

**Market Analysis – Maize and the
Surrounding Region**

City of Maize, Kansas

November 18, 2013



EXPERIENCE | Transportation

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MAIZE, KANSAS MARKET ASSESSMENT

This study examines current and future market conditions in the Wichita area that will affect Maize land use decisions. Labor, industrial real-estate, transportation infrastructure and other factors were evaluated to identify industries that may be suitable for a Maize location.

The City of Maize is located 10 miles northwest of Wichita's city center, which puts it in direct competition with developments, existing manufacturing, office and distribution facilities throughout the Wichita Metropolitan Statistical Area (MSA). Maize's attractive features include direct highway and rail access, recent city upgrades to existing infrastructure and populations trends. Growth is projected for industries with a history of prosperity in this region as well as industries that have seen significant growth in the past 10 years. TranSystems recommends a cautious approach. Specific prospective tenants should be recruited to confirm the viability of a new development in Maize at this time. The following key issues are identified in this report:

- Industrial employment growth is used in this report to estimate the future demand for office and warehouse space.
- Population and employment growth rates for the Wichita area are relatively flat in the medium to long term. The Wichita Metropolitan Statistical Area (MSA) Total Population thirty-year compound annual growth rate (CAGR) is 0.9 percent. The ten-year CAGR for jobs in South Central Kansas between 2010 and 2020 is estimated to be 1.1%. Particularly interesting is the CAGR for the industries of "Utilities," "Transportation and Warehousing," and "Health Care and Social Assistance," all of which are expected to grow by more than 2% annually. Three industries, "Health Care and Social Assistance," "Educational Services," and "Professional, Scientific and Technical services," which are industries that generally require office space rather than warehouse space, contribute to 50% of expected jobs in the next ten years. Manufacturing jobs, which tend to use flex or warehouse space, are also expected to increase during the same time-period.
- Although the economy is in recovery stages, businesses are still looking for investments that will benefit them financially. Facilities that will reduce their costs may gain more traction than other sites. The Maize industrial park could significantly reduce transportation and shipping costs to firms in the manufacturing, assembly, and distribution sectors. Kansas & Oklahoma Railroad (K&O) serves the site and provides cheaper access to non-intermodal rail. Partnering with K&O could likely give businesses cheaper access to national rail through K&O's relationships with BNSF and Union Pacific.
- Maize's Comprehensive Plan 2006 states "Maize shall preserve its small town atmosphere and become the best small city in Kansas." Based upon this vision statement and the goals laid out in the Plan, TranSystems has concluded that Maize wants to expand its commerce, create jobs and increase its population base but continue to build a community intelligently and maintain a small town feel. This would indicate that fast, uncontrolled growth may not be suitable for the city. To this end, certain industries could prove more beneficial than others. Aerospace parks, heavy industrial parks, and mega parks would likely be detrimental to the community.
- Given Maize's close proximity to large metropolitan areas, for example, Kansas City, Oklahoma City, Denver, Omaha, and Dallas/Fort Worth, national and regional distribution will likely have fewer opportunities in the area. Local distribution can be considered but should be approached cautiously.

1.1 Population – Maize and the Surrounding Area

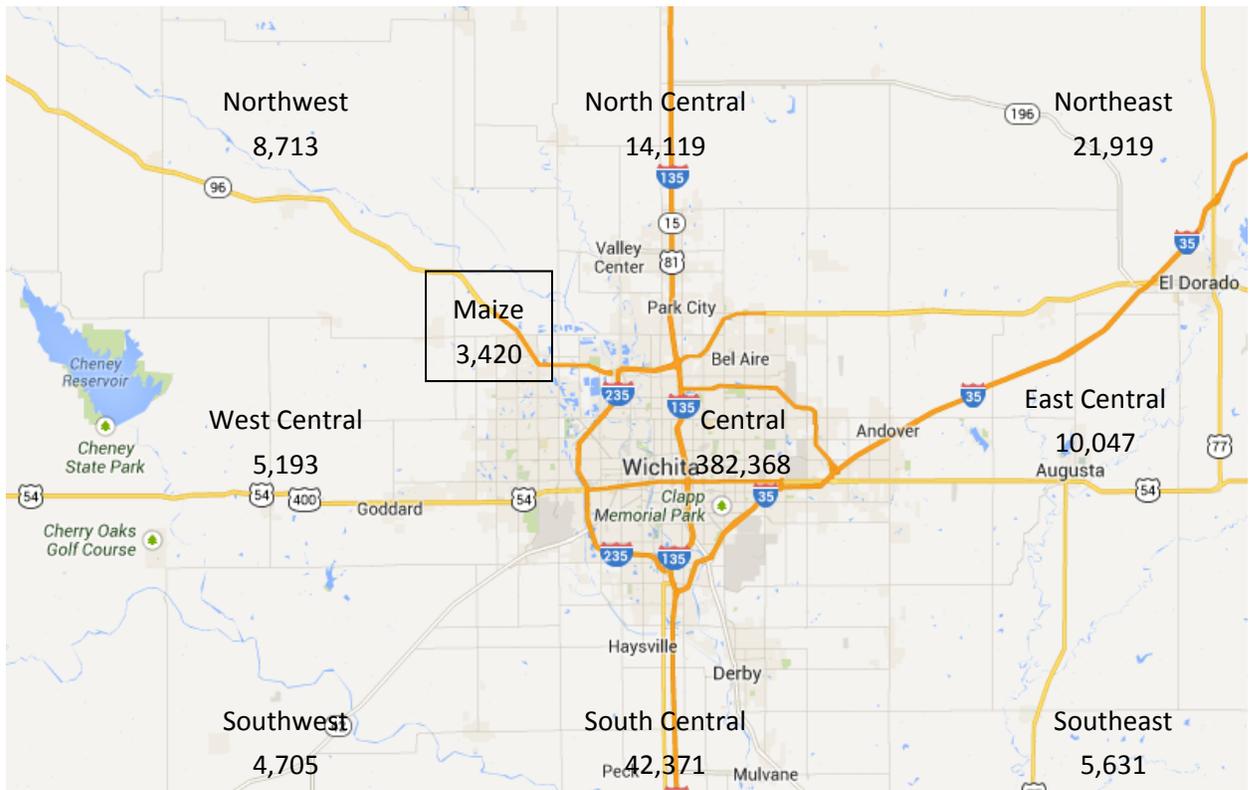
According to the 2010 United States Census, Maize, Kansas has a population of 3,420. A quickly growing suburb of Wichita, Kansas, Maize has shown steady growth over the past fifty years. Each census since 1960 shows Maize has had an average growth rate of 7.5%. During the school year, the Wichita State University West enrollment adds an additional 4,000 to the population. These statistics, coupled with a trend of younger citizens moving to western Wichita communities, suggest that the base of potential employees will continue to grow. The median age in Maize is 31 years old with only 8.8% of the community of retirement age. Maize's population is 51.4% female and 48.6% male.

The 2010 US Census population count of the Wichita MSA, which includes Butler, Harvey, Sedgwick, and Sumner counties, was 622,367 people (US Census, 2010). Population projections released by Wichita State University's Center for Economic Development and Business Research suggest flat growth for the metro area with forecasts of compound annual growth rates (CAGR) of 0.9 percent over the next 10 years and 0.8 percent over the next 20 years (<http://www.wichita.edu/thisis/wsnews/news/>). The Sedgwick County population CAGR of 0.8 percent reflects the Wichita MSA projection, as Sedgwick county accounts for 74 percent of the Wichita MSA.

As will be discussed later in this report, some industries benefit from locating closest to large population centers. Shortened commute times also result from locating businesses closest to residential areas. For this reason, it is important to identify the populations of Wichita metropolitan area sectors.

Figure 1 plots the population of key cities in the Wichita metropolitan area by geographic sector, e.g. Northeast, North Central, Southeast, etc. With 382,368 people, the City of Wichita is by far the largest municipality in the area. Populations on the western side of Wichita have lower populations. The highest concentration of people outside of the City of Wichita is in the South Central section. Forty-two thousand residents live south, along I-35, in the cities of Oaklawn-Sunview, Haysville and Derby. The City of Maize lies within the Northwest sector and represents a substantial portion of that district's population.

Figure I: 2012 Population by Wichita Area Sector (WAS)



Source: US Census Bureau and TranSystems

1.2 Education

The American Community Survey (ACS) is an ongoing statistical survey by the United States Census Bureau that samples a percentage of the population every year. According to data collected between 2007 and 2011, Maize boasts significantly higher levels of education than the national average. Percentages of both holders of high school diplomas and holders of bachelor's degrees are well above local, state, and national averages. Table 1 provides a breakdown of education levels for Maize and the surrounding area. ACS data from 2008 – 2012 will be released December 5, 2013.

The 2011 ACS profile of Maize shows a significantly higher education level than the national average for all levels of education. The high school graduation rate for the city of Maize, at 94.6%, is significantly higher than the National average of 84.8%. Similarly, the percentage of Maize residents who are bachelor's degree holders is nearly 4% higher than the national average and 6% higher than Wichita.

Table 1: 2010 Educational Attainment Comparisons

Percent Graduated	Maize, KS	Wichita, KS	Wichita MSA	Kansas Total	US Total
High school graduate or over	94.6%	86.7%	87.8%	89.7%	84.8%
Bachelor's degree or over	34.2%	27.9%	27.1%	29.5%	30.4%

Source: 2010 American Community Survey 1-Year Estimates

1.2.1 Maize School District

High levels of education can most likely be correlated to the educational system in the area. The Maize School District, USD 266, currently serves 6,758 students in 10 schools. The district boasts four elementary schools, two middle schools, and three high schools. It is the 12th largest school district in the state of Kansas. USD 266 also houses some of the most modernized facilities in the state. Since 2003, four new schools have been constructed and the other six have undergone complete renovations. Each school has attempted to increase its technological presence through wireless connectivity, interactive distance learning, interactive white boards, individual student laptop initiatives and laptop carts. These have allowed students to stay up-to-date with current technology. This district consistently scores well above average on standardized testing and boasts an adjusted cohort graduation rate nine percent higher than the rest of the state. 2012 district statistics can be found in Appendix B.

1.2.2 Higher Education

Several colleges have been established in and around Maize for those hoping to attain an associate's, a bachelor's, a master's, or a doctorate's degree. Maize itself is home to Wichita State University's West (Maize) Campus. This commuter campus allows opportunities for both traditional and non-traditional students to earn a bachelor's degree or a master's degree in various fields. Wichita metropolitan area is home to numerous other higher learning institutions including Wichita State University (WSU), Friends University, Newman University, the University of Kansas School of Medicine/Pharmacy and the Wichita Institute of Technology. Kansas State University is in Manhattan, Kansas roughly 130 miles north and the University of Kansas is in Lawrence, Kansas roughly 170 miles northeast.

1.2.3 Training

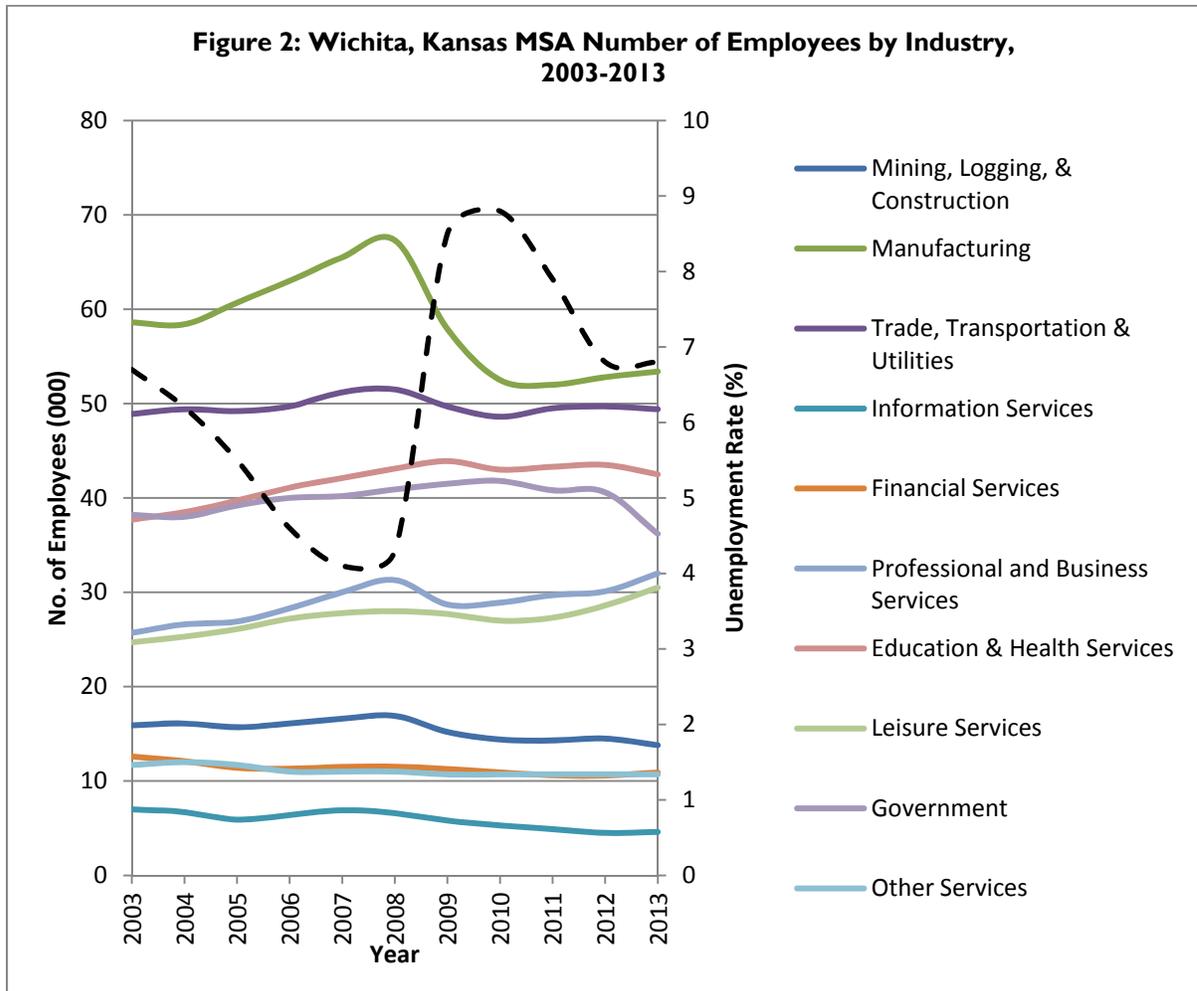
Wichita has long been home to the aerospace industry, resulting in a high concentration of engineering and manufacturing knowledge. Aircraft, component, composite and other manufacturing expertise is abundant in the Wichita area. Training institutions, such as the National

Center for Aviation Training (NCAT), the Mid America Manufacturing Technology Center (MAMTC), and the National Institute for Aviation Research (NIAR), support the employment needs of companies such as Spirit Aerosystems, Cessna, Hawker Beechcraft, and Bombardier Learjet. Additionally, training opportunities are not limited to the aerospace industry as the Kansas Department of Labor offers training and hiring incentives to companies in any industry considering locating in Kansas.

With such a high proximity of technical and vocational institutions, the Wichita area has become intertwined with the manufacturing profession. According to the Bureau of Labor Statistics, Wichita Metropolitan Statistical Area (MSA) has 18.2% of total employment in the manufacturing sector. This more than doubles the national average of 8.9%. The relatively recent departure of Boeing and the general downturn in the aerospace industry indicates that many employees experienced in the manufacturing field are looking for work.

1.3 Labor

Figure 2 shows trends in unemployment and the number of employees by industry for the Wichita MSA between 2003 and August 2013. Data for 2003 to 2012 is based on yearly unemployment rate averages; employment totals for 2013 represent data through the month of August. The Wichita unemployment rate rose sharply in 2008, reaching a peak of 10.6% in July 2009, but has since settled and currently sits at 6.9%. As expected, the highest concentration of jobs in the area, currently 17.4% or 53,400 jobs, is in the manufacturing sector. Historically this number has been much higher, however, with the cyclical nature of Wichita’s aerospace industry, the number of jobs depends on how well the aerospace companies are faring presently. Figure 2 clearly shows that the employment rate of Wichita and its surrounding suburbs varies inversely with the manufacturing sector. Since 2003, “Financial Services,” “Information Services,” “Trade, Transportation and Utilities,” and “Other Services” have remained essentially flat while “Leisure Services” and “Professional and Business Services” have seen an uptick since 2011 and “Education and Health Services” have seen substantial growth since 2004.



Source: US Department of Labor and TranSystems

Table 2 calculates 10 year changes represented in Figure 2 “Manufacturing” experienced the steepest decline in terms of the sheer number of workers who lost jobs over the last ten years, numbering around 3,900 lost positions. The cyclical nature of Wichita’s manufacturing community

means that during times of highest and lowest employment, such as between 2008 and 2011, many more positions can be gained or lost. From July of 2008 to February 2011, Wichita lost a total of 17,000 jobs. Job additions, especially in the “Professional and Business Sector” as well as “Education and Health Services” helped to compensate for manufacturing job losses.

“Trade, Transportation and Utilities,” “Mining, Logging and Construction,” “Financial Activities,” “Other Services” and “Information Sectors” lost ground, with the “Information Sector” in particular shedding 33.3% of its labor force.

The Wichita MSA, which includes Maize and all other suburbs, has a labor force of 243,429 persons making it the 132nd most populous in the nation. 226,622 people are currently employed. This results in an unemployment rate of 6.9%, higher than the Kansas average of 5.7% but well below the national average of 8.1%.

1.3.1 Labor Trend

The Kansas Department of Labor produces employment projections by industry every two years. Their latest projections were released in November 2013 and cover a ten year time period, from 2010 to 2020. Job growth by industry is estimated separately for seven Kansas regions. Maize projections are included in the South Central Region, which consists of Butler, Cowley, Harper, Harvey, Kingman, Sedgwick and Sumner counties. Employment projections below the Kansas regional level are not available; however, TranSystems estimates that Sedgwick County accounts for about 74% of the total South Central Region population. TranSystems therefore uses South Central Region figures as a proxy for Sedgwick county.

Table 2 presents estimated South Central Region of Kansas employment projections and annual growth. Overall job growth is expected to be flat between 2010 and 2020, as the estimated job growth CAGR over ten years is 1.1%, up .09% from 2008 – 2018 projections. Three industries, “Health Care and Social Assistance,” “Educational Services,” and “Manufacturing” are expected to make the most headway in the next ten years with 19,866 new jobs projected in that time. Growth within the manufacturing sector bodes well for Wichita and Maize as it indicates that the aerospace industry may be beginning its cycle of recovery.

Table 2: Area Employment by Industry Percent Changes between 2003 and 2013

Sector	10 Year CAGR	Ten Year % Change	10 Year Change in Employees (000)
Professional and Business Services	2.20%	24.50%	6.3
Education & Health Services	1.40%	14.60%	5.4
Leisure and Hospitality	1.80%	19.60%	5
Government	1.50%	16.00%	5
Trade, Transportation and Utilities	-0.10%	-1.40%	-0.7
Other Services	-0.80%	-7.80%	-0.9
Financial Activities	-1.50%	-14.20%	-1.8
Information	-4.00%	-33.30%	-2.3
Mining, Logging and Construction	-1.80%	-16.90%	-2.8
Manufacturing	-0.70%	-6.80%	-3.9

Source: TranSystems and US Bureau of Labor Statistics

Table 3: South Central Region of Kansas Estimated Employment Projections for Selected Industries

Industry Title	Absolute Change (no. of employees)	Annual Avg. % Change	Total % Change
Health Care and Social Assistance	9845	2.15%	23.7%
Educational Services	5157	1.62%	17.4%
Manufacturing	4864	0.83%	8.6%
Retail Trade	3271	0.97%	10.1%
Construction	1927	1.26%	13.3%
Transportation & Warehousing	1673	2.02%	22.1%
Professional, Scientific & Technical Services	1033	1.03%	10.8%
Other Services (Except Government)	923	0.77%	8.0%
Arts, Entertainment & Recreations	591	1.38%	14.7%
Government	583	0.30%	3.00%
Finance & Insurance	567	0.62%	6.4%
Utilities	194	2.07%	22.7%
Information Services	171	0.34%	3.4%
Mining	127	1.00%	10.4%

Source: Kansas Department of Labor and TranSystems

1.3.2 Labor Relations

Research suggests that companies favorably consider right to work states as a key component in site selection criteria. Kansas is one of only eight states to have enacted the right to work by state constitutional amendment, meaning it cannot be overturned by legislative measures but only by a vote of the people. As the state has enacted the right to work, Kansas enjoys an incredibly low unionization percentage with only 6.8% union membership. In 2010, Kansas had only 6,800 union members compared to 12,800 in 1985. However, as with many manufacturing based economies, Wichita MSA has a slightly higher percentage at 7.2%. This, however, is still below the national average of 7.6%. Outside of the aerospace industry, unionization falls to 0.9% in the Wichita MSA.

According to the Greater Wichita Economic Development Coalition, labor-management relations are generally mutually cooperative in Wichita. Work stoppages are rare and never locally organized. The vast majority of local companies, outside the aerospace industry, are firmly non-union.

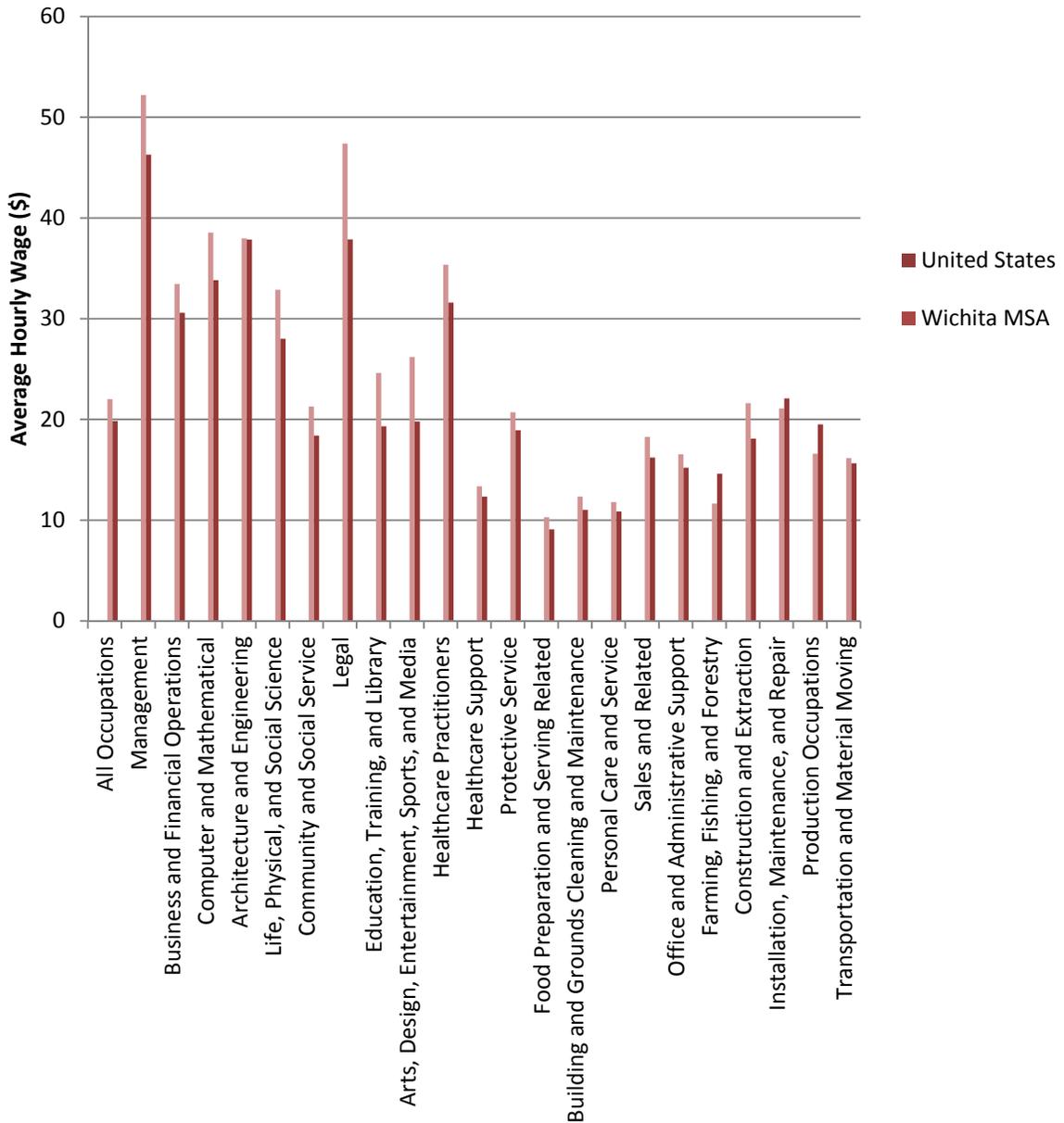
1.3.3 Labor Costs

As with any community, wages are based on a number of factors. Typically, locations in the Midwest will have lower wages due to lower cost of living. This is made evident by Figure 3 which shows that on average, the hourly wage in Wichita is \$2.41 lower than the rest of the country. Over the course of a year, this will save a company roughly \$5,000 per employee. Note that this is simply an average across all industries. Individual positions will vary.

The Wichita MSA, including Maize, does, however, have some average wage rates higher than the national average. In the “Manufacturing,” “Maintenance and Repair,” and “Farming” sectors, Wichita

is well above the nationwide mean. This indicates that Wichita lies in a pocket of the country with a labor force skilled in the these fields. It should be noted, however, that the aerospace industry, which is the most prevalent manufacturing in the area, has notably higher wages than other manufacturing types which could be the driving force behind higher manufacturing wages. Figure 3 and Table 4 below provide detailed information on wage characteristics in Wichita and the United States.

Figure 3: Wichita MSA and United States Average Wage Comparison (All values in \$)



Source: Bureau of Labor Statistics

Table 4: Wichita MSA and United States Wage Comparison (All values in \$)

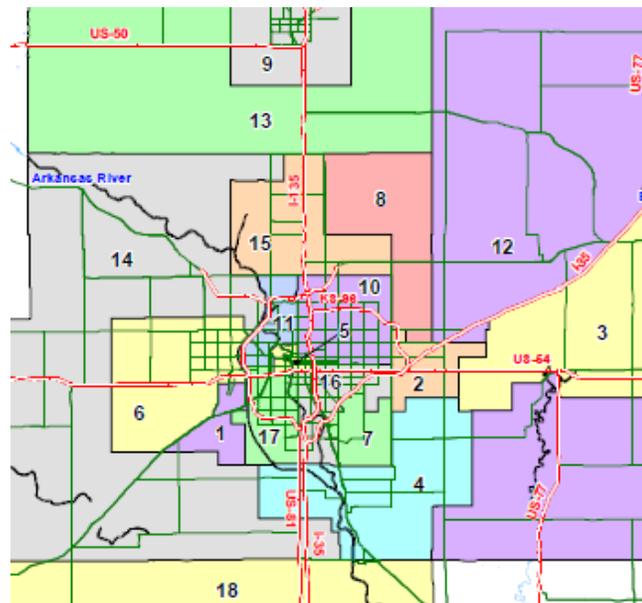
Occupation	Wichita 10 th Percentile	U.S. 10 th Percentile	Wichita 25 th Percentile	U.S. 25 th Percentile	Wichita Median	U.S. Average	Wichita 75 th Percentile	U.S. 75 th Percentile	Wichita 90 th Percentile	U.S. 90 th Percentile
Management	21.38	22.12	29.37	31.56	40.93	45.15	56.96	65.2	77.87	N/A
Business	16.54	16.88	21.97	22.28	29.25	30.05	37.45	40.61	45.53	53.5
Computer and Mathematical	16.38	19.39	23.61	26.55	33.46	36.67	43.38	48.4	53.04	60.55
Architecture and Engineering	21.34	19.45	28.13	26.16	36.62	35.35	47.45	46.81	56.31	59.52
Life, Physical and Social Science	15.03	15.06	18.68	20.35	24.93	28.89	34.39	41.18	44.19	55.38
Social Service	12.08	11.21	14.17	14.57	17.31	19.42	21.49	26.52	27.08	34.36
Legal	14.35	16.8	20.55	23.15	27.38	36.19	45.00	62.57	74.38	N/A
Education	9.48	9.94	11.49	14.66	18.38	22.13	24.23	30.85	30.00	41.54
Arts and Media	8.41	9.42	11.08	13.76	18.02	21.12	25.82	32.16	33.65	46.12
Healthcare Practitioners	13.93	14.84	19.16	20.56	25.17	28.94	34.26	40.69	55.28	61.54
Healthcare Support	8.58	8.62	9.87	10.03	11.22	12.28	13.81	15.64	17.23	19.51
Protective Service	8.68	9.09	11.89	11.71	18.23	17.6	24.71	26.89	29.23	37.35
Food Occupations	7.63	7.84	8.03	8.38	8.69	9.1	9.38	11.11	11.77	14.6
Maintenance	7.80	8.12	8.44	8.95	9.64	10.91	12.46	14.44	16.88	18.93
Personal Care and Service	7.74	7.96	8.32	8.66	9.29	10.02	11.51	13.1	15.95	18.21
Sales and Related	8.01	8.25	8.83	9.12	11.17	12.08	18.66	20.88	32.01	35.6
Office and Administrative	8.82	9.17	10.90	11.51	13.92	15.15	18.01	20.18	24.01	26.13
Farming, Fishing and Forestry	9.89	8.23	11.10	8.65	13.27	9.31	16.82	12.97	23.10	18.64
Construction and Extraction	10.54	11.15	12.92	14.37	16.52	19.29	21.77	27.19	29.11	35.61
Installation and Repair	11.64	10.92	15.24	14.56	20.99	19.72	28.48	26.63	34.44	33.69
Production	9.68	9.02	12.72	11.05	17.97	14.87	25.66	20.26	31.76	27.11
Transportation	8.28	8.56	9.71	10.06	13.27	13.92	18.68	19.41	27.00	26.83

Source: Bureau of Labor Statistics

1.4 Real Estate

This section will draw data from two different sources, CoStar Realty and Weigand Realty. CoStar Realty, a nationwide commercial real estate firm will provide information for future market considerations. Weigand Realtors, a specialist in south central Kansas realty, has provided information regarding current market conditions. Each of the two realty firms divides the Wichita MSA into different sectors. CoStar Realty Information Systems divides The City of Wichita’s industrial real-estate market into 15 submarkets (SM), a map of Wichita real estate submarkets can be found below. The City of Maize is located in SM 14. For convenience, Table 5 provides the corresponding submarket codes and names for area cities. Weigand Realty divides Wichita into quadrants. These quadrants divide the city along Broadway Avenue and Douglas Avenue. Maize lies in the northwest quadrant.

Figure 4: Wichita Real Estate Submarkets



Source: CoStar Realty

Table 5: Wichita Submarket Codes and Wichita Area Sectors (WAS)

Code	Submarket	WAS	Code	Submarket	WAS
1	Airport	East Central/Southeast	10	Northeast	Wichita City/Northeast
2	Andover/East	East Central	11	Northwest	Wichita City/Northwest
3	Augusta/El Dorado	Northeast	12	Outlying Butler County	Northeast
4	Derby/Haysville/Mulvane	South Central/Southeast	13	Outlying Harvey County	Northwest
5	Downtown	Wichita	14	Outlying Sedgwick County	Northwest
6	Goddard/West	West Central/Wichita City	15	Park City/North	North Central
7	McConnell AFB/Southeast	Southeast	16	Southeast	Wichita City
8	NE Sedgwick County	Northeast	17	Southwest	Wichita City/Southwest
9	Newton/Hesston	N/A	18	Sumner County	N/A

Source: CoStar Realty Information Inc. and TranSystems

1.4.1 Industrial Buildings

Since 2010, vacancy at industrial sites in Wichita has been steadily decreasing. In 2012, vacancy rates hit the lowest levels since the economic downturn of 2008. Across the area, the total vacancy rate for industrial sites ranging from 1,000 square feet to over 50,000 square feet was 19.5%. The Wichita MSA has a total of 9,745,536 square feet. Of that, the Northwest sector has 351,564 square feet, only 3.6% of the total. The following tables provide rental rates and vacancy rates for industrial sites in all major sectors.

Table 6: Rental Rate Comparison by Industrial Size, 2012

Market	1-5 K \$/sq. ft.	5-15 K \$/sq. ft.	15-30 K \$/sq. ft.	30-50K \$/sq.ft.	50K+ \$/sq.ft.
Northwest	\$4.86	\$7.00	\$5.70	N/A	\$2.40
Northeast	\$6.98	\$5.97	\$4.67	\$5.44	\$3.35
Southeast	\$3.00	\$6.17	\$4.29	\$4.20	\$3.47
Southwest	\$5.18	\$5.61	\$4.73	\$4.50	\$3.15
Central Business District	N/A	\$3.96	\$4.05	\$1.75	N/A
Wichita Average	\$5.66	\$5.52	\$4.53	\$4.66	\$3.19

Source: J.P. Weigand Market Forecast and TranSystems

Table 7: Vacancy Rate Comparison by Industrial Size, 2012

Market	1-5 K Vac %	5-15 K Vac %	15-30 K Vac %	30-50K Vac %	50K+ Vac %
Northwest	19.0%	6.7%	3.9%	N/A	100.0%
Northeast	21.7%	13.6%	27.5%	44.8%	14.1%
Southeast	8.7%	11.4%	15.0%	2.9%	34.5%
Southwest	15.2%	6.9%	14.5%	26.3%	8.1%
Central Business District	0.0%	16.7%	47.1%	100.0%	N/A
Wichita Average	15.8%	10.1%	19.4%	24.9%	21.3%

Source: J.P. Weigand Market Forecast and TranSystems

The data for the Northwest quadrant is slightly misleading. An aggregate vacancy rate of 60.9% would seem to indicate that industrial businesses are not looking to expand into this area. However, looking at the numbers more closely, this figure appears skewed based on the data. The Northwest sector has only one building in the 50,000+ square foot class. This one structure, a 200,000 square foot warehouse, currently does not have any tenants. If one were to consider the 5,000 to 15,000 or 15,000 to 30,000 square foot range, he would see that those size properties are performing quite well in that sector. In the 5,000 to 15,000 range, vacancies are at 6.7% and in the 15,000 to 30,000 square foot range, vacancies are even lower at 3.9%, 15.5% lower than the Wichita average. Rental rates for those two categories are the highest in the MSA, but owners are willing to pay for these locations.

The most pressing issue for industrial real estate in the Wichita area is a lack of quality space. Most industrial properties over 20,000 square feet do not meet the minimum requirements by which producers must abide (Weigand, 2012). Even fewer meet consumer preferences, including but not limited to, a minimum 20' ceiling height. According to Weigand, only two properties have been announced for 2013 that will meet these specifications, an 80,000 square foot building in Park City, and 90,000 square foot structure on West Street in the Southwest quadrant.

In January 2013, Boeing announced that it would be selling its site in south Wichita by the end of the year. This facility includes 97 structures, totaling 1.9 million square feet, sitting on 413 acres of property. Speculations were that the availability of excess industrial sites would boost interest in Wichita, however, some experts disagree. Jay Garner, President of Garner Economics, believes that since the site is so specialized it could likely only be used for other aviation related businesses. In a quote to the Wichita Eagle, Mr. Garner said, “There’s a great chance it’s going to be empty longer than shorter because of fewer potential customers.” Weigand agrees, saying that inventory left from the facility will primarily be hangar space which would be difficult to convert to other uses. Maize will likely not have to compete with these facilities unless it hopes to target the aerospace industry.

1.4.2 Office Buildings

According to Weigand Realty, the outlook for the Wichita office market continues to look very stable. Overall vacancy rates have continued to hold steady around 18% and rental rates have not greatly fluctuated over the past several years. Table 8, below, shows the rent and vacancy rates for Class A, B, and C office spaces. Class A buildings are newer, premier office space with multiple perspective tenants and higher rent. These spaces will have high quality finishes and furnishings as well as state of the art systems. Class B buildings have a wide range of users with average rent and medium to high demand. These buildings are typically older construction than Class A and have adequate systems. Class C properties are aimed at users looking for quick, functional space below average rent.

Table 8: Rental Rate and Vacancy Rate Comparison by Office Class, 2012

Market	Class A \$/sq. ft.	Class B \$/sq. ft.	Class C \$/sq. ft.	Class A Vac %	Class B Vac %	Class C Vac %
Northwest	\$21.56	\$12.03	\$7.21	15.2%	23.3%	42.3%
Northeast	\$18.56	\$13.23	\$8.31	8.6%	12.5%	40.3%
Southeast	\$18.81	\$10.18	\$9.04	8.8%	18.0%	43.8%
Southwest	N/A	\$10.63	\$7.59	N/A	22.0%	35.2%
Central Business District	\$15.81	\$9.35	\$9.07	12.4%	23.4%	18.4%
Wichita Total	\$17.74	\$10.61	\$8.51	11.0%	19.0%	30.3%

Source: J.P. Weigand Market Forecast and TranSystems

Data indicates that Maize should carefully consider market conditions before constructing office space. According to the 2012 data, Class A office space in the Northwest costs more than other quadrants, at \$21.56 per square foot. This is \$3.82 more than the Wichita average. Vacancy rates in the area are also the highest in the area at 15.2%. Factors other than price and vacancy should be considered though. A significant amount of medical facility expansion near Maize Road and 21st Street has likely caused these numbers to be skewed. The medical facilities are intended to have only medical professionals as tenants, and with such a specific market, these properties are bound to be vacant longer. This specialized space also rents for \$30.00 per square foot which has driven up the average rate in the area. Weigand states that new properties coming to market will be well received. Currently, the Northwest has 986,169 square feet of existing office space. Of that, 405,802 square feet are Class A, 500,720 square feet are Class B, and 79,647 square feet are class C. This area has the second smallest quantity of total and vacant square footage available. Appendix C provides historical data on rental and vacancy rates for the quadrants of Wichita. Most data dates back as far as 1991.

1.4.3 Retail Buildings

Table 9 displays rent and vacancy rates for Class A, B, and C retail spaces for the total Wichita market. Class A buildings are premier facilities that offer the most amenities and are located mostly in prime business center locations; historic buildings also fall into this category. Class A retail space appears to be at a premium for the northwest quadrant of Wichita as it boasts the lowest vacancy rate (3.3%) of any sector by far. Class B buildings may be older, but are in good repair and are properly maintained. Class C space is described as “no frills” space.

High demand for Class A retail space in northwest Wichita likely results in the above average cost per square foot. The data indicates that although the prices run roughly \$1.88 more than Wichita’s average, the locations of these retail spaces are worth the cost. Northwest Class B retail space is \$0.10 lower than the average Wichita rate and the Northwest vacancy percentage is well above the Wichita average. Class C rates for the Northwest market are \$0.26 lower than the overall market, and vacancy is 5.7% lower than average.

New facilities in Maize would most likely fall into the A class, given that buildings will be brand new. This could make Maize a highly valued area considering the lack of availability of Class A facilities coupled with the continued growth to the west. Potential tenants or buyers of the new buildings may also value the ability to participate in some aspects of the design and construction of the new facilities.

Appendix C provides historical data on rental and vacancy rates for the quadrants of Wichita. Most data dates back as far as 1991.

Table 9: Rental Rate and Vacancy Rate Comparison by Retail Class, 2012

Market	Class A \$/sq. ft.	Class B \$/sq. ft.	Class C \$/sq. ft.	Class A Vac %	Class B Vac %	Class C Vac %
Northwest	\$16.45	\$9.45	\$6.80	3.3%	21.3%	6.0%
Northeast	\$14.09	\$10.63	\$9.00	11.0%	17.6%	17.1%
Southeast	\$16.91	\$8.91	\$6.54	15.5%	20.0%	18.8%
Southwest	\$14.71	\$8.20	\$7.75	12.8%	16.8%	5.2%
Central Business District	N/A	\$14.00	N/A	N/A	0.9%	N/A
Wichita Total	\$14.57	\$9.55	\$7.06	7.4%	17.8%	11.7%

Source: J.P. Weigand Market Forecast and TranSystems

1.4.4 Real Estate Trend

To estimate future industrial real estate needs, TranSystems assigned building types to industry job growth estimates provided by the Kansas Department of Labor. While this method does not include events that are not accounted for in the Kansas Dept. of Labor projections that may affect the demand for building space (such as increases in automation practices, unanticipated business expansion or contraction), it does serve to provide an indication of building types that may be in demand due to future job growth in the Wichita/Maize area.

Table estimates future building demand by assigning expected employment growth projections by industry, to buildings most suited to those industries. For example, “Educational Services” is assigned to the “Office” building type. “Transportation and Warehousing” is assigned to the “Warehousing” building type, etc.

Office and Medical building types combined are expected to see the highest increase in additional space demands, as 4.4 million square feet of building space will be required by 2020 based on this

analysis; however, 1.7 million square feet of office space were vacant in the Wichita area as of December 2012. This availability adjusts the future demand for office space downward by 2020 to 2.7 million square feet. The Warehousing and Manufacturing demand based on 2020 occupation of 4,300,000 square feet of additional space is partially erased by existing industrial capacity of 1.9 million square feet. Boeing's property sale is expected to vacate an additional 1.9 million square feet by 2013 decreasing the need to 500,000 square feet. Note that as stated before, many interested parties are looking for new facilities that meet current codes and standards.

Considering the real-estate market vacancy rates, and the expected slow growth projections, the near term outlook for new real-estate facilities, particularly warehouse facilities, does not appear to be in high demand. If any facility expansion is warranted, office and medical buildings are the most likely candidates.

Table 10: Estimated Building Type Demand Based on Employment Projections

Building Type	Absolute Change in Employees 2010 - 2020	Est. sq. ft./ Employee	2020 Estimated Additional sq. ft.
Office	7,850	250	1,962,500
Medical Buildings	9,850	250	2,462,500
Hotel/Restaurant	950 ¹	550	522,500
Retail Stores	3,270	250	817,500
Work Site (Construction)	1,930	N/A	N/A
Warehouse	1,870	1,000	1,870,000
Manufacturing (Mostly Trans Equipment)	4,860	500	2,430,000

Source: Kansas Department of Labor, CoStar Realty and TranSystems

1.5 Business Climate, Taxes and Incentives

1.5.1 Business Climate

The Tax Foundation, an organization that ranks states by their “Business Tax Climate,” ranks Kansas 26th, suggesting an average business environment. Forbes Magazine draws data from Moody’s Analytics and other sources to evaluate states based on several criteria, including business costs, regulatory environment, labor supply and other factors. Kansas ranked 13th overall “Best State for Business.” Table provides the Tax Foundation and Forbes ranking for Kansas as well as selected states for comparison purposes.

Table 11: Kansas and Selected States’ Tax and Business Friendly Rankings, 2012

State	Forbes Rank	Tax Foundation Rank	Right to Work
Colorado	5	18	N
Nebraska	6	31	Y
Texas	7	9	Y
Oklahoma	9	35	Y
Iowa	10	42	Y
Washington	11	6	N
Kansas	13	26	Y
New York	23	50	N
Florida	27	5	Y
Missouri	29	16	N
Arkansas	35	33	Y
California	41	48	N

Source: Tax Foundation and Forbes.com

Kansas is a “right to work” state, meaning that workers are not required to join a union as a condition of employment. TranSystems’ research suggests that companies favorably consider right to work states as a key component in site selection criteria. Other important considerations include factors that reduce costs and provide local resource advantages - either people or materials - that ultimately drive the decision to locate in one site over another. Local incentives are usually tie-breakers between two similar sites that have similar cost and resource benefits. Kansas offers the following business incentive examples:

- Tax abatement for
 - Building improvements
 - Job creation
 - Capital investment
 - New machinery and equipment property tax
- Engineering and New Hire Training subsidies

The current state administration is extremely pro-business. Under Governor Sam Brownback, the state has enacted many economic improvement goals. Under his tenure, the state has seen personal income increase and increased private-sector employment. The administration has attempted to draw business to Kansas through a variety of means including deal closing funds and programs intended to aid business owners.

The deal closing fund allows Kansas to become a national competitor by attracting or retaining job creating businesses through investments and incentive extensions approved by the Governor. This \$40 million fund can be used at the will of the Department of Commerce to allow some flexibility for businesses considering Kansas for operations.

In 2011, the Office of the Repealer was created to hold public meetings and conduct online surveys that allow citizens, particularly business owners, the opportunity to suggest the repeal or reform of laws that make business harder for companies in the state. To date, 51 laws have been suggested for elimination and are being considered by the state.

Table 12: Kansas Business Rankings

Kansas' Place in the Rankings	
Business Closure Rate	#8
College Affordability	#9
Cost of Living	#10
Road Quality	#14
Bridge Quality	#15
Higher Education Degree Output	#15
Median Family Income	#15
Educational Attainment	#16
Productivity Growth	#17
Export Intensity	#18
Higher Education Efficiency	#18
High-tech Share of Businesses	#20
Export Intensity Growth	#22
Per Capita Income Growth	#22
Broadband Provider Availability	#23
Growth in Share of National Exports	#23
Small Business Survival Index	#23
STEM Job Concentration	#24
Business Tax Climate	#25
Export Growth	#25

Source: Praxis Strategy Group

Considering these incentives, and the rankings displayed in Table , Kansas, and by extension, The city of Maize, rank favorably compared to other US locations.

1.5.2 Taxation

1.5.2.1 Corporate Taxation

The State of Kansas has one official tax bracket, yet with the addition of surcharges for incomes greater than a specified amount, one can consider Kansas to have two tax brackets. A flat fee of 4.0% is taxed on all corporations making any amount of income. A surcharge of 3.0% is added to companies that have a taxable income over \$50,000. The top rate of 7.0% ranks 24th highest among states that tax corporate income. Tax rates for states likely to compete with Kansas for business acquisition are listed in Table 13.

Table 13: Corporate Tax Rate Comparison

State	Tax Rate on Income > \$0	Tax Rate on Income > \$50,000	Notes
Arkansas	1.0%	6.0% - 6.5%	At \$100,000, the rate increases to 6.5%
Colorado	4.63%	4.63%	
Iowa	6.0%	8.0% - 10.0%	At \$100,000, the rate increases to 10.0%
Kansas	4.0%	7.0%	
Missouri	6.25%	6.25%	
Nebraska	5.58%	5.58% - 7.81%	At \$100,000, the rate increases to 7.81%
Oklahoma	6.0%	6.0%	
Texas	0.0%	0.0%	No corporate income tax but does have a gross receipts tax

Source: Federation of Tax Administrators and Tax Foundation.org

1.5.2.2 Personal Taxation

Kansas personal income tax system has two tax brackets. A flat 3.0% is applied to all incomes in the state. Should an individual make more than \$15,000 per year the rate increases to 4.9%. For couples, the bracket increases to \$30,000 per year. The top rate of 4.9% ranks 15th lowest among states with income tax.

For those living in Kansas, they must pay a sales and excise tax on purchased items. Currently, Kansas has a 6.3% sales tax. Municipalities or cities have the power to charge an additional rate which will go toward city expenses. The average in Kansas is 1.95% in addition to the state base bringing the state average to 8.25%. 2013 sales tax for Sedgwick County sits at 7.15%, 1.1% less than the state average. According to 2010 data, state and local income tax, as well as sales tax, rank within the top 15 for lowest collections per capita.

1.5.3 Tax Incentives

Recently, the state has also approved new tax incentives to support capital investment and overall business expansion. As described by some of the specific programs below, businesses have many opportunities to receive tax help.

- Effective tax year 2013, some businesses in Kansas will have significant tax relief thanks to a recently passed business income tax exemption. This will eliminate certain non-wage business incomes from tax forms for Partnerships, Limited Liability Corporations, Sole Proprietorships and Subchapter-S Corporations.
- Promoting Employment Across Kansas (PEAK) offers tax incentives to companies that establish or expand operations in Kansas. Businesses can retain up to 95% of payroll taxes for created jobs that qualify. The benefits can last up to ten years.
- The High Performance Incentive Program (HPIP) will allow a 10% income tax credit on corporations that can meet certain requirements on capital investment. These can include purchasing or leasing facilities or equipment, remodeling, and any number of other qualified investments. Transfers of equipment into the state can also qualify for the deduction. The credits can significantly reduce the company's corporate income tax liability in a given year.
- Machinery and Equipment Expensing Deductions allow expense deductions on business machinery and equipment that will be placed into service in Kansas. This one time deduction takes place during the year the equipment is put into service.
- Many potential stakeholders in the Maize industrial park could benefit from the Machinery and Equipment Property Tax Exemption. This applies to equipment acquired by qualified purchase, lease, or transfer into the state and applies to companies using the equipment in an expansion of their current facility or establishment of a new facility.
- At a local level, Maize may exempt property from ad valorem taxation. This can apply to specific parts or even all of an appraised building, land, and improvements. This abatement may last up to ten years from the first day of business operation.
- Others include Inventory Tax Exemption, Research Tax Credit, No Local Income Tax, and No Kansas Franchise Tax.
- Further information on some available incentives can be found in the appendix.

1.5.4 Foreign Trade Zone

Sedgwick County has a unique business opportunity for companies interested or currently involved in foreign trade. The Sedgwick County Foreign Trade Zone is a general purpose zone where goods, both foreign and domestic, are not within U.S. Customs territory. This means that companies do not have to pay duty or federal excise tax while their products remain within Sedgwick County or are exported. Tax will only have to be paid on the goods should they cross outside of Sedgwick County into United States Customs territory. Merchandise coming into the zone may be processed in a number of ways including but not limited to assembly, display, storage, testing, manufacturing or manipulation without loss of status. This allows companies to become more competitive within the global market and benefits the company in a variety of ways. Companies participating in the Free Trade Zone can purchase goods at world prices, reduce cargo insurance, transfer merchandise to other trade zones without tariff, and discard damaged goods without having to pay duty tax. This could prove lucrative for any business with plans to import to and export from the United States and will help to keep companies competitive on a worldwide scale.

1.6 Maize Quality of Life

As it states on Maize's marketing website, "Maize, Kansas is the community that people dream about. The ideal place to settle down and bring up a family. Maize has excellent schools, low crime rate and easy access to the entire Wichita metro area." There is not a single community in the United States that does not claim to have a great quality of life. However, according to Newmark Grubb Knight Frank, a nationwide corporate location consultant, what matters these days is not so much quality of life, but quality of place. Both practical and visceral factors must be considered before choosing a location to base an office or plant. Practical qualities include schools, home prices, commute time, amenities, and crime while visceral qualities include a defined style of life, community, culture and climate.

1.6.1 Schools

As discussed in the first section, Maize boasts one of the top school districts in the state. USD 266 has ten schools in total with four of those being built in the last ten years. The new schools are some of the most up-to-date in the country, much less the state. Maize has extremely high graduation rates with over 85% of graduating students continuing on to higher education.

1.6.2 Housing

Maize has five participating developments within the city limits: Fiddler's Cove, Hampton Lakes, Watercress Village, Watercress and Eagles Nest which all provide newly built single family homes for relatively low prices. The median price for homes in Maize is \$130,086. This price is roughly 22% lower than the median home price in the Midwest and over \$80,000 cheaper than the average home price in the United States. Rent is also relatively low at \$753 per month.

1.6.3 Commute

While commutes will depend upon where employees choose to live, the average commute times in Wichita are substantially lower than average. For the Wichita MSA, average one-way commute time is 18.7 minutes, 26% shorter than the national average of 25.3 minutes.

1.6.4 Crime

As Maize states on its website, "Maize has...low crime rate." Statistics indicate that this statement is true. Maize has a violent crime rate of 261 per 100,000, a property crime rate of 1,888 per 100,000 and a total crime index of 2,150 per 100,000. The crime index is 16% lower than the Kansas average and 34% lower than the national averages of 302 violent crimes per 100,000, 2,849 property crimes per 100,000 and 3,151 total crimes per 100,000.

1.6.5 Lifestyle

Maize can be defined as a small suburban area. Maize prides itself on preserving a small town atmosphere while attempting to bolster its economy. While maintaining a small, quiet atmosphere, the amenities of a larger city can be found only ten minutes down the road giving residents the best of both worlds.

1.6.6 Climate

Maize can be characterized as having a continental climate. Continental climates can have large daily and annual changes in temperature. Winters are frequently very cold and last from early December to late February. Summers are also quite long and can last for as long as six months. Spring and fall

have moderate temperatures and are relatively short. The average winter temperature is 33.3 degrees Fahrenheit and average summer temperatures are 78.9 degrees Fahrenheit. Average precipitation is 28.93 inches per year. During a short period of time in the spring, severe thunderstorms and tornadoes can occur.

Overall, Maize quality lies not only in the individual lives of those who reside in Maize but in the city itself.

1.7 Maize Opportunity Summary

Table 14 summarizes five opportunities for consideration for the Maize site, using criteria discussed in this report. TranSystems has come to the following conclusions after considering population and labor trends, existing infrastructure, real estate conditions and the fit with Maize's self-vision. TranSystems cautions the reader that additional research is required, and specific opportunities and tenants should be recruited to further assess the viability of Maize as a suitable location.

Opportunities are shaded green (advantage), yellow (caution), and red (concern). These shadings reflect TranSystems' assessment of each opportunity's viability relative to others appearing in Table (Next Page).

Table 14: Maize Opportunity Matrix

Opportunity	Selection Criteria				
	Wichita Population Proximity	Employment	Fit with Maize Vision	Infrastructure	Real Estate
Office Space	Favorable commutes for employees living in the northwest quadrant of Wichita.	Projected job growth within industries typically utilizing office over warehouse space, such as “Professional, Scientific & Technical Services,” “Healthcare and Social Assistance” and “Educational Services,” is expected to grow by 50% by 2020.	Expect increased commuter traffic, but lowest impact on vision vs. other opportunities.	Good highway access – requires minimum in infrastructure improvements.	Northwest Wichita has higher than average vacancy rates in office space. Employment in industries utilizing this space will grow, but new office space should be approached cautiously.
Light Manufacturing Medical/Biomedical Manufacturing	Favorable commutes for employees living in the northwest quadrant of Wichita.	Recent medical and healthcare expansion in northwest Wichita coupled with a 10 year CAGR of 2.15% may provide opportunities within FLEX/light manufacturing or office space.	Expect increased commuter and truck traffic.	Good highway access.	High office space vacancy lies mostly in the healthcare sector. Much of this space is intended for use by practicing persons. Warehousing could provide manufacturing opportunities.
Light Manufacturing (composites)	Favorable commutes for employees living in the northwest quadrant of Wichita.	2020 projections for manufacturing put the 10 year CAGR at 0.83%. This positive growth is small, but indicates recovery for Wichita MSA economy.	Can expect increased traffic, both commuter, large truck traffic and/or rail traffic.	Good access to highways. Rail traffic should be expected to increase. Improvements to rail lines would be necessary to best utilize rail service.	Industrial space has low vacancy rates in northwest Wichita currently. Spaces, particularly those designed to current industry specifications, could be profitable.
Distribution	Northwest location second only to DC locations to the south of Wichita. May satisfy specific distribution requirements.	General population growth is relatively flat, but “Transportation and Warehousing” services CAGR are expected to grow by 2.02% by 2020. Regional distribution would likely be the only successful opportunity in the Wichita MSA.	Expect substantially increased truck traffic	Good access to highways. Rail traffic could increase depending on distribution type. Improvements to rail lines would be necessary to best utilize rail service.	Must compete with existing warehouses in a flat growth market. Current vacancy rates are high. Medium to long term extreme overcapacity is a concern.
Agricultural and Grain Processing	Favorable commutes for employees living in the northwest quadrant of Wichita.	“Agriculture, Forestry, Fishing and Hunting” is expected to grow by 17.1% for the state of Kansas by 2020. Industries that seem to fit within the K-96 Corridor are those included in or related to agriculture.	Expect increased large truck and rail traffic.	Good access to highways. WATCO currently serves local agriculture industries. Improvements to rail lines would be necessary to best utilize rail service. Easy access to natural gas transmission line for heavy users.	Moderate to large facilities are required for food processing plants. Large industrial facilities are rare in northwest Wichita but also have high vacancy rates.



Attachment A: Historical Population Data

Maize, Kansas Historical Population

Year	Population	Percent Growth to Current	Percent Change
2010	3420		2.2%
2009	3346	2.21%	58.0%
2005	2118	12.29%	13.4%
2000	1868	8.31%	22.9%
1990	1520	6.25%	17.5%
1980	1294	5.48%	64.8%
1970	785	8.39%	

Wichita, Kansas Historical Population

Year	Population	Percent Growth to Current	Percent Change
2010	382,368		11.1%
2000	344,284	1.1%	13.3%
1990	304,011	1.3%	8.9%
1980	279,272	1.2%	1.0%
1970	276,554	1.0%	8.6%
1960	254,698	1.0%	

Sedgwick County, Kansas Historical Population

Year	Population	Percent Growth to Current	Percent Change
2010	498,365		10.1%
2000	452,869	1.0%	12.2%
1990	403,662	1.2%	10.1%
1980	366,531	1.2%	4.5%
1970	350,694	1.1%	2.2%
1960	343,231	0.9%	



Attachment B: USD 266 Data

Report Card 2011 - 2012

USD 266
Maize
905 W. Central St.
Maize, KS 67101-9405
(316) 722-0614 (316) 722-8538

ADEQUATE YEARLY PROGRESS

Adequate Yearly Progress (AYP) is a method for determining if schools, districts and the state have made adequate progress in improving student achievement. AYP is based on participation and performance on state assessments, as well as attendance rates for elementary and middle schools, and, for high schools, graduation rates. For the 2011-2012 school year, this district did make AYP. More information on this district's performance on the AYP measures is provided below.

Student Group	Reading		Math		Additional Academic Indicators	
	% Prof & Above Goal: 86.0%	% Tested Goal: 95%	% Prof & Above Goal: 82.3%	% Tested Goal: 95%	Grad Rt. High Sch. Goal: 80% or Improv	Attend Rt. Goal: 90%
All Students	94.9%	99.6%	92.4%	99.8%	*	95.9%
Free and Reduced Lunch	91.3%	99.5%	87.4%	99.7%	N/A	N/A
Students with Disabilities	88.3%	99.1%	81.2%	99.4%	N/A	N/A
ELL Students	86.0%	96.8%	92.1%	96.9%	N/A	N/A
African-American Students	84.5%	99.1%	81.5%	99.1%	N/A	N/A
Hispanic	94.3%	99.2%	91.7%	99.5%	N/A	N/A
White	95.5%	99.7%	92.7%	99.8%	N/A	N/A
Asian	93.7%	100.0%	95.1%	100.0%	N/A	N/A
American Indian or Alaska Native	90.9%	95.7%	93.6%	98.0%	N/A	N/A
Multi-Racial	97.1%	98.7%	90.4%	100.0%	N/A	N/A
Native Hawaiian or Pacific Islander	N/A	N/A	N/A	N/A	N/A	N/A

* Refer to the 4-Year and 5-Year Adjusted Cohort Graduation Rate tables on this page.

Demographics

Race/Ethnicity	Dist.	State
African Americans	2.7%	7.3%
Hispanics	9.0%	17.1%
Whites	80.6%	67.4%
Other	7.6%	8.2%

Economically Disadvantaged Students	Dist.	State
Economically Disadvantaged	16.6%	48.8%
Non-Economic. Disadvantaged	83.4%	51.2%

Migrant Students	Dist.	State
Migrant Students	0.0%	1.6%
Non-Migrant Students	100.0%	98.4%

TOTAL ENROLLMENT

District: 6,922

State: 477,857

DEMOGRAPHICS

English Language Learners	Dist.	State
ELL Students	1.9%	10.3%
Non-ELL Students	98.1%	89.7%

Gender	Dist.	State
Male	51.1%	51.5%
Female	48.9%	48.5%

Students with Disabilities	Dist.	State
Students with Disabilities	11.2%	13.7%
Students without Disabilities	88.8%	86.3%

Attendance	Dist.	State
2011	95.4%	94.9%
2012	95.9%	95.2%

4-Year Adjusted Cohort Graduation Rate

	Dist.	State
2010	88.6	80.7
2011	91.8	83.0

	Dist.	State
Free and Reduced Lunch	88.0%	73.2%
Students with Disabilities	88.4%	73.6%
ELL Students	100.0%	70.6%
African-American Students	85.7%	72.4%
Hispanic	95.4%	73.2%
White	92.7%	86.1%
Asian	91.3%	88.3%
American Indian or Alaska Native	69.2%	72.4%
Native Hawaiian or Pacific Islander	100.0%	78.6%
Multi-Racial	0.0%	80.8%

5-Year Adjusted Cohort Graduation Rate

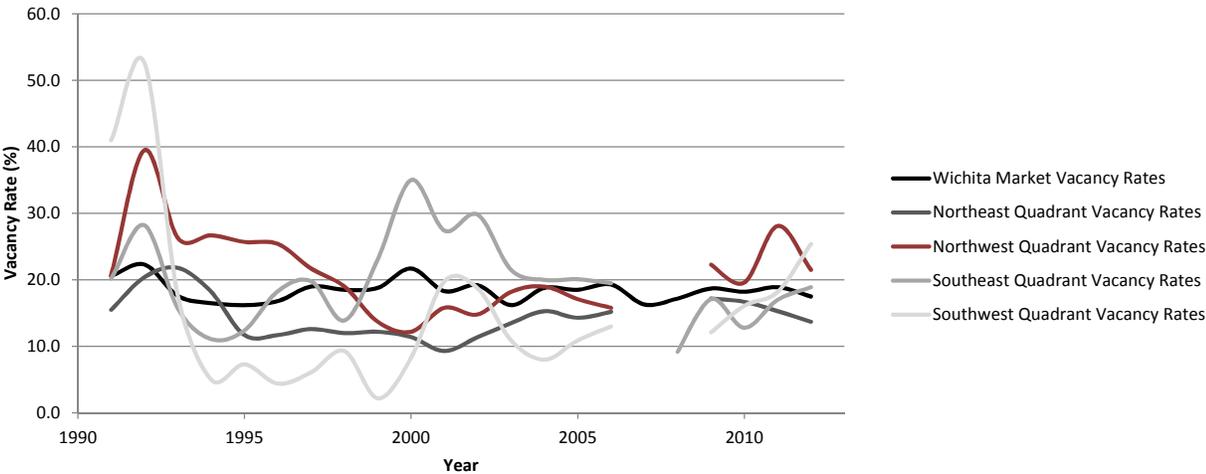
	Dist.	State
2010	90.4	75.2
2011	91.2	82.1

	Dist.	State
Free and Reduced Lunch	84.2%	72.2%
Students with Disabilities	67.9%	71.8%
ELL Students	100.0%	70.6%
African-American Students	81.8%	69.0%
Hispanic	96.7%	72.9%
White	91.3%	85.5%
Asian	100.0%	89.0%
American Indian or Alaska Native	100.0%	71.9%
Native Hawaiian or Pacific Islander	0.0%	78.7%
Multi-Racial	57.1%	73.7%

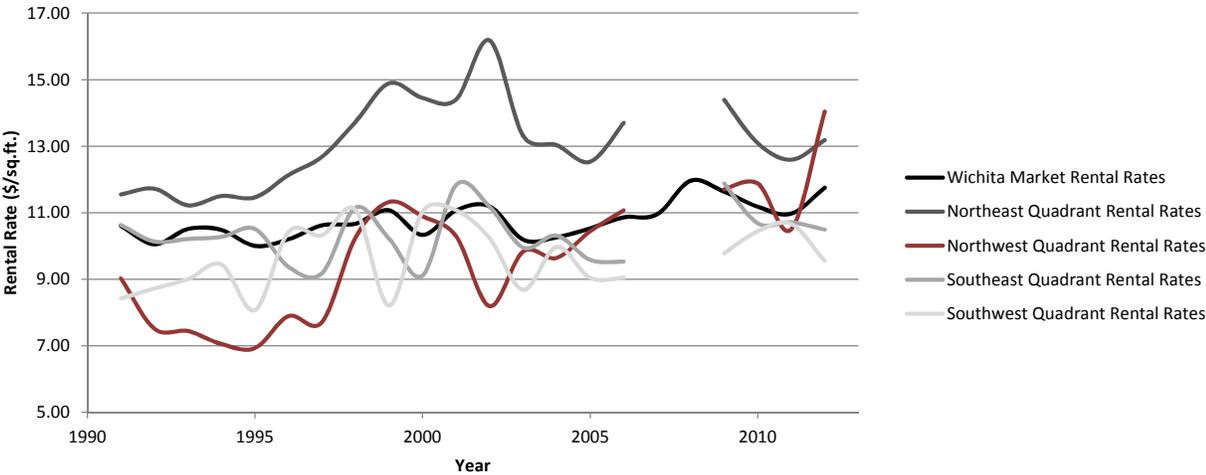


Attachment C: Wichita Office Space

Wichita Office Space Vacancy Rates



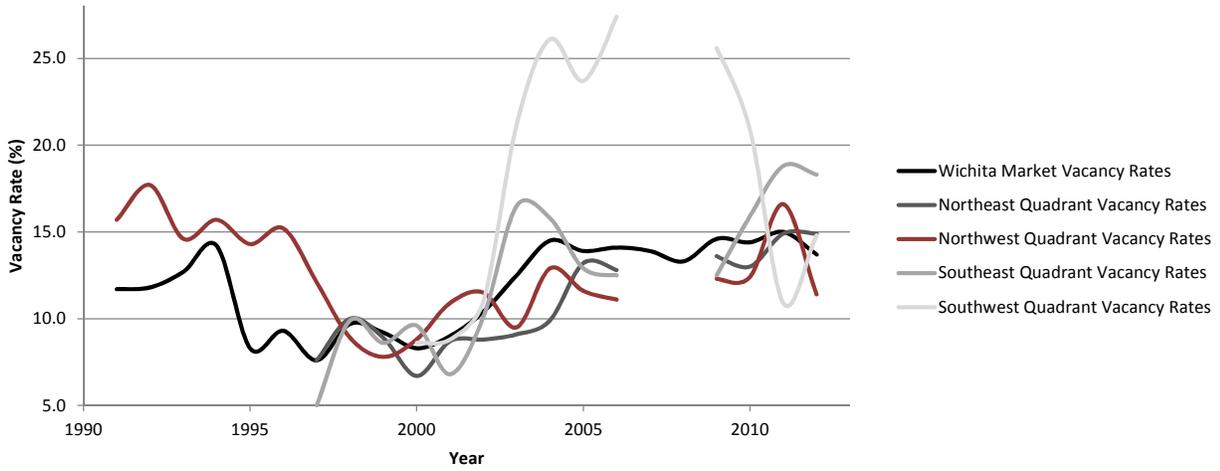
Wichita Office Space Rental Rates



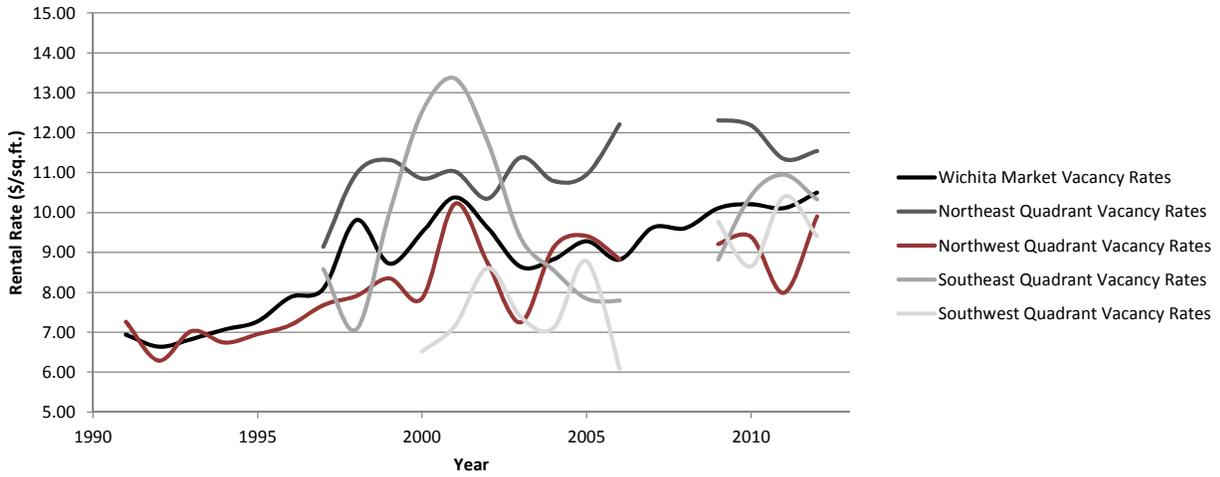


Attachment D: Wichita Retail Space

Wichita Retail Space Vacancy Rates



Wichita Retail Space Rental Rates





Attachment E: Wichita Industrial Space

Wichita MSA Industrial Space Data

Year	Overall			1 to 5			5 to 15			15 to 30			30 to 50			Over 50		
	Inventory	Vacancy Rate	Rent	Inventory	Vacancy Rate	Rent	Inventory	Vacancy Rate	Rent	Inventory	Vacancy Rate	Rent	Inventory	Vacancy Rate	Rent	Inventory	Vacancy Rate	Rent
2008	9,876,618	9.9	4.97	177,779	16.6	5.95	2,004,953	9.2	4.78	1,767,915	11.7	5.25	1,303,714	21.1	6.02	4,622,257	6.1	3.83
2009	10,535,995	21.5	3.99	245,297	29.4	5.34	1,860,641	16.3	4.40	1,869,068	19.5	4.02	1,503,445	27.7	5.12	5,057,544	19.3	3.35
2010	9,325,823	22.5	4.03	286,353	20.6	5.28	1,769,087	15.3	5.08	1,867,692	17.1	4.26	1,260,245	23.0	4.33	4,142,446	27.9	4.03
2011	9,897,180	20.5	3.99	297,190	15.1	5.35	1,688,411	16.4	5.05	1,803,898	17.0	3.94	1,359,299	20.2	4.55	4,748,382	23.7	3.54
2012	9,745,536	19.5	3.97	274,066	15.8	5.66	1,636,043	10.1	5.52	1,796,838	19.4	4.53	1,427,629	24.9	4.66	4,610,960	21.3	3.19

Northwest Industrial Space Data

Year	Overall			1 to 5			5 to 15			15 to 30			30 to 50			Over 50		
	Inventory	Vacancy Rate	Rent															
2008	395,065	-	-	-	8.6	9.39	-	4.0	8.57	-	28.7	7.66	-	-	-	-	0.4	2.40
2009	397,731	-	-	40,314	37.2	7.60	86,567	4.0	8.57	70,850	5.1	5.70	-	-	-	200,000	53.0	2.40
2010	362,564	-	-	41,082	41.4	5.34	60,632	0.0	-	60,850	14.5	4.60	-	-	-	200,000	53.0	2.40
2011	367,564	-	-	46,082	55.9	5.38	60,632	15.9	3.49	60,850	14.5	4.90	-	-	-	200,000	100.0	2.85
2012	351,564	60.9	-	46,082	19.0	4.86	44,632	6.7	7.00	60,850	3.9	5.70	-	-	-	200,000	100.0	2.40



Attachment F: Business Incentives



Home > Site Consultants > Learn About Kansas > Business Incentives



Related Links:

- Kansas Maps
- Economic Overview
- Business Incentives
- Incentive Application
- Local & State Web Sites

Business Incentives

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Kansas offers a diverse economy perfect for your business. Building from an agribusiness base, the state today is thriving and competitive in manufacturing, professional services and wholesale and retail trades. But don't just take our word for it. Ask the folks at **CNBC**, **Forbes**, **Site Selection and Area Development** magazines, all of which have named Kansas a premiere state for business.

International companies like **Perceptive Software**, **Hostess**, **Bayer**, **Staples**, **Zurich**, **Exide**, **Mars**, **Teva** and **Starwood** all have a Kansas address because they saw the advantages:

- Competitive financial incentives
- Low operating costs and low cost of living
- Business-friendly policies
- Leaders who know business
- Highly skilled and educated workforce
- Excellent transportation corridors

Strengthened efforts to grow business in Kansas are paying off, and we're seeing a surge in key industries, such as [Alternative Energy](#), [Distribution](#), [Bioscience](#), [Advanced Manufacturing](#) and [Food Processing](#). Our state's leadership is innovative and forward thinking, continuing to approve new programs to help promote our state for existing as well as targeted new industries.

Take a look at Kansas. You'll like what you see.

SITE LOCATION ASSISTANCE

The Business Recruitment Team for the Kansas Department of Commerce can assist with various site location needs. Whether you're seeking buildings or sites, our team has the resources and information to help you make an informed decision. Our Business Recruitment Team creates customized incentive proposals for clients based on capital investment, job creation, employee salaries and each company's unique needs. We also coordinate with community economic development professionals for local incentives such as discounted building and land purchases, reduced property taxes, build-to-suit agreements and finance packages. All types of assistance offered for new company locations are also available for subsequent expansions.

NEW TAX REFORM! Effective Tax Year 2013, certain Kansas businesses will enjoy significant tax relief. Kansas passed a business income tax exemption which eliminates certain non-wage business income on lines 12, 17 and 18 of IRS Form 1040 for Partnerships, Limited Liability Corporations, Limited Liability Partnerships, Sole Proprietorships and Subchapter-S Corporations that have elected at the federal level to be taxed as a pass-through entity.

In addition, effective for tax year 2013, Kansas collapsed the current three-bracket structure for individual state income taxes (3.5, 6.25 and 6.45 percent respectively) into a two-bracket system using rates of 3.0 and 4.9 percent. A new series of individual income tax rate cuts will begin in tax year 2014, when the current bottom bracket of 3.0 percent is reduced to 2.7 percent, and the current top bracket of 4.9 percent is reduced to 4.8 percent. Further reductions planned for individual income tax rates through 2018 are shown below:

Married Filing Joint:	TY2013	TY2014	TY2015	TY2016	TY2017	TY2018
\$0-\$30,000	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
\$30,001 and over	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%

Single, Head of Household or Married Filing Separate:	TY2013	TY2014	TY2015	TY2016	TY2017	TY2018
\$0-\$15,000	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
\$15,001 and over	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%

The reform also increases the standard deduction amount for single head-of-household filers from \$4,500 to \$5,500 and for married taxpayers filing jointly from \$6,000 to \$7,500.

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FINANCE PROGRAMS

Promoting Employment Across Kansas (PEAK) - This program offers qualified companies the ability to retain 95 percent of their payroll withholding tax for up to five to seven years. PEAK is available for new operations in Kansas as well as relocated operations to the state. In 2013, it became available for qualifying business retention projects as well. Companies need to create at least 10 new jobs within two years in metropolitan areas or five new jobs within two years in all other counties of the state. High-impact projects that create 100 new jobs within two years can retain 95 percent of payroll withholding tax for up to a period of 10 years. The number of years that the withholding tax can be retained depends on how much the annual median wage of the jobs at the Kansas worksite will exceed the current county median wage and the discretion of the Secretary of the Kansas Department of Commerce. A PEAK application must be submitted before locating or creating PEAK-eligible jobs in Kansas.

Industrial Revenue Bonds (IRBs) – Industrial Revenue Bonds are a popular method of financing up to 100 percent of a growing business' land, building and equipment. IRBs are securities issued by cities and counties to provide funds for creditworthy companies to acquire land, construct and equip new facilities or remodel and expand existing facilities. IRBs allow fixed-rate financing for the life of the bond for the project.

Community Development Block Grant (CDBG) –

Eligible small city and county governments may apply for Community Development Block Grant economic development funds to assist an expanding or new business in Kansas. There are two parts to the program: business finance and infrastructure. Under business finance, funds are available for working capital, machinery and equipment and real property. The interest rate is currently set at 3 percent below prime or 4 percent, whichever is greater. The term of the loan is based on the asset being financed - working capital loan is 6.5 years, machinery and equipment 10 years and real property is 15 years. For business loans, a match is required of \$.50 to every \$1 of CDBG funds. For infrastructure, funding is available for water lines, sewer lines, roads, rail spurs and pre-treatment facilities. Infrastructure funding requires that a quarter of the funds be paid back over a 10-year period at a rate of 0 percent. Funding requires the creation or retention of one full-time job per \$35,000 of CDBG assistance up to the maximum of \$750,000. At least 51 percent of the jobs created or retained must be held by individuals, who at the time of hire, meet HUD's low- and-moderate income test, which is based on median family income in the county in which the project is located.

Partnership Fund

Commerce provides low-interest state funds to cities and counties for infrastructure improvements that support Kansas basic enterprises such as manufacturing and distribution. Eligible projects may include construction, rehabilitation or expansion of public facilities, including roads, streets, highways, water supply and treatment facilities, water distribution lines, wastewater collection lines and related improvements.

Kansas Bioscience Authority (KBA)

Commerce works in partnership with the Kansas Bioscience Authority to assist in the expansion and recruitment of bioscience companies. The KBA has direct financing programs and other resources that can be used to recruit new bioscience companies and world-class scholars, fund equipment and lab space for research and facilitate the commercialization of bioscience discoveries.

WORKFORCE DEVELOPMENT PROGRAMS

The Department of Commerce has two workforce training programs to offset a company's training costs. Companies creating new jobs may qualify for **Kansas Industrial Training (KIT)** assistance. Eligibility for the program depends on the number of jobs created and the corresponding wages. We also have the **Kansas Industrial Retraining (KIR)** program to retrain a Kansas company's existing workforce on new technology or production activities. Projects involving a Kansas Basic Industry – which includes manufacturing, distribution or regional/national service facilities – may qualify for these programs. Both of these programs offer direct financial assistance to pay a negotiated portion of the costs to train a company's employees. Companies may apply the assistance toward items such as instructors' salaries; meals, travel and lodging (including out-of-state or international travel); video development; textbooks and training manuals; supplies and materials; temporary training facilities and curriculum planning and development.

INCOME TAX INCENTIVES

High Performance Incentive Program (HPIP)

This program provides a 10 percent corporate income tax credit on the qualified capital investment of an eligible company. Qualified capital investment can include such items as the purchase or lease of a facility or equipment, remodeling or build-out costs, fixtures, furniture and computers. Equipment transferred to Kansas from out-of-state is also credited at the original acquisition cost. The 10 percent tax credit is awarded to companies that operate an eligible business, pay above-average wages and invest in employee training. The credits can be used to significantly reduce a company's corporate income tax liability in a given year. Credits must be used within a consecutive 16-year period. The minimum investment threshold to qualify for HPIP is \$1 million for the urban counties of Douglas, Johnson, Sedgwick, Shawnee and Wyandotte. For all other counties, the minimum investment threshold is \$50,000. A key component of HPIP is the completion of the Project Description form, which must be submitted to the Department of Commerce prior to the company signing any document, such as a lease or purchase agreement, which commits the company to locating or expanding in Kansas.

Machinery & Equipment Expensing Deduction

Eligible Kansas taxpayers are allowed to claim an expense deduction for business machinery and equipment, placed into service in Kansas. This is a one-time deduction for each qualified purchase of machinery and equipment in the year that it is placed in service. Unused expense deduction is treated as a Kansas net operating loss that may be carried forward for 10 years.

Eligible investment is machinery and equipment depreciable under the Modified Accelerated Cost Recovery System (MACRS) in section 168 of the Internal Revenue Code, or canned software as defined in section 197 of the Internal Revenue Code. Examples of eligible equipment include manufacturing equipment, office furniture, computers, software and racking.

PROPERTY TAX INCENTIVES

Machinery and Equipment Property Tax Exemption – Commercial and industrial machinery and equipment acquired by qualified purchase or lease or transferred into the state is exempt from state and local property tax. The exemption pertains to machinery and equipment used in the expansion of an existing facility or the establishment of a new facility. The exemption covers machinery and equipment used in manufacturing or warehousing/distribution, commercial equipment, computers, desks and chairs, copiers and fax machines.

Property Tax Abatement – Cities or counties may exempt real property from ad valorem taxation. The tax abatement can include all or any portion of the appraised buildings, land and improvements. A total or partial tax abatement may be in effect for up to 10 years after the calendar year in which the business commences its operations. Any property tax abatement is the decision of the city or county.

SALES TAX EXEMPTIONS

Effective July 1, 2013, the Kansas state sales and use tax rate will be 6.15 percent. However, there are several sales tax exemptions available which include:

- Labor services related to original construction
- Remodeling costs, furnishings, furniture, machinery and equipment for qualified projects
- New machinery and equipment for manufacturing and distribution. This also includes pre- and post-production machinery and equipment, including raw material handling, waste storage, water purification and oil cleaning, as well as ancillary property such as gas pipes, electrical wiring and pollution control equipment
- Tangible personal property that becomes an ingredient or component part of a finished product
- Tangible personal property that is immediately consumed in the production process, including electric power, natural gas and water
- Incoming and outgoing interstate telephone or transmission services (WATTS)
- Real and personal property financed with an Industrial Revenue Bond

RURAL OPPORTUNITY ZONES

Rural Opportunity Zones (ROZ) are designed to spur economic development in and expand job growth in 73 key counties around the state. The program has two main incentives:

- A state income tax exemption for up to five years to individuals who move to a ROZ county from outside the state. Individuals must not have lived in Kansas for the past five years, nor have Kansas source income of more than \$10,000 per year over the past five years.
- Student loan forgiveness of up to \$3,000 per year (\$15,000 maximum benefit) for individuals who graduate from an accredited post-secondary institution and move to a ROZ county. The student loan forgiveness portion of the program is a county-state partnership, and counties must opt in to participate.

OTHER TAX INCENTIVES AND BUSINESS INITIATIVES

Right-to-Work State – Union membership in Kansas is **6.8 percent**, well below the national average.

Inventory Tax Exemption – All merchant and manufacturers' inventories are exempt from property taxes.

Research Tax Credit – Kansas offers an income tax credit equal to 6.5 percent of a company's investment in research and development above the average expenditure of the previous three-year period. Twenty-five percent of the allowable annual credit may be claimed in any one year.

No Local Income Taxes – Kansas cities and counties do not impose an earnings tax on personal or corporate income.

No Kansas Franchise Tax – Kansas eliminated its franchise tax in 2011.

Workers' Compensation – Kansas ranks **9th lowest** in the U.S. for worker compensation rates.

QUICK FACTS

Kansas Education

- Kansas has one of the most educated and skilled labor pools in the nation as evidenced by the state's commitment to education spending which is 25th best in the nation.
- Kansas ranks **17th** in the nation for percent of adults, 25 and over, with a high school education and **16th** for percent of adults with a college degree.

- Our state ranks in the **top 10** for a low cost of living and **14th** overall for business competitiveness based on ten key economic factors, including workforce, education and transportation.
- Kansas has several major universities educating our future workforce: University of Kansas, Kansas State University, Wichita State University, Fort Hays State University, Pittsburg State University, Emporia State University, Washburn University and 26 community and technical colleges statewide.

Kansas Transportation

- Kansas ranks 6th for quality and access to transportation in all modes for getting products to market and for transporting individuals.
- Kansas ranks third nationally in total road mileage with 140,512 road and street miles and 10,579 highway miles, of which 875 miles are quality four-lane interstates. Interstates 70 and 35 cross Kansas and connect with I-29, part of the North American Free Trade Agreement (NAFTA) corridor. Our strategic location allows next-day freight delivery to nearly 70 percent of the U.S.
- Kansas ranks in the top 10 in the U.S. in railroad mileage with 4,776 miles of track, 2.23 percent of all U.S. railroad miles. Four Class I and 13 Class III (short-line) rail carriers ensure freight service to virtually anywhere in Kansas, since the countless tons of grain grown here have for decades mandated a comprehensive rail system.
- The largest airports are Kansas City International and Wichita Mid-Continent that offer convenient air service with multiple national and regional carriers. Eight regional airports also offer commercial air service.

Kansas Electricity, Natural Gas and Telecommunications

- Electricity costs in Kansas are below the national average supplemented by the excess electric generating reserve and transmission capacity through the three largest investor-owned companies in the state.
- Kansas is also below the national average for natural gas prices for industrial consumers. The 4,800 square-mile Hugoton Gas Field makes the state a leading natural gas exporter.
- Thanks to Kansas' central location, businesses have access to east-west and north-south major trunk lines, connecting to a nationwide fiber optic network.

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