Counsel, City's Financial Advisor, RDA President and Chamber of Commerce President/CEO, reviewed the application for completeness and conducted a conference call on April 15, 2021. The City Review Committee determined the application to be complete.

The project is approximately 39 acres, located southwest of I-35/Highway 50 and Graphic Arts Road. Divided into two phases – Phase I is the Travel Plaza and truck service shop on the 10 acre Lot 1. The Lot 2 development is a coffee shop, restaurant, and retail strip center on 2 acres. Lot 3, a 3.5 acre tract, is yet to be determined. Lot 4 a 2 acre tract will be a truck wash. Phase II includes a Hotel, RV park, and truck sales on Lots of 2, 2 and 1 acre respectively.

The developers are on a pay as you go basis. Their request is for a Community Improvement District (CID) with a 2% sales tax and Tax Increment Financing (TIF). Those funds would be utilized for infrastructure, streets, storm water detention, parking lots, and other improvements.

The applicant must complete a third party market feasibility study as requested by CID & TIF policies.

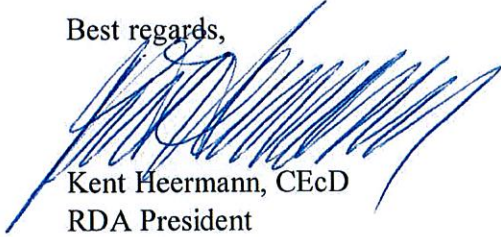
As per the requirements of Resolution 3254, which establishes the policies and procedures for Community Improvement District financed projects, the City Review Committee recommended the application to the Regional Development Association of East Central Kansas (RDA) Board of Directors.

At the April 9, 2021 Board meeting, the RDA Board recommended the approval of the application from Red Brick Investments.

Attached to this letter are attachments submitted with the application.

If you have any questions, please feel free to contact me at your convenience.

Best regards,

A handwritten signature in blue ink, appearing to read 'Kent Heermann', is written over the typed name and title.

Kent Heermann, CEcD
RDA President

Cc: Johnny Brown Mg Partner
Doug Hutchinson, Partner

Project: Emporia Travel Plaza - Both Phases - 39 Acres

Public Infrastructure	
Road A (Marlin Drive Extension Phase I)	Cost
Road B (Brownstone Dr. and Roundabout Improvements)	\$ 1,878,883.56
Overlander Street Improvements	\$ 1,524,854.80
	\$ 500,000.00

Private Infrastructure	
Land Purchase	\$ 4,300,000.00
Grading Costs	\$ 1,527,524.00
Waterlines	\$ 445,000.00
Sanitary Sewer	\$ 470,000.00
Storm Water Detention	\$ 651,630.00
Travel Plaza Express Parking Lot and Utilities	\$ 2,100,000.00
Large Retail Parking Lot and Utilities	\$ 2,000,000.00
RV Parking Lot and Utilities	\$ 1,000,000.00
Hotel Parking Lot and Utilities	\$ 500,000.00
Retail Parking Lot and Utilities	\$ 500,000.00
Truck Shop Parking Lot and Utilities	\$ 500,000.00
Restaurant Parking Lot and Utilities	\$ 500,000.00
Kenneth Parking Lot and Utilities	\$ 500,000.00
Total	\$ 18,897,892.36
	TIF Eligible

Private Improvements	
Travel Plaza Express (50 parking stalls)	\$ 8,000,000.00
Hotel (60 rooms)	\$ 6,000,000.00
Restaurant (Dine-in)	\$ 1,250,000.00
RV Park	\$ 2,000,000.00
Retail Strip Center	\$ 2,000,000.00
Large Retail Center	\$ 8,000,000.00
Truck Shop	\$ 2,000,000.00
Coffee Shop	\$ 500,000.00
Truck Wash	\$ 2,000,000.00
Restaurant (Dine-in)	\$ 1,250,000.00
Total	\$ 33,000,000.00

Private Improvements Tax Calculations	
Travel Plaza Express (50 parking stalls)	\$6.47
Hotel (60 rooms)	\$8,000,000.00
Restaurant (Dine-in)	\$1,250,000.00
RV Park	\$2,000,000.00
Retail Strip Center	\$2,000,000.00
Large Retail Center	\$8,000,000.00
Truck Shop	\$2,000,000.00
Coffee Shop	\$500,000.00
Truck Wash	\$2,000,000.00
Restaurant (Dine-in)	\$1,250,000.00
Totals	\$14,650.00

Private Improvements CID Calculations	
Travel Plaza Express (50 parking stalls)	Yearly Sales
Hotel (60 rooms)	\$3,000,000.00
Restaurant (Dine-in)	\$2,500,000.00
RV Park	\$750,000.00
Retail Strip Center	\$1,000,000.00
Large Retail Center	\$10,000,000.00
Truck Shop	\$1,200,000.00
Coffee Shop	\$500,000.00
Truck Wash	\$1,000,000.00
Restaurant (Dine-in)	\$750,000.00
Total	\$21,450,000.00
	2%
	\$429,000.00
	(Yearly)

Fuel Sales	
Diesel Fuel Sales (\$3.07 gallon)	Yearly Sales
Gasoline Fuel Sales (\$2.67 gallon)	\$31,387,845.78
	\$8,335,595.82
Total Fuel Sales	\$39,723,441.60

Assessed (16.3%)	
Dine 1.00%	Captured M.
\$1,304.00	\$217,813.64
\$978.00	\$163,360.23
\$203.75	\$34,033.38
\$326.00	\$54,453.41
\$1,304.00	\$217,813.64
\$326.00	\$54,453.41
\$81.50	\$13,613.35
\$326.00	\$54,453.41
\$203.75	\$34,033.38
\$5,379.00	\$889,481.27

Total Sales Tax	
State Portion	6.50%
County Portion	1.000%
City Portion	1.000%
	\$1,823,250.00
	\$1,394,250.00
	\$214,500.00
	\$214,500.00
	(Yearly)

This Development will generate over \$60M in Sales a year

City of Emporia, Kansas

Application for Tax Increment Financing
For
TRAVEL PLAZA DEVELOPMENT

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- I. Applicant Information**
- II. Application Questions**
- III. Exhibits**
 - a. Exhibit 1: Applicant Resume**
 - b. Exhibit 2: Consultant Resume**
 - c. Exhibit 3a: Legal Description**
 - d. Exhibit 3b: Property Map**
 - e. Exhibit 3c: Site Plan**
 - f. Exhibit 3e: Aerial Photograph of Property**
 - g. Exhibit 4: Property Calculations**
 - h. Exhibit 5: Sources and Uses of Funds**
 - i. Exhibit 6: Project Costs**
 - j. Exhibit 7: Financing Letter**

**CITY OF EMPORIA, KANSAS
APPLICATION FOR TAX INCREMENT FINANCING ("TIF")**

I. Applicant Information

Applicant: Red Brick Investments, LLC; or its assigns

Address: 2955 SW Wanamaker Dr. Topeka, KS 66614

Phone #: John Brown (785) 969.3719 or Doug Hutchinson (785)
224.5310

Fax: N/A

Email Address: johnnyb5901@gmail.com or dhutchks@gmail.com

Contact Person: Johnny Brown or Doug Hutchinson

Project Name: Emporia Travel Plaza Development

II. Applicant Questions

- 1) In no more than three pages provide relevant information on the applicant's background and related development or redevelopment experience. Include resumes of key individuals assigned to the project as well as other projects completed including location and contact persons.
 - a. Resume of Johnny, Doug, and other key players – Big Projects involved in. Please see Exhibit "1" (Applicant Resume).
- 2) Identify all consultants employed by the applicant involved or proposed to be involved in the project noting relevant experience on similar projects (e.g., civil engineer, land use planner, applicant's legal counsel, applicant's financial advisor.)
 - a. Consultants Employed by the applicant involved or proposed to be involved in the project. Please see Exhibit "2" (Consultant Resume).
 - i. Tim Shultz (TIF lawyer), Driggs (Engineering)
- 3) Affirm that the applicant/developer has reviewed the City's policy resolution (Resolution No. 3295) and describe the proposed project and the nature of assistance requested and how such project fits under the City's policy resolution. Describe the size and scope and phasing of the proposed project. Specifically outline the types of development, including residential, if any, to be included in the project.
 - a. Applicant has reviewed the policy of the City of Emporia, on Tax Increment Financing ("TIF") as stated in Resolution No. 3295 passed by the City Commission of the City of Emporia, KS on June 27, 2007.
 - b. This project that is being proposed by the applicant is consisting of commercial development on approximately 39 Acres – located on the South-east Corner of Quarter of Section 7, Township 19 South, Range 11 East of the 6th PM Lyon County, Kansas. Please see Exhibit "3b" (Property Map).

The anticipated development is going to contain a Major Travel Plaza (approximately 10k sq ft building, that will be sitting on 10 Acres), One Hotel (approximately 24,000sq ft. sitting on 2 Acres), Two

Restaurants (approximately 5,000 sq ft. sitting on 2 Acres each), a Strip Center (approximately 10,000sq ft building sitting on 2 Acres), an RV Park (2 Acres), Truck Maintenance Shop (2 Acres), a Large Retail Center (5 Acres), Expansion of Kenworth (1 acre) on the North side of Martin Drive next to the Hotel.

The expected Capital Improvements on this project are approximately \$52,000,000.00. The proposed project is going to be completed in two phases: i) Site Work, Utilities and, Road Improvements. ii) Tenants will purchase lots and proceed with construction.

4) Define the boundaries of the proposed Tax Increment Financing district by address and locator number(s). Include a map of the area

- a. The Boundaries of the proposed TIF District are Phase I: A Part of the SOUTHEAST Quarter of Section 7, Township 19 South, Range 11 East of the 6th P.M Lyon County, Kansas and Phase II: Being a Replat of Lots 2,3,7,8,9 and 10 of Martin-Eagle Subdivision to the City of Emporia, Lyon County, Kansas. Please see Exhibit "3c" (Site Plan) for the Site Plan. The following is the Tax Parcel Number of the proposed Site **Phase I: EA07657A7 and Phase II: To Be Determined**
- b. An attached vicinity map will show the exact location of the TIF District. See Exhibit "3d" (Vicinity Map)

5) Identify the affected property that is currently in the control of the applicant by ownership or option to purchase. If the affected property is controlled by an option by purchase, provide the option expiration date.

- a. Phase I Affected Property is under control of Red Brick Investments LLC.
- b. Phase II Affected Property closes on: April 7, 2021

6) Is the property currently zoned for the proposed use? If not, what zoning change will be required?

- a. The property is currently zoned for the proposed use.

7) Will the proposed project result in the relocation or razing of residential, commercial or industrial facilities? If so, discuss the nature of any anticipated demolitions or relocations.

- a. No; The proposed project will result in commercial facilities being built.

- b. Please see Exhibit "3e" (Aerial Photograph of Property) for an aerial Map of the Proposed Project Location.
- 8) **State the need and justification for requested assistance. Explain how the applicant intends to demonstrate the "but for" the requested assistance the project is not feasible and will not be completed. Substantiate that other alternative methods of financing have been thoroughly explored and why the requested assistance is necessary.**
 - a. The applicant's project calculations are attached as Exhibit "4" (Project Calculations).
 - b. Due to the substantial amount of site preparation, costs, and public infrastructure going on, the only feasible alternative to provide funding for the costs is through a TIF/CID.
- 9) **For TIF applications, describe and discuss the condition(s) that would qualify a proposed redevelopment district as an "eligible area" under the Kansas TIF statutes, either as a "blighted area" or "conservation area," or "qualified enterprise zone" as defined by the Kansas TIF statutes.**
 - a. The property is designated a "redevelopment area" by the City of Emporia, deeming the land as an "eligible area" under the Kansas TIF statutes.
- 10) **Identify sources, amounts, and status of all funding available to complete the project, including equity contributions, debt financing, the requested assistance and other sources. State whether the applicant intends to privately finance construction of the project and reimburse costs with the requested assistance after the project is substantially complete (required by the City in the case of HRST assistance and preferred in TIF and TDD transactions) or will the requested assistance be used to pay costs a portion of construction costs? If bonds are proposed to be issued (TIF and TDD), will the bonds be privately placed or publicly sold? Please list the sources and amounts of funding for the project in the following table format.**

Financial Resource, Amount, Term, Status, Contact Person, Contact Telephone #

- a. For the applicant analysis, the applicant currently has a note on the land purchase and will assume a construction Line of Credit (L.O.C) to prepare the Land for Pad-Site Ready. The applicant will pay this back through Land Sales.

- b. Equity Bank has committed to the financing of this project. Please See Exhibit 7 "Financing Letter"
- 11) **Provide an outline of the costs associated with the development of the proposed project(s) and related parcel or parcels located within the affected district or area. Identify the costs the developer/applicant proposed to finance with the requested assistance and the proposed payback term (provide a debt service schedule showing rates and assumptions).**
 - a. Breakdown of Project will be attached on Exhibit (s) "4" (Project Calculations) and "6" (Project Costs)
- 12) **In one page or less, discuss and document information used to describe the market and financial feasibility of each element of the proposed project. If a formal feasibility, marketing or comparable studies are available, attach such reports as an appendix to this application.**
 - a. The Feasibility Study was done in January 2020 by Steve Terrill, SFS Corporation. Please see attached: Feasibility Study
 - b. Market Study shall be completed in accordance with City Policy in Resolution #3295 Section 3-12 and 13 and Resolution #3524 Section 3-12/12. This is to be done once End Users are Identified.
- 13) **On a revenue worksheet estimate the incremental property taxes and economic activity taxes to be generated by the project, including underlying assumptions and identify the amounts of such revenue to be applied to pay or reimburse project costs.**
 - a. Breakdown of Project will be attached on Exhibit "4" (Project Calculations)
- 14) **Provide an estimate of the market value of all fixtures and equipment to be used by all owners or tenants of the proposed project that will be taxed as personal property.**
 - a. This value has not yet been calculated.
- 15) **Identify any proposed tenants of the project. Have leases been negotiated or signed? What type of lease is contemplated?**
 - a. Please see the attached Site Plan, Exhibit "3c" (Site Plan).
 - i. As noted as an attachment to the Letter to Mr. Heermann: **Breakdown of Site Information**. This attachment states what buyers will be coming to our development.

- b. What the applicant would call an “anchor” will be a full-blown Travel Plaza, that will also bring its own Quick Service restaurant within the 10k sq. foot building.
 - i. Once this Anchor has agreed to terms, other retailers will come establish with them. i.e.: Hotels, Restaurants, and Retail
- 16) **Who will own the developed property? If property will be owned by the applicant, indicate how long to applicant intends to retain ownership.**
 - a. The applicant will initially purchase the real property. Once the property has become Pad-Site ready, the applicant will either sell the pad-site lot to the end user or do a build-to-suit and own that lot.
- 17) **Describe the net economic (including net increases in property tax and other economic activity taxes) and “quality of life” benefits of the proposed project to the City.**
 - a. The net economic benefit the City of Emporia will receive from the Travel Plaza Development project can be found under Exhibit “4” (Project Calculations) which details the increased property and sales tax revenues.
 - b. Although the increased tax figures are able to be estimated, there are other benefits that are not:
 - i. Potential to attract new users to the City based upon the location of this project.
 - ii. New permanent jobs that will bring more people to the city.
 - iii. Increased spending due to more employees
 - c. The Net economic benefits are great, but here are some additional “quality of life” benefits:
 - i. Convenience for Emporia citizens and also new users along the Highways
 - ii. Increase in variety of restaurants, as well as a place to stay for visitors
 - iii. Additional jobs for persons located in near-by towns
 - 1. Also, part-time jobs for students (both high school and college)
 - iv. More retail
 - v. Safety by bringing Semi-Trucks off the roads, giving them a place to park

18) Attach a letter from a financial institution indicating that the applicant has sufficient financial resources to obtain the private financing for the project.

- a. Equity Bank has committed to handling the Financing for this Emporia Project. As noted in the Executed Agreement; They will loan the lessor of 70% Appraised value or 70% of Total Costs. This means that Red Brick Investments will have 30% Equity in the Development.
- b. Please see this Agreement in Exhibit "7" (Financing Letter)

Exhibit 1

Applicant Resume's

[See Attached]

John E. Brown
Real Estate Investments

Mr. Brown started in the business in 1976. He owned a small chain of lumber yards and built several multi-family projects and single-family properties. In 1985 he sold out to "84 Lumber" and began development strictly on the commercial side of the business. In 1985 he got involved in building Convenient Stores (C-Stores) for: Conoco Phillips, Kwik Shop, Crescent Oil and Kum & Go. He would build the building, and lease back to the tenant performing a build-to-lease-back. Conoco Phillips got out of retail, and he bought 54 units and leased them back to them. He started building the C-Stores, but eventually got involved in adding additional 20k sq. ft. to offset heavy lease payment for them. The C-Store was the anchor on all strip centers. Mr. Brown got to the point where he owned 96 units at one time, leasing all properties back to Class-A tenants.

Mr. Brown has been a real estate developer and business owner for more than forty years. He has extensive expertise in building and leasing commercial properties. Mr. Brown has built and owned/operated several Travel Plazas including but not limited to the following areas; St. Louis Missouri, Dallas Texas, Tulsa Oklahoma, Enid Oklahoma, Bentonville Arkansas, Wichita Kansas, Branson Missouri, and Des Moines, Iowa. These developments were in the cost range of 20-200 Million Dollars per site. Mr. Brown owned a wholesale Fuel Business that handled fuel for Conoco Phillips, Cenex and Shell. He was also involved in the utility business, owning water utility in Branson Missouri. Publicly regulated by public service commission and R&D Federal Government. Sold it to Mid America Water totaling 8,500 meters.

Mr. Brown owns Brownstone 3 Development and is Co-Owner in D&J Land & Development. He also owns 51% of Red Brick Investments.

Currently has \$200 Million under development.

Please visit his website for more information on current developments: www.brownstone3.com

Johnny Brown
2955 SW Wanamaker Dr.
Topeka, KS 66614
785.969.3719
Johnnyb5901@gmail.com

**Doug
Hutchinson**

P.O. Box 67025
Topeka, KS 66667
(785) 224-5310
dhutchks@gmail.com

Objective

To assist management with profitable growth, cost savings, increase asset productivity and assist with financing with goal of increased profitability

Employment History

Consultant/Owner

2018-present, Brown Stone LLC and Red Brick Investments

Owner/Operator

2000-present, JMM LLC, Topeka, KS

- JMM LLC 2008-present Real Estate in Topeka, KS
Insurance Broker and Business Broker, 2015-2018
- Midwest Steel and Builders Rebar, 2000-2015, rebar and misc. steel fab, increased sales and profitability 50%
- Vincent Roofing and Roofworks, 2000-2005, increased sales and profitability 100%

Vice President, Service Division

1999-2000, Railworks, Topeka, KS

- Ran service division across U.S. and Canada, upgraded equipment which led to increased asset productivity and profitability

Owner/Vice President

1991-1999, Neosho Construction, Topeka, KS

- Business Development, Project Management, Financing, Insurance
- Grew company from \$3 million sales to \$80 million sales, which included growing employment to 750, safety programs, employee retention, increased bonding capabilities and developing new markets; was involved in selling our company, including the negotiations and due diligence

Field Engineer, Project Manager

1988-1991, Neosho Construction, Council Grove, KS

- Managed Large Rail projects in California, Louisiana, Texas, etc..

College Basketball Coach/Recruiter

1983-1988, Washburn University, Topeka, KS

- Won National NAIA Title 1987

Education

1978-1983, Wayne State College, Wayne, Nebraska

- BS and MSE Degrees

Background

1959-1977, Born/Raised Council Grove, Kansas

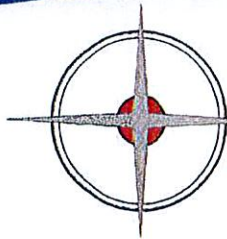
References

References are available upon request.

Exhibit 2

Consultant Resume

[See Attached]



DRIGGS DESIGN GROUP, PA

Surveying Engineering Planning



Buck A. Driggs, PE, Project Manager

Mr. Driggs is a licensed professional engineering with over 17 years of professional engineering consulting experience. Mr. Driggs has provided engineering services for a wide variety of infrastructure projects that include transportation, land development, aviation, and municipal engineering expertise. He has worked on several high profile community project throughout the state of Kansas involving local, state and federal funding.

REPRESENTATIVE PROJECT EXPERIENCE

Public Facilities

- USD 383 Rock Creek School Improvements (2017 Bond Issue)
- USD 109 Belleville School Improvements (2017 Bond Issue)
- USD 417 Council Grove Parking Lot Improvements
- FHSU Multiple Campus Improvements, Hays, KS
- Patterson Health Care Facility, Harper, KS
- Herington Water Treatment Plant Improvements
- Ellis County Health Department Drainage Improvements, Hays, KS
- Ellis County EMS & Rural Fire Facility Drainage Analysis, Hays, KS

Infrastructure Improvements

- 8th Street Improvements, Hays, KS
- Ellis Waterline Improvements, Ellis, KS
- 43rd & 45th Street Improvements, Hays, KS
- Limrick Lane Improvements, Manhattan, KS
- City of Ellis Street Improvements

Planning & Grant Preparation

- Phillipsburg Sports Complex, Phillipsburg, KS
- Elmwood Park Masterplan, Norton, KS
- Herington Water Treatment Plant Improvements, Herington, KS
- Ottley RV Park, Hays, KS
- City of Ellis, Kansas USDA Water Line Improvements
- City of Dwight, City Hall Reconstruction
- City of Ellis, CDBG Street Improvements

Land Development

- West I-70 Development, Hays, KS
- Lone Star Development, Edgerton, KS
- Heart of America Industrial Park, Hays, KS
- Hilton Garden Inn Hotel & Convention Center, Hays, KS
- Gwaltney Addition, Manhattan, KS
- JT Travel Center, Hays, KS

PROFESSIONAL INFORMATION

PROFESSIONAL REGISTRATIONS

Licensed Professional Engineer (#18352)
Certified KDOT Inspector (#1964)

MEMBERSHIPS

Kansas Society of Professional Engineers

EDUCATION

Fort Hays State University 1994-1996
Pre-Engineering

Kansas State University 1996-1999
Bachelors of Science Civil Engineering

Exhibit 3(a)

Legal Description Of Property

Exhibit 3(b)

Property Map

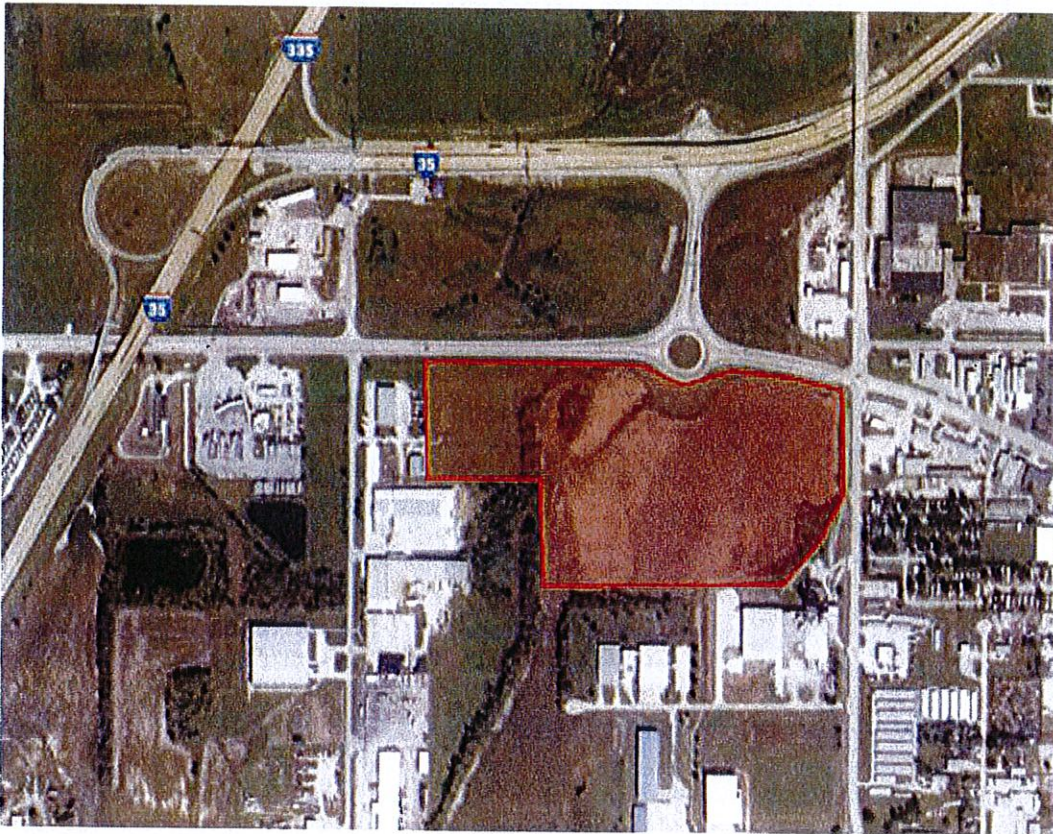
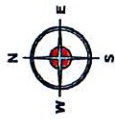


Exhibit 3(C)

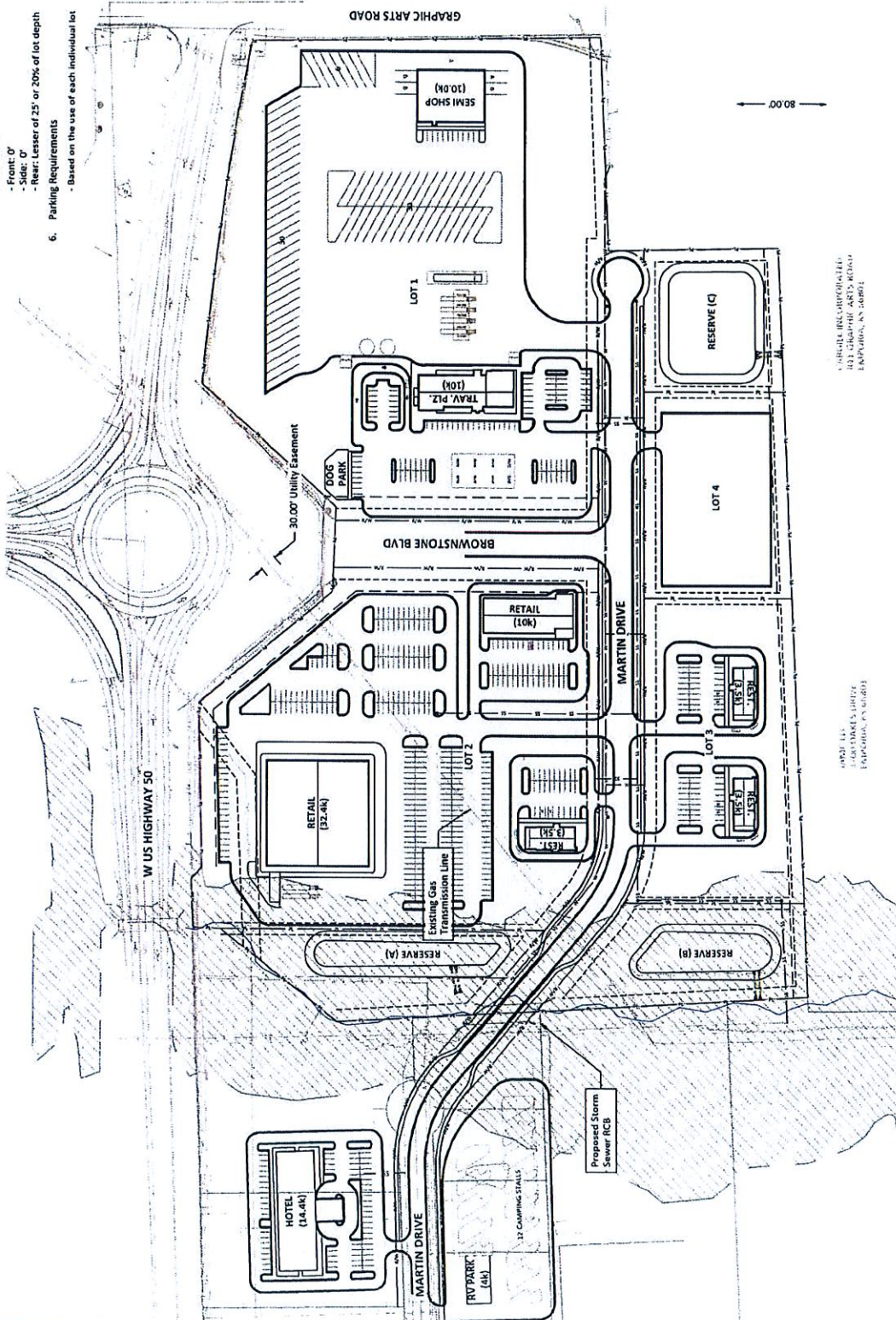
Preliminary Site Plan

1	2	3	4
5	6	7	8



SITE INFORMATION

1. Current Zoning: A - Agriculture Use
2. Proposed Zoning: C3 - General Commercial District
3. Lot Usage: Commercial
4. Site Area:
5. Building Setbacks:
 - Front: 0'
 - Side: 0'
 - Rear: Lesser of 25' or 20% of lot depth
6. Parking Requirements
 - Based on the use of each individual lot



CONSULTING ENGINEER
1011 GRAPHIC ARTS ROAD
EMPORIA, KS 66801

ARCHITECT
1011 GRAPHIC ARTS ROAD
EMPORIA, KS 66801

CITY OF EMPORIA, KANSAS EMPORIA TRAVEL PLAZA SITE PLAN

DRIGGS DESIGN GROUP, PA
Surveying Engineering Planning
MANHATTAN - HAYS - EMPORIA - TOPEKA



Project No.: 2021-01
Date: 2/4/2021
Sheet No.: 3 OF 9

-CONCEPT-

Exhibit 3(e)

Aerial Photograph of Property

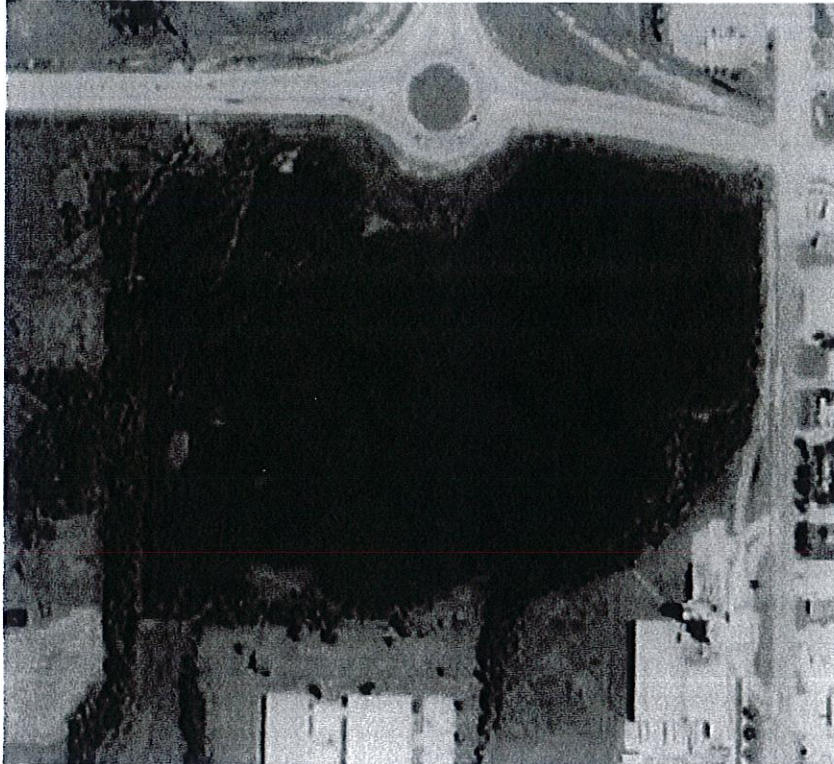


Exhibit 4

Project Calculations

[See Attached Project Breakdown Excel]

Exhibit 5

Sources and Uses of Funds

Developer will pay as they go and will be reimbursed via the 2% CID Sales tax and property tax thru the TIF.

Exhibit 6

Project Costs

[See Attached Project Breakdown Excel]

Exhibit 7

Financing Letter

[See Attached]

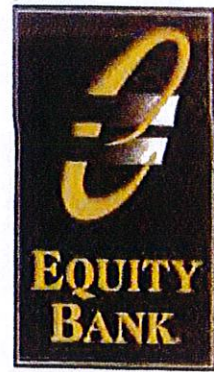
December 11, 2020

D and J Land and Development / Red Brick Investments, LLC
Attn: Mr. Hess and Mr. Brown

Re: Equity Bank Financing Proposal

Dear Mr. Hess and Mr. Brown:

Equity Bank (Bank) would like to present the following terms and conditions for a single pay term loan and construction draw loan to D and J Land and Development and Red Brick Investments, LLC. These terms are not a commitment to provide financing. Items discussed herein are intended for informative purposes only and are not to be understood as formal commitments nor are these terms and conditions intended to be all inclusive.



TERMS AND CONDITIONS

Borrower:	D and J Land and Development, LLC / Red Brick Investments, LLC
Commitment Amount:	Lesser of 70% of appraised value or 70% of total cost
Credit Facilities:	Land Note: Single Pay w/monthly I/O Construction Note: Monthly draws to finance development
Purpose:	To provide financing for the purchase of the land and development associated with the Travel Plaza in Emporia, KS
Interest Rate:	Prime + 1.5% floating, floor of 4.50%
Repayment:	Interest monthly, principal paid from committed land sales
Term/Maturity:	18 months for both facilities
Loan Origination Fee:	1%
Prepayment Penalty:	None
Guarantor(s):	Unlimited Joint and Several Guarantees from Dan Hess and Johnny Brown
Collateral:	1 st REM and AoLR on the 33 acres in Emporia, KS

Events of Default – Usual and customary for a facility of this nature with mutually agreed upon cure periods, including but not limited to:

1. Default of payment of principal, interest, or any other obligation.
2. Violation of any financial or other covenants listed below.
3. Change of Control beyond limited ability for family/employee transfer for estate planning purposes of the Borrower or Management Company. Bank is open to discussion of specific exceptions but any change of outright investor(s) would require bank approval to ensure compliance with any banking regulations (e.g. Bank Security Act).
4. Default in performance.
5. Breaches of Representations and Warranties: Those customary for a commercial loan and others appropriate in the judgment of the Bank, including, but not limited to, no material adverse change, corporate and governmental authority and approval, organization, enforceability, financial reporting, compliance with laws and agreements, no material litigation, payment of taxes, full disclosure, and solvency.
6. Voluntary or involuntary bankruptcy by Borrower.

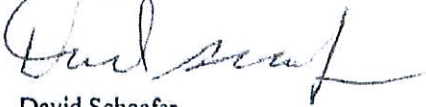
Other/Conditions:

1. **Property Insurance:** shall be provided in a fashion acceptable to Bank, and/or its designated consultant, for public liability, flood (if required), fire & casualty and in some instances, insurance to cover acts of terrorism, with the Bank named as Mortgagee, Lender Loss Payable and additional insured, as applicable.
2. **USA Patriot Act:** As required by the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), Equity Bank hereby notifies the Borrower that pursuant to the requirements of the Act, and the Agent's policies and practices, the Agent is required to obtain, verify and record certain information and documentation that identifies the Borrower, which information includes the name and address of the Borrower and such other information that will allow the Agent to identify the Borrower in accordance with the Act.
3. **Advertising:** The Bank will have the right to publicly announce that the Bank has made and closed the Loan, at the Bank's cost, subject to Borrower's approval of release.
4. **Expenses:** The Borrower agrees to pay all out of pocket expenses incurred by the Bank during the due diligence, issuance, closing and administration process of the Facility including, but not limited to appraisal reports, environmental reports, legal fees, documentation, title work (including insurance), survey, filing fees and any other costs typical for a transaction of this type; these fees will be due and payable by the Borrower, whether or not the transaction is completed, indifferent to the faulted party.
5. **Documentation:** The Facility shall be closed on documents prepared by Bank's counsel. The Bank and its counsel shall approve all loan and related documents, which will include review of the fully executed LOI and purchase contracts on all pre-sold tracts of land pertaining to the Emporia Development
6. **Deposits:** The Bank will receive operating deposits and treasury services.
7. **Appraisal:** A FIRREA-conforming appraisal performed by the Bank approved MAI appraiser that is satisfactory to the Bank must be received prior to closing and must support a loan as per the requirements in the Facility section of this letter. The appraisal shall demonstrate verification of revenue and expense levels satisfactory to Bank.
8. **Environmental Reports:** acceptable to the Bank, shall be provided for the subject property.
9. **Title Insurance:** Borrower shall provide acceptable Mortgage Title Insurance for the project from a title company acceptable to Bank.
10. **Development Agreement:** acceptable to the Bank, satisfactory review of Emporia Development Agreement by outside bank counsel.
11. **Construction Draws:** Each draw request will include AIA forms from the general contractor and lien waivers from both the general contractor and sub-contractors.

Mr. Hess and Mr. Brown if you find the terms and conditions of these loan terms acceptable, please indicate by executing and returning a copy of this letter within ten (10) days.

Thank you for allowing Equity Bank, to provide you with this term sheet. We appreciate the opportunity to be of service and look forward to building a long term relationship. If you have any questions, please do not hesitate to contact me.

Sincerely,



David Schaefer
Commercial Lender

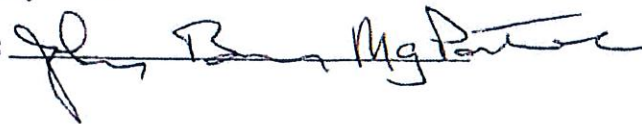
The undersigned is the authorized signer for each entity and hereby acknowledges, accepts and agrees to the terms and conditions of this term sheet. Any and all fees incurred by the bank during due diligence will be paid by the borrower whether or not the bank provides a commitment for financing.

Dan Hess

By: 

Date: 12-14-20

Johnny Brown

By: 

Date: 12-14-20



Red Brick Investments LLC

March 18, 2021

Kent Heermann, CEcD
RDA President
City of Emporia CID/TIF Committee

RE: CID/TIF Application Travel Plaza Development in Emporia, Kansas.

Dear Mr. Heermann,

We wanted to provide you with a few updates that you should be aware of, on our Development.

We will be submitting a revised TIF Application with the following updates:

- Equity Bank is finalizing the financing on the project.
- An updated site plan has been submitted.
- Updated Project Costs, Property Taxes, and Tenant Sales
- Additionally, Red Brick and Eagle Development have come to an agreement; the acreage has been increased from 32 to 39 total acres. We are submitting an additional plat showing two additional lots.

A contract has been established and fully executed on Justin Mallon's land (Eagle Development) for Phase II. Red Brick is working with Kenworth for an expansion of their current site, as well as adding a Hotel and RV Park on the additional Lots. Kenworth would take 1 acre to the East of their current site, which is on the North Side of Martin Drive in the Phase II Property.

Up until the last couple of weeks, we have hosted a weekly 10:00am Tuesday call with our Engineers and individuals from the city to discuss this project. Joe Foster and Jim Ubert were involved in these calls.

The Preliminary Plat was submitted and approved on February 16, 2021 by the Planning Commission. ***Please see attached Plat***

The Brownstone Second Addition Replat was submitted on February 18, 2021 and is awaiting review by the Planning Commission. ***Please see attached Plat***

Recently a Traffic Impact Study (TIS) was submitted and is currently under review by the Kansas Department of Transportation (KDOT). Initial comments by KDOT have been addressed by our Engineers and sent back to KDOT for Final Review.

The following Permits have been approved for our Development: Floodplain Fill Permit, Waterline Permit, Stream Obstruction Permit, and Channel Change Permit.

We have been given approval by Magellen to work over the existing gas line for grading activities associated with the project. *This Email was sent to Jim Ubert and Joe Foster dated February 10, 2021 from Buck Driggs; Driggs Design Group.

A market study shall be completed in accordance with the City's policies as noted in Resolution #3295 Section 3-12 and 13 and Resolution #3524 Section 3-12/12, once the end users of this site are identified. The applicant shall deliver a signed contract agreement to the City of Emporia with the firm performing the study upon passage of the TIF/CID ordinances.

Please see Next Page: Breakdown of Site Information

As you can see, there are a lot of moving parts, but we feel this development is headed in the right direction. We are excited about being in Emporia and bringing new amenities to the city.

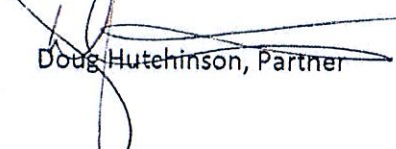
If you have any further questions, please contact Doug Hutchinson or Darrin Dodge.

Thank you for your time.

Best Regards,



Johnny Brown, Mg Partner



Doug Hutchinson, Partner

Red Brick Investments, LLC
2955 SW Wanamaker Dr.
Topeka, KS 66614

Red Brick Investments, LLC
Travel Plaza Project: Emporia

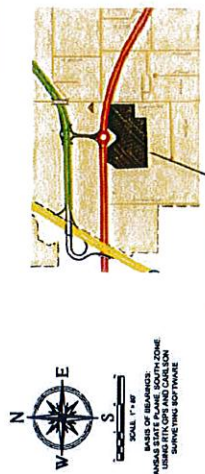
<u>Contract</u>	<u>Lot</u>	<u>Acres</u>	<u>Purchaser</u>	<u>Other</u>
Travel Paza	1	10.00	Trans Equity	Bazzel / Petro
Truck Service Shop	1	2.00	Bosselman	
Coffee Shop	2	0.50	Local Owner	Scooters
Restaurant	2	1.50	Big Biscuit	
Truck Wash	4	2.00	Garry Houston	
Retail Strip Center	2	2.00	Flint Hills Development	Jimmy Johns, Jimmy's Egg, Buffalo Wild Wings, Popeyes, Dunkin
Large Retail Center	2	5.00	Bravehart / My Place	
Hotel	PII - 1	2.00	JMJ Land Co. LLC	Trans Equity
RV Park	PII - 2	2.00	Kenworth	
Truck Sales	PII - 1	1.00		
Roads, Detention Ponds, Public Infrastructure, Etc		7.50		
Total		35.50		

Remaining to Sell

Lot 3 3.50

Geotech, Inc.
2003/02/27

GeoTech, Inc.
115 W. 5th Avenue
Emporia, KS 66801
www.geotechinc.net



RECORDS SECTION, EMPORIA, KANSAS
The following information is for the record of the City of Emporia, Kansas, and is not to be used for any other purpose.
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BROWNSTONE ADDITION

TO THE CITY OF EMPORIA, KANSAS

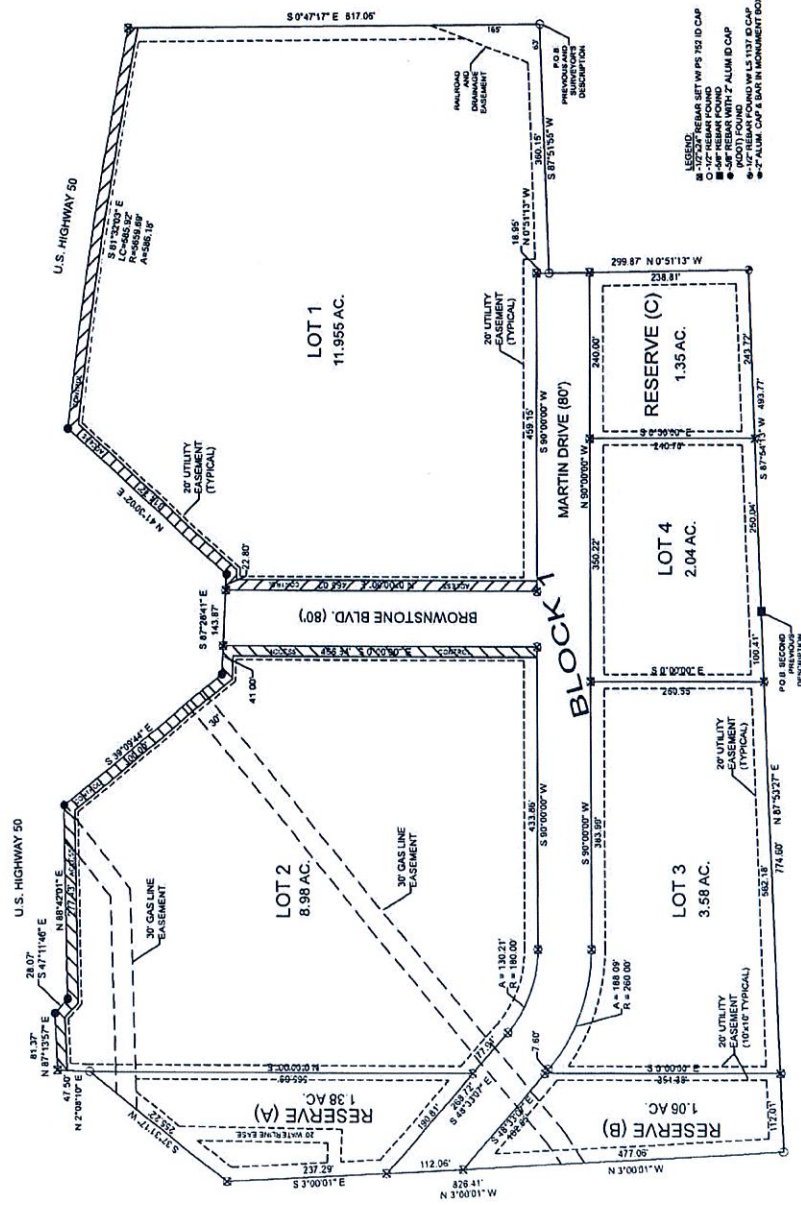
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The following information is for the record of the City of Emporia, Kansas, and is not to be used for any other purpose.



NOTE: ALL SETBACKS TO BE OBTAINED BY CITY OF EMPORIA AT THE TIME OF CONSTRUCTION

GRAPHIC ARTS ROAD

**FINAL PLAT OF
BROWNSTONE ADDITION
TO THE CITY OF EMPORIA, KANSAS,
BEING A PART OF THE SOUTHEAST QUARTER OF
SECTION 7, TOWNSHIP 19 SOUTH, RANGE 11 EAST OF THE 8TH P.M., LYON COUNTY, KANSAS**



LEGEND
● 1/2\"/>

Geotech, Inc.
2003/02/27

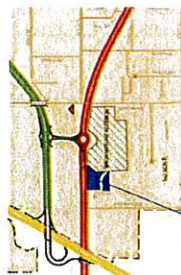
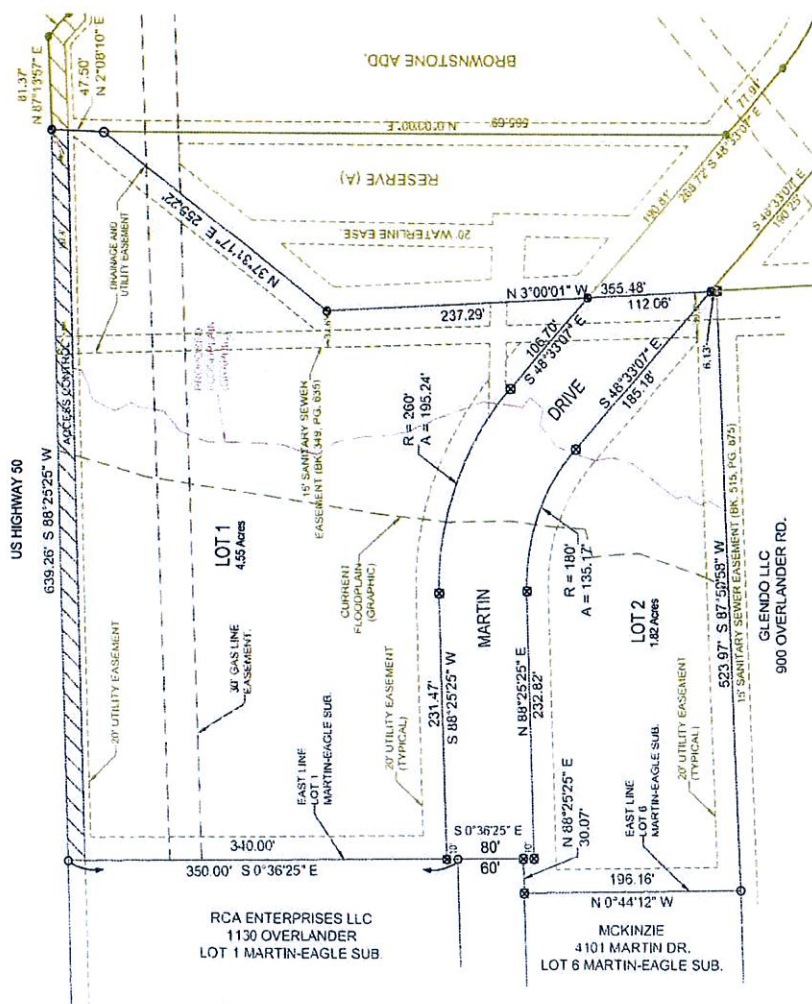
Geotech, Inc.
2003/02/27

Geotech, Inc.
2003/02/27

Geotech, Inc.
2003/02/27

Geotech, Inc.
2003/02/27

PRELIMINARY PLAT OF
BROWNSTONE SECOND ADDITION
TO THE CITY OF EMPORIA, LYON COUNTY, KANSAS,
BEING A REPLAT OF LOTS 2, 3, 7, 8, 9 AND 10 OF
MARTIN-EAGLE SUBDIVISION TO THE CITY OF EMPORIA, LYON COUNTY, KANSAS



BOUNDARY DESCRIPTION:
LOTS 2, 3, 7, 8 AND 10 OF MARTIN-EAGLE SUBDIVISION
TO THE CITY OF EMPORIA, LYON COUNTY, KANSAS.

- 1/2\"/>

NOTE: ALL SETBACKS TO BE DETERMINED
BY CITY OF EMPORIA AT THE TIME OF CONSTRUCTION.

GeoTech, Inc.
115 W. 5th Avenue
Emporia, KS 66801
www.geotechinc.net

1 inch = 100 feet
08/04/2021

BROWNSTONE SECOND ADDITION
TO THE CITY OF EMPORIA,
LYON COUNTY, KANSAS.
DATE: 2-18-2021
DRAWN BY: [Name]
CHECKED BY: [Name]
SCALE: [Scale]
SHEET 1 OF 1
CADD FILE: [File Name]

Surveyor's Certificate
I, the undersigned, being a duly licensed Surveyor of the State of Kansas, do hereby certify that the foregoing is a true and correct copy of the record of the original survey of the above described property, as the same appears from the records of my office, and that the same has been compared with the original survey and found to be correct.

City of Emporia, Kansas
I, the undersigned, being a duly licensed Surveyor of the State of Kansas, do hereby certify that the foregoing is a true and correct copy of the record of the original survey of the above described property, as the same appears from the records of my office, and that the same has been compared with the original survey and found to be correct.

City of Emporia, Kansas
I, the undersigned, being a duly licensed Surveyor of the State of Kansas, do hereby certify that the foregoing is a true and correct copy of the record of the original survey of the above described property, as the same appears from the records of my office, and that the same has been compared with the original survey and found to be correct.

SITE FEASIBILITY STUDY

T/A EXPRESS SWC-USH 50 & GRAPHIC ARTS RD EMPORIA, KANSAS 30161

OCTOBER 30, 2020

BROWNSTONE DEVELOPMENT, LLC TOPEKA, KANSAS

**Prepared & Copyrighted© By;
SFS CORPORATION
7872 W. 155th Place
Overland Park, KS 66223
913-645-0951
www.sfsresearch.net**

EXECUTIVE SUMMARY

LOCATION	- New T/A Express Center - SWC –USH 50 & Graphic Arts Rd. - Exit #127 off I-35/I-335 (Kansas Turnpike) - Emporia, Kansas 66801
TRAFFIC COUNTS	13,488 CPD & 4,323 DVPD-I-35 east of the interchange with south bound I-35 & northbound I-335 (KTA) with no direct access to site. 8,181 CPD & 2,571 DVPD – USH 50, east of roundabout with proposed full turn movement access. There 3,877 CPD & 198 DVPD on Graphic Arts, south of the roundabout with USH 50, with two potential full turn movement entrances into site.
FUEL INSTALLATION	USTs; 8 MPDS, Diesel Hoses on outside gas islands. Separate RV/light commercial diesel island with DEF hose. 8 high speed diesel islands with slaves, DEF hoses, OPW pay terminals and two Off Road dispensers under a separate canopy.
C-STORE	±12,000 sf C-Store Bldg.: ±3,500 sf C-Store, separate diesel desk & truckers' merchandise (±750 sf); 1,000 sf common restrooms; 1,000 sf truckers' area-6 showers, laundry, lounge/ business center; 750 sf proprietary fast food area; one ±2,500 sf fast food end cap & one 4,000 sf restaurant end cap.
OTHER SERVICES	There is additional property to the west for a Cosentino's Express grocery, hotel chain; RV/park, strip center, truck/tire service center.

<u>GAS</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
DAILY GALLONAGE	8,555	9,352	10,374
MONTHLY GALLONAGE	260,162	284,383	315,461
ANNUAL GALLONAGE	3,121,946	3,412,599	3,785,535
GROSS PROFIT MARGIN	13.5¢	14.5¢	16¢
<u>DIESEL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
DAILY GALLONAGE	28,017	30,923	33,064
MONTHLY GALLONAGE	852,005	940,381	1,005,474
ANNUAL GALLONAGE	10,224,054	11,284,572	12,065,690
GROSS PROFIT MARGIN	15¢	16.5¢	17.5¢

GLOSSARY:

CPD=Cars Per Day	DVPD-Diesel Vehicles Per Day (Including Truck
MPD=Multi Product Dispensers	DEF-Diesel Exhaust Fluid

EXEC. SUMMARY (cont.)

OFF ROAD DIESEL	YEAR 1	YEAR 2	YEAR 3
DAILY GALLONAGE	422	472	511
MONTHLY GALLONAGE	12,824	14,361	15,527
ANNUAL GALLONAGE	153,891	172,326	186,323
GROSS PROFIT MARGIN	17.5¢	19¢	20¢
TOTAL GALLONAGE	YEAR 1	YEAR 2	YEAR 3
DAILY GALLONAGE	36,994	40,747	43,948
MONTHLY GALLONAGE	1,124,991	1,239,125	1,336,462
ANNUAL GALLONAGE	13,499,892	14,869,497	16,037,547
DEF	YEAR 1	YEAR 2	YEAR 3
DAILY GALLONAGE	597	721	845
MONTHLY GALLONAGE	18,159	21,940	25,696
ANNUAL GALLONAGE	217,909	263,278	308,356
GROSS PROFIT MARGIN	\$1.50	\$1.50	\$1.50
INSIDE SALES	YEAR 1	YEAR 2	YEAR 3
DAILY INSIDE SALES	\$7,570	\$8,465	\$9,219
MONTHLY INSIDE SALES	\$230,200	\$257,424	\$280,335
ANNUAL INSIDE SALES	\$2,762,394	\$3,089,084	\$3,364,020
GROSS PROFIT MARGIN	28.0%	29.5%	31.5%
TRKRS MERCH	YEAR 1	YEAR 2	YEAR 3
DAILY INSIDE SALES	\$1,320	\$1,620	\$1,899
MONTHLY INSIDE SALES	\$40,138	\$49,264	\$57,744
ANNUAL INSIDE SALES	\$481,652	\$591,171	\$692,930
GROSS PROFIT MARGIN	40.0%	40.0%	40.0%
TOTAL INSIDE SALES	YEAR 1	YEAR 2	YEAR 3
DAILY INSIDE SALES	\$8,890	\$10,085	\$11,117
MONTHLY INSIDE SALES	\$270,337	\$306,688	\$338,079
ANNUAL INSIDE SALES	\$3,244,047	\$3,680,254	\$4,056,951
PROPRIETARY FAST FOOD	YEAR 1	YEAR 2	YEAR 3
DAILY FAST FOOD SALES	\$869	\$967	\$1,068
MONTHLY FAST FOOD SALES	\$26,436	\$29,404	\$32,472
ANNUAL FAST FOOD SALES	\$317,234	\$352,845	\$389,660
GROSS PROFIT MARGIN	60%	60%	60%

NOTE:

The proprietary fast food program is based on a "grab 'n go" program with pizza (Uno's, Hunt Brothers) and hot/cold deli items. The Gross Profit Margin is based on a 40% food cost only with all other costs included in the Overall Operating Costs (Pg. 12). The proprietary program is in addition to the co-branded programs.

EXEC. SUMMARY (cont.)

<u>TIRE/TRUCK SERVICE CENTER</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
DAILY SALES	\$4,378	\$4,990	\$5,827
MONTHLY SALES	\$113,828	\$129,741	\$151,506
ANNUAL PROFIT	\$956,155	\$1,089,821	\$1,272,646
GROSS OPERATING COST	<\$730,256>	<\$782,264>	<\$867,627>
ANNUAL NET PROFIT	\$225,900	\$307,556	\$405,020
<u>VENDOR SERVICES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
GROSS PROFIT	\$36,000	\$48,000	\$60,000
<u>FAST FOOD SPACE RENTAL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
GROSS PROFIT	\$60,000	\$60,000	\$60,000
<u>RESTSAURANT SPACE RENTAL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
GROSS PROFIT	\$60,000	\$60,000	\$60,000
<u>COMMERCIAL SPACE RENTAL</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
GROSS PROFIT	\$60,000	\$60,000	\$60,000
<u>WEIGH SCALE</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
ANNUAL GROSS PROFIT	\$48,000	\$54,000	\$60,000

NOTE:

VENDOR SERVICES include ATM Commissions, Propane Sales, Red Box & DSD (Direct Sales Distribution) items like DVDs, novelty items, etc. Weigh Scale Revenues are based on a 50-50 "split" with the scale provider. FAST FOOD (FF) SPACE RENTAL is based on sub-letting (triple net) a $\pm 2,500$ sf "end cap" to an area fast food franchisee (Burger King, Wendy's, Hardees). RESTAURANT SPACE RENTAL is based on sub-letting a $\pm 4,000$ sf "end cap" to a "sit down" restaurant (IHOP, Black Bear, Denny's). COMMERCIAL SPACE RENTAL is based on subletting a ± 1.5 acre pad site to a hotel chain, strip center operator, RV Park and/or a truck tire/service center & truck wash. Weigh Scale Revenues are based on a 50-50 "split" with the scale provider.

COMMENTS

SFS considers this to be an "A" site with the potential to become an "A+" site by Year 3. This assessment is based on exceeding the transient (through) traffic capture rates off USH 50 and I-35/I-335, both gas & diesel.

Exceeding the enclosed capture rate is based primarily on the above mentioned facility; a major oil company brand, co-brand fast and a co-branded "sit down" restaurant and being an approved fuel vendor for $\pm 75\%$ of the local/regional haulers within a 25 mile radius and at least 50% of the national carriers on I-35. Another upside factor will be having a Cosentino's Express in the complex with fuel rewards to draw more local traffic.

EXEC. SUMMARY (cont.)

The final upside factor is the extension of the roundabout service road to the south, which would border the subject parcel to the west and significantly increase accessibility from I-35/KTA as well as USH 50.

The site's current rating is based on relatively strong transient traffic directly past the site on USH 50, which connects to I-35/I-355 (Kansas Turnpike) directly north; additional traffic on I-35, which is the Kansas Turnpike (KTA) to the south and I-335 to the north of the "split."

This site is projected to have *easy on/off access from USH 50* and Graphics Arts Rd. which borders the site to the east; excellent surrounding daytime population which includes Emporia Kenworth Parts & Service Center; Detroit Remanufacturing facility, Glendo Tool Manufacturing; Cargill Feed & Nutrition and EVCO Wholesale Foodservice Warehouse.

These positive factors are diluted somewhat by a medium image, full service Flying J Travel Center roughly a half mile west on USH 50. Flying J has 6 MPDs, 2 RV islands with DEF hose, 8 diesel islands with DEF hoses, 6 showers, a Huddle House sit down restaurant; a proprietary grab 'n go fast food pizza/hot deli program and a separate diesel cashier area with expanded trucker merchandise. There is a Blue Beacon Truck Wash on the lot and parking for ± 75 trucks.

There is an older image Phillips 66 branded Short Stop Travel Center one mile northeast at Exit #128 with Dunkin Donuts, 4 diesel islands, no DEF hoses, 6 MPDs and a car wash. There is a newer image Braums Ice Cream on the north end of the lot with common access.

In addition to these travel center competitors, there are two travel centers south of the site on the Turnpike (limited trucker amenities) and *two* full service truck stops (T/A & Loves's) to the northeast in Beto Junction (Exit #155) and Ottawa (Exit #183). There are also three more full service truck stops either under construction between Wellsville (exit #198) and Edgerton (exit #205).

While there is relatively significant existing and future travel center competition within the I-35/I-335/Kansas Turnpike corridor, SFS feels there is more than sufficient demand for another travel center facility. This assessment is based on $\pm 6,900$ trucks per day (TPD) filling up once day at 100 gallons each, which represents roughly 20 million gallons of diesel per month past the interchange.

Based on the proposed facility, SFS is factoring in this site capturing a minimum of $\pm 2.5\%$ of the potential diesel gallonage along the I-35/I-335/Turnpike corridor, roughly half the national average. SFS is factoring capturing $\pm 25\%$ of the above mentioned Flying J's & Short Stop's volumes with comparable amenities available including diesel islands, showers, closer-in parking and more food service options.

EXEC. SUMMARY (cont.)

Based on pricing with the primary market, especially Flying J, a Casey's on the NEC of the intersection, and the rest of the Emporia trade area, due to the regional employment draw of Tyson and other surrounding employers, SFS used a $\pm 13.5\%$ pool (weighted) profit margin in Year 1, reaching 16% by Year 3.

These margins, which do not include credit card fees ($\pm 5\%$ per gallon, Pg. 14) or possible loyalty subsidies, should be considered conservative by $1-3\%$ and anticipate a mild competitive reaction by Flying J, Casey's, Short Stop and the rest of the Emporia market and I-35 corridor to a lesser degree.

Margins can be further exceeded by selling more than the 7.5% amount of mid-grade & premium fuel products, projected by SFS, which have higher profit margins. The operator should also consider ethanol free (EO 91) premium which has between $40-60\%$ margins and is popular in high performance cars & boats.

SFS is basing its diesel projections on being an approved fuel vendor for the various "heavy" diesel fuel carriers (5 axles or more) past the site on USH 50 and on I-35. These vehicles include trucks generated by the Tyson plant (± 200 TPD), ± 2 miles east.

While Tyson does not provide "on road" #2 diesel for the contract carriers it uses, it does provide Off Road (nontaxable) diesel for its refrigerated trailers as well as freon. Tyson also does not have weigh scales available for its contract carriers, which the traffic manager SFS interviewed strongly encouraged.

SFS used an average diesel fill up of 99 gallons (Pg. 6) which includes $\pm 15\%$ "light" commercial vehicles & RVs (50-75 gallons) 5% private diesel fueling (20-35 gallons) and $\pm 80\%$ heavy (#2) diesel fueling. Diesel projections can be further exceeded with a higher average fill up than that used by SFS.

On July 1, 2018, Oklahoma raised their state fuel tax rates on gas & diesel to roughly the same rates as Kansas, eliminating a significant competitive advantage for "cash" diesel customers as well as contract pricing. SFS feels the elimination of the sales tax difference also encourages truckers to fill up "more" in Kansas.

Being an approved fuel vendor for commercial diesel carriers includes accepting all third-party billing cards like COMDATA, EFS, TCH, T-Check, Multi-Desk, WRIGHTS, Voyager, etc. through the OPW terminals installed on the diesel islands. Third party card acceptance is in addition to possible direct billing of approved carriers and pre-negotiated third party billing card contracts.

EXEC. SUMMARY (cont.)

Inside sales do not include co-branded fast food and restaurant revenues, truckers' merchandise, a land lease to a hotel, etc. or Vendor Services (ATM/lottery commissions, propane, Red Box, direct sales-DSD-items like phone cards, novelty items, etc.) These are listed separately for budgetary purposes.

Inside sales projections *and profit margins* are based on *competitive (with Casey's, Flying J) pricing on cigarettes, beer* and staple items being offset somewhat by higher profits on snacks, seasonal merchandise, HBA, novelty items, and snacks. Inside Sales projections and margins include a $\pm 10\%$ cannibalization factor from the fast food co-brand being offset by increased "foot" traffic.

Co-branded Fast Food & Restaurant revenues are listed separately for budgetary purposes. Co-branded foodservice generally increases gallonage and inside sales by a *minimum* of 10% and up to 25% on an interstate. SFS feels the co-branded fast food and sit-down restaurant programs, combined with "grab 'n go" fast food will give this site a significant competitive advantage over Flying J and Short Stop

The proprietary "grab 'n go" fast food program is in addition to the above mentioned regional/national co-branded fast food (Burger King) and sit-down restaurant programs. SFS feels there is sufficient demand for all three offerings. This recommendation is based on $\pm 20,000$ VPD directly past the site with 1.25 people per vehicle (NTSB average) eating 1.2 "away" meals per day (Gallup).

This represents 30,000 potential "away" meals per day. The directly accessible car & truck traffic past the site is in addition to a daytime population of $\pm 10,000$ within a mile (3 minute drive time) and $\pm 20,000$ VPD on I-35. While not all of this traffic currently passes the site on a regular basis, they can be directed to it.

Based on the large number of travel plaza/C-Store fueling studies it has performed in the last 26 years, SFS has been able to identify six basic factors that *primarily* determine a site's success. These factors include:

1. The amount of *directly accessible* traffic past the site.
2. The surrounding residential density.
3. The daytime population (major employers, surrounding retail.)
4. Amount & quality of existing competition compared to proposed facility.
5. Seasonal traffic and/or high growth activity.
6. Access and visibility, including signage, from the main traffic carrier.

METHODOLOGY

SFS uses these factors to determine a weighted market share, which is a percentage. The weighted market share is based upon three components: directly accessible traffic past the site; center/daytime traffic and the surrounding residential population. A capture rate for each one of these components is determined, based on national averages and local demographics.

EXEC. SUMMARY (cont.)

METHODOLOGY (cont.)

The components are then combined to calculate the projections. Inside sales are also based on capturing a percentage of both fuel ($\pm 75\%$) and non-fuel customers, including daytime population and grocery store customers ($\pm 10\%$) and the transient car & truck traffic past the site ($\pm 1\%$).

DEFINITIONS:

Co-branded Fast Food

Proprietary Fast Food

Cross Marketing

Daytime Population

DEF

MSA

Street Traffic

Traffic Generators

Hard Corner

Direct Competition

OTR

Smart DESQ

USTs

WEX

INDUSTRY TERMS USED IN STUDY

National or regionally known fast food program.

“Non-branded” food concept, usually includes freshly made deli sandwiches, pizza, breakfast items, hot deli.

Offering discounts on fuel with purchase of non-fuel products, Cross marketing is usually done either “manually” by cashiers or through a POS (point of sale) software program like Smart Echo TM

Includes surrounding shopping centers, other commercial/retail businesses, schools, colleges, office buildings and other major employers (50+ workers)

Diesel Exhaust Fluid

Metropolitan Statistical Area

Non-grocery or retail generated traffic.

Any business, educational facility, other commercial/retail facilities, businesses, etc. that bring traffic to within a ¼ mile of the fuel site.

The lot in a parcel of land directly next to the intersection.

“Like” businesses within a block of the subject site.

Over The Road

Formerly Trendar, wireless billing network that allows an operator to accept all third party billing cards like COMDATA, EFS, etc. with fees of 5-10¢ per gallon.

Underground Storage Tanks

Wrights Express

RECOMMENDATIONS

Based on design trends and the competition, store should feature:

- A. Light, bright wall covering, well-lit store with recessed lighting.
- B. Wide aisles, with product locators, interior graphics.
- C. Competitively priced staple items (milk, bread, eggs) to attract female shoppers, especially commuters.
- D. Large walk-in cooler and seasonal merchandising display.
- E. **Seniors, Tyson & Emporia State University** discount cards and possible check cashing service like Mr. Payroll.
- F. Carry some generic items, including senior & baby care products, to give the store a stronger *perception of value*.

Other features to consider:

- A. ATM, copy machine, money orders, fax machine, free Wi-Fi.
- B. Aggressively market cigarettes, especially cartons, *by advertising the lowest legally priced cigarettes in the state*.
- C. Expanded coffee & breakfast program including donuts, bagels, muffins, "breakfast" dogs, etc. as long as it doesn't compete directly with the fast food co-brand.
- D. Quick Charge Cell phone station and complete cell/ computer accessories selection.
- E. Aggressively market a *loyalty program* tied into fast food & restaurant as well as video screens on the fuel dispensers.
- F. Direct mailer to all residents & *businesses* in a 25 mile radius with a pre-paid discount card.
- G. Vacuum islands for both cars & trucks and a free air machine for tire filling, including trucks.
- H. Produce cooler for limited produce selection.
- I. Dry cleaning drop-off station.
- J. Having an intercom system on the fueling islands to expedite fast food ordering.
- K. Propane exchange and firewood.
- L. Mounted map of the state and the country.
- M. Carry limited supply of Kansas, Kansas State and Emporia State logo items.
- N. Billboard signage on both I-35 approaches as well as exit logo signage and food "tags" on the high rise brand sign.
- O. Outside tables & possible kid's playground as well as pet walk.

GALLONAGE PROJECTIONS

YEAR 1	CARS		TRUCKS	
TRAFFIC COUNT-USH 50	8,181	CPD	2,571	TPD
TRAFFIC COUNT-I-35	13,488	CPD	4,323	TPD
AVG. FUEL TRANSACTION	12.5	GALS	99	GALS
POTENTIAL DALLONS	270,863	GPD	682,506	GPD
EST. DAILY GALLONS (0-3 MOS)	7,796	GPD	25,494	GPD
TOTAL GALLONS PER MONTH	237,087	GPM	768,749	GPM
EST. DAILY GALLONS (4-12 MOS)	8,808	GPD	28,930	GPD
TOTAL GALLONS PER MONTH	267,854	GPM	879,756	GPM
AVG. GALLONS PER DAY	8,555	GPD	28,017	GPD
AVG. GALLONS PER MONTH	260,162	GPM	852,005	GPM
AVG. GALLONS PER YEAR	3,121,946	GPY	10,224,054	GPY
GROSS PROFIT MARGIN-13.5¢, 15¢	\$35,122	PER MO	\$127,801	PER MO
GROSS FUEL PROFIT-YEAR 1	\$421,463	YEAR 1	\$1,533,608	YEAR 1
YEAR 2				
USH 50 & I-35	25,140	CPD	2,620	TPD
AVG. FUEL TRANSACTION	12.5	GALS	99	GALS
EST. GALLONS PER DAY	9,352	GPD	30,923	GPD
TOTAL GALLONS PER MONTH	284,383	GPM	940,381	GPM
TOTAL GALLONS PER YEAR	3,412,599	GPY	11,284,572	GPY
GROSS PROFIT MARGIN-14.5¢, 16.5¢	\$41,236	PER MO	\$155,163	PER MO
GROSS FUEL PROFIT-YEAR 2	\$494,827	YEAR 2	\$1,861,954	YEAR 2
YEARS 3-5				
USH 50 & I-35	25,670	CPD	2,676	TPD
AVG. FUEL TRANSACTION	12.5	GALS	99	GALS
EST. GALLONS PER DAY	10,374	GPD	33,064	GPD
TOTAL GALLON PER MONTH	315,461	GPM	1,005,474	GPM
TOTAL GALLONS PER YEAR	3,785,535	GPY	12,065,690	GPY
GROSS PROFIT MARGIN-16¢, 17.5¢	\$50,474	PER MO	\$175,958	PER MO
GROSS FUEL PROFIT-PER YEAR	\$605,686	PER YR	\$2,111,496	PER YR

NOTE:

The potential gallonage figure in Year 1 is based on a weighted average between the two traffic carriers multiplied by the average gas transaction (fill up) of 12.5 gallons, right at the national average and an average diesel fill up of 99 diesel gallons which includes ±25% "light" commercial vehicles (4 axles or less) & RV filling up between 50-75 gallons as well as "private" diesel vehicles filling up between 20-35 gallons being offset by "heavy diesel fueling" (5 axles or more) of 100-200 gallons.

OFF ROAD & DEF PROJECTIONS

YEAR 1	OFF	ROAD	DEF	
TRAFFIC COUNT-ORV/USH 50 & I-35	1,729	TPD	2,574	TPD
AVG. FUEL TRANSACTION	39	GALS	7	GALS
POTENTIAL DAILY GALLONS	67,446	GPD	18,015	GPD
EST. DAILY GALLONS (0-3 MOS)	370	GPD	485	GPD
TOTAL GALLONS PER MONTH	11,262	GPM	14,743	GPM
EST. DAILY GALLONS (4-12 MOS)	439	GPD	574	GPD
TOTAL GALLONS PER MONTH	13,345	GPM	17,469	GPM
AVG. GALLONS PER DAY	422	GPD	552	GPD
AVG. GALLONS PER MONTH	12,824	GPM	16,787	GPM
AVG. GALLONS PER YEAR	153,891	GPY	201,448	GPY
GROSS PROFIT MARGIN-13.5¢, 15¢	\$2,244	PER MO	\$25,181	PER MO
GROSS FUEL PROFIT-YEAR 1	\$26,931	YEAR 1	\$302,173	YEAR 1
YEAR 2				
TRAFFIC COUNT-ORV/USH 50 & I-35	1,772	TPD	2,638	TPD
AVG. FUEL TRANSACTION	39	GALS	7	GALS
EST. GALLONS PER DAY	472	GPD	667	GPD
TOTAL GALLONS PER MONTH	14,361	GPM	20,282	GPM
TOTAL GALLONS PER YEAR	172,326	GPY	243,390	GPY
GROSS PROFIT MARGIN-14.5¢, 16.5¢	\$2,728	PER MO	\$30,424	PER MO
GROSS FUEL PROFIT-YEAR 2	\$32,742	YEAR 2	\$365,085	YEAR 2
YEARS 3-5				
TRAFFIC COUNT-ORV/USH 50 & I-35	1,818	TPD	2,705	TPD
AVG. FUEL TRANSACTION	39	gals	7	gals
EST. GALLONS PER DAY	511	GPD	781	GPD
TOTAL GALLON PER MONTH	15,527	GPM	23,755	GPM
TOTAL GALLONS PER YEAR	186,323	GPY	285,063	GPY
GROSS PROFIT MARGIN-16¢, 17.5¢	\$3,105	PER MO	\$35,633	PER MO
GROSS FUEL PROFIT-PER YEAR	\$37,265	PER YR	\$427,594	PER YR

NOTE:

The OFF ROAD (nontaxable) fuel projections are based on ±15% of the tractor/ trailer units being refrigerated which use OFF ROAD in their Thermo King/Kool units. SFS also included roughly 400 ORV (off road registered vehicles) within the primary diesel market of 25 miles. DEF is required in *all* trucks and heavy machinery made after 2011, currently estimated (by SFS) at ±35% of all private & commercial vehicles.

GALLONAGE ASSUMPTIONS

These projections are based on the following:

- A. Quickly establishing the oil company credit card and T/A customer bases with a loyalty program tied into cross marketing gas & diesel with other profit centers, including the acceptance of the Cosentino's loyalty card.
- B. Promoting inside sales through coupons, promotions, etc. and pump toppers or by installing video screens with Smart Merchandising™/IX™/ screens..
- C. Aggressively pursuing "light" commercial accounts through third party billing networks like WRIGHT'S, VOYAGER, FleetOne, etc., and "heavy" commercial accounts through COMDATA, EFS, TCH, T-Chek, etc.
- D. Capturing a *minimum* of $\pm 2.5\%$ of the car traffic past the site on USH 50, including Cosentino customers. This capture rate is within the national average for this size of market and should be considered attainable with a fully designed facility with expanded food service and all-inclusive loyalty program.
- E. Capturing a minimum of 1.5% of the transient car traffic (± 85 CPDs) off I-35/ I-335 with the major oil company draw, co-branded food programs, highway billboard signage and exit logo signage.
- F. This capture rate is on the higher end of the national average for an interstate market but should be considered attainable with an experienced operator.
- G. The co-branded fast feeder and restaurant chain generating a minimum of 1,000 CPD and the fuel center capturing a minimum of 20% of that traffic based on the convenience factor. This capture rate is based on similar applications with which SFS is familiar.
- H. Capturing a minimum of $\pm 1.5\%$ of the truck traffic on USH 50 by being an approved fuel vendor for $\pm 75\%$ of the local/regional accounts within 50 miles.
- I. Capturing a minimum of $\pm 2.25\%$ of the truck traffic on I-35 by being an approved fuel vendor for $\pm 50\%$ of the national accounts on I-35.
- J. Continued commercial/retail and residential stability in the market.
- K. No new travel center competitors locating within 25 miles of the site in the next 3 years, which SFS feels is unlikely with the opening of this facility.
- L. Having billboard signs on both I-35 & southbound I-335 approaches co-oped with the co-branded food program(s) as well as exit logo signage.
- M. Offering an *all-inclusive loyalty program* for both gas/auto diesel and commercial diesel.
- N. *The roundabout road being extended south of USH 50 to border the site with 2 full turn movement entrances into site for maximum car/truck separation.*

INSIDE SALES PROJECTIONS

<u>YEAR 1</u>	<u>INSIDE</u>	<u>TRKR MERCH</u>
FUEL CUSTOMERS	889	76
NON-FUEL CUSTOMERS	379	14
TOTAL CUSTOMERS (0-3 MO)	1268	90
AVERAGE TRANSACTION	\$5.50	\$12.95
TOTAL REVENUE- DAY	\$6,974	\$1,165
TOTAL REVENUE- MONTH	\$212,078	\$35,414
FUEL CUSTOMERS	945	86
NON-FUEL CUSTOMERS	406	17
TOTAL CUSTOMERS (4-12 MO)	1351	103
AVERAGE TRANSACTION	\$5.75	\$13.31
TOTAL REVENUE-DAY	\$7,768	\$1,372
TOTAL REVENUE-MONTH	\$236,240	\$41,712
AVERAGE REVENUE- DAY	\$7,570	\$1,320
AVERAGE REVENUE-MONTH	\$230,200	\$40,138
GROSS REVENUE- YEAR 1	\$2,762,394	\$481,652
PROFIT MARGIN-28%, 40%- PER MO	\$64,456	\$16,055
TOTAL GROSS PROFIT- YEAR 1	\$773,470	\$192,661
<u>YEAR 2</u>		
FUEL CUSTOMERS	980	99
NON-FUEL CUSTOMERS	431	19
TOTAL CUSTOMERS	1411	119
AVERAGE TRANSACTION	\$6.00	\$13.64
TOTAL REVENUE- DAY	\$8,465	\$1,620
TOTAL REVENUE- MONTH	\$257,424	\$49,264
TOTAL REVENUE- YEAR 2	\$3,089,084	\$591,171
PROFIT MARGIN-29.5%, 40%- PER MO	\$75,940	\$19,706
TOTAL GROSS PROFIT- YEAR 2	\$911,280	\$236,468
<u>YEARS 3-5</u>		
FUEL CUSTOMERS	1019	109
NON-FUEL CUSTOMERS	456	23
TOTAL CUSTOMERS	1,475	133
AVERAGE TRANSACTION	\$6.25	\$14.31
TOTAL REVENUE- DAY	\$9,219	\$1,899
TOTAL REVENUE- MONTH	\$280,335	\$57,744
TOTAL REVENUE- PER YEAR	\$3,364,020	\$692,930
PROFIT MARGIN-31.5%, 40%- PER MO	\$88,306	\$23,098
TOTAL GROSS PROFIT- PER YEAR	\$1,059,666	\$277,172

INSIDE SALES ASSUMPTIONS

NOTE:

The above profit margins are based on competitive (with Flying J, Casey's & Short Stop) pricing on cigarettes and beer as well as staple items being offset somewhat by higher profit margin items like snacks, fountain drinks, HBA, General Merchandise and pre-made fast food items. The above projections do not include ATM, proprietary fast food, or Truckers Merchandise sales, all of which are listed separately for budgetary purposes.

COMMENTS:

SFS feels this site has good, limited items (15 items or less) shopping potential based on the amount of commuter based traffic past the site generated by the daytime population, as well as the transient traffic, especially seasonal, on I-35. SFS feels that competitively priced tobacco, beer and staple items (milk, bread, eggs), combined with an all-inclusive loyalty program, would give this site the kind of *perception of value* to attract both fuel and non-gas local customers that are currently purchasing fuel elsewhere within 25 miles and interstate traffic from up to 50 miles.

One major key to this project's success is to attract female commuters that work in the primary market who comprise over 55% of the daytime population and pass the site twice a day. The C-Store will need to be aggressively merchandised & marketed, well lit (inside and out), priced competitively on staple items, feature expanded parking in front of the store and an all-inclusive loyalty program.

Truckers & RV Merchandise includes antennas, fuses, tie-down straps, mirrors, CB parts, logbooks, etc., as well as general merchandise like work gloves, work clothes, seasonal clothing, limited hardware & auto parts.

FAST FOOD PROJECTIONS

YEAR 1	
TOTAL CUSTOMERS (0-3 MONTHS)	159
AVERAGE TRANSACTION	\$5.00
TOTAL REVENUE-DAY	\$795
TOTAL REVENUE-MONTH	\$24,176
TOTAL CUSTOMERS(4-12 MONTHS)	170
AVERAGE TRANSACTION	\$5.25
TOTAL REVENUE-DAY	\$894
TOTAL REVENUE-MONTH	\$27,190
AVERAGE REVENUE-DAY	\$869
AVERAGE REVENUE-MONTH	\$26,436
GROSS REVENUE- YEAR 1	\$317,234
TOTAL GROSS PROFIT (60%)	\$15,862
TOTAL GROSS PROFIT - PER YEAR	\$190,341
YEAR 2	
TOTAL CUSTOMERS	181
AVERAGE TRANSACTION	\$5.35
TOTAL REVENUE-DAY	\$967
TOTAL REVENUE-MONTH	\$29,404
TOTAL REVENUE-YEAR	\$352,845
TOTAL GROSS PROFIT-MONTH (60%)	\$17,642
TOTAL GROSS PROFIT-PER YEAR	\$211,707
YEARS 3-5	
TOTAL CUSTOMERS	194
AVERAGE TRANSACTION	\$5.50
TOTAL REVENUE-DAY	\$1,068
TOTAL REVENUE-MONTH	\$32,472
TOTAL REVENUE-YEAR	\$389,660
TOTAL GROSS PROFIT-MONTH (60%)	\$19,483
TOTAL GROSS PROFIT-PER YEAR	\$233,796

NOTE:

The proprietary fast food program is based on a "grab 'n go"/take out program with pizza (Uno's, Hunt Brothers) and hot/cold deli items (Krispy Krunchy Chicken & Fish, Champs/Blue Taco) and breakfast items. The Gross Profit Margin is based on a 40% food cost only with all other costs included in the Overall Operating Costs (Pg. 16).

The proprietary program is in addition to the fast food & restaurant co-brands.

TRUCK TIRE & SERVICE CENTER

<u>YEAR 1</u>	
TRAFFIC COUNT-USH 50 & I-35	6,928
AVERAGE TRANSACTION	\$199
EST. TRANSACTIONS -PER DAY	22
REVENUES PER DAY	\$4,378
REVENUES PER MONTH	\$113,828
REVENUES PER YEAR	\$1,365,936
COST OF GOODS SOLD-30%	\$409,781
GROSS REVENUE-PER YEAR	\$956,155
TOTAL OPERATING COSTS	<\$730,256>
TOTAL GROSS PROFIT-PER MONTH	\$18,825
TOTAL GROSS PROFIT-PER YEAR	\$225,900
<u>YEAR 2</u>	
TRAFFIC COUNT-USH 50 & I-35	7,064
AVERAGE TRANSACTION	\$208
EST. TRANSACTIONS-DAY	24
REVENUES PER DAY	\$4,990
REVENUES PER MONTH	\$129,741
REVENUES PER YEAR	\$1,556,887
COST OF GOODS SOLD-30%	\$467,066
GROSS REVENUE-PER YEAR	\$1,089,821
TOTAL OPERATING COSTS	<\$782,264>
TOTAL GROSS PROFIT-PER MONTH	\$9,680
TOTAL GROSS PROFIT-PER YEAR	\$307,556
<u>YEARS 3-5</u>	
TRAFFIC COUNT-USH 50 & I-35	7,207
AVERAGE TRANSACTION	\$218
EST. TRANSACTION-DAY	27
REVENUES PER DAY	\$5,827
REVENUES PER MONTH	\$151,506
REVENUES PER YEAR	\$1,818,066
COST OF GOODS SOLD-25%	\$545,420
GROSS REVENUE-PER YEAR	\$1,272,646
TOTAL OPERATING COSTS	<\$867,627>
TOTAL GROSS PROFIT-PER MONTH	\$9,680
TOTAL GROSS PROFIT-PER YEAR	\$405,020

TRUCK SERVICE OPERATING COSTS

MANAGER	\$125
2 CASHIER @ 10/HR	\$160
2 ATTENDANTS @12.50/HR-8 HRS	\$200
4 TECHS @17.50/HR	\$560
2 MECHANICS @ 27.50/HR	\$440
PAYROLL TAXES & BENEFITS	\$334
ADDL. UTILITIES	\$50
ADDL. TAXES & INSURANCE	\$50
DEBT SERVICE-\$12,000/MO	\$462
SHOP MAINT & LAUNDRY	\$50
ADDL. CREDIT CARDS	\$50
TOTAL-PER DAY	\$2,356

NOTE:

Truck Tire/Service center projections are based on operating 6 days a week, closed on Sundays, at least in Year 1, from 6 am – 8 pm.

CAPITALIZATION

LAND COST	EQUITY
10,000 SF BUILDING	\$1,000,000
EQUIPMENT PACKAGE	\$400,000
SITE PREP & PAVING	\$100,000
SIGNAGE & FASCIA	\$100,000
OPENING INVENTORY	\$500,000
TOTAL TO BE FINANCED	\$1,600,000
TOTAL PROJECT COST	\$2,100,000

REVENUE PROJECTIONS

<u>YEAR 1</u>	<u>ANNUAL</u>
GROSS PROFIT-GAS	\$421,463
GROSS PROFIT-DIESEL	\$1,533,608
GROSS PROFIT-OFF ROAD	\$26,931
GROSS PROFIT-DEF	\$326,864
GROSS PROFIT-INSIDE SALES	\$773,470
GROSS PROFIT-TRKRS MERCH	\$192,661
GROSS PROFIT-FAST FOOD	\$190,341
GROSS PROFIT--VENDOR SERVICES	\$36,000
GROSS PROFIT--FAST FOOD RENTAL	\$60,000
GROSS PROFIT-RESTAURANT RENTAL	\$60,000
GROSS PROFIT-SPACE RENTAL	\$60,000
GROSS PROFIT-GROCERY RENTAL	\$60,000
GROSS PROFIT-TRUCK SERVICE	\$225,900
GROSS PROFIT-WEIGH SCALE	\$48,000
TOTAL GROSS PROFIT	\$4,015,238
TOTAL OPERATING COSTS	<\$1,668,028>
NET PROFIT-YEAR 1 (PRE-TAX)	\$2,347,209
<u>YEAR 2</u>	
GROSS PROFIT-GAS	\$494,827
GROSS PROFIT-DIESEL	\$1,861,954
GROSS PROFIT-OFF ROAD	\$32,742
GROSS PROFIT-DEF	\$394,917
GROSS PROFIT-INSIDE SALES	\$911,280
GROSS PROFIT-TRKRS MERCH	\$236,468
GROSS PROFIT-FAST FOOD	\$211,707
GROSS PROFIT--VENDOR SERVICES	\$48,000
GROSS PROFIT--FAST FOOD RENTAL	\$60,000
GROSS PROFIT-RESTAURANT RENTAL	\$60,000
GROSS PROFIT-SPACE RENTAL	\$60,000
GROSS PROFIT-GROCERY RENTAL	\$60,000
GROSS PROFIT-TRUCK SERVICE	\$307,556
GROSS PROFIT-WEIGH SCALE	\$60,000
TOTAL GROSS PROFIT-	\$4,799,451
TOTAL OPERATING COSTS	\$1,788,860
NET PROFIT-YEAR 2 (PRE-TAX)	\$3,010,591

REVENUE PROJECTIONS-(cont.)

<u>YEARS 3-5</u>	<u>ANNUAL</u>
GROSS PROFIT-GAS	\$605,686
GROSS PROFIT-DIESEL	\$2,111,496
GROSS PROFIT-OFF ROAD	\$37,265
GROSS PROFIT-DEF	\$462,535
GROSS PROFIT-INSIDE SALES	\$1,059,666
GROSS PROFIT-TRKRS MERCH	\$277,172
GROSS PROFIT-FAST FOOD	\$233,796
GROSS PROFIT--VENDOR SERVICES	\$60,000
GROSS PROFIT--FAST FOOD RENTAL	\$60,000
GROSS PROFIT-RESTAURANT RENTAL	\$60,000
GROSS PROFIT-SPACE RENTAL	\$60,000
GROSS PROFIT-GROCERY RENTAL	\$72,000
GROSS PROFIT-TRUCK SERVICE	\$405,020
GROSS PROFIT-WEIGH SCALE	\$72,000
TOTAL GROSS PROFIT	\$5,576,635
TOTAL OPERATING COSTS	<\$1,933,955>
NET PROFIT-PER YEAR (PRE-TAX)	\$3,642,680

REVENUE ASSUMPTIONS

The TOTAL OPERATING COSTS are shown in brackets to denote them as an expense, deducted from the TOTAL GROSS PROFIT. Increases in OPERATING COSTS in Years 2-5 include salaries; utilities; credit card charges, insurance, etc. The above projections **do not** include building or equipment depreciation.

VENDOR SERVICES include ATM Commissions, Propane Sales, Red Box & DSD (Direct Sales Distribution) items like DVDs, novelty items, etc. Weigh Scale Revenues are based on a 50-50 "split" with the scale provider.

FAST FOOD (FF) SPACE RENTAL is based on sub-letting (triple net) a $\pm 2,500$ sf "end cap" to an area fast food franchisee (Burger King, Wendy's, Hardees). RESTAURANT SPACE RENTAL is based on sub-letting a $\pm 4,000$ sf "end cap" to a "sit down" restaurant (IHOP, Black Bear, Denny's).

COMMERCIAL SPACE RENTAL is based on subletting a ± 1.5 acre pad site to a hotel chain, strip center operator, RV Park and/or a truck tire/service center & truck wash. Weigh Scale Revenues are based on a 50-50 "split" with the scale provider.

REVENUE PROJECTIONS do not include any profits from bio-diesel blending, which could represent an additional profit of 5-35¢ per diesel gallon.

DAILY OPERATING COSTS

MANAGER	\$175
2 ASST. MANAGER	\$250
7 CASHIERS @ \$12.5/HR	\$700
2 COOKS @ 15/HR	\$240
2 SHIFT LOT MAINT & HSKPG	\$200
PAYROLL TAXES & BENEFITS	\$352
INSURANCE & PROPERTY TAX	\$100
DEBT SERVICE @ \$58,000/MO	\$1,940
ADVERTISING & PROMO-	\$50
ADMIN & MISCELLANEOUS	\$50
SHRINKAGE (OTHER)	\$35
CREDIT CARD & BANK CHARGES	\$428
TRASH & SECURITY	\$50
TOTAL-PERDAY	\$4,570

NOTE: Operating costs are based on being open 24 Hours. Property tax is based on $\pm$ \$20,000 per year. Insurance includes USTs. CREDIT CARD CHARGES are based on a $\pm$ 5¢ per *gas* gallon processing fee, with diesel processing fees ($\pm$ 20¢) already deducted by SFS on Pgs. 1 & 9.

FINANCIAL PROJECTIONS

TOTAL PROJECT COST	\$6,700,000
5 YEAR PROFITS	\$16,285,842
DEBT RETIREMENT	\$1,416,000
PAYBACK IN YEARS	1.89
DEBT TO CASH RATIO	4.60
IRR (INTERNAL RATE OF RETURN)	48.61%

NOTE:

Debt retirement is based on 20% actual debt reduction in the first five years of a fifteen-amortization schedule at a $\pm$ 5.75% interest rate as well as a separate equity contribution by the owner which could include the land cost.

Payback is the total amount of revenue generated in five years combined with debt reduction. That figure is then divided by five and in turn divided into the total project cost, which includes opening inventory and soft costs. This produces the payback figure, which does not include any taxes or depreciation. It is largely a hypothetical figure used by bankers to determine their maximum exposure in the case of default by the borrower.

IRR refers to the Internal Rate of Return. It is calculated by dividing the five-year gross profit by the total project cost then dividing by 5 years. The IRR does not include any financial sensitivity. DEBT TO CASH RATIO is based on the 5 YEAR PROFITS divided by the first 5 year loan payments (60) multiplied by the monthly payment. Any factor over 1.21 is considered favorable by most lenders.

CAPITALIZATION

BUSINESS/LAND	\$1,000,000
12000 SF C-STORE REMODEL & UPGRADE	\$2,100,000
PETROLEUM EQUIPMENT UPGRADE	\$1,100,000
DEF EQUIPMENT	\$200,000
DEMO & SITE PREP	\$100,000
INFRASTRUCTURE	\$350,000
8" PAVED PARKING-3 ACRES	\$900,000
SIGNAGE & FASCIA	\$250,000
C-STORE EQUIPMENT & FIXTURES	\$300,000
FAST FOOD PROGRAM	\$50,000
OPENING INVENTORY & SOFT COSTS	<u>(\$350,000)</u>
TOTAL TO BE FINANCED	\$6,350,000
	\$6,700,000

NOTE:

Opening Inventory & Soft Costs are shown in brackets to show them as a separate contribution by the owner included in the equity contribution. Soft Costs include plans, permits, licenses; uniforms; pre-opening training, etc. Land Cost is estimated by SFS for budgetary purposes.

The above construction costs, based on the recommendations on Pg. 1, are *estimates only* and could vary by up to 25%. The C-Store cost includes build outs for the fast food & restaurant co-brands but ***does not include tenant finish.***

SUMMARY

SFS Corporation assumes no responsibility or liability for the above projections. However, out of the number of studies completed with an operational history, our estimates have averaged a 3-5% variance between projected and actual fuel and inside sales. ***SFS IS BASING THE ABOVE PROJECTIONS ON ACCURATE DATA PROVIDED BY OWNER. SFS IS ASSUMING COMPETENT MANAGEMENT, MARKETING & PROMOTION BY THE OWNERS.***

Even with direct competition, SFS feels this site has a sufficient number of factors to be successful as a travel center with a new image, expanded facility, major fuel/Travel Center brand, being an approved diesel vendor for $\pm 50\%$ of the national carriers on USH 50, including Tyson generated trucks, a proprietary "grab 'n go" fast food program and co-branded fast food & full restaurant, expanded car parking in front of the C-Store, "closer in" truck/RV parking, a weigh scale and an experienced travel center operator.

These positive factors include more commuter based transient car traffic past the site on USH 50 than to the east of the roundabout; ***being closer to the I-35/I-335/Turnpike access road than Flying J with a right-in turn entrance instead of a left turn***; favorable ***proposed*** ingress/egress; the proximity to I-35/I-335/KTA; excellent daytime population and a relatively large trade area ($\pm 40,000$ ppl within 25 miles) from which to build a strong local/regional customer base.

SFS feels the main key to this site's success will be in being an approved fuel vendor for at least 75% of the local/regional carriers in the area, especially within the surrounding light industrial parks, and at least 50% of the national carriers on USH 50, including Tyson generated carriers, and on I-35/I-335. The other keys will be a travel center brand for gas & auto diesel customer, food service and an all-inclusive loyalty program.

Depending upon the amount of commercial accounts, average transaction and fast food draw, both gas & diesel projections could be exceeded by up to 25% or possibly more in all three years, especially with an all-inclusive loyalty program. The increase in gallonage would also exponentially increase C-Store, fast food and truckers' merchandise.

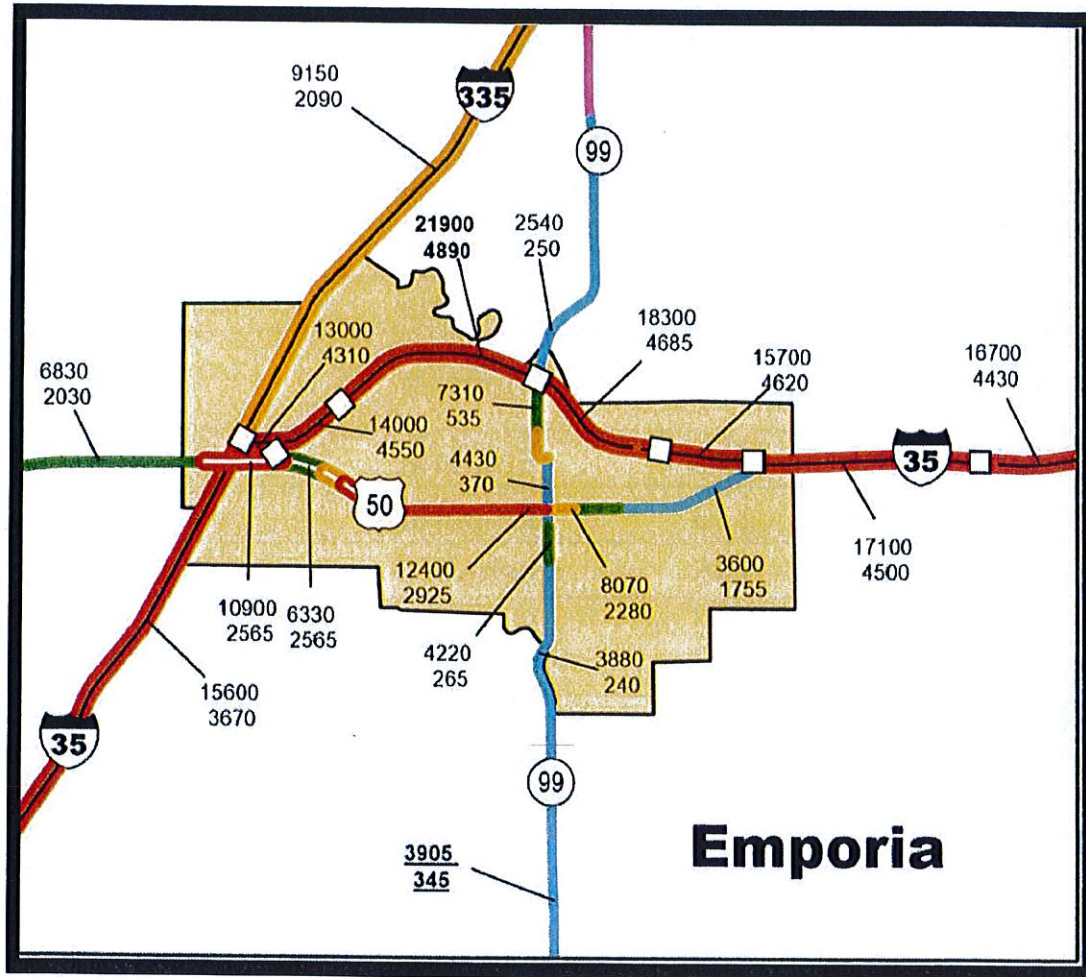
However, if the store is not fully designed, expanded fast food not offered and national diesel accounts not aggressively pursued, as well as the roundabout road being extended, the above projections could be negatively impacted by up to 30% for both gas & diesel.

Based on the above recommendations combined with the operator's already established operating history and established brand, this project should be ***considered feasible and aggressively pursued*** as a profit center, the best use of the land and an integral part of the owner/operators' long term growth strategy.

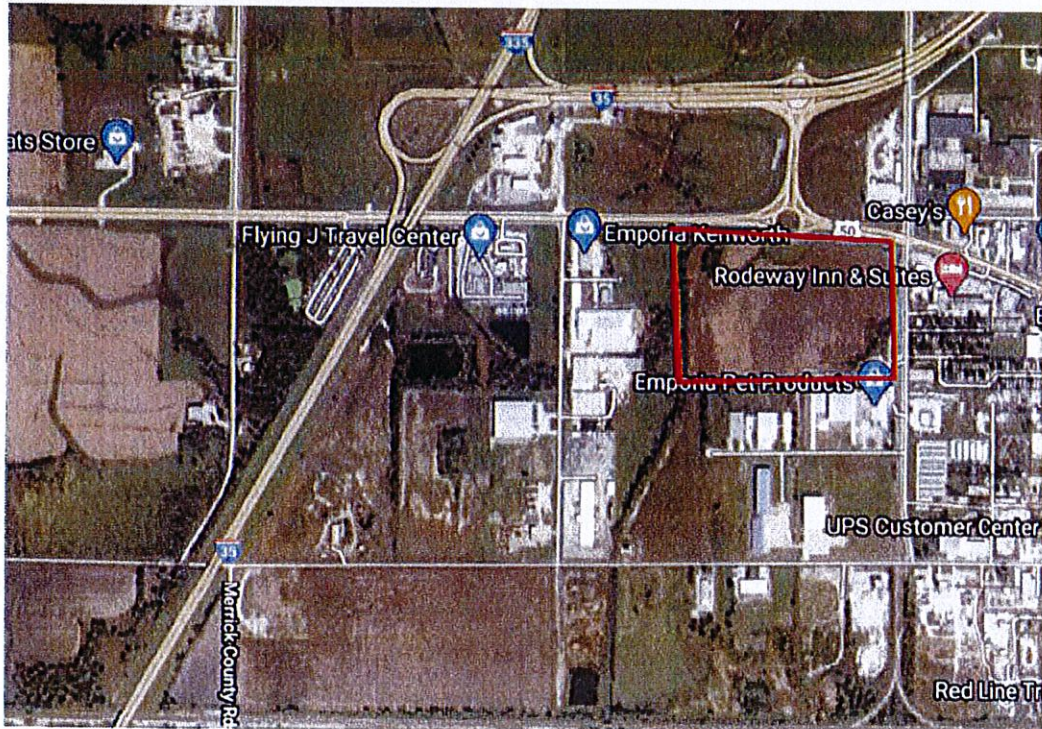
KANSAS (KS) EXIT GUIDE

Name	Exit	MM	Dir	City	PkSp	Rating
EZ Go #75	26	Y		Belleplain		Rate It!
P66	65	Y		Towanda		Rate It!
Phillips 66	98	Y		Cassoday		Rate It!
Flying J #658	127			Emporia	3.199 74	Rate It!
Snacks	127		N	Emporia		Rate It!
Short Stop #13	128			Emporia		Rate It!
Wal Mart SC	128			Emporia		Rate It!
Snacks	133		S	Emporia		Rate It!
Fuel Expresso	155			Lebo	50	Rate It!
Beto Junction Travel Center	155			Lebo	200	Rate It!
Rest Area	175	Y	S	Homewood		Rate It!
Rest Area	175	Y	N	Homewood		Rate It!
Ottawa Phillp's 66	183			Ottawa		Rate It!
Wal Mart SC	183			Ottawa		Rate It!
Love's Travel Stop	183			Ottawa		7 of 10
FUEL EXPRESS	187			Ottawa		Rate It!
Weigh Station	213	Y	S	South Haven		Rate It!
Weigh Station	213	Y	N	Olathe		Rate It!
Star Fuel Center	215			Olathe		1 of 10
Zarco 66	215			Olathe		Rate It!
Wal Mart SC	218			Olathe		Rate It!
Quick Fuel	222a & b		S	Lenexa		Rate It!

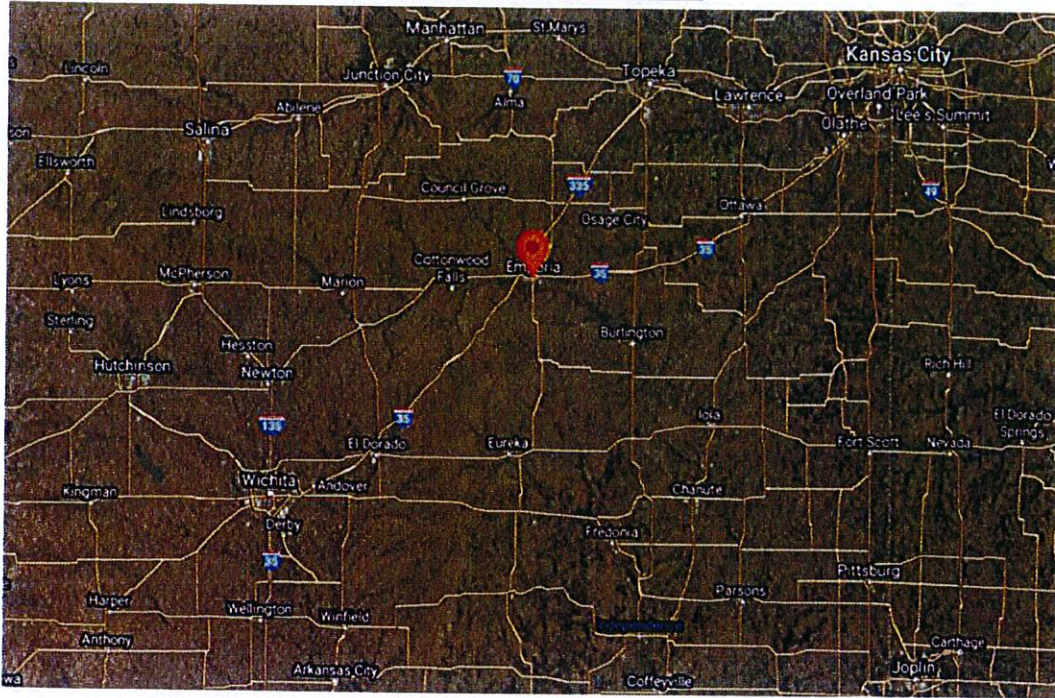
KANSAS DOT TRAFFIC COUNT MAP



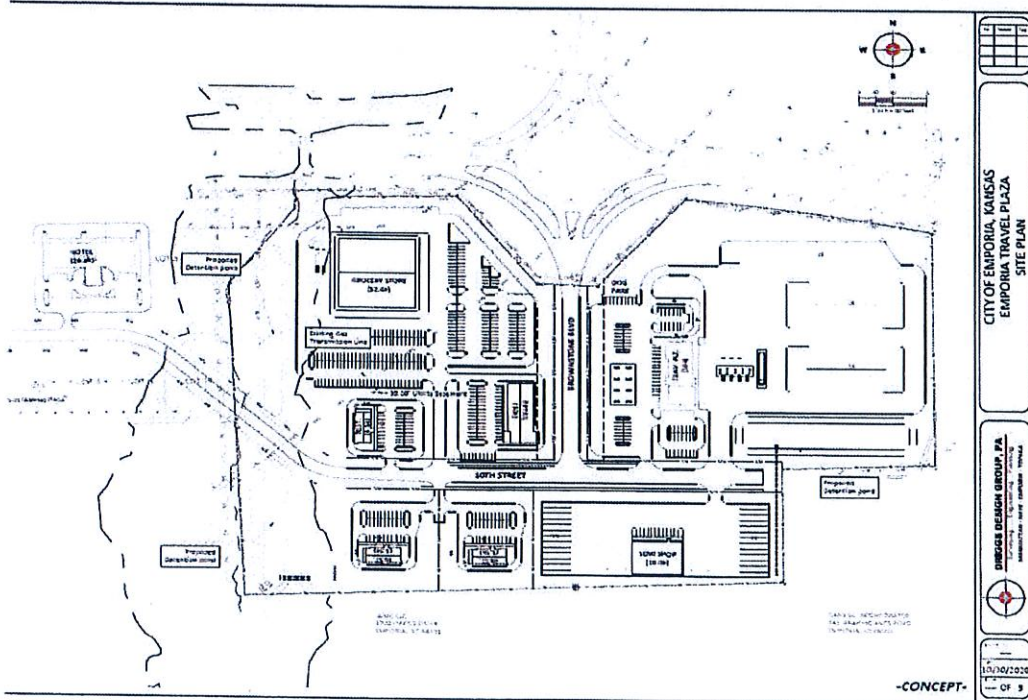
AERIAL OF SITE



REGIONAL MAP



SITE PLAN





Truck Driver Surveys and Product Sampling

Trucker intercept and kiosk surveys are another function of CAP Companies.

Experienced field service surveyors are available to perform on-site surveys at various interstate locations including truckstops, travel centers and rest areas. Proprietary surveys can also be accomplished via the internet and at trucking industry shows.

CAP Companies can create the survey, collect the responses and provide the cross-tabulated results.

Here's an example of a survey

Question: Which reasons contributed to you making this stop?

(Truckers Responses: Respondents asked to list all reasons.)

	2018	1998	% Change in usage 1998 to 2018
Food	81%	66%	15%
Restaurant Full Service	31%	66%	-35%
Fast Food/QSR ¹	58%	20%	38%
Restroom	87%	59%	47%
Telephone	8%	59%	-88%
Rest/Relax	41%	51%	-10%
Fuel	75%	46%	63%
Shower	61%	28%	55%
General Store/C-Store ³	92%	33%	59%
Find a Load	11%	15%	-27%
Service/Truck Wash	33%	8%	21%
Games	4%	8%	-50%
Scales ²	38%	7%	286%
Laundry	34%	6%	83%
Vending Machines	6%	4%	50%
Permit Services	1%	2%	-50%
Parking	68%	26%	62%

Notes:

1. Fast food was limited at truckstops in 1998
2. The higher percentage of fuel purchasers reflects the reduced number of stops truckers make daily.
3. General stores have been merged into C-stores since the first study. In 1987, truckstops had general stores or convenience store offerings, vs. the full-scale C-stores found in truckstops today including trucker merchandise.
4. Will Moon, of CAT scale and Iowa 80 Group, notes that truckstop scales were not as common in 1987 as now. A demand for more certified scales led to more truckstop scales, particularly near pickup points.

NOTE: With the new Federal Motor Carrier Safety Administration (FMCSA) trucker rules requiring a total of 10 hours "off duty" time with more flexible breaks and more trucks on the road, truck parking demand has more than doubled in the last 20 years.

Memo

To: City Commission
From: SPC Witt
cc: Mark McAnarney
Date: 4-7-2021
Re: Housing Policy

Attached is the latest draft of the Housing Policy which we have discussed twice in Study Session. The revisions are in bold and underlined and are based on comments received at the last Study Session on 3-24.

Staff will solicit input and discussion with a goal of adopting the policy on 4-21-21

Internal comments from management staff if received before Tuesday will be forwarded to you as soon as possible. If you have any comment, please contact the SPC directly.

PRESENT POLICY

1. Developer/builder must secure private financing.
2. Single family residential structures only.
3. Developer builder provides land which is not part of the RHID reimbursement.

POTENTIAL POLICY CHANGES HOUSING POLICY

The City of Emporia has adopted the following policy guidelines regarding the city's assistance in promoting and developing additional housing units within our community. In recognition of this the City ~~shall provide funding and incentives in the amount of \$X,000,000 to be utilized as part of the New Housing Initiatives Fund.~~ may participate in the infrastructure funding and provide other incentives deemed beneficial to the community.

Proposals would be accepted by the City Manager's office and evaluated based on identified community needs, such as those defined in the August 2020 Lyon County Housing Study, at the time of application. RHID designations would also be applicable to development proposals that are accepted.

I. Priority Housing Types

Section 1

The following owner-occupied housing types shall be allowed to utilize the RHID incentive as provided for in Kansas Statute's.

1. Single family detached residential structures.
2. Single family attached residential structures. (Garden and patio homes)
3. Duplex residential structures.
4. Townhouses (Hammond Heights)
5. Condominiums.
- 6. *Garden/Patio Homes***
- 7. *Any residential structure comparable in density to those outlined above and consistent with adopted building and zoning regulations***

The housing types shall be defined by the adopted building and zoning regulations of the City of Emporia in effect at the time an application for the RHID program is received by the City Manager's office.

Section 2 Exceptions

~~The City shall consider developer/builder owned duplex, condominiums, and patio homes on a case-by-case basis. A market analysis and justification shall be required as a prerequisite to the consideration of granting an RHID development to a developer/builder owned project.~~

The City shall consider ***investor owned multifamily and*** multistory residential structures as part of a planned integrated development for a strategic purpose meeting Commission goals. *This may include but not be limited to a* senior living complex, targeted income markets, special needs housing, etc.

II. Proposals and Pre-Qualifying Assessment

Proposals for city assistance in the creation of subdivisions/building lots as outlined in Section 1 Type shall submit a proposal to the City Manager's office which shall include the following information:

- 1. The names of the business entity and its primary owner/partners seeking city assistance.***
- 2. The location of the development on a map which clearly outlines the parcel to be developed.***
- 3. The number of building lots to be created.***
- 4. The type of housing units or mixture thereof to be included in the development.***
- 5. The estimated market cost of housing units to be constructed.***
- 6. For traditional single family, duplex, townhomes, and condominiums a third-party analysis shall be submitted prior to consideration of a request for the establishment of an RHID district. The analysis shall include the financial feasibility of the project in retiring the RHID debt and the projected construction pace of development. For developments with a target market price below \$250,000 the minimum lot absorption schedule shall be the completion of 50% in the first three years of the project. For developments with a target market price over \$250,000 the minimum lot absorption schedule shall be the completion of 50% in the first five years of the project.***
- 7. A covenant regarding no lot splits must be submitted prior to the passage of the ordinance granting RHID status.***
- 8. All proposals shall be accompanied by a \$1,000 evaluation fee that is nonrefundable. (Option 1 A flat fee per building lot in the proposal say \$50-100 per lot). If the proposal is approved by the City Commission and a development agreement is executed that involves periodic payments or reimbursements from the City there shall be a 3% fee attached to all transactions.***
- 9. All City assistance regarding infrastructure shall utilize the City's public bidding process. Plans and specs for infrastructure improvements must be consistent with adopted city policies and ordinances.***

III. Phasing and Development Agreement

The City and the developer shall enter into a negotiated Development Agreement which shall contain but not limited to the following elements:

1. Projected target prices for the residential units to be constructed.
2. Phasing of development in term of number of units to be completed each year and a projected buildout year.
3. A claw back provision related to any city assistance, if provided, based upon agreed upon goals regarding unit completions that are not met. Claw back provisions to be negotiated on a project-by-project basis.
4. The City reserves the right to decline the establishment of the district if the target pricing does not meet a recognized need in the community as identified and adopted by the City Commission.
5. **The financing method shall be clearly defined in accordance with approved city alternatives as outlined in Section IV.**
6. **If RHID bonds, as authorized by Kansas statutes, are to be utilized the applicant shall work with a bond attorney selected by the City of Emporia for the issuance of said bonds.**
7. **A development guaranty of twenty five percent of the shall be required of the applicant before the city proceeds to the issue public financing under the 6A special assessment alternative. This amount shall be refunded to the developer once thirty- five percent of the lots contain a completed residential structure and a Certificate of Occupancy is issued by the City Building Inspection Department.**
8. **Special assessment utilizing the 6A alternative shall be calculated and assigned to each lot in an approved subdivision. It shall be the developer's responsibility to inform the buyer of the lot of this assessment and the method they will be administered.**

IV. LAND/LOCATION

The developer/builder shall be solely responsible for the purchase of the land to be designated as an RHID district. Proposed districts shall be located adjacent or within 200 feet of an existing city street or paved street for consideration. For land outside of the existing City limits a petition for annexation consistent with Kansas Statutes shall be made concurrent with the request for the establishment of an RHID.

Reclamation of floodplain zones as designated by federal programs is not allowed as a RHID eligible expense.

Section 1 Location

All area included within the incorporated city limits as defined by ordinance are eligible for RHID designation after being approved by the Kansas Department of Commerce (KDOC). Existing RHID eligible areas, as approved by KDOC, are attached as Exhibit A.

Designation of an area presently not within the corporate boundaries of the community cannot be declared an RHID district by the city until annexation is completed. Applicants should set aside an additional 3-6 months in their planning timeline to accommodate this situation.

V. FINANCIAL ALTERNATIVES

The following is a nonexclusive listing of some financial alternative available to the City regarding RHID developments and related scenarios to assist in addressing the need for new housing units.

1. Utilize existing policy requiring private financing for all RHID development requests.
2. Issue RHID bonds as permitted under the Kansas Statutes in conjunction with local financial institutions.
3. ~~Issue RHID Bonds as described in #2 and write down the interest to match GO Bonds. City staff would recommend a maximum amount per RHID district be established as well as a maximum total for all RHID projects if this alternative is considered. For example, \$100,000 per development with no more than \$300,000 as a total City commitment.~~
4. ~~In an RHID approved development the City would be responsible for installing the water and sewer infrastructure required and would share in the incremental tax revenue generated until the initial investment is retired. The City may also dedicate all or a portion of the water revenue generated from the district to retire the initial investment.~~
5. Use the Dodge City model and become the infrastructure builder for designated RHIDS and issue GO bonds or use cash on hand to pay for the initial RHID infrastructure. Incremental tax revenue received would then pay for the bonds or reimburse the city account used to fund the initial construction.
6. The City can also buy a tract of land and finance the acquisition and construction of infrastructure via an RHID district. The City can then plan and develop the tract and enter into any private development agreements necessary to meet the housing goals established by the Commission.

7. Provide financial assistance in an amount to be determined to buyers within an RHID with a target price not to exceed \$250,000. Staff believes there could be access to state/federal funding to provide this incentive or a portion thereof. Details to be developed if there is an interest in pursuing.
8. ~~Establish an annual City allocation to a "New Housing Initiative Fund". A proposed allocation for Year 1 would be \$300,000. Proposals would be accepted by the City Managers office and evaluated based on community needs at the time of application. RHID designations would also be applicable to development proposals that are accepted.~~