

MORGAN CITY

RDA MEETING

08-25-15

(6:30 p.m.)

**NOTICE OF MEETING TO BE HELD IN PUBLIC AND CLOSED SESSION BY THE
MORGAN CITY REDEVELOPMENT AGENCY**

Pursuant to Utah Code, Title 52, Chapter 4, notice is hereby given to members of the Morgan City Redevelopment Agency and to the general public that the Morgan City Redevelopment Agency will hold a meeting in open public session on **Tuesday, August 25, 2015 at 6:30 p.m.** in the Council Room of the City Office located at 90 West Young Street.

AGENDA

1. Meeting called to order
2. Approval of minutes – July 14, 2015
3. **ITEMS FOR DISCUSSION/APPROVAL**

Todd & Melissa Platt, Morgan Valley Crafts – request for continuation of rent subsidy

OTHER ITEMS FOR DISCUSSION/APPROVAL AS TIME PERMITS

Agency business follow-up

NOTE: The Board may vote to go into closed session pursuant to Utah Code 52-4-5.

NOTE: The times listed for each item on the agenda may be accelerated if time permits.

6. **A D J O U R N M E N T**

In compliance with the American with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Julie Bloxham, Agency Secretary, 829-3461 at least 24 hours before the meeting.

Morgan City invites any person, church or other civic organization to contact the Mayor, to be scheduled for presenting a thought, reading, opening remarks, or invocation in the opening ceremony portion of the public meeting. Written invitations will be made by the Mayor to those who wish to participate.

This meeting may be held electronically to allow a member to participate.

Posted 08-19-15

10:00 a.m.

Julie A. Bloxham, Agency Secretary

Redevelopment Agency

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MINUTES OF MEETING HELD BY MORGAN CITY REDEVELOPMENT AGENCY IN OPEN PUBLIC SESSION ON TUESDAY, JULY 14, 2015 AT 7:30 P.M., IN THE COUNCIL ROOM OF THE CITY OFFICE LOCATED AT 90 WEST YOUNG STREET

Present: Chair, Ray W. Little.

Members: Tony London, Jeff Wardell, Mike Kendell and Fran Hopkin.

Staff: Gary Crane, Attorney.

Others present: Todd & Melissa Platt, Morgan Valley Crafts; Jennifer Vesper, Morgan County News; and Julie Anderson.

This meeting was called to order by Chair, Ray W. Little.

Minutes

MOTION: Fran Hopkin moved to approve the minutes of the June 9, 2015 meeting.

SECOND: Tony London. Vote: 4 ayes, (Shelly resigned 07-01-15)

Items for Discussion/Approval

**Todd & Melissa Platt, Morgan Valley Crafts
Request for Continuation of Rent Subsidy**

Melissa Platt, co-owner of Morgan Valley Crafts stated she and her husband have been the owners of this business for a year now and they feel it has been a very good year. They are asking the RDA for another year of rent assistance. They will own this business in a year, and they feel this additional assistance will help them reach this goal. They feel they are providing a good, quality service for the community. She stated the business has a lot of older equipment they are trying to replace. The rent assistance would also help them with the equipment replacement.

Melissa gave the members a background on the copier they currently have and gave examples of how a new copier, with more features would allow them to serve customers in a better way. They would also like to open up space in their store to host local vendors. They have limited space, but are hopeful they can assist local artists in selling their product. If they provide this service they will have to improve the shelving and lighting. She stated they have two employees along with her and her husband. They are hopeful they can hire a third person soon.

Melissa stated she feels their business has improved greatly over the past year and they are climbing the ladder as being one of the top businesses in the City. They feel the rent assistance would help them reach the goals they have set. She asked Todd to explain the handout that shows the financial statements for this business.

Tony asked for clarification on what they are asking for, under the old rent agreement, they were receiving rent for two areas. Melissa stated they do pay rent and utilities on areas, the

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craft store and the Morgan County News area. They often cover the news business and help with collecting payments and other items as needed. There was discussion on what assistance was provided with the last agreement.

Tony stated as they look at businesses that are asking for assistance they need to have financial assistance and a business plan. In the information they have provided tonight, it shows a \$30,000 loss. The RDA needs to look at the viability of the business – when they are showing a loss, it may not be feasible to provide assistance for another year. Todd stated this is the way their financial software shows the figures. He stated the business did have a profit; they have this statement show what it does for tax purposes.

Todd stated they pay a percentage to Don Anderson, owner of The Morgan County News for inventory they took over when they purchased the business. This payback was for two years and will end this year. He reviewed the donations they have made to non-profit and local businesses. He stated the copier has a cost of \$20,000 a year – that is their largest expense. They feel this allows them to provide a service to the community. They feel they are competitive with their printing prices.

Todd stated the first three months of business were tough; they had to pay expenses out of their own pockets. Then business slowly picked up and they were able to pay more and more expenses from the revenue from the craft store. He is hopeful the next payroll schedule, they will be able to pay all expenses from the revenue. They have reported the loss at the advice from their accountant in regards to tax purposes.

Tony asked about the payment to the previous owner. Todd stated they pay 60% of all items that sell during the month – from the inventory that was taken over when they purchased the business. This was done under a two-year agreement. This payback agreement will terminate in the upcoming year and as the inventory decreases so does the payment.

Todd stated they have shown a substantial increase in revenue over what they had the first six months, and the last six months have been a slower time for the business. They feel their business will continue to grow and they will show a profit within the next year. He feels they will only have a \$6,000 loss in the next six months, and will be making a profit in the six months following that.

Tony stated the members need to look at the viability of the business and the capability of it being able to remain in business. It is hard to determine if this business will still be here in five years. The goal is to assist businesses, but they need to be viable. Todd stated he can guarantee they will be making a profit at the end of this next year.

Chair Little stated in order to make a profit, they need to cut expenses or increase revenue. In looking at this information he does not see what expenses they can cut. Even taking out the payment to the previous owner, it would still leave them at a \$20,000 loss. If they hire another person, that will increase the payroll costs. Melissa stated if they had extra help she could focus on managing the store and trying to get new clients to increase business.

Mike asked what their business plan is for increasing the traffic into their business. Melissa stated they are hopeful to provide an area for local artists to sell their products under

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consignment. Todd stated they still have people who do not know what service they provide – they are working on getting advertisement out to the public so they better understand the products and services they provide. They have a website that allows persons to purchase products on-line; this has not been very successful. She stated they benefit by being next to Browning's and they have been good at suggesting customers visit the craft store.

Melissa stated Commercial Street is a hard place to have a business. There have been a lot of businesses come and go. They feel they provide a needed product and are certain they will be here in five years. Todd stated the recent "farmers market" that was held was a great benefit to the businesses in this area.

Jeff stated that business is hard, and he has to give a pat on the back to anyone that is willing to give it a try. Most businesses run in a deficit for the first few years. The only way they can make a profit is to increase sales, or cut expenses. He does not feel there are a lot of expenses that can be cut from this budget, so they have to increase sales.

Mike stated since he has been on the Council, he has been impressed by how much the City and/or the RDA try to help local businesses. He stated they are working on improving the infrastructure on this street. The RDA will pay a portion of these improvements, if they approve the rent assistance continuing, it takes away funds that can be used for these upgrades to the infrastructure. He feels it is of utmost importance to see a business plan – he would like to see a projection for future revenue and expenses.

Mike stated he feels it is not wise to continue assistance for a business that is showing a \$30,000 loss. He has some questions about the expenses shown on the information provided. The gas expense is over \$5,000 – this seems extreme. If the information they have provided is used for tax purposes, it does not help their request for rent assistance. He would like to see more accurate information in order to make a better decision. He does not feel he could support giving additional rent assistance with the information that has been provided. Fran stated Mike has articulated a lot of the same feelings he has with this request. The members have an obligation to use the money in the best way to help the businesses in the RDA area. Fran has some ideas he would like to provide to them in regards to other programs that may assist them in their business.

Chair Little asked if the members would like to have them provide more information and consider this at a future meeting. Todd stated he understands the feeling of the members, but he feels they have improved greatly over the past six months. He feels they will keep improving and would hope the members could help them. Jeff stated he feels they need to provide a business plan that shows how they are planning to increase their profit over the year. Chair Little stated the members have expressed they would like to see more information from this business before a decision can be made. Todd and Melissa talked about doing a website for this business – it was 11 months before it was established. They have stated they are thinking about doing consignments – why wait – start doing them now. He appreciates the effort they put into their business, however if the members are to make a decision tonight, with the information provided it would probably be to not approve the request.

Chair Little stated Fran has offered to provide them with information on programs that may help their business. There are also some other items such as the enterprise zone that may be able to

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provide some relief to them. In the meantime, they could compile a business plan and projections for this business and present them at a future meeting. Jeff stated this plan needs to be for at least one year, preferably two.

Melissa stated they will work on a business plan and bring information back to the members.

MOTION: Fran Hopkin moved to table this item until more information is provided.

SECOND: Tony London. Vote: 4 ayes. (Shelly Betz resigned 07-01-15)

Jeff stated the information needed shows projections, but also is a business plan. The personnel at the Northfront Center can assist them in compiling this information.

Follow-Up Items

Attorney Crane gave the members an update on the work being done on outstanding loans. There has been one business owner that has contacted the Attorney working on this and payment may be made soon. She will continue working on the other accounts.

This meeting was adjourned at 8:40 p.m.

Julie A. Bloxham, Agency Secretary

These minutes were approved at the _____ meeting.



Business Plan and 5 Year Projection
Todd and Melissa Platt
August 4, 2015

Morgan Valley Crafts Business Plan

Morgan Valley Crafts provides friendly customer service in the home décor, gifts, printing services and new LDS book sales. We provide finished and unfinished home crafts for Morgan and surrounding communities. We provide full print and copy services for the local general public and businesses.

Customers have mentioned they are thankful Morgan has a store that has a small town feel that provides big store services that are needed every day.

Morgan Valley Crafts is located at 185 North Commercial street Suite #2 in Morgan, Utah. Morgan Valley Crafts is located in the middle of Morgan County. There are several people in outlying towns that come to Morgan Valley Crafts for our services, because they know Morgan Valley Crafts will accommodate their needs and provide big town services in a home town store. Morgan Valley Crafts is a retailer for LDS publications. As an authorized retailer, we are able to access all of the newest LDS publications. We update our inventory on a weekly basis. Morgan Valley Crafts can also be accessed through our website, www.morganvalleycrafts.com. People are able to browse and purchase our items from the convenience of their own home.

Without Morgan Valley Crafts there would be not a store that provided expanded printing services, wood crafts, gifts, crafting supplies or LDS books and gifts. If someone needs to print business cards, flyers, brochures or copies, they would need to drive to either Park City or Ogden both of which are 20-30 miles away.

Morgan Valley Crafts not only provides convenient services for the city of Morgan and surrounding areas but also is a thriving business and destination on Commercial Street.

<p>Key Partners</p> <ul style="list-style-type: none"> • State of Utah • Morgan City • Great American • Valley Office Systems • Quick Books • Scott Parkins • Wood Connections • Wood Creations • LDS Distribution • Golden West Bank • Desert Books • Epedx • American Crafts • Cedar Fort Publishing 	<p>Key Activities</p> <ul style="list-style-type: none"> • Sales • Customer Service • Payroll • Sales Tax • Accounting • Rent • Copier Maintenance • Click charges • Printing • Laminating 	<p>Value Propositions</p> <ul style="list-style-type: none"> • We provide convince, friendly service to the people of Morgan county and surrounding areas. • We provide new LDS Publications and LDS gifts to the LDS community. • We provide new unfinished crafts for the local craters or finished crafts for someone wanting to buy a completed craft. • We provide a wide range of printing options. 	<p>Customer Relationships</p> <ul style="list-style-type: none"> • Social Media • Facebook • Pinterest • Newspaper • Flyers • Word of mouth • Craft Classes • Community Donations 	<p>Customer Segments</p> <ul style="list-style-type: none"> • Crafts • Print • Books 		
<p>Revenue Streams</p> <ul style="list-style-type: none"> • In store Sales • Online Sales • Corporate Accounts • Community Accounts 		<p>Key Resources</p> <ul style="list-style-type: none"> • Human • Employees • Physical • Rent store location • Complex • Pay for copier • Financial • Leases • Bank loans 		<p>Cost Structure</p> <ul style="list-style-type: none"> • Paper Supplies • Insurance • Machine Maintenance • Utilities • Inventory • Bank Loans • Rent • Marketing Ads • Payroll 		<p>Channels</p> <ul style="list-style-type: none"> • Physical location • 185 N Commercial St suite #2 • www.morganvalleycrafts.com

In our first year of business, Morgan Valley Crafts exceeded \$100k in sales. Through this process, we have learned to reduce expenses by optimizing our inventory, streamlining our purchasing process and increasing our margins through better negotiated purchasing discounts from our suppliers.

With the first year, Morgan Valley Crafts has been able to keep the expense cost relatively close to the profit amount. With the second year, we are expecting the expense cost and the profit amount to be closer. By the third year, Morgan Valley Crafts' profit amount is projected to be higher than the expense cost and by the fifth year, the profit amount is projected to be more than \$45,000 greater than the expense cost.

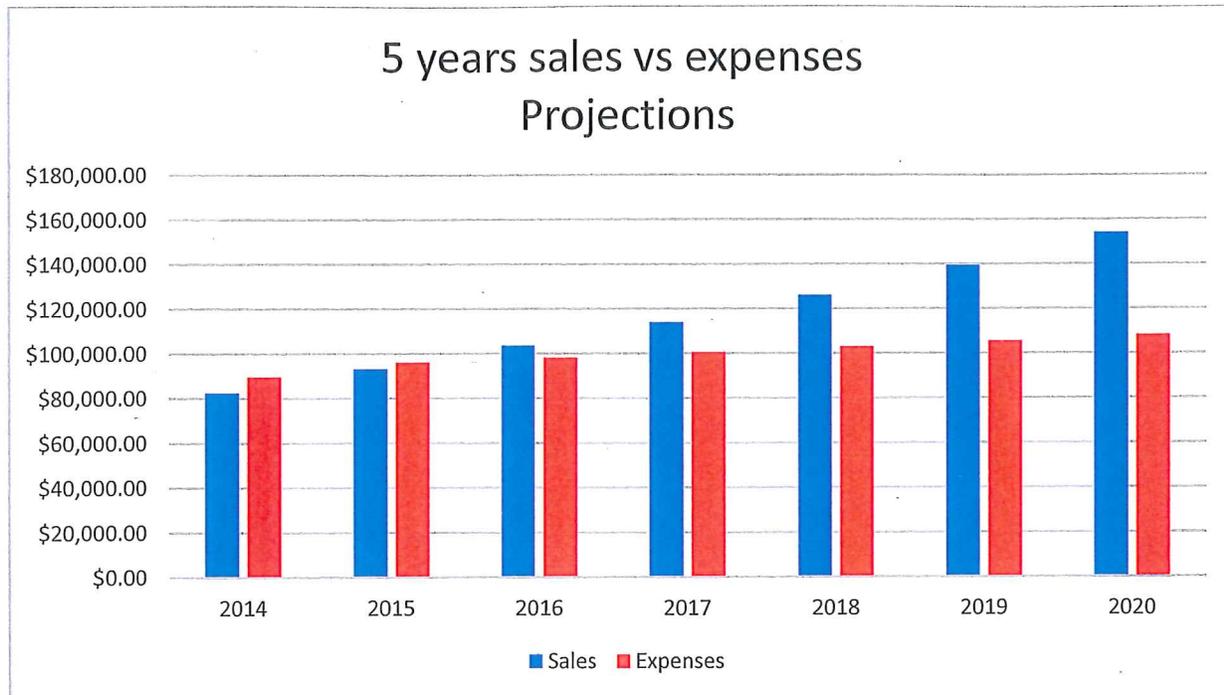
The following graph shows 5 years projection. Each yearly bar graph starts June 1 to May 31. This graph also shows our total income minus the cost of goods. For example, 6/1/2014 to 5/31/2015, total income was \$108,431.19 and cost of goods was \$25,679.05 equaling \$82,752.14.

The percentages that were used to calculate the projection graphs are as follows:

Gas Usage	75%
Gas Price	2%
Income Increase %	10%
Cost of Goods Expense Increase %	3%
Consignment decrease %	50%
Utilities Increase %	3%
Travel Increase %	5%
Office Expense Increase %	5%
Inflation %	3%
Payroll tax increase	1%

The gas usage is set to 75%, because 75% of the time we are driving outside of Morgan County to purchase or pickup something for the store to save on shipping and freight charges. When a large item or raw wood materials need to be picked up, the use of a truck is needed. All of our inventory and raw materials come from outside of Morgan.

The percentage for the consignment decrease is used for paying Don Anderson for his inventory. In May 2016 our contract of purchase with Don Anderson will be complete.



Morgan Valley Crafts has recently added “Consignment Inventory Sales” to our in-store services which we are anticipating will increase our sales revenue and exposure to our other store products and services. We have just signed our first consignment vendor and others are currently in discussion.

As our store evolves and we have a better understanding of the needs of the local market, and as our relationships with suppliers expands, we will be eliminating slower moving items and low margin items and replacing them with more popular products with higher sales margins.

In the process of polling our customer base, we have discovered a need for carrying more craft supplies in the local market. As a means to satisfy this segment of the market and in addition to increasing our craft supply inventory, Morgan Valley Crafts will start holding crafting classes where people can have instructions and tools made available to them for completing a craft project. We plan to hold crafting classes at least twice a week.

Morgan valley Crafts has currently two employees that are capable of working the cash register and are fully capable of assisting customers with all their needs. Every day Morgan Valley Crafts is open, there is one worker scheduled and most days the owner of the store is also working. Morgan Valley Crafts would like to hire a third employee to help our store run more efficiently and to allow the owner of the store to have more time doing managerially activities.

With the success of our consignment inventory sales our consignment inventory is also expected to expand. This will allow us to reduce some of our slower moving, less profitable merchandise. We believe this will bring a wider range of people within the community into our store thereby giving them an even greater exposure to the services we offer. Our goal for later this next fiscal year is to continue to increase our printing business and then to purchase a newer upgraded

printer that has more functionality. This will result in being able to provide better printing options for our customers.

Morgan Valley Crafts is happy to be part of Morgan City and the surrounding communities. We believe we fill a vital role in helping to develop the economic culture within the community. We are positioned to provide the people of Morgan County and the surrounding areas with convenience and friendly service that they might otherwise have to travel out of our local market to gain access to. Anytime that happens, they usually spend their money on other goods and services that could have been purchased from other retailers in our local market.

In summary, Morgan Valley Crafts' financial status has been steadily improving and is expected to continue to improve as we grow in awareness and as we continue to fine tune our processes.

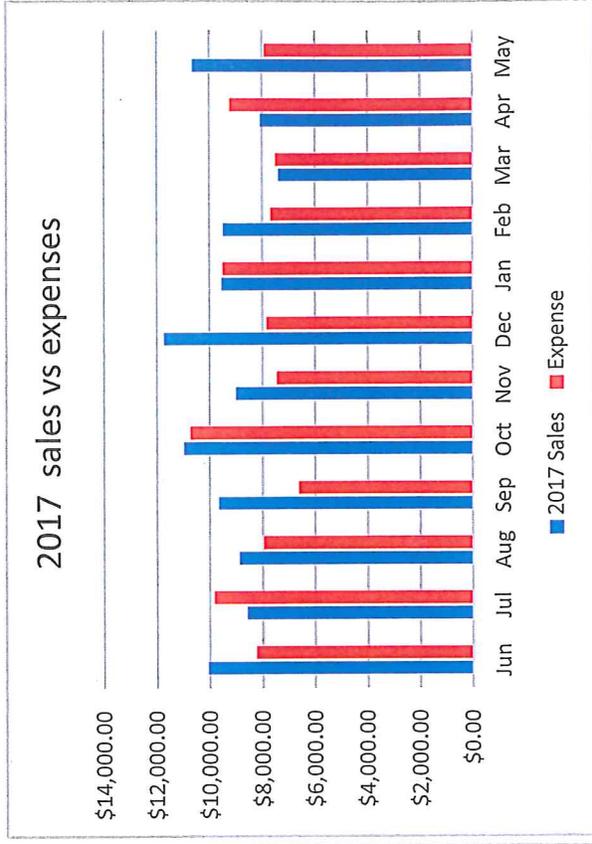
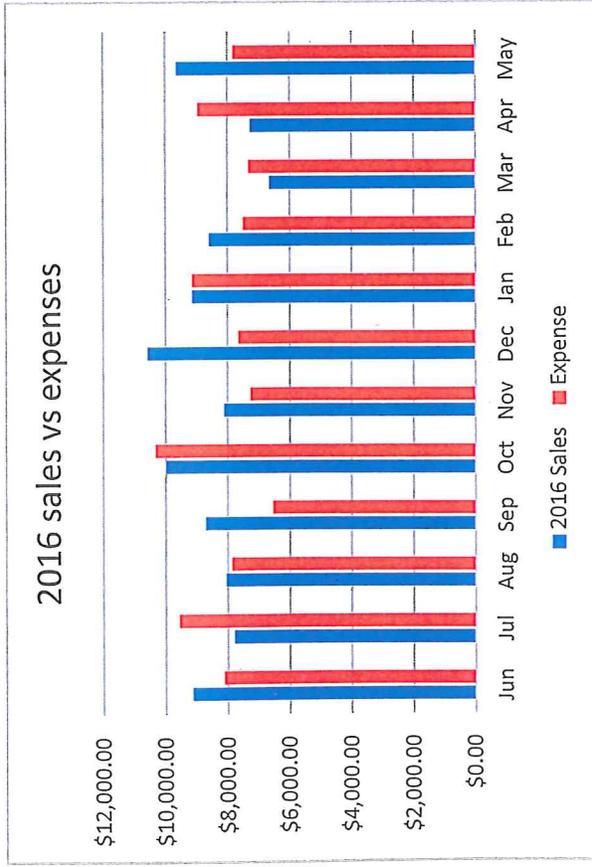
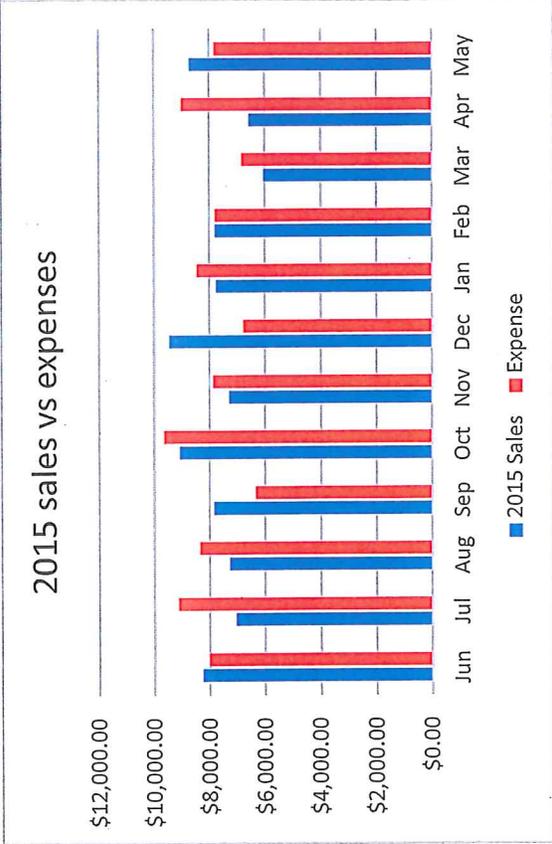
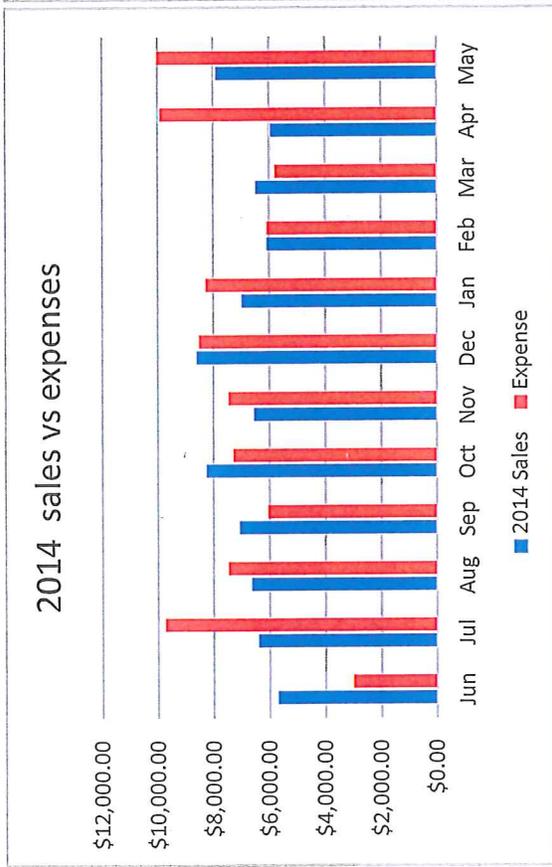
We are doing what we can to improve our chances of success including negotiating with our landlord to lower our rent to \$900 per month. We feel that with the help of the City of Morgan in assisting us with one more year or rent subsidy, our chances of long term success are much greater.

New Expenditures for 2015

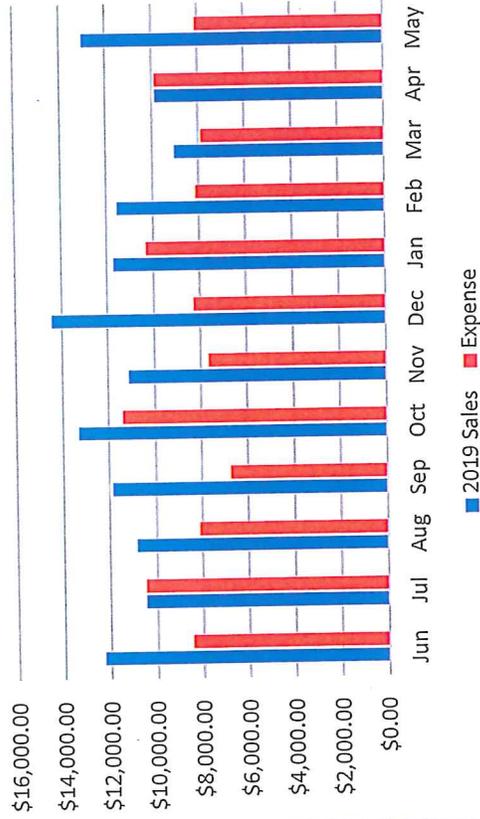
Item Description	Approximate Cost
New employee	\$5,000
New RICO Copier	\$2,400
New Shelving	\$1,500

Appendix A shows each month's expenses from June 1, 2014 to May 31, 2015.

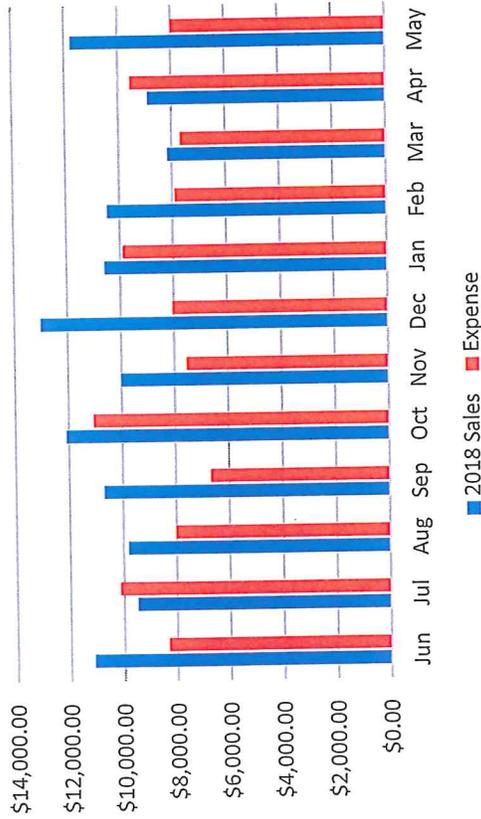
Appendix A



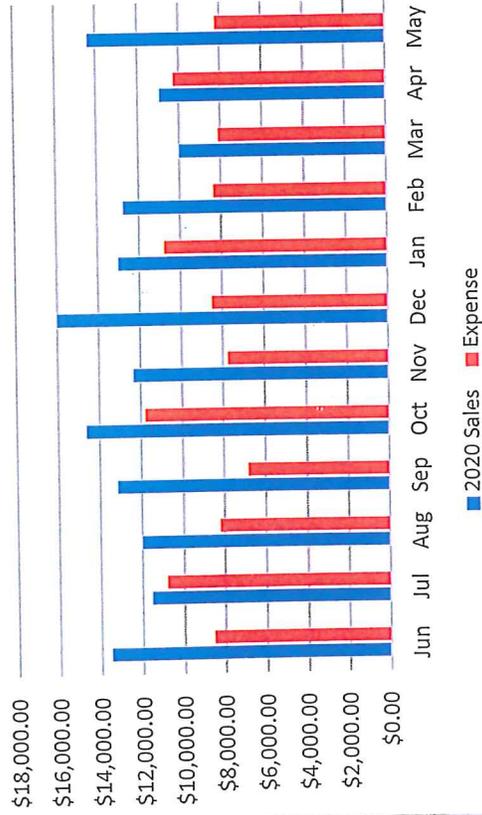
2019 sales vs expenses



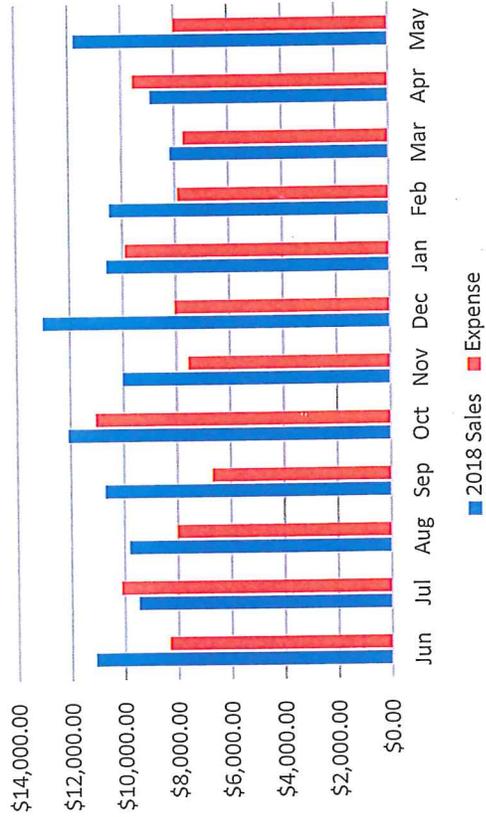
2018 sales vs expenses



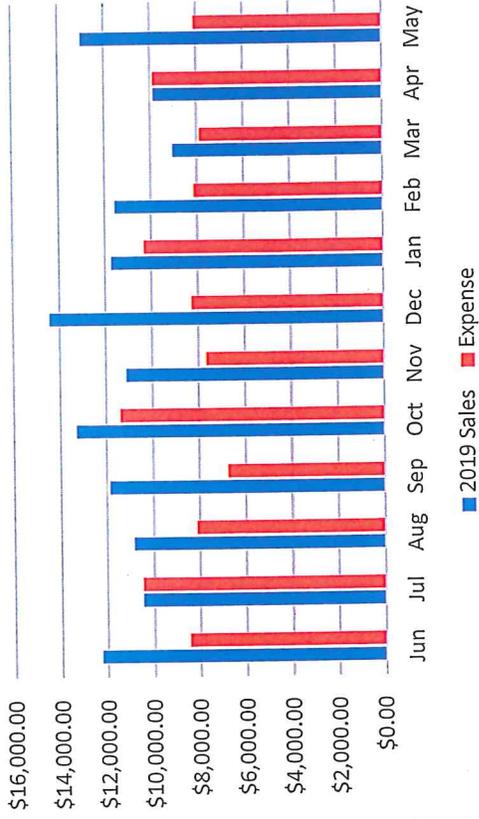
2020 sales vs expenses



2018 sales vs expenses



2019 sales vs expenses



2020 sales vs expenses

