

...as big as you think

THE EASTERN KANSAS ECONOMIC INITIATIVE

Presented by the City of Osawatomie

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1.0 INTRODUCTION

The engine of America’s way of life is the national economy, and manufacturing is a mainstay of our country’s economic strength. 15 million manufacturing jobs create 8 million additional jobs in all other sectors of the economy, such as retail, distribution, and finance. Manufacturers account for over 60 percent of all U.S. research and development, making manufacturing the leading R&D (research and development) investor in the nation.

U.S. manufacturing is on the upswing, fueled by gains in exports and business investment, and employment in Kansas is rising, up 7,600 jobs above previous records. Governor Kathleen Sebelius credits the encouraging trend to individual success stories happening throughout Kansas, and the State’s focus on helping businesses create more jobs. Kansas also promotes entrepreneurship and development in rural areas, and encourages new industry, such as bioscience, to become established in Kansas.

1.19 percent of the nation's manufacturing jobs are Kansas jobs. From 2002 to 2004, Kansas lost 5.9 percent of its manufacturing jobs. 182,110 Kansas jobs declined to 171,370, a loss of 10,740 jobs. Every State and the District of Columbia also lost manufacturing employment during this period. In 2002, the nation boasted 15,222,240 manufacturing jobs, but by 2004 the number declined to 14,371,340 jobs, a 5.59 percent drop.

Some of the loss was attributable to adjustments occurring within an unsettled economy, and some to outsourcing (also known as offshoring). A common perception is that manufacturing jobs are going to China. However, from 1995 to 2002, China lost more than 15 million manufacturing jobs, a 15 percent decline. China's industrial employment fell 109.9 million in 1995 to 83.1 million in 2002, a 24 percent drop. During this period the U.S. employment decline was only 2 million jobs, an 11 percent loss that paralleled the average decline worldwide.

Still, whereas it may have formerly seemed that competition for jobs was largely between cities and states within the U.S., countries worldwide are competing for jobs once considered to be secure, traditional American employment. A University of California, Berkeley study proposes that up to 14 million Americans can be considered as working in "at risk" occupations. The most alarming prediction by Forrester, the information technology consulting firm, estimates that 3.3 million U.S. jobs will have gone elsewhere by 2015.

2.0 THE EASTERN KANSAS ECONOMIC INITIATIVE

Small communities around the country are leveling the playing field, going toe-to-toe with globalism. Jack Schultz reports in his book, Boom Town USA, that 397 small towns

throughout the U.S. have positive economic stories to tell. Rather than losing jobs, 25,455 new manufacturing jobs were created by these communities during the 1990s. This was a 2 percent gain in jobs paying 71.7 percent more than jobs in the retail sector. The average wage in manufacturing is 20 percent higher than the average wage across the U.S.

The City of Osawatomie, a Kansas community of around 5,000 citizens, is on the economic offensive, adopting a proactive rather than reactive approach in forging its future. Historically, a community's economic development strategies were confined to city limits and assigned growth areas. Osawatomie's economic initiative instead draws upon an emerging concept reaching beyond traditional barriers to cut new economic trails. Dubbed The Eastern Kansas Economic Initiative, the quest is for clusters of Kansas communities to join together as a united front in forging an economic boom for themselves, their region, and thus for the State. The mechanism, discussed later in this document, is the creation of mini-enterprise zones.

The Osawatomie initiative believes that elements necessary for cultivating an economic boom in eastern Kansas have come together. As of April 1, 2004, more Americans are employed than ever before 1.9 million since the recession officially ended in November 2001. There are 138.3 million workers in the U.S. economy today ~ more than ever before.

In addition:

2.1 Eastern Kansas offers central U.S. shipping ~ all points continental U.S.A. Union Pacific railway runs through the eastern and western areas of the Initiative's general region, and the State's new four-lane highway 169 provides a corridor of easy access to all points throughout, from Garnett to Kansas City. Around 11,000 vehicles are currently traveling the new Highway 169 daily.

2.2 A qualified workforce exists from Kansas City, south to Garnett in Anderson County, east and west from Louisburg in Miami County, to Ottawa in Franklin County. A generation of young Kansans graduating each year from the State's high schools and universities seek career employment opportunities within the State.

2.3 Communities in Kansas can offer attractive tax and land incentives.

2.4 Kansas laws are among the Nation's friendliest for commercial enterprise development.

2.5 A diversity of educational facilities exists;

Baker University, Baldwin
Ottawa University, Ottawa
University of Kansas, Lawrence
Haskell Indian Nations College, Lawrence
Johnson County Community College, Overland Park
University of Kansas Medical Center, Kansas City
Washburn University, Topeka
Pittsburg State University, Pittsburg
Mid-America Nazarene, Olathe
 DeVry University, Overland Park
Ft. Scott Community College, Ft. Scott
Ft. Scott Community College, Paola

2.6 Large land tracts will allow for significant residential and retail outlet development.

2.7 Local airports offer corporate jet capabilities.

2.8 A clean environment defines the region.

2.9 Clusters of developing communities can provide infrastructure essential for commercial development.

2.10 Recreational and entertainment facilities exist throughout the region.

Kansas City Chiefs
Kansas City Royals
Renaissance Festival
Kansas City Jazz Museum
Mutual Musician's Foundation
Hillsdale Lake
Paola Roots Festival
Miami County Chili Cook-off & Art Show

KC Water Park
Worlds of Fun
Rutlader Entertainment Center
Farm Tours
Somerset Vineyard
Louisburg Cider Mill
Historic John Brown Cabin
Osawatomie Railroad Museum

To enhance a community's ability to lure new jobs and revenue into Kansas, the Eastern Kansas Economic Initiative proposes that "mini-enterprise zones" consisting of anywhere

from several hundred to several thousand acres be established by "clusters" of economically progressive communities. Each mini-enterprise zone would be within reach of a community's infrastructure, and each would share close regional proximity with other enterprise zones. Innovative market strategies can be applied to these special enterprise zones, which in themselves are an invitation for the Nation and World to join the economic boom in Kansas. The objective of each enterprise zone is to draw new jobs and revenues into Kansas; hence a minimum of 60 percent of the acreage inside an enterprise zone would be reserved for commercial enterprises complying with the objective.

3.0 THE MINI-ENTERPRISE ZONE

4.0 THE LAUNCHING PAD

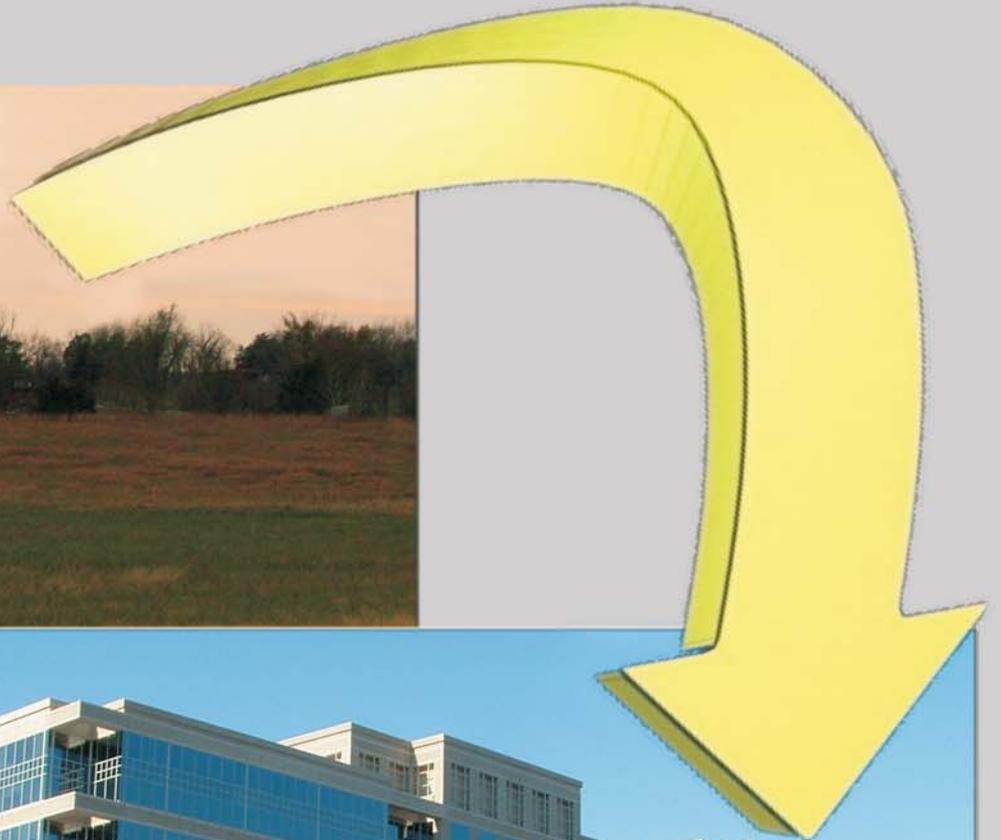
The State of Kansas owns approximately 750 acres of land lying within Osawatomie's City limits. Around 180 acres of this land is within a flood plain running adjacent to the river, Marais des Cygnes. The Osawatomie

State Hospital occupies around 185 acres of the land. The City of Osawatomie asks the State of Kansas to partner with the City in promoting an economic boom by granting a minimum of 386 acres of the State surplus land to Osawatomie, (see map showing designated acreage).

Tying Osawatomie's own economic objectives to a mini-enterprise zone established on the State surplus land will better serve State needs through a resulting increase in jobs and revenues. Osawatomie sees an important role for itself as being that of developing and marketing the aforementioned 386 acres as a mini-enterprise zone established for upscale commercial development.

Of the advantages to the State, use of the surplus acreage for upscale commercial development within Osawatomie can provide a show-case example of small town achievement in Kansas, and the spill-over benefits will favorably impact surrounding communities. Establishing a mini-enterprise zone on State surplus land within Osawatomie may also trigger a "domino effect" spurring development of additional enterprise zones along the Highway 169 corridor. If this happens, then the long range objective of the Eastern Kansas Economic Initiative has been fulfilled. In all cases, methods and marketing strategies employed throughout this endeavor could provide an economic-growth template for other small communities across Kansas.

TURNING ACRES INTO JOBS



5.0 TERMS

The City of Osawatomie asks the State of Kansas to provide Osawatomie with a 20 year option, by which Osawatomie acquires and develops a minimum of 386 acres of State surplus land

lying inside Osawatomie's city limits, subject to the following terms:

5.1 A minimum of 40 percent of developable acreage under the option will be occupied by commercial enterprises within 10 years of the option's commencement's date.

5.2 A minimum average of 4 jobs will be created per each developable acre under the option. For example, if 386 developable acres are placed under the option, then a minimum of 1,544 jobs (386 x 4) becomes a base-line criterion for evaluating the amount of acreage a commercial enterprise requires and the number of jobs to be created by the enterprise.

1,544 CAREER-STATUS JOBS CREATE:

823 additional jobs
\$32,169,424 more in personal income
\$10,788,240 more in bank accounts
14 new retail establishments
\$16,613,891 more in retail sales
\$1,165,130 increase in tax revenue
\$4,315,296 more in service receipts

5.3 A minimum of 60 percent of developable acreage under the option will be held for commercial enterprises coming into Kansas from other areas of the nation, and internationally, thereby bringing new jobs and tax revenue into Kansas versus shifting existing jobs and revenues from one community to another within the State.

5.4 A minimum of 10 percent of developable acreage under the option will be held for bioscience research and related enterprises.

Biotechnology is a worldwide industry and most developed nations have programs to lure startup biotech companies. The biotechnology industry employs more than 885,000 workers in the U.S., and employment in that sector is expected to grow faster than employment in the rest of the economy through at least 2012, according to the Bureau of Labor Statistics (BLS).

Virtually every region in the country is striving to lure in a biotechnology cluster. 40 States have currently targeted bioscience for development within the individual state, and 33 states provide funding for bioscience R&D facilities.

Biotech companies themselves are seeking location advantages. They are looking for infrastructure, financial capital and a quality work force.

On April 19, 2004, Governor Kathleen Sebelius signed into law the Kansas Economic Act (KEGA). Kansas is committed to investing \$580 million over the next 10-12 years with bioscience as the cornerstone. Passage of the act demonstrates the State's commitment to the bioscience industry and its research.

The Eastern Kansas Economic Initiative will deliver a very attractive invitation to the bioscience industry.

5.5 A minimum of 10 percent of developable acreage under the option will be reserved for family-oriented and other public service facilities.

5.6 Governing Authority

A “governing authority” composed of seven individuals will serve five year terms on a volunteer basis. Two members of the governing authority will be appointed by the State Department of Commerce, two by the Miami County Commissioners, and three by the Osawatomie City Council. The governing authority will assure that terms of the option are fulfilled.

5.7 Infrastructure

Within five years of the option’s commencement date, Osawatomie will have installed to the edge of State surplus land under the option, the electric, water, and sewer infrastructure necessary to launch commercial development of the acreage. Osawatomie will fund installation of the infrastructure, except money received through either the sale or lease of acreage under the option will be retained by Osawatomie. This money will be used to offset costs incurred by the City through its installation of the aforementioned infrastructure.

“Sending an invitation to the Nation and World to join our economic boom”

A marketing-promotional team established by the governing authority will:

6.0 MARKETING

6.1 Work closely with the Kansas Department of Commerce, the Miami County Economic Development Office, and Chambers of commerce in Osawatomie and surrounding communities, to create and maintain an on-going flow of promotional activity focused solely on marketing the mini-enterprise zone and region to the Nation, and internationally.

6.2 Where beneficial, maintain promotional-information booths in National and international trade shows such as the “National Manufacturing Week” (NMW).

6.3 Engage regularly in meetings with qualifying enterprises, corporate boards, decision makers, and other industry leaders in the Nation and World. Make presentations and host tours to highlight benefits of “setting up shop” within the mini-enterprise zone and to address pertinent relocation, incentive packages, and development issues.

6.4 Sustain a presence on the Internet and significant Websites found worthwhile to the Initiative, i.e. “LocationOne.com”.

6.5 Develop and sustain multi-media promotional materials incorporating presentations, charts, graphs, and statistical data important to commercial enterprises seeking relocation advantages.

6.6 Develop promotional campaigns in selected magazines, business journals, and other communication outlets.

6.7 Target selected sectors of industry:

- Bio-agriculture
- Bioscience
- Energy
- Robotics
- General & information technology
- Communications & call centers
- Distribution
- Education
- Financial-Banking
- Business campus
- Aerospace & aeronautics
- Light non-polluting manufacturing & assembly
- Animal nutrition, health & research

7.0 CONCLUSION

In 2005, Kansas invested substantially in education. More funding may be required in 2006. Communities throughout

Kansas can play a supportive role in the State's bold educational initiative by cultivating new and innovative ways of drawing additional jobs and revenues into Kansas from around the country, and internationally. Osawatomie is stepping up to the plate,

determined to vigorously face its economic challenges head-on. The City believes that development of a mini-enterprise zone can be a magnet, drawing industries to establish themselves along the State's new Highway 169 corridor, whereby the needs of a growing, higher paid workforce are accommodated.

Transforming a portion of State surplus land into a mini-enterprise zone will serve the greater good of communities throughout the region and the State of Kansas. Therefore Osawatomie submits its common-sense plan for a practical, economically driven use of State surplus land that remains unproductive for the local community, the County, and State. A "yes" decision by the State, whereby Osawatomie receives the opportunity to create a "mini-enterprise zone" for upscale commercial development on State surplus land, is a decision reaffirming our State's pioneering spirit. In every way, Osawatomie's economic initiative (a.k.a. "The Eastern Kansas Economic Initiative") is truly a worthy cause rising from visionary thinking aimed squarely at bringing wealth into the State of Kansas and creating a growing slate of career opportunities for the next generation of our children.

8.0 ENDORSEMENTS

DOCUMENT & GRAPHICS
NORTHLAND

PHOTOGRAPHY
KEIRA WELTER PHOTOGRAPHY