

City of Hays  
City Commission  
Work Session Notes  
Thursday, May 5, 2016 – 6:30 p.m.

Present: Eber Phelps, Shaun Musil, James Meier, Lance Jones, John Bird, Toby Dougherty and Kim Rupp

Absent: Henry Schwaller IV

**April 7, 2016 Work Session Notes**

There were no corrections or additions to the minutes of the work session held on April 7, 2016; the minutes stand approved as presented.

**Downtown Pavilion Project**

Sandy Jacobs, Board President of the Downtown Hays Development Corporation (DHDC), presented information regarding a proposed partnership between the DHDC and Fort Hays State University (FHSU) to develop a plan for a Downtown Pavilion and a public restroom facility on 10<sup>th</sup> Street. She stated the FHSU students have worked diligently to create a proposal for an impressive addition to Downtown Hays. She explained that they are not asking the Commission to take any action at this time and they realize this may not be the right time for a project of this scale, but that does not mean it has no future. They feel there is a real need for this facility, along with public restrooms, in downtown Hays, but they also realize the fiscal/budgetary challenges the City will face as they look to 2017.

Sara Bloom, Executive Director of the DHDC, explained that the reason the 10<sup>th</sup> street location was chosen is because it is easily incorporated into an already existing City Park, it is visible from Main Street, it is located at the hub of many of their events, and it could be the dawn of the campus to downtown corridor.

Kris Munsch, Assistant Professor at FHSU and the teacher of the Construction Management Program, introduced his students who presented the design plans for the project.

Commissioner Phelps and Commissioner Meier asked what guarantee the City would have that the project would be finished.

Sandy Jacobs replied that DHDC is committed to fully fund this project and to raise the money before construction begins.

Chairperson Phelps was concerned with the safety of the nearby grain elevators.

Sandy Jacobs replied that there are two options. An individual is raising funds to have the structural soundness of the elevators brought back to code so he could put a mural on them. There is also consideration to have the elevators taken down.

Dr. Elodie Jones, faculty member at FHSU and a board member of the DHDC, read a letter from Dr. Mirta Martin, President of FHSU, endorsing the proposal of the Downtown Pavilion. Dr. Martin was not able to attend the meeting.

### **Economic Development Policy Revisions**

The Commission has had several discussions about the City's Economic Development Policy over the last few months. Suggestions that have been discussed have been incorporated into an updated policy and vetted through the Ellis County Coalition for Economic Development Board, which is in support of the changes.

City Manager, Toby Dougherty, reviewed the proposed changes with the Commission.

The most notable changes to the policy are the new section two "Statement of Process" that will govern the process and interaction among an applicant, the City of Hays, and the Ellis County Coalition for Economic Development. The Statement of Process clearly spells out the process to be followed for any applicant wishing to apply for incentives under the Economic

Development Policy. The new process also brings bond council into the mix early on to ensure the policy and state laws are being followed.

Within section five "Retail Development", the "big box" requirements have been removed. The requirements were that any retail applicant must meet the criteria of 50,000 square feet, \$10,000,000/year in retail sales, and employ twenty-five or more employees.

Aaron White, Executive Director of the Ellis County Coalition for Economic Development, stated that those requirements have made it difficult for otherwise viable applicants to move into the Hays Market.

Language has also been added that reinforces the reliance/importance of sales tax revenues. Given that sales tax revenues represent the majority of revenues for the General Fund, it is important that the Economic Development Policy facilitate and encourage retail development which helps maintain and increase the sales tax base.

It was the consensus of the Commission to remove the Job Bounty Program from the policy as it has not been used since 2011.

Commissioner Musil commented that he hopes this new policy makes it easier for the Coalition to negotiate with businesses wanting to come to Hays and hopefully increase our sales tax base.

At the May 12, 2016 Commission meeting, Commissioners will be asked to approve the revisions to the Economic Development Policy.

### **Commission Goals and Objectives for 2017 Budget**

City Manager, Toby Dougherty, asked the City Commission for their input on the 2017 Budget as far as any goals or changes they would like to see.

Finance Director, Kim Rupp, provided information on the City's financial status as well as sales tax performance. Mr. Rupp explained that the general fund which supports essential services such as police and fire protection, street maintenance, and parks, does not get revenue from property tax. Two-thirds of the general revenue is from sales tax; therefore, it is extremely important to track

its volatility. The last 10 months have seen a decline in sales tax revenue of \$221,796 when compared to the same period last year.

The City Manager stated this is a downward trend and we do need to be proactive. He is directing staff to hold the line on spending and identify places to cut in 2017.

Commissioner Jones expressed concern with the declining tax revenue and stated he is opposed to taking on new liabilities and that is part of the reason he is adamantly opposed to the school board bond issue, the City sales tax portion of the June 7<sup>th</sup> election. The election is for a proposed half-cent, special-purpose sales tax to support the renovations and building projects for USD 489.

Chairperson Phelps stated a goal and objective for 2017 would be to avoid any increase in expenditures which in turn would allow us to avoid any mill levy increase.

The City Manager stated the number one goal every year is to balance the budget and keep the mill levy at 25.

**Other Items for Discussion**

Commissioner Meier requested that discussion of the Downtown Pavilion Project be put on the agenda for the second work session in June.

Vice-Chairperson Musil commented that he is not in favor of sales tax to fund the school building projects, but is supportive of our schools and their need to progress. He also thanked the FHSU students for their presentation on the Downtown Pavilion Project.

The work session was adjourned at 8:27 p.m.

Submitted by: \_\_\_\_\_

Brenda Kitchen – City Clerk