

City of Hays
City Commission
Work Session Notes
Thursday, October 20, 2016 – 6:30 p.m.

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

September 15, 2016 Work Session Notes

There were no corrections or additions to the minutes of the work session held on September 15, 2016; the minutes stand approved as presented.

Hays Extended Stay Hotel Partners LP CID Request

Kim Rupp, Director of Finance, reported that Hays Extended Stay Hotel Partners LP submitted to the Ellis County Economic Development Coalition petitions to create two separate Community Improvement Districts (CIDs), an application for economic development incentives, a cost benefit analysis and the required application fee. Each CID district would impose a 1% tax for 22 years. It is estimated the CID districts could generate \$2.1 million in revenues.

The developer seeks incentives related to construction of an approximately 41,000 square foot Town Place Suites hotel featuring 80 rooms (+/-), to be located at the northeast corner of the intersection of I-70 and Vine Street (Highway 183), immediately east of the Best Western, north of the Hampton Inn, and south of the JT Travel Plaza that is currently under construction.

Two separate CID petitions have been submitted; one petition seeks to impose a 1% CID sales tax on only the hotel property, and a second petition seeks to impose an additional 1% CID sales tax on the hotel property and the JT Travel Plaza property. If approved, the total sales tax at the Travel Plaza would be 10.5%, and the total sales tax at the hotel would be 16.5%.

All materials have been reviewed by the City's special legal counsel, Gina Riekhof, Gilmore & Bell, P.C., and are found to meet all the requirements of Kansas law and the City's Economic Development Policy.

At the October 27, 2016 Commission meeting, Commissioners will be asked to move the petitions forward by approving a resolution setting a hearing date of November 22, 2016 for the creation of the CIDs.

Hays Investors LLC CID Request

Kim Rupp, Finance Director, reported that Hays Investors, LLC submitted a petition to create a CID, an application for economic development incentives, a cost benefit analysis and the required application fee to the Ellis County Economic Development Coalition.

The property owner wishes to put in place a 1% CID in order to make the property more marketable. The development agreement would limit the reimbursable expenses to \$3,613,702.17 plus actual costs of interest on any financing at a rate not to exceed 7.0% to fund CID-eligible expenses associated with the retail development.

This CID petition is somewhat different than previous ones in that the petition requests the district be created prior to the identification of a specific project. The CID would allow the developer to more aggressively market the property. The developer seeks incentives related to constructing approximately 73,000 square feet of retail space, to be located on approximately 9.1 acres at the northeast corner of I-70 and Vine Street (Highway 183), and directly north of Home Depot. This development is expected to consist of an approximately 50,000 square foot building to be used by a national retailer and another 23,000 square feet of retail space.

A CID petition has been submitted, seeking to impose a 1% CID sales tax within the property. If approved, the total sales tax within the CID would be 10.5%.

There will be a restriction in the development agreement that would dissolve the district if certificates of occupancy for 73,000 square feet of retail

space are not issued within 36 months of approval of the CID. Another restriction is that the developer will not request any other economic incentives as long as the CID is in place.

Commissioner Schwaller expressed skepticism at the proposal, noting that the City already has established benefits in this area. He stated we would be triple taxing to make this happen and to incentivize a developer that we already incentivized twice.

Chairperson Musil stated he shares those concerns, but noted residents have expressed a strong desire for additional shopping options in the community.

All materials have been reviewed by the City's special legal counsel, Gina Riekhof, Gilmore & Bell, P.C., and are found to meet all the requirements of Kansas law and the City's Economic Development Policy.

At the October 27, 2016 Commission meeting, Commissioners will be asked to move the petitions forward by approving a resolution setting a hearing date of November 22, 2016 for the creation of the CIDs.

8th Street Engineering Proposals

John Braun, Assistant Director of Public Works, reported that the Capital Improvement Plan within the 2017 Budget includes a project to reconstruct 8th Street from Milner to Vine Street. In order to complete construction in 2017, it is necessary to begin engineering design at this time. Staff has solicited proposals from qualified engineering firms to prepare plans for the reconstruction project. The lowest cost proposal was presented by Driggs Design Group of Manhattan and Hays at a cost of \$68,880.

Mr. Braun stated that much of the pavement is cracked and deteriorating, the curb and gutter is in disrepair, and existing sidewalk and curb ramps are not in compliance with the current Americans with Disabilities Act (ADA) standards. The plan is to reconstruct the pavement, curb & gutter, and sidewalk to its current configuration bringing everything into compliance with ADA guidelines. The project also includes the upgrade of water services along this section of 8th Street during the reconstruction.

At the October 27, 2016 Commission meeting, Commissioners will be asked to authorize the City Manager to enter an agreement with Driggs Design Group in the amount of \$68,800 for Engineering Services related to the design of the reconstruction of 8th Street from Milner to Vine to be funded from Commission Capital Reserves.

USACE Section 205 Environmental Study

John Braun, Assistant Director of Public Works, reported in September 2015, the City and the US Army Corps of Engineers (USACE) entered an agreement to study the Lincoln Draw Watershed in an effort to reduce the potential for flooding in the City of Hays. The estimated cost of the study is \$664,000, with the City share, including the City's cash and in-kind share is 50% or \$332,000. The 2016 budget included \$325,000 for the study, which is \$7,000 less than the City's 50% share. Originally, the City was going to receive credit for in-house production of the National Environmental Protection Act (NEPA) study; however, changes in City staff no longer allow the NEPA study to be done in-house. Staff is requesting approval to contract with the USACE to conduct the NEPA and related cultural resources study for an estimated cost of \$40,000 to be paid out of the Stormwater Capital Reserve.

Mr. Braun updated the Commissioners on the status of the project and the schedule for the proposed work.

At the October 27, 2016 Commission meeting, Commissioners will be asked to authorize \$40,000 to contract with USACE to conduct the required NEPA and cultural resources study and allocate an additional \$7,000 out of the Stormwater Capital Reserve toward the City's share of the US Army Corp of Engineers Section 205 study of the Lincoln Draw Watershed.

Airport Taxiway I – Design Contract

John Braun, Assistant Director of Public Works, reported the Airport Capital Improvement Plan in the 2017 Budget included a project to reconstruct Taxiway I at the Hays Regional Airport in 2019. Near the end of Federal Fiscal

Year 2016, the Federal Aviation Administration (FAA) offered the City the opportunity to accelerate this project for funding and construction in 2017. The FAA will reimburse the City for 90% of the costs associated with the project. In order to complete construction in 2017, it is necessary to begin engineering design at this time. The City's airport engineer, Burns and McDonnell, prepared a work authorization in the amount of \$77,030 for the City Commission's consideration.

At the October 27, 2016 Commission meeting, Commissioners will be asked to authorize the City Manager to execute work authorization No. 11 with Burns and McDonnell, contingent on FAA approval, in the amount of \$77,030 with the City share to be funded out of the Airport Improvement Fund.

Resolution Authorizing the Offering for Sale of General Obligation Refunding Bonds, Series 2016-A

Kim Rupp, Director of Finance, stated City staff, City Financial Advisor, George K. Baum & Company, and City Bond Counsel, Gilmore and Bell, P.C., have been working on documentation in preparation for the sale of General Obligation (GO) Refunding Bonds, Series 2016-A. The Series 2016-A Bonds will refund the City's GO Internal Improvement Bonds Series 2005-A, 2006-A, 2007-A, 2008-A and 2009-A to achieve interest cost savings. The approximate principal amount of bonds to be issued is \$5,990,000 with the original maturity dates. Based on current market conditions, it is anticipated that the City could save approximately \$582,000 in future debt service interest by refunding the above mentioned issues.

Commissioners will be asked to approve the Resolution authorizing the offering for sale of General Obligation Refunding Bonds Series 2016-A in the amount of \$5,990,000 at the October 27, 2016 Commission meeting.

Heart of America Second Addition – Annexation

Greg Sund, Director of Public Works, reported the developers of the Heart of America Second Addition have submitted a signed consent to annex the

property under K.S.A. 12-520a and desire the annexation to allow for development of the property and connection to City services. The property is generally located at Commerce Parkway and 9th Street and is contiguous with the present City limits. Approval of the annexation will allow the property owner to receive full benefits of City services, including utilities and fire/police protection. The cost of any infrastructure improvements will be the responsibility of the developer per the current Development Policy. Staff recommends annexing this property due to its contiguous nature and the immediate availability of City services necessary to serve this property.

Commissioners will be asked to approve an ordinance annexing the Heart of America Second Addition to the City of Hays at the October 27, 2016 Commission meeting.

Heart of America Second Addition – Final Plat

The owners of the property known as the proposed Heart of America Second Addition have submitted a final plat for consideration. The property is generally located at Commerce Parkway and 9th Street. The preliminary plat was approved by the Planning Commission in 2008 and the developer now wishes to final plat three of the lots to provide for further development. The subject property is zoned into a mixture of light-industrial and heavy-industrial districts. The property abuts two other platted developments; Heart of America First Addition and the Army Reserve Addition.

On April 18, 2016 the final plat was reviewed and approved by the Hays Area Planning Commission. Staff, as well as the Planning Commission, recommends approving this plat as submitted.

Commissioners will be asked to approve the resolution accepting the final plat known as the Heart of America Second Addition at the October 27, 2016 Commission meeting.

Heart of America Second Addition – Resolution to Establish Benefit District

Heart of America Development Corporation has petitioned the City for street, storm sewer, water, and sanitary sewer improvements to an area containing three lots in the Heart of America Second Addition. The engineer's estimate for total construction costs is \$540,000. There are no over-sizing costs in this project therefore no City capital will be expended for the construction of this project. Staff recommends adopting the resolution authorizing the creation of a special benefit district for the proposed improvements to the Heart of America Second Addition.

At the October 27, 2016 Commission meeting, Commissioners will be asked to approve the Resolution authorizing the creation of a special benefit district for infrastructure improvements in the estimated amount of \$540,000 for the development of three lots along East 9th Street within the Heart of America Second Addition.

Heart of America Second Addition – Engineering Services Agreement

Heart of America Development Corporation has petitioned the City for street, storm sewer, water, and sanitary sewer improvements to an area containing three lots in Heart of America Second Addition. Buck Driggs, of Driggs Design Group, PA, prepared a contract for engineering services to include engineering design, contractor solicitation, construction engineering, and warranty inspection. The contract is for a not-to-exceed amount of \$40,533.62. The project will extend East 9th Street pavement, water, and sewer approximately 780 feet to the east.

At the October 27, 2016 Commission meeting, Commissioners will be asked to approve the Engineering Services Agreement with Driggs Design Group, PA for an amount not to exceed \$40,533.62 for the development of Heart of America Second Addition.

The Commissioners discussed installing ditches instead of curb and guttering for this project to decrease costs. Other options will be presented for consideration at the October 27, 2016 Commission meeting.

Other Items for Discussion

There were no other items for discussion.

The work session was adjourned at 7:48 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk