



CITY OF DERBY

2021 STAR Bond Annual Report

On October 19, 2016, the Kansas Secretary of Commerce approved and designated the Derby STAR Bond Project District as a “STAR bond project” within the meaning of K.S.A. 12-17, 12 (w) and approved the issuance of the STAR bonds. On March 15, 2017, \$20,465,000 in STAR bonds were issued to finance construction of an outdoor family attraction with a dinosaur theme (Field Station: Dinosaurs), as well as expenses related to land acquisition, public infrastructure, a parking lot for a hotel and costs related to issuing the bonds. On June 30, 2020, \$14,375,000 in STAR bonds were issued to finance construction of two additional projects. The Phase 2 project consists of an indoor/outdoor multisport attraction, the Derby Sports Zone, which will feature indoor and outdoor hard courts, sand courts and a restaurant. The Phase 3 project consists of a rock climbing gym and an outdoor covered BMX bike pump track. The following report was generated in compliance with statutory requirements in K.S.A. 12-17,169(c).

Status of Project

The destination attraction in the STAR bond project area, Field Station: Dinosaurs, was completed in May 2018, so has been operating for four seasons (excluding time closed in 2020 during the pandemic). This outdoor attraction geared to children 3-11 years old has primarily a summer season plus weekends in the fall through December. The attraction includes life size animatronic dinosaurs and educational exhibits based on the latest scientific theories and discoveries, an 18-hole miniature golf course with each hole of Jurassic Golf depicting an historic dinosaur, the Kansas Climb tri-level ropes course, and an open-air amphitheater.

The STAR bond project area also includes Rock Regional Hospital (opened in 2019) and a medical office building (opened in 2020). Construction of retail and commercial businesses in the STAR bond district continues. Construction of public infrastructure in the original STAR bond project area is nearly complete.

In October 2018, the Development Agreement and project budget were amended to add Derby Sports Zone, a multisport facility, as a second attraction to enhance visitation and add economic impact to the Project. Funding for the multisport facility and completion of the educational park will be accomplished by reallocating contingency funds in the original budget, plus additional bonds issued in June 2020. In August 2019, the STAR Bond District was expanded to include 75 acres east of the original District. The Derby Sports Zone will be located in the expanded District. The amended budget is shown as Phase 2 in the disbursement summary on page 2. Construction is underway, and Derby Sports Zone is expected to open in 2022.

In May 2020, the Development Agreement and project budget were amended once again to add a climbing gym and BMX bike pump track. Funding for this project (Phase 3) was also included in the June 2020 STAR bonds. The budget for Phase 3 is also shown in the disbursement summary on page 2. Design and planning are underway, and construction in 2022 is expected.

Expenditure of Bond Proceeds through August 31, 2021

The following is an accounting of draws made to date on the STAR Bonds proceeds. The balance of the 2017 STAR Bonds has been re-allocated to the Phase 2 Projects.

STAR Bond Disbursement Summary				
Cost Category (Eligible Only)	Commerce STAR Bond 2017 Uses	2017 STAR Bond Proceeds Disbursed As Of 8/31/2020	2017 STAR Bond Proceeds Disbursed 9/1/2020 - 08/31/2021	2017 STAR Bond Proceeds Remaining
Hard Costs				
Land Acquisition	\$4,206,866	\$4,206,866	\$0	\$0
Infrastructure	\$3,378,650	\$3,353,693	\$0	\$24,957
Hard Construction - Hotel	\$188,504	\$0	\$0	\$188,504
Hard Construction - Educational park	\$6,550,000	\$6,550,000	\$0	\$0
Theme Park - Sculptures, shelters, site work	\$700,000	\$700,000	\$0	\$0
Hard Construction - Multisport	\$2,931,300	\$0	\$0	\$2,931,300
Architecture & Engineering	\$816,109	\$816,109	\$0	\$0
Subtotal	\$18,771,429	\$15,626,668	\$0	\$3,144,761
Contingency	\$91,150	\$77,558	\$0	\$13,592
Hard Costs Total	\$18,862,579	\$15,704,226	\$0	\$3,158,353
Soft Costs				
Third Party Professional Costs	\$37,421	\$37,421	\$0	\$0
Subtotal	\$37,421	\$37,421	\$0	\$0
Soft Costs Total	\$37,421	\$37,421	\$0	\$0
TOTAL HARD COSTS	\$18,862,579	\$15,704,226	\$0	\$3,158,353
TOTAL SOFT COSTS	\$37,421	\$37,421	\$0	\$0
TOTAL PROJECT COSTS	\$18,900,000	\$15,741,647	\$0	\$3,158,353
Note: The remaining 2017 STAR Bonds Proceeds were allocated to the Phase 2 project below:				
Cost Category (Eligible Only) - Phase 2	Commerce STAR Bond 2017 & 2020 Uses	2017 & 2020 STAR Bond Proceeds Disbursed As of 8/31/2021	STAR Bond Proceeds Disbursed 9/1/2020 - 08/31/2021	STAR Bond Proceeds Remaining
Hard Costs - Phase 2				
Land Acquisition	\$1,037,610	\$1,036,455	\$0	\$1,155
Infrastructure	\$3,489,133	\$2,181,989	\$2,091,236	\$1,307,144
Hard Construction - Derby Sports Zone	\$4,780,000	\$1,690,200	\$1,690,200	\$3,089,800
Dinosaur Sculpture/Decoration	\$110,000	\$110,000	\$110,000	\$0
Architecture & Engineering	\$180,000	\$156,503	\$156,503	\$23,497
Subtotal	\$9,596,743	\$5,175,147	\$4,047,939	\$4,421,596
Contingency	\$1,657,018	\$0	\$0	\$1,657,018
Hard Costs Total	\$11,253,761	\$5,175,147	\$4,047,939	\$6,078,614
TOTAL PROJECT COSTS	\$11,253,761	\$5,175,147	\$4,047,939	\$6,078,614
Cost Category (Eligible Only) - Phase 3	Commerce STAR Bond 2020 Uses	2017 & 2020 STAR Bond Proceeds Disbursed As of 8/31/2021	STAR Bond Proceeds Disbursed 9/1/2020 - 08/31/2021	STAR Bond Proceeds Remaining
Hard Costs - Phase 3				
Infrastructure	\$260,152	\$0	\$0	\$260,152
Hard Construction - Climbing Gym/Bike Park	\$3,527,643	\$0	\$0	\$3,527,643
Architecture & Engineering	\$262,000	\$0	\$0	\$262,000
Subtotal	\$4,049,795	\$0	\$0	\$4,049,795
Contingency	\$450,205	\$0	\$0	\$450,205
Hard Costs Total	\$4,500,000	\$0	\$0	\$4,500,000
TOTAL PROJECT COSTS	\$4,500,000	\$0	\$0	\$4,500,000

Anticipated Expenditures

As presented in the table on page 2, the City of Derby spent a total of \$15,741,647 on the project financed with the 2017 STAR Bonds through August 31, 2020. Also, as of August 31, 2021, \$5,175,147 has been spent on the Phase 2 project. Expenditure of remaining bond proceeds is expected to occur during the 2022 and 2023 reporting periods.

Sales Tax Revenue Collected to Date

The following table shows the revenue collected within the STAR Bond district and available for the project. Due to existing retailers in the District at the time of inception, the baseline that sales tax must exceed each year in order to be allocated for the project is \$5,122,767 in the original District and \$139,986 in the Expanded District. Beginning in 2020, local transient guest tax became available for the project. The source of sales tax data and baseline is the Kansas Department of Revenue.

Derby STAR Bond Project										
Original District										
Year	City portion of Sedgwick County Sales Tax			State Sales Tax			Baseline Available for Project	Total Sales Tax Collected	Transient Guest Tax	
	Baseline	Tax Above Baseline	Total	Baseline	Tax Above Baseline	Total				
2017	\$32,613	\$ 38,820	\$ 71,433	\$ 5,090,154	\$ 1,480,878	\$ 6,571,032	\$ 1,519,698	\$ 6,642,465	\$ -	
2018	32,613	59,683	92,296	5,090,154	6,494,989	11,585,143	6,554,672	11,677,439		
2019	32,613	67,851	100,464	5,090,154	5,633,864	10,724,018	5,701,715	10,824,482		
2020	32,613	110,543	143,156	5,090,154	5,741,720	10,831,874	5,852,263	10,975,030	40,134	
2021	32,613	34,902	67,515	5,090,154	2,792,366	7,882,520	2,827,268	7,950,035	52,074	

Expanded District										
Year	City portion of Sedgwick County Sales Tax			State Sales Tax			Total Above Baseline Available for Project	Total Sales Tax Collected	Transient Guest Tax	
	Baseline	Tax Above Baseline	Total	Baseline	Tax Above Baseline	Total				
2021	\$ 867	\$ -	\$ -	\$ 134,119	\$ -		\$ -	\$ -	\$ -	

As of August 31, 2021

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Use of Sales Tax Revenue

Sales tax revenue has been used to pay principal and interest on the outstanding bonds. Principal of \$17,855,000 has been redeemed to date, leaving a balance of \$2,610,000 of the 2017 Series. Principal of the Derby STAR Bond Series 2017 must be paid before payment of the Derby STAR Bond Series 2020 will begin.

Derby STAR Bonds Series 2017		Derby STAR Bonds Series 2020	
Bonds Issued	\$ 20,465,000	Bonds Issued	\$ 14,375,000
Payment Date	Bonds Redeemed	Payment Date	Bonds Redeemed
3/1/2018	\$ 1,955,000		
3/1/2019	4,110,000		
9/1/2019	1,170,000		
3/1/2020	4,040,000		
9/1/2020	845,000		
3/1/2021	4,070,000		
9/1/2021	1,665,000		
Total Bond Redeemed	\$ 17,855,000	Total Bond Redeemed	\$ -
Amount Outstanding	\$ 2,610,000	Amount Outstanding	\$ 14,375,000

Projected Revenue Collections

It is anticipated that future revenues will continue to come in at a level above the required debt service.

Anticipated Use of Future Revenue

Future sales tax collections will continue to be used to pay debt service on the bonds.

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Visitor Information

After suffering badly during the early days of COVID-19, Field Station: Dinosaurs (FSD) has found reason to be hopeful since fall of 2020 and throughout the 2021 summer season.

School and group attendance is still depressed by restrictions on bus travel, but single ticket sales are significantly above 2020 numbers. With three months left in the season, FSD has seen an increase in attendance of 38% over last year and anticipates topping both 2019 and 2018 in total visitors. Miniature golf remains a highlight and has already broken attendance records for the second straight year.

Outreach to markets outside of Kansas continued throughout 2021, with expanded marketing initiatives in Tulsa, Oklahoma City and surrounding states. Overall, approximately 50% of FSD's marketing dollars were spent on out-of-state and out-of-market media.

Periodically, Field Station: Dinosaurs conducts polling and zip code tracking to assess the success of their out-of-state marketing initiatives. Based on the information collected, they make marketing decisions. In the summer of 2021, FSD continued major social media marketing campaigns in the Tulsa, Oklahoma City and western Missouri markets. Fifty percent of marketing dollars for that period went into the regional campaign, and FSD was able to speak directly to over 40,000 out-of-Kansas mothers. In the survey of guests, FSD discovered that 18% of visitors came from out of state. During the sampling period, FSD had visitors from 32 U.S. states and territories.

Source: Field Station: Dinosaurs

Contacts

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City Manager

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Retiring 12/10/21.

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Deputy City Manager

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Appointed City Manager

effective 12/10/21.

Jean Epperson

Director of Finance

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