

SPECIAL MEETING, COUNCIL CHAMBERS, WASHINGTON, KANSAS, MARCH 8, 2004

The Governing body of the City of Washington, Kansas, met in special session in the usual meeting place in said City on the eighth day of March, at seven o'clock p.m., with the following members present: Mayor Travis Kier; Council Members: Meyler Gibbs, Dawn Kramer, Roxanne Schottel and Jon Snapp and Kevin Williams

ABSENT: None.

ALSO PRESENT WERE: Tim Schook, City Administrator; Denise Powell, City Clerk; Paul L. Monty, City Attorney; Dan Thalmann, Washington County News; and Kyle Bauer.

Mayor Travis Kier called meeting to order at 7:00 p.m.

BIOPACK: Kyle Bauer, owner of BioPack, spoke with the Council about the possibility of locating a business at the City's Industrial Park. BioPack started four years ago making biodegradable packing peanuts from dehulled milo.

Bauer stated Kong, a California-based company, which makes toys for dogs, got in touch with BioPack about doing research and developing a flavored biodegradable peanut to insert into their dog chew toys.

Liver is the most-preferred flavor for dogs, according to Bauer, and they had been using liver to make T.O.T.s or Training Opportunity Treats for dogs. The waste from the training treats was reformulated to make the first baked dog treats they now produce.

Production was done in California, however, the company had production problems during Christmas and asked BioPack if they would take on the entire food line and make the treats in Clay Center.

The BioPack staff was still learning the production process when they began production in January in Clay Center. They were boiling 12,000 pounds of liver every three days that bakes into approximately 3,000 pounds of dog treats, a process that produced a significant odor.

The odor was enough to produce opposition to the business in Clay Center and Bauer eventually agreed to move the business from Clay Center. Bauer admitted that people don't like surprises and there were some surprises. He didn't know it would smell like it did and he didn't let people know about it.

Since then they have been working on mitigating the odor. BioPack now uses ionizers to add ozone to the liver exhaust, which minimizes the odor.

Bauer presented plans for a 50x100 foot building and stated one of his partners is currently working on financing. They have two contractors who said they could begin work immediately with the possibility of completion in 60 days if the weather holds out. The building is designed to add 70 feet to the east for future expansion.

Bauer stated BioPack has agreed to halt production as of May 1 in Clay Center. Because of that a temporary location is needed until a building can be constructed at the City's industrial park.

Council Member Jon Snapp asked Bauer what he wanted from the Council. Bauer stated, "we need temporary use of the garages in the city park so we wouldn't have to halt production until our building could be constructed and we are willing to pay rent; land at the Industrial Park deeded to BioPack; short-term tax refund; just what you do for everyone else."

"I need you to know at the park there will be times the odor will be an issue," Bauer said. "Once we are in the industrial park, I don't think the community will even know we are there."

The business uses approximately two semi-loads of non-edible liver a week, some frozen from IBP in Illinois and thawed from Nebraska. It is boiled and ground into a meal, then transferred to a mixer. The product is then rolled out on a sheeter and cut into shapes. The shapes are transferred to a cookie sheet where a rolling rack puts them through an oven and they come out hardened. The finished product is shipped to Golden, Colo., and to California where it is packaged for resale in such stores as PetCo and PetSmart.

The product is currently only sold in upscale stores because it is considered an upscale product rather than a volume product. The treats, which have three ingredients, liver, whole wheat flour and bran, have an unlimited shelf life.

Fifteen people are currently employed by the business now, but Bauer said he ordered another oven that would double production and require an additional seven employees. BioPack currently employees three Twin Valley clients.

The facility operates 24 hours a day, seven days a week with two employees each eight-hour shift on weekdays and four employees each 12-hour shift on weekends. Starting wages are \$8.00 per hour for day shift, \$9.00 per hour for night shift and weekends, \$10.00 per hour for supervisor, and \$13.00 per hour for the plant manager. There is currently no benefit package available. BioPack does intend to offer its employees jumpsuits once located at the industrial park. The plans include restrooms with showers allowing employees to shower in and out and a washer and dryer.

Bauer acknowledges that this business is a work in progress, and that if the business doesn't work out, the building would be good for another business to utilize and locate in the industrial park. Bauer insists that he doesn't intend to "cut and run". He went on to say that the biggest problem is good demand, and if you don't keep up with the market you lose customers. Kong has agreed to continue packaging the products until Bauer's company is up and running. According to Bauer the packaging aspect is not complex.

Bauer said if they eventually take on the packaging process, which is currently done by companies in Colorado and California, another five or so employees would be hired, however he prefers to perfect the production process before taking on the packaging. Bauer would like to see the company reach a level of production where they are producing between 3000 and 4000 pounds of product a day.

Council Member Dawn Kramer made a motion for the Mayor to sign a contract with BioPack to temporarily locate in the City's garages as of March 22, 2004, until construction of a new building could be completed at the industrial park, being moved out of the park no later than July 1, 2004, for a contract fee of \$100 and \$1 per month rent along with proof of liability insurance. Council Member Jon Snapp seconded the motion. Motion carried. All Council Members voted in favor.

Council Member Jon Snapp asked about sewer needs. The plant must be on a city sewer line. Bauer replied that they don't generate that much, and the big reason is logistics. The plant will have a grease trap, and then there is broth to dispose of. The peanut production will stay in Clay Center, as will the TOTS. Bauer hopes the product lines will grow.

The council asked what the longest time the plant would be at the City Park. They would like to have the plant out of the park by the time the pool opens, hopefully by the middle of May, the first of June at the latest. The weather is a factor in how soon the building can be completed. Bauer needs to get a contractor selected and hopes to have a building up within five to six weeks. Bauer stated there is lots of work to do before the building can go up, such as concrete, sewer, etc.

In the garages at the park, the boiling would be done in the short building to the south and the cooking in the larger building to the north. Air would be processed into the building, which would be ionized. Bauer stated BioPack would hire an electrician and plumber to hook up stuff temporarily in the garages.

Bauer contends that the site being proposed is much better than what they have now. "The site at the industrial park couldn't be more ideal!" Bauer said. He also said they like the idea of being located next to the bean plant as opposed to where they are currently located, next to the sale barn.

Bauer informed the council that Junction City made his company a nice offer, including a leased facility for two years, but that security was a concern at that location. Bauer feels that security has a lot of value along with the quality of employees, and he is comfortable doing business in the Washington environment. Bauer also expressed to the council that he has been the brunt of enough personal attacks in his current location and just doesn't want to deal with it anymore.

City Administrator Tim Schook stated at this time the City has nothing regarding tax abatement and could not offer tax abatement without a program in place.

Bauer asked the Council if they would be willing to bring in utilities to the new building located in the City's industrial park in lieu of tax abatement.

City Administrator Tim Schook told the Council that sewer would be the biggest expense.

Council Member Jon Snapp made a motion that the Mayor enter into a contract deeding property to a yet to be determined entity (BioPack or affiliated entity) of approximately 330x285 feet directly north of lot four in the City's Industrial Park including an easement to the southwest corner of the lot for a roadway with construction to begin in 180 days and to be completed in 360 days from date of contract all for \$1.00. City will install three-phase water, sewer and 400 amp electric lines to the building. Closing date

to occur in 30 days and property shall not be used for a residential living facility. Council Member Meyler Gibbs seconded the motion. Motion carried unanimously.

Bauer thanked the council and said “two years from now you will be glad you have us. We need a friend and you will be proud of us.”

MOTION TO ADJOURN: Council Member Jon Snapp made a motion to adjourn the meeting. Council Member Roxanne Schottel seconded the motion. Motion carried.