

City of Hays
City Commission
Work Session Notes
November 6, 2014 – 6:30 p.m.

Present: Henry Schwaller IV, Eber Phelps, Shaun Musil, Ron Mellick, Kent Steward, John Bird, Toby Dougherty

October 16, 2014 Work Session Notes

There were no corrections or additions to the minutes of the work session held on October 16, 2014; the minutes stand approved as presented.

ID Creech, Director of Public Works, introduced Nathan Marcucci as the new Airport Manager. He served as Airport Operations Supervisor for the Cherry Capital Airport in Traverse City, Michigan.

Airport Runway 4-22 Rehabilitation – Hays Regional Airport

John Braun, Assistant Director of Public Works, gave an overview of rehabilitation of the crosswind runway project. The Airport Capital Improvement Program lists the Rehabilitation of the Crosswind Runway 4-22 as the highest priority project after completion of the Airport Terminal Building Expansion and Remodel. The Federal Aviation Administration (FAA) has issued notice of their intent to fund the Crosswind Runway Rehabilitation Project, and is asking for an Engineering Service Agreement to be submitted by December 1, 2014. The City's Airport Engineer, Burns and McDonnell, has prepared an amendment to the Master Service Agreement and Work Authorization for engineering services related to the design of the project.

The funding for this project would be shared between the FAA and the City under a 90%-10% contractual basis for all eligible portions of the project through the Airport Improvement Program (AIP). At this point, all work is

anticipated to be eligible; therefore, FAA would reimburse the City 90% of the project cost.

Estimated Project Costs:

	City Share	FAA Share	Total Cost
Design Engineering	\$ 9,534.90	\$ 85,814.10	\$ 95,349.00
Construction	\$66,805.10	\$601,245.90	\$668,051.00
Total	\$76,340.00	\$687,060.00	\$763,400.00

At the November 13, 2014 Commission meeting Commissioners will be requested to authorize the City Manager to execute Amendment #2 and Work Authorization No. 7 with Burns and McDonnell in the amount of \$95,349 with the City share to be funded out of the Airport Improvement Fund.

Hays Mall CID Request – Development Agreement and Adopting Ordinance

Hays Mall LLC has submitted a petition for the creation of a Community Improvement District (CID) on The Mall property that would impose a one-cent sales tax, which would be utilized to reimburse Hays Mall LLC for up to \$3.14 million of costs associated with upgrades and improvements to The Mall property. The first step in the statutorily-outlined process was for the City Commission to hold a public hearing on the matter. That public hearing was held at the October 23, 2014 regular meeting. Should the Commission choose to move forward with the process, the next step involves negotiating a development agreement, and ultimately, adopting an ordinance creating the Community Improvement District.

Commissioner Mellick stated he is concerned that if we put this CID in place the owner can do some renovations and increase the value of his property and turn around and sell it. He would like to see in the development agreement that if The Mall is sold within seven years the CID would require Commission approval to transfer the CID to the new owner.

City Manager Toby Dougherty had a few suggested inclusions for the Development Agreement that include specific time constraints for completion of the proposed projects and detailed procedures that outline the process used to submit, review and reimburse eligible project costs.

Matt Gough, the attorney representing DP Management, owners of The Mall, discussed details of the proposed Development Agreement with the Commissioners.

The Commissioners agreed new businesses would improve shopping and increase tax revenue, but none were willing to sign off on the developmental agreement without changes. The Commissioners concur the following changes be incorporated into the Development Agreement:

- All improvements completed by December 31, 2016.
- Provision stating if The Mall owners wish to sell the property within seven years, the City Commission has authority to approve the continuance of the CID.
- Include language stating that The Mall owners agree to perform adequate and/or regular maintenance on the property.

A revised Development Agreement will be presented to the owners of The Mall and if they are in agreement it will be brought back for Commission approval at the November 13, 2014 Commission meeting.

Chairperson Schwaller stated when the Home Depot project was built, we were promised a lot of other things that were not included in the agreement and they never materialized.

Continuation of the 1% Transient Guest Tax

Transient Guest Tax (TGT) is paid by transient guests, generally non-Hays citizens, who stay in local motels/hotels. This revenue is used to fund activities of the Convention and Visitors Bureau and a portion of the Welcome Center debt. In 2006 City Commission increased the Transient Guest Tax from 4% to 5% to pay for the construction of the Welcome Center at 27th and Vine. According to the 2006 resolution, once debt on the facility is paid the TGT will

automatically revert back to 4% at the end of the quarter the final payment is made. The Welcome Center facility's final debt payment was scheduled for November 2018. However due to incremental increased TGT revenue received over the years, the final payment was made October 30, 2014. Commission action is necessary to keep the rate at 5%.

The 2015 budget details the continued use of 5% TGT to pay for future marketing of the Hays/Ellis County attractions as well as selected outside agencies. The tax is paid by visitors and the current rate is comparable, if not lower, than most cities.

At the November 13, 2014 Commission meeting the Commissioners will be requested to approve the resolution setting the transient guest tax at 5%.

Other Items for Discussion

There were no other items for discussion.

The work session was adjourned at 8:00 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk