

**Joint Economic Development Organization Board Minutes
May 8, 2019**

City Council Chambers, 214 SE 8th Street, Topeka, Kansas, Wednesday, May 8, 2019.

The Joint Economic Development Organization (JEDO) Board Members met at 6:00 p.m. with the following voting Board Members present: Councilmembers Tony Emerson, Jeff Coen (proxy for Deputy Mayor Sandra Clear) and Michael Lesser and Shawnee County Commissioners Bill Riphahn, Kevin Cook and Bob Archer -6. City of Topeka Mayor Michelle De La Isla presided -1. Absent: Deputy Mayor Clear -1.

Nonvoting Board Members Present: Councilmembers Ortiz, Padilla, Jensen and Mays. Absent: Councilmember Hiller.

APPROVAL of Minutes from the meeting of February 13, 2019, and Special Meeting of March 27, 2019, was presented.

Councilmember Lesser moved to approve the Minutes of February 13, 2019 and March 27, 2019. The motion seconded by Councilmember Emerson carried unanimously. (7-0-0)

APPROVAL of Project Blueberry Incentive Agreement was presented.

Molly Howey, GO Topeka Senior Vice President of Economic Development, reported Project Blueberry was an existing company already invested in the community and stated the incentive agreement includes the company contemplating an approximate \$30 million investment to improve its facility in Shawnee County. She stated GO Topeka would be willing to assist and promote the company by offering up to \$66,000 in investment incentives.

Brett Spangler, Mars Facility Site Director, thanked the JEDO Board for their support. He stated the incentive agreement will be a continuation of the Mars expansion in partnership with the community.

Commissioner Archer moved to approve the Project Blueberry Incentive Agreement. The motion seconded by Councilmember Lesser carried unanimously. (7-0-0)

APPROVAL of Project Purple Funding was presented.

Molly Howey, GO Topeka Senior Vice President of Economic Development, reported Project Purple was an existing company in Shawnee County seeking to expand, with an expected addition of 220 new full-time positions, averaging an annual salary of \$52,000 plus benefits. She highlighted the proposed incentives below with a capital investment of \$9 million.

\$5,500 per job x 220 new jobs = \$1,210,000
\$8,000 per million (real property) = \$56,000
\$2,000 per million (equipment) = \$4,000
\$1,000 per new employee for training x 220 new employees = \$220,000

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TOTAL PROPOSED INCENTIVE = \$1,490,000

Councilmember Lesser moved to approve Project Purple Funding. The motion seconded by Councilmember Emerson carried unanimously. (7-0-0)

APPROVAL of the reallocation of Mars incentive funds originally allocated for construction of a fire station and authorizing JEDO Chair to execute amendment to original agreement dated July 27, 2011, was presented.

Molly Howey, GO Topeka Senior Vice President of Economic Development, reported the original incentive agreement dated July 27, 2011, included a commitment from Mars to allocate funds to a Kanza Fire Improvement account equal to 10% of the annual tax abatement; however, since late 2017, through many discussions with GO Topeka, JEDO and community stakeholders, the funds and development within the Kanza Fire Park have shifted. She stated Mars in partnership with GO Topeka, have developed a recommendation to reallocate a large portion of incentive dollars to drive a positive impact on workforce development, community engagement and quality of life for our associates, industry partners and the entire Topeka community.

Brett Spangler, Mars Facility Site Director, reported Mars was proposing an allocation of funds to be distributed between the following areas:

- City of Topeka for support of future Kanza Fire Service Development
- Workforce Development with STEM focusing support in technical colleges and/or high schools
- Community Improvement including continued downtown development

Mayor De La Isla and Councilmember Jensen thanked Mars for continuing to expand, support and continue their commitment to the community.

Commissioner Archer asked how much funding will be allocated and what programs would be funded. He expressed the importance of transparency of the funding allocations.

Commissioner Cook expressed concern with the JEDO Board directing Mars on how to spend their own funds.

Brett Spangler reported Mars was seeking guidance on preferred funding allocations by the JEDO Board as they continue to consider specific amounts with the largest amount being dedicated to workforce development. He stated funding allocations would be finalized once the JEDO Board has provided input and granted approval to move forward.

Councilmember Ortiz expressed concern with the commitment made by Mars in the 2011 Incentive Agreement. She stated she would prefer a thorough discussion regarding the need for a fire station in the Kanza Industrial Park before determining where the funds should be allocated. She questioned how Mars was using the STEM program and retaining people in the Topeka community.

Councilmember Emerson thanked Mars for their continued work in the community. He asked if GO Topeka handles the property tax abatement funds for Mars, and if they have any issues with how Mars would like to allocate the funds in the local community. He stated he concurs with Commissioner Archer in regards to transparency of funding allocations.

Councilmember Jensen encouraged the JEDO Board to approve the reallocation of Mars incentive funds as the intent was to reinvest in the local community. He stated Mars would research and provide the details of the amounts and programs they are willing to support once the allocation has been approved by the JEDO Board.

Commissioner Cook expressed concern with the lack of fire protection in the area and asked if the City was agreeable with not constructing a fire station in the area.

Brent Trout, City Manager, reported the 2016 Topeka Fire Department Station Analysis, approved by the Governing Body, included designating an area for a new fire station in the northwest corner of the city; however, it would be at least five years before the City would construct the next fire station. He stated a mutual aid agreement has been secured between the City and the U.S. National Guard to provide fire protection in the area.

Mayor De La Isla clarified Fire Station No. 13 has not been approved and it will be at least five years before Fire Station No. 14 would be built. She noted the City continues to work with Mars in regards to an efficient planning and funding mechanism for a new fire station in the area.

Brent Trout reported City staff would provide a presentation to the Governing Body at the May 21, 2019, meeting relating to the newly proposed Topeka Fire Department Station Analysis.

Councilmember Ortiz expressed concern with the City's stance on not needing a fire station in the area and stated she believes there was still a need.

Commissioner Cook stated he views Mars as a community partner; however, he expressed concern with the lack of transparency on the allocation of funds.

Commissioner Cook moved to defer action on the item until the next JEDO Board meeting (September 11, 2019) with the intent that the City would take formal action on whether a fire station was needed in the area. The motion was seconded by Councilmember Emerson.

Councilmember Jensen suggested a friendly amendment to include the statement, "If the Governing Body determines there was not an immediate need for a fire station in the area, Mars can continue to move forward with determining the amount of funding and what programs to allocate those funds."

Commissioner Cook declined the friendly amendment. He stated he believes research should be conducted to take the necessary steps to ensure transparency before the JEDO Board makes a determination.

Councilmember Jensen expressed his disappointment in delaying the decision.

Councilmember Emerson questioned if Mars had a deadline for the allocation of funds.

Brett Spangler stated Mars needs approval from the JEDO Board to move forward with committing resources to structure the reallocation.

Councilmember Lesser thanked Mars for their partnership with the community and expressed his disappointment in the JEDO Board for not making a decision to allow Mars to move forward with their commitment to grow, invest and thrive in the community.

Mayor De La Isla stated she believes more discussions should be held concerning program types and corresponding funding allocations.

The motion to defer action on the item until the next JEDO Board meeting (September 11, 2019) with the intent the City would take formal action on whether a fire station was needed in the area carried unanimously. (7-0-0)

APPROVAL of 2018 GO Topeka Audit was presented.

Morgan Padgett, Berberich Trahan & Co, P.A. Audit Director, summarized the Growth Organization (GO) of Topeka/Shawnee County, Inc., and Subsidiary Consolidated Statement of Financial Position as of December 31, 2018. She reviewed the footnotes for accounting policies, consolidation and accounting pronouncement which applies to non-profit organizations. She reported the \$5,098,648 was restricted cash in escrow which would be held specifically for the East Topeka Learning Center (ETLC) Project. She highlighted the following:

- Auditor’s Opinion
- Statement of Activities
- Functional Expenses, Cash Flows, Net Losses and Additional Expenses

Councilmembers Emerson and Ortiz asked for clarification on page 14, “Note 15 Incentives” regarding escrow funds. Note 15 Incentives reads as follows:

Improvements and training incentive liability includes the following at December 31, 2018:	
Funded and held in escrow (see Note 8)	\$1,701,636
Less board designated employment incentive held in escrow	<u>(144,000)</u>
Balance, December 31	\$1,557,636

Morgan Padgett stated GO Topeka sets aside money for Mars as they earn it then it was dispersed. She reported Note 8 of the 2018 GO Topeka Audit on page 11 states “Restricted Cash and Funds” which represents amounts held in an escrow account for specific purposes. She noted the escrow account was maintained for certain property improvements, training and employment incentives.

Commissioner Archer asked if there would be an “umbrella report” conducted for the Greater Topeka Partnership (GTP) in the near future.

Morgan Padgett stated staff continues to work on a report to be presented to the JEDO Board in the future.

Commissioner Archer moved to approve the 2018 GO Topeka Audit. The motion seconded by Councilmember Emerson carried unanimously. (7-0-0)

DISCUSSION with POSSIBLE ACTION for Community Broadband Task Force was presented.

Gina Milsap, Topeka-Shawnee County Public Library Chief Executive Officer (CEO), referenced a report she provided at the December 12, 2018, JEDO Board meeting. She stated the taskforce has changed direction since that time, based on information provided by telecommunication providers looking for a more streamlined approach to broadband work in the community. She reported an assistance program was developed with input from City and County employees who were very helpful with information needed to develop the recommendations. She gave a brief update on digital inclusion which the Library would facilitate and create teams to include community partners and school districts with outreach efforts geared towards low-to-moderate income households. She commented on the Executive Summary included in the packet outlining the recommendations needed to move forward with the project to establish policies and procedures for the City and County as well as an online development guide.

Chris Campbell, Tilson Technologies, gave a brief summary of improving broadband services within the community and deploying network services. He recommended the following project goals:

1. Make available a minimum of 25/3 Mbps service to virtually all premises within Shawnee County, rural and urban alike.
2. Ensure that every household has access to a minimum of 25/3 Mbps service especially households with school-aged children.
3. Spur introduction gigabit services Topeka and Shawnee County.

Mr. Campbell continued discussion on current City and County requirements for franchises and master license agreements, Right-Of-Way permits, contractor licenses and zoning requirements (applying to wireless facilities). He listed the recommendations below by the Broadband Task Force and suggested the next steps for the City and County would be to amend or clarify policies as well as publish development guide and notice of generally available assistance. He encouraged the JEDO Board to refer the recommendations of implementation to the City and County for action. The recommendations were as follows:

1. Establish a broadband development single point of contact (broadband project coordinator to oversee projects that seek the placement of additional infrastructure)
2. Streamline the permit process in Topeka (enter a more comprehensive development agreement upfront that is typical for past franchises and master licenses)
3. Clarify allowed construction methods for underground construction (directional boring should be more clearly identified as a typically permitted construction method in urban neighborhoods)

4. Clarify City and County franchise/master license requirements (City and County adopt and publish policies that internet service providers who qualify for either a state video franchise or within the City a municipal franchise as a local exchange carrier (local phone company) will not be subject to compensation requirements from the city/county beyond any applicable gross revenue tax that the city/county require on their video or local exchange services)
5. Provide more options for small wireless facilities (County adopt a section in zoning ordinance specific to small wireless facilities and establish application and fee requirements and framework for review and processing).

Councilmember Jensen stated the focus has shifted from the beginning stages and now the recommendations being presented are based on what broadband providers have requested. He invited representatives from ALLO Communications to speak to the recommendations and noted the recommendations support better connectivity and coverage in the county as well as reduces fees in the city.

Dave Miller and James Dobesh, ALLO Communications, spoke in support of the partnerships and commitment from the community.

Lazone Grays referenced an email he sent to the JEDO Board on May 8, 2019, regarding digital inclusion and commented on workforce broadband bringing services to areas that need it most. He expressed concern with how the focus has changed from the beginning and funds were used to conduct the study and not target certain areas for better accessibility. He listed how other cities have taken the necessary steps for digital inclusion.

Commissioner Cook questioned if the City of Topeka has franchise restrictions. He reported Shawnee County has restrictions for expanding broadband services and asked if there was any feedback from providers whether they encountered issues with Shawnee County.

Chris Campbell reported urban areas typically have more requirements with the most important relating to applicable zoning requirements. He stated the County needs clarity on what regulations to apply to small wireless facilities which are an important low cost tool. He noted providers have expressed concern with the need to expand coverage in the County and “filling in gaps” to deploy services.

Gina Milsap reported a major issue relates to expending public dollars outside city limits for better coverage. She stated the Broadband Task Force was hopeful that broadband development would expand beyond the 3-mile Extra Territorial Jurisdiction (ETJ) of the City.

Councilmember Jensen stated in order to deploy wireless internet services in the county, broadband infrastructure must work simultaneously through the willingness of the City and County collaborating to conduct an efficient process for internet providers and work with the private sector to build needed infrastructure. He expressed the importance of investing public dollars to ensure deployment of services will be cost effective.

Commissioner Archer expressed concern with the lack of information regarding the coordinator position and if the coordinator would be serving as principal point of contact for companies and managing City and County resources. He referenced the report in regards to the use of private funds and asked why there was now a need to also contribute public funds.

Mayor De La Isla stated she believes the coordinator position would work in collaboration with GO Topeka without the ability to make regulations; however, would ensure regulations are met and the process was efficient.

Gina Milsap agreed there should be a single point of contact between the City and County. She noted the initial report was a model and the vision had to be reconfigured on a smaller scale so that public monies would not be used.

Commissioner Cook stated he believes the county has market-based issues and the costs to expand are too expensive. He also stated it seems to be a regulatory problem in the city.

Mayor De La Isla requested the City and County appoint individuals to review the Tilson Report in detail and report back to the JEDO Board on the responsibilities of each entity.

Gina Milsap encouraged the City and County to review the Tilson Report recommendations in detail for approval.

Councilmember Jensen stated he concurs with Mayor De La Isla and believes the City and County should appoint individuals to review the recommendations and come back before the JEDO Board for approval.

Commissioner Archer moved to assign a City of Topeka staff person and a Shawnee County staff person to review the Tilson Report and refer their recommendations to the JEDO Board at the September 11, 2019 meeting. The motion seconded by Councilmember Emerson carried unanimously. (7-0-0)

PRESENTATIONS

GO Topeka First Quarter Report was presented.

Molly Howey, GO Topeka Senior Vice President of Economic Development, highlighted the following:

- New Business Attraction
- Retention and Expansion
- Quality of Place Process
- Workforce Development and Talent.

Mayor De La Isla congratulated Molly Howey on being selected for the nationwide “40 under 40” award by Development Counsellors International and Jorgenson Consulting.

Glenda Washington, GO Topeka Senior Vice President of Entrepreneurial & Minority Business Development (EBMD), reported they are working on proposing East Topeka as a new business district and looking at finding the gaps in what businesses are needed that would fit and thrive in the area. She commented on a possible beautification grant for SE California Avenue and a grant program for food and security funds through the AARP. She highlighted the following:

- Small Business Initiatives
- Fasttrac New Venture and TSC3 Pledge Campaign
- THA Empowerment and Procurement Technical Assistance Center (PTAC)

Councilmember Emerson asked for more information about the SE California Avenue beautification grant.

Glenda Washington stated the project would start at I-70 and SE California Avenue; however, the amount of grant funding received would determine the distance covered on the roadway.

John Keddy, IAB Taskforce Chair, commented on the Entrepreneurial Ecosystem and stated Topeka has the opportunity to do some exciting innovative things with community engagement and involvement. He listed three ways to attract talent to Topeka from the state, region and world:

1. Provide an Innovator Working Space.
2. Promote and implement positive and productive relationships with universities, government entities and corporations.
3. Compete with other communities across the nation actively working on being innovative.

Katrin Holzhaus, GO Topeka Senior Vice President of Innovation, stated they have focused efforts on developing a plan for an Innovation Campus Concept to include:

- True community involvement for maximum impact
- Educational components
- Easy access and room for expansion
- A combination of wet lab/office space
- Strong anchor tenants
- High growth companies and startups; and
- Offer world class accelerator programming.

Ms. Holzhaus also reported that the Momentum 2022 Entrepreneurship Workgroup has formed five (5) committees to provide real-time support to an existing community of innovators and meet on a monthly basis. She invited everyone to attend the next meeting on June 6, 2019.

Councilmember Emerson expressed concern with the lack of urgency for innovative opportunities in the community and asked if there were any steps being taken to entice companies to move to Topeka.

Katrin Holzhaus reported staff continues to work diligently on a proposal to present before the JEDO Board later this year that would encompass facilities and a programming package that makes sense for the community as well as office space in the downtown area. She noted there continues to be an urgent need for lab space in this region.

Matt Pivarnik, GO Topeka President and CEO, noted staff understands the sense of urgency to move quickly on innovative opportunities; however, a process should be determined by GO Topeka and costs ascertained for this new type of economic development.

Councilmember Jensen spoke in support of the new economic development opportunities; however, the costs associated with innovative space can be high. He expressed concern with the lack of public funds available and questioned if there were private funds available to help expedite these new opportunities.

Katrin Holzhaus stated conversations would continue with a company based in China to develop their building requirements and establish a concept.

Lindsay Lebahn, Forge Executive Director, summarized the 2018 events sponsored by FORGE including the partnership with the Topeka Youth Commission, Washburn Internship and the new Topeka flag design.

Diann Faflick, GO Topeka Together Topeka Executive Director, gave an update on the process to grow the network allowing them to build capacity by identifying individuals and organizations that support the goals of aligning the talent pipeline in Topeka and Shawnee County. She stated they are restructuring to refocus and concentrate on putting a plan into action by July 1, 2019.

PUBLIC COMMENT

Kurt Kuta, GO Topeka Chair, thanked the JEDO Board for being flexible with projects and special meetings; Brett Spangler, Mars Facility Site Director, for his presentation; GO Topeka staff for being committed to the community and conducting engaging and energizing strategic planning sessions.

Dan Foltz, GO Topeka Chair-Elect, invited the JEDO Board to retool how they think about innovation and economic development and encouraged communication and collaboration.

Lazone Grays commented on the Digital Equity Act of 2019. He stated the Act will strengthen digital inclusion efforts around the nation by authorizing more than \$1 billion in Federal grant funding over the next five years. He encouraged the JEDO Board to apply for the grant funding and review how the broadband initiatives could assist with digital inclusion.

Councilmember Ortiz announced Coffee with Topeka Police Chief Cochran would be held May 9, 2019, from 6:00 p.m. to 7:30 p.m. at Tacos Del Sol located at 2124 SE 6th Avenue.

Mayor De La Isla thanked everyone for their efforts in partnering with the community to make Topeka a better place to live, work and play.

No further business appearing the meeting was adjourned 8:52 p.m.