

## SUMMARY OF SUPPLEMENTAL FEASIBILITY STUDY

### Wichita State Center for Economic Development and Business Research

#### Intro/Background:

In support of its feasibility study and projected property tax proforma, Derby Destination Development, LLC retained Jeremy Hill, Director of the Wichita State Center for Economic Development and Business Research (CEDBR) to conduct a supplemental fiscal impact analysis. Jeremy has over 20 years of experience of applied business and economic research and has served in number of leadership capacities, including past director and past-president of the Association for University Business and Economic Research, a national professional organization of regional centers across the United States.

Jeremy leads the CEDBR in its mission to provide accurate, reliable information and analysis to inform decision-making in the public and private sectors. The center provides market research, fiscal and impact analyses, and employment forecasts for the regional and state economies. Jeremy has also contributed to innovative research, analysis and planning in collaborative ventures across Kansas. His research focus has been on business analysis, community development, as well as workforce, tourism and retirement dynamics.

#### Scope of Work:

Jeremy conducted an analysis to examine the estimated public benefits to be derived from the Derby Final Phase Project. Using the Project's anticipated budget, construction phasing, projected job creation, and the value of the projected STAR Bond Revenues, the CEDBR compared the Project's anticipated public costs and net public benefits over a 20-year period.

Based on the current projected capital investment of \$130,368,725 and estimated job creation of 331 new jobs (which figure excludes projected construction jobs), the CEDBR projected the following fiscal impact to the City of Derby, Sedgwick County, State of Kansas, and Derby 260 School District.

#### Fiscal Impact – 20 Year Period

##### City of Derby:

- **Public Costs** - \$9,437,502
  - Projected cash value of City transient guest taxes pledged to STAR Bonds, along with the projected STECM value.
- **Net Public Benefits** - \$21,462,554
  - Sales taxes, property taxes, transient guest taxes (for hotels outside of District), and other per-worker and per-resident revenues.
- **Return on Investment:** 227.4%

##### Sedgwick County:

- **Public Costs** - \$190,203
  - Projected cash value of City portion of County sales taxes pledged to STAR Bonds (through projected bond payoff), along with the projected STECM value, and other per-resident expenses.

- **Net Public Benefits** - \$13,436,949
  - Sales taxes, property taxes, transient guest taxes (for hotels outside of District), and other per-worker and resident revenues.
- **Return on Investment:** 7064.5%

State of Kansas:

- **Public Costs** - \$15,593,759
  - Projected cash value of State sales taxes pledged to STAR Bonds (through projected bond payoff), along with the projected STECM value.
- **Net Public Benefits** - \$22,623,140
  - Sales taxes, transient guest taxes (for hotels outside of District), property taxes, income taxes, and other per-worker and resident revenues.
- **Return on Investment:** 145.1%

Derby 260 School District:

- **Public Costs** - \$3,327,443
  - Increased costs per student to fulfill educational requirements for additional students.
- **Net Public Benefits** - \$9,038,927
  - Property taxes.
- **Return on Investment:** 271.6%



Center for Economic Development and Business Research  
 Wichita State University  
 1845 Fairmount St.  
 Wichita, Kansas 67260-0121  
 (316) 978-3225

DATE OF ANALYSIS 5/3/2022  
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 VERSION OF ANALYSIS V7

<b>PROJECT SUMMARY (no multipliers, no substitution)</b>	
Company Name	Derby Destination Development, LLC
Number of new jobs for 20-year period	331
Amount of payroll for 20-year period	\$236,122,230
Amount of capital investment for 20-year period	\$130,368,725
Land	\$7,885,094
Buildings	\$122,483,631
Machinery and Equipment	\$0

<b>INCENTIVE SUMMARY</b>	
<b>City Incentives - Derby</b>	9,437,502
Tax abatement	0
Sales tax exemption	215,427
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	9,222,075

<b>County Incentives - Sedgwick</b>	209,593
Tax abatement	0
Sales tax exemption	116,039
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	93,555

<b>State Incentives</b>	16,786,647
Tax abatement	0
Sales tax exemption	2,743,299
Forgivable loans	0
Training dollars	0
Infrastructure	0
Cash value all other incentives	14,043,347

<b>School District Incentives - 260 Derby</b>	0
Tax abatement	0



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<b>TAX ABATEMENT PARAMETERS</b>	
<i>Real Property</i>	
Number of years	0
Percentage	0.0%
<i>Personal Property</i>	
Number of years	0
Percentage	0.0%

<b>CONSTRUCTION IMPACTS</b>	
Jobs Multiplier	2.1705
Earnings Multiplier	1.9067

Direct jobs	840
Direct payroll earnings	\$43,350,000

Total jobs	1,823
Total payroll earnings	\$82,655,445

<b>SUBSTITUTION</b>	
Firm NAICS code	713900 Other amusement and recreation industries
Substitution percentage applied to firm operations	95.0%

<b>FIRM MULTIPLIERS (On-going Operations)</b>	
Jobs	1.3569
Earnings	1.6332

<b>ECONOMIC IMPACT OF FIRM OPERATIONS</b>	
<i>Number of jobs 20-year period</i>	
Direct	17
Total	22

<i>Payroll earnings for 20-year period</i>	
Direct	\$11,806,111
Total	\$19,281,741



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<b>FISCAL IMPACT</b>	
<b>City Fiscal Impacts. - Derby</b>	
	<b>Discounted</b>
Present value of net benefits	\$21,462,554
<b>Rate of Return on Investment</b>	
Net public benefits 20-year period	\$21,462,554
Public costs 20-year period	\$9,437,502
ROI	227.4%
<b>Benefit-Cost Ratio</b>	
Public benefits 20-year period	\$29,184,669
Public costs 20-year period	\$9,437,502
Benefit-Cost Ratio	3.09

<b>County Fiscal Impacts. - Sedgwick</b>	
	<b>Discounted</b>
Present value of net benefits	\$13,436,949
<b>Rate of Return on Investment</b>	
Net public benefits 20-year period	\$13,436,949
Public costs 20-year period	\$190,203
ROI	7064.5%
<b>Benefit-Cost Ratio</b>	
Public benefits 20-year period	\$13,627,152
Public costs 20-year period	\$190,203
Benefit-Cost Ratio	71.65

<b>State Fiscal Impacts</b>	
	<b>Discounted</b>
Present value of net benefits	\$22,623,140
<b>Rate of Return on Investment</b>	
Net public benefits 20-year period	\$22,623,140
Public costs 20-year period	\$15,593,759
ROI	145.1%
<b>Benefit-Cost Ratio</b>	
Public benefits 20-year period	\$38,216,899
Public costs 20-year period	\$15,593,759
Benefit-Cost Ratio	2.45

<b>School District Fiscal Impacts. - 260 Derby</b>	
	<b>Discounted</b>
Present value of net benefits	\$9,038,927
<b>Rate of Return on Investment</b>	
Net public benefits 20-year period	\$9,038,927
Public costs 20-year period	\$3,327,443
ROI	271.6%
<b>Benefit-Cost Ratio</b>	
Public benefits 20-year period	\$12,366,370
Public costs 20-year period	\$3,327,443
Benefit-Cost Ratio	3.72

*In the preparation of this report, the Center for Economic Development and Business Research assumed that all information and data provided by the applicant or others is accurate and reliable. CEDBR did not take extraordinary steps to verify or audit such information, but relied on such information and data as provided for purposes of the project.*

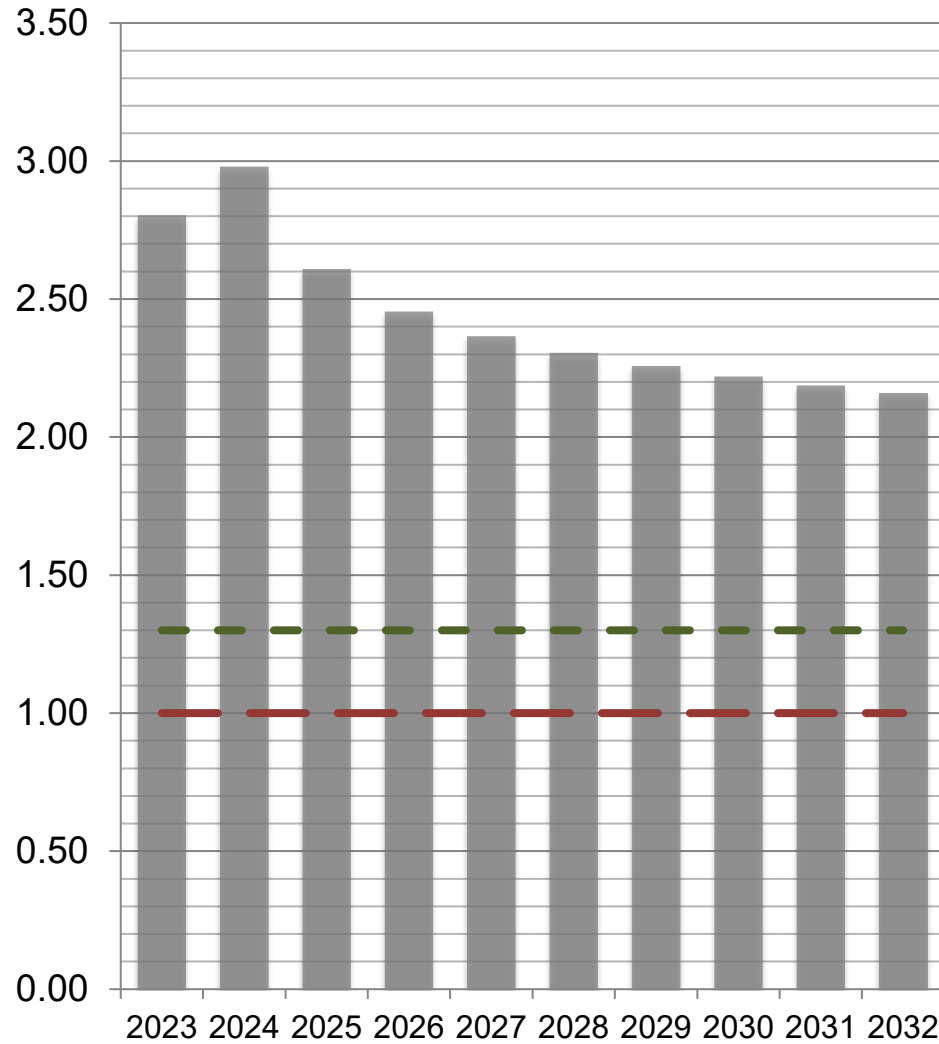
*This analysis requires CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "FORWARD-LOOKING STATEMENTS"). These FORWARD-LOOKING STATEMENTS are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The FORWARD-LOOKING STATEMENTS should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. While CEDBR believes that all FORWARD-LOOKING STATEMENTS it provides are reasonable based on the information and data available at the time of writing, actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume any responsibility for any and all decisions made or actions taken based upon the FORWARD-LOOKING STATEMENTS provided by CEDBR.*



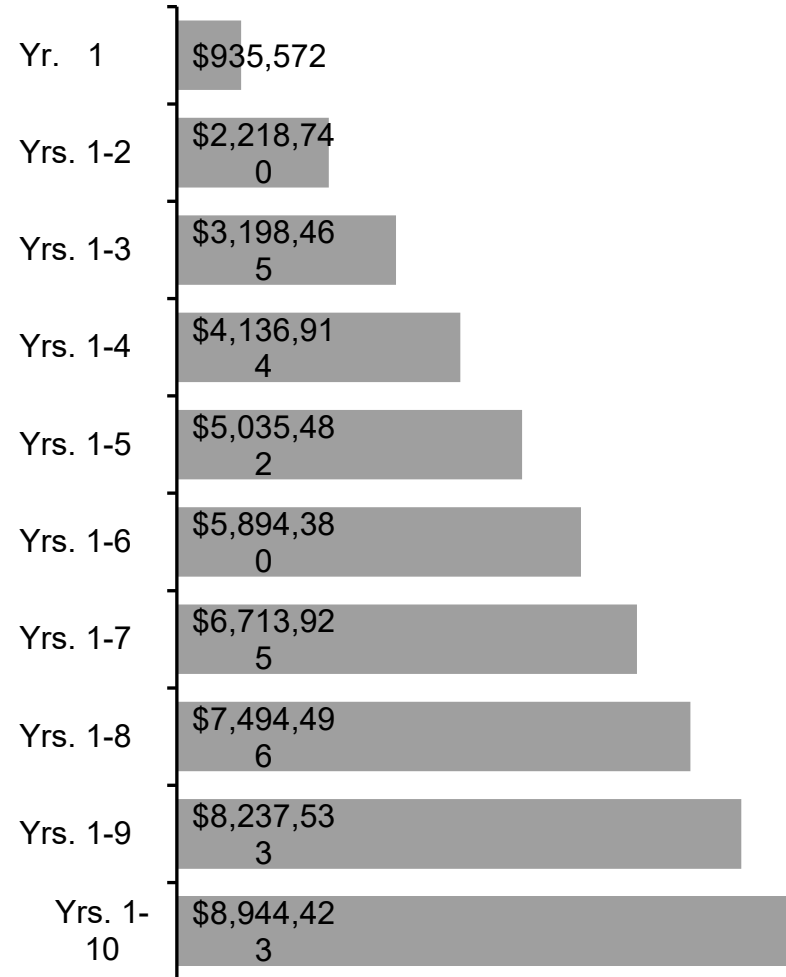
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Project or Company Name: Derby Destination Development, LLC  
 Date of Analysis: 5/3/2022  
 Version of Analysis: V7  
 City Fiscal Impacts. - Derby

### Benefit-Cost Ratio



### Present Value of Net Benefits



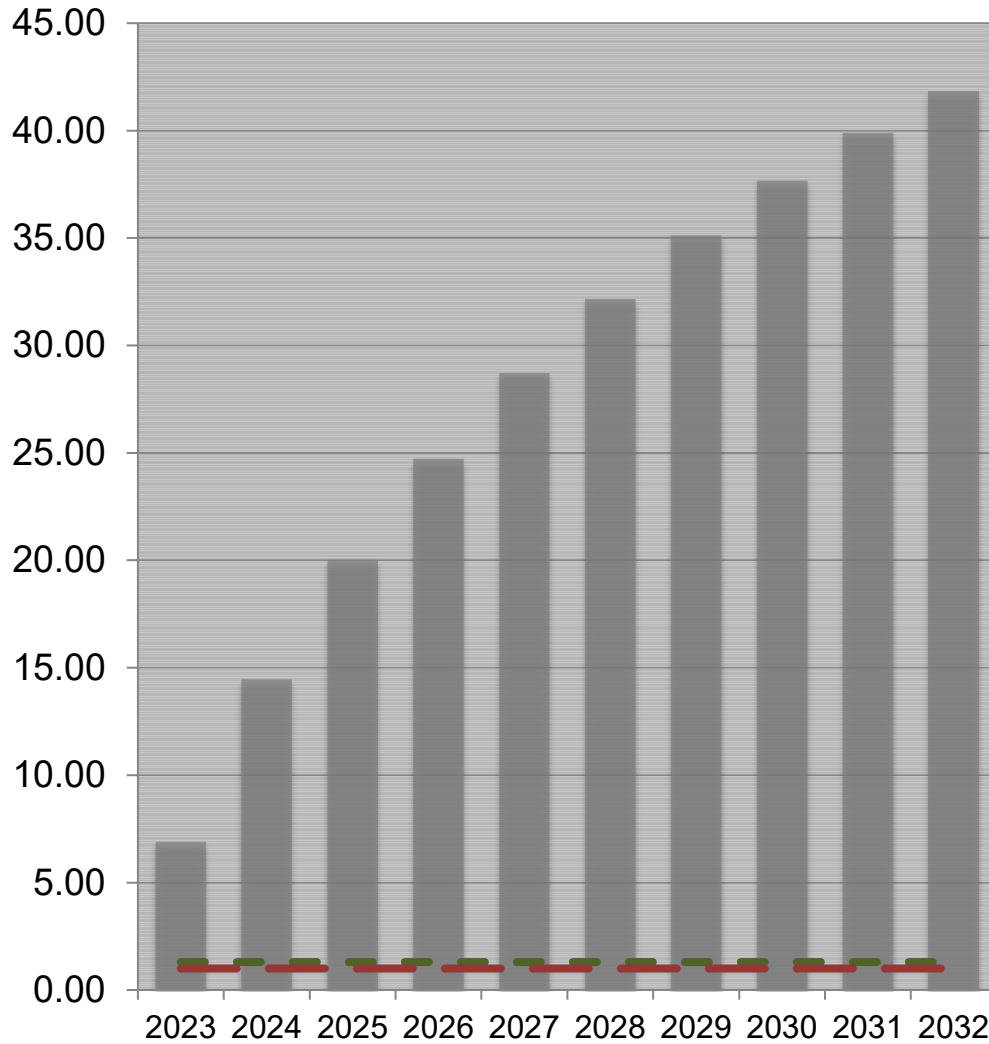


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 County Fiscal Impacts. - Sedgwick

### Benefit-Cost Ratio

### Present Value of Net Benefits

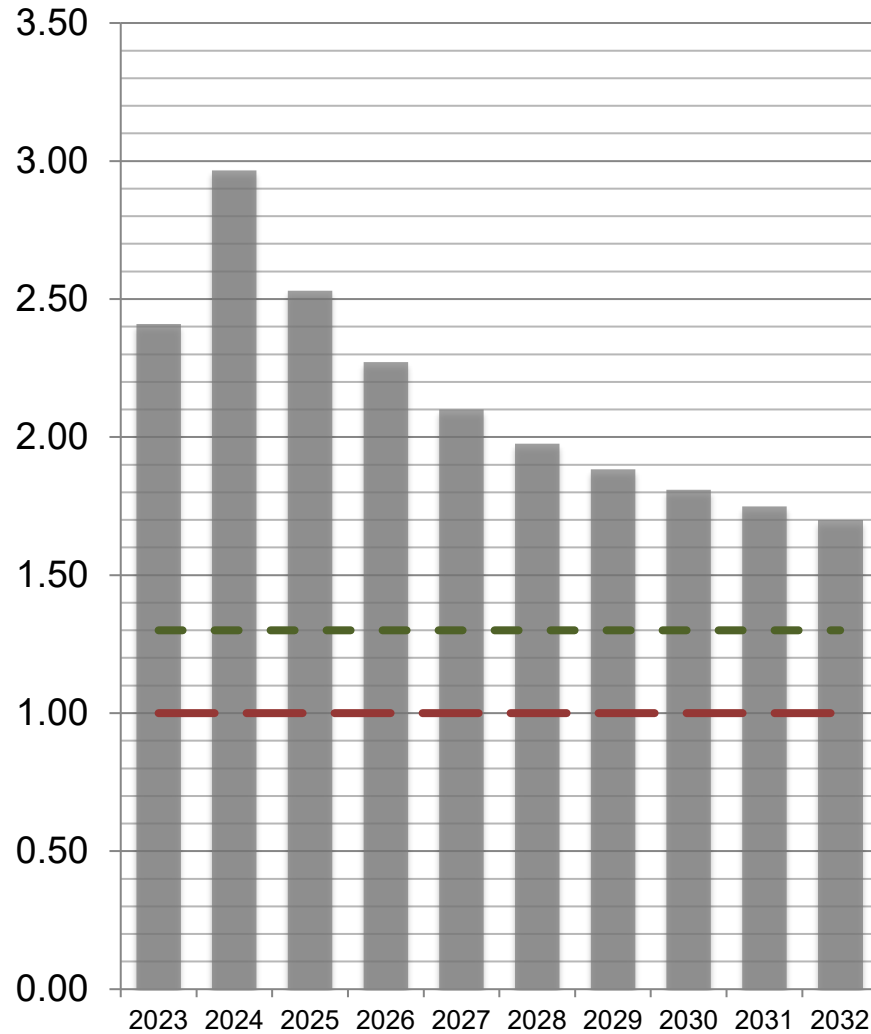




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 State Fiscal Impacts

### Benefit-Cost Ratio



### Present Value of Net Benefits



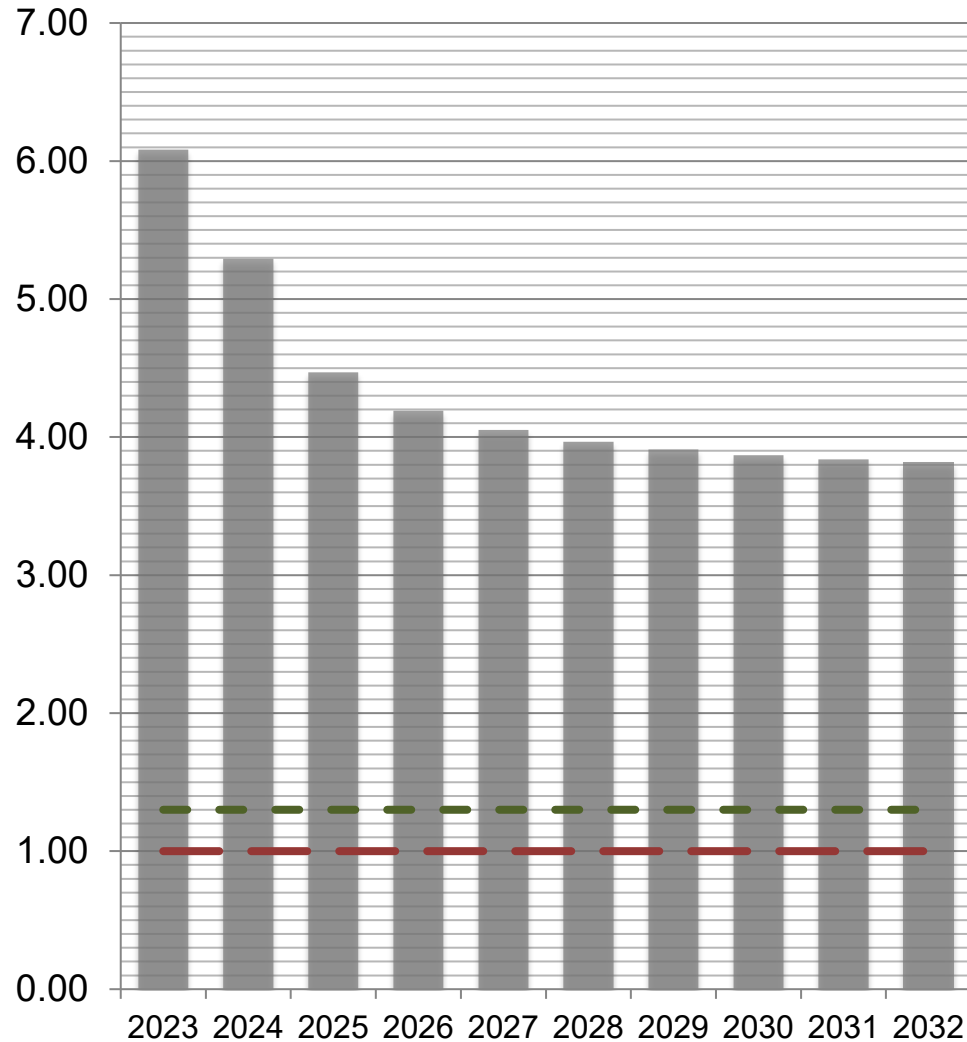




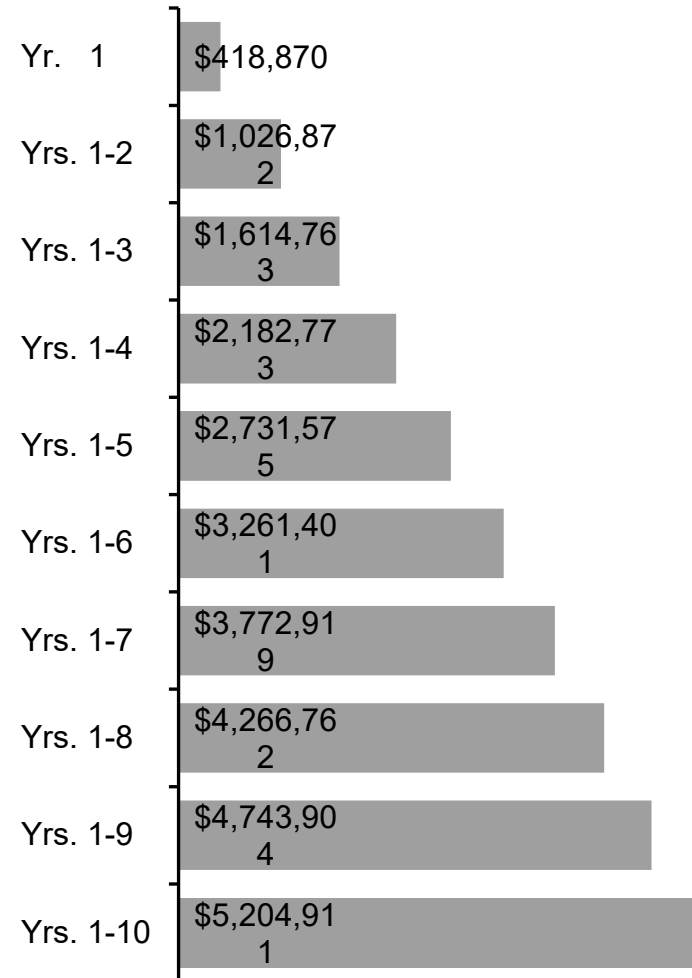
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 Version of Analysis: V7  
 School District Fiscal Impacts. - 260 Derby

### Benefit-Cost Ratio



### Present Value of Net Benefits



**CEDBR-FISCAL IMPACT MODEL FIRM DATA SHEET**

**COMPANY INFORMATION**

Company name or project name	by Destination Development, L
Contact name	Rick Worner
Contact telephone number	913-481-3420
Contact e-mail address	r@nationalrealtyadvisors.com
Company NAICS Code - <i>Please select a NAICS code from the list provided. Model parameters are set based on the NAICS selected.</i>	713900 Other amusement and recreation industries
Substitution Override	
Year of application	2021

**SITE LOCATION** - *If incentives are being requested for more than one physical location, and these locations are in different taxing jurisdictions, then a separate firm data sheet must be filled out for each location. If the property is located in a special taxing district or industrial zone, please contact CEDBR.*

Street Address	
City	Derby
County	Sedgwick
School District	260 Derby

**REAL PROPERTY CONSTRUCTION AND IMPROVEMENTS** - *If construction is expected to significantly exceed 12-months allocate expenditures to multiple expansions.*

<b>Expansion #1</b>	
Year of expansion	2023
<i>Market value of firm's initial NEW OR ADDITIONAL investment in:</i>	
Land	\$7,885,094
Building and improvements	\$40,827,877
Furniture, fixtures and equipment (including machinery)	
<i>Initial construction or expansion:</i>	
Cost of construction at the firm's new or expanded facility	\$26,377,877
<i>Amount of taxable construction materials purchased in:</i>	
City	\$19,783,408
County (should include city amount)	\$21,102,302
State (should include city and county amounts)	\$22,421,195
<i>Amount of taxable furniture, fixtures and equipment purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	\$14,450,000
<b>Expansion #2 (if applicable)</b>	
Year of expansion	2024
<i>Market value of firm's initial NEW OR ADDITIONAL investment in:</i>	
Land	
Building and improvements	\$40,827,877
Furniture, fixtures and equipment (including machinery)	
<i>Initial construction or expansion:</i>	
Cost of construction at the firm's new or expanded facility	\$26,377,877
<i>Amount of taxable construction materials purchased in:</i>	
City	\$19,783,408
County (should include city amount)	\$21,102,302
State (should include city and county amounts)	\$22,421,195
<i>Amount of taxable furniture, fixtures and equipment purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	\$14,450,000

<b>Expansion #3 (if applicable)</b>	
Year of expansion	2025
<i>Market value of firm's initial NEW OR ADDITIONAL investment in:</i>	
Land	
Building and improvements	\$40,827,877
Furniture, fixtures and equipment (including machinery)	
<i>Initial construction or expansion:</i>	
Cost of construction at the firm's new or expanded facility	\$26,377,877
<i>Amount of taxable construction materials purchased in:</i>	
City	\$19,783,408
County (should include city amount)	\$21,102,302
State (should include city and county amounts)	\$22,421,195
<i>Amount of taxable furniture, fixtures and equipment purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	\$14,450,000

**OPERATIONS**

First Year of Full Operations As a Result of This Project	2024
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<i>New or additional sales of the firm related to this project</i>	
Year 1	\$7,591,805
Year 2	\$15,413,666
Year 3	\$23,005,471
Year 4	\$23,465,580
Year 5	\$23,934,892
Year 6	\$24,413,590
Year 7	\$24,901,862
Year 8	\$25,399,899
Year 9	\$25,907,897
Year 10	\$26,426,055
Year 11	\$26,954,576
Year 12	\$27,493,667
Year 13	\$28,043,541
Year 14	\$28,604,412
Year 15	\$29,176,500
Year 16	\$29,760,030
Year 17	\$30,355,230
Year 18	\$30,962,335
Year 19	\$31,581,582
Year 20	\$32,213,213
<i>Percent of these sales subject to sales taxes in the:</i>	
City	100.0%
County	100.0%
State	100.0%

Annual net taxable income, as a percent of sales, on which state corporate income taxes will be computed:

<i>New or additional purchases of the firm related to this project</i>	
Year 1	\$1,000,000
Year 2	\$1,000,000
Year 3	\$1,000,000
Year 4	\$1,000,000
Year 5	\$1,000,000
Year 6	\$1,000,000
Year 7	\$1,000,000
Year 8	\$1,000,000
Year 9	\$1,000,000

Year 10	\$1,000,000
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	
<i>Percent of these purchases subject to sales/compensating use taxes in the:</i>	
City	75.0%
County	80.0%
State	85.0%

**EMPLOYMENT**

<i>Number of NEW employees to be hired each year as a result of this project</i>	
Year 1	113
Year 2	109
Year 3	109
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	

<i>Number of these employees moving to county each year FROM OUT-OF-STATE</i>	
Year 1	11
Year 2	11
Year 3	11
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	

<i>Number of these employees moving to county each year FROM OTHER KANSAS COUNTIES</i>	
Year 1	23
Year 2	22
Year 3	22
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	
<i>Weighted average annual salary of all NEW employees, including all employees hired to date, related to this project</i>	
Year 1	\$30,580
Year 2	\$31,217
Year 3	\$31,850
Year 4	\$32,487
Year 5	\$33,137
Year 6	\$33,800
Year 7	\$34,476
Year 8	\$35,165
Year 9	\$35,868
Year 10	\$36,586
Year 11	\$37,317
Year 12	\$38,064
Year 13	\$38,825
Year 14	\$39,602
Year 15	\$40,394
Year 16	\$41,201
Year 17	\$42,025
Year 18	\$42,866
Year 19	\$43,723
Year 20	\$44,598

<b>VISITORS - Include customers, vendors and company employees from other locations in the count of visitors</b>	
<i>Number of ADDITIONAL out-of-county visitors expected at the firm as a result of this project</i>	
Year 1	62,000
Year 2	93,000
Year 3	124,000
Year 4	125,240
Year 5	126,492
Year 6	127,757
Year 7	129,035
Year 8	130,325
Year 9	131,628
Year 10	132,945
Year 11	134,274
Year 12	135,617
Year 13	136,973
Year 14	138,343
Year 15	139,726
Year 16	141,124
Year 17	142,535
Year 18	143,960
Year 19	145,400
Year 20	146,854
Number of days that each visitor will stay in the area	2
Number of nights that a typical visitor will stay in a local hotel or motel	1
Percentage of visitors traveling on business	15%
Percentage of visitors traveling for leisure	85%
Percentage of visitor's expenditures spent in the same city as firm's location	85%
Percentage of visitor's expenditures spent in the same county as firm's location	90%
Percentage of visitor's expenditures spent in Kansas	100%

<b>PAYMENT BY THE COMPANY TO TAXING JURISDICTIONS - Such as payments in lieu of taxes</b>	
<b>Firm payments to the City</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
<b>Firm payments to the County</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

<b>Firm payments to the State of Kansas</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
<b>Firm payments to the School District</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

**CEDBR-FISCAL IMPACT MODEL INCENTIVE INFORMATION**

**CONTACT INFORMATION FOR CEDBR REGARDING INCENTIVE AMOUNTS**

Contact name	Marc Abbott
Contact telephone number	816-572-4778
Contact e-mail address	<a href="mailto:mabbott@polsinelli.com">mabbott@polsinelli.com</a>

**SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS**

Sales tax exemption <b>EXPANSION #1</b> (please enter yes or no)	Yes
Percent of construction material costs funded by IRB for <b>EXPANSION #1</b>	100.0%
Sales tax exemption <b>EXPANSION #2</b> (please enter yes or no)	Yes
Percent of construction material costs funded by IRB for <b>EXPANSION #2</b>	100.0%
Sales tax exemption <b>EXPANSION #3</b> (please enter yes or no)	No
Percent of construction material costs funded by IRB for <b>EXPANSION #3</b>	0.0%

**SALES TAX EXEMPTION FOR OPERATIONS**

<b>Value of sales tax exemption for OPERATIONS -- CITY</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
<b>Value of sales tax exemption for OPERATIONS -- COUNTY</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
<b>Value of sales tax exemption for OPERATIONS -- STATE</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	



<b>PROPERTY TAX ABATEMENT</b>	
Property tax abatement - Real property land and buildings	
Number of Years	0
Percentage	0.0%
Property tax abatement - Machinery and equipment	
Number of Years	0
Percentage	0.0%

<b>FORGIVABLE LOANS - Cash value</b>	
<b>Forgivable loans (cash value) -- CITY</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
<b>Forgivable loans (cash value) -- COUNTY</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
<b>Forgivable loans (cash value) -- STATE</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

<b>STATE TRAINING DOLLARS</b>	
Training dollars KIT/KER/IMPACT (cash value)	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

<b>INFRASTRUCTURE IMPROVEMENTS</b>	
Infrastructure improvements (cash value) -- <b>CITY</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- <b>COUNTY</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- <b>STATE</b>	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

<b>OTHER INCENTIVES - Cash value</b>	
<b>Cash value of all other incentives -- CITY</b>	
Year 1	\$317,572
Year 2	\$644,768
Year 3	\$962,340
Year 4	\$981,587
Year 5	\$1,001,219
Year 6	\$1,021,243
Year 7	\$1,041,668
Year 8	\$1,062,501
Year 9	\$1,083,751
Year 10	\$1,105,426
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	
<b>Cash value of all other incentives -- COUNTY</b>	
Year 1	\$3,222
Year 2	\$6,541
Year 3	\$9,763
Year 4	\$9,958
Year 5	\$10,157
Year 6	\$10,360
Year 7	\$10,567
Year 8	\$10,779
Year 9	\$10,994
Year 10	\$11,214
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	
<b>Cash value of all other incentives -- STATE</b>	
Year 1	\$483,598
Year 2	\$981,850
Year 3	\$1,465,448
Year 4	\$1,494,757
Year 5	\$1,524,653
Year 6	\$1,555,146
Year 7	\$1,586,249
Year 8	\$1,617,973
Year 9	\$1,650,333
Year 10	\$1,683,340
Year 11	
Year 12	
Year 13	
Year 14	
Year 15	
Year 16	
Year 17	
Year 18	
Year 19	
Year 20	