

MINUTES OF A MEETING OF
THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON JUNE 24, 2004

1. CALL TO ORDER BY VICE-MAYOR: The Governing Body of the City of Hays, Kansas met in regular session on Thursday, June 24, 2004 at 7:30 p.m.

Roll Call: Present: Kent Steward
Wayne Billinger
Henry Schwaller IV
Troy Hickman

Absent: Sunell Koerner

Vice-Mayor Kent Steward declared that a quorum was present and called the meeting to order.

2. MINUTES: There were no corrections to the minutes of the June 10, 2004 regular meeting; they stand approved as written.

3. FINANCIAL STATEMENT: City Clerk Susie Berger reported that the year to date sales tax collections for the first five months of the year reflect a 4% increase over last year's collections.

Wayne Billinger moved, Troy Hickman seconded, that the Financial Statement for the month of May 2004 be approved.

Vote: Ayes: Kent Steward
Wayne Billinger
Henry Schwaller IV
Troy Hickman

4. CITIZEN COMMENTS: There were no citizen comments.

5. SALES TAX DISCUSSION: Commissioner Hickman commended the Sales Tax Committee for their efforts in promoting the sales tax proposal. He encouraged local employers to contact City Hall about having a City Commissioner or a member of the Sales Tax Committee talk to their employees about the sales tax proposal.

Commissioner Schwaller stated that 20% of the communities in Kansas have a sales tax that is higher than the Hays sales tax. Neighboring communities are free to initiate a sales tax in their city or county for property tax relief.

Commissioner Billinger agreed with Commissioner Schwaller and reiterated that using sales tax revenue is another tool to fund the needs of the City.

Vice-Mayor Steward stated that statistics show that the reduction in the annual property tax will be about the same as what most people will pay during a year with the new sales tax. There are two groups of people who will pay more in new sales tax than they will save in reduced property tax. The well-to-do people who make major local purchases every year would probably spend more in sales tax. Lower income people who rent rather than own a home will probably not see a reduction in their rent, yet they will have to pay the higher sales tax on their local purchases.

Vice-Mayor Steward stated that there is not a perfect system for taxation in order to achieve a level of fairness. He does believe that the tax reform proposed will benefit all of the citizens of Hays. Lower property taxes will lower the overall cost of doing business and may delay increases in rents. All the citizens of Hays will benefit from better streets, better fire protection, and many other improvements.

Vice-Mayor Steward stated that if the voters decide to reject the sales tax proposal, they need to know that the alternative will be a reduction in city services or an increase in property taxes.

6. CONSENT AGENDA: Henry Schwaller IV moved, Wayne Billinger seconded, that a Cereal Malt Beverage License for the Kiwanis Club of Hays (Wild West Festival 2004 Beer Garden) be approved.

Vote: Ayes: Kent Steward
Wayne Billinger
Henry Schwaller IV
Troy Hickman

NEW BUSINESS

7. PUBLIC HEARING – CITY OF HUTCHINSON ECONOMIC DEVELOPMENT

REVENUE BONDS: City Manager Randy Gustafson stated Goodwill Industries and the City of Hutchinson, Kansas are passing these bonds in order to enable Goodwill Industries to build facilities such as the new facility that has been constructed in Hays. Part of the issuance process is for the City of Hays to hold a public hearing and pass a resolution agreeing to the issuance of the bonds. The City of Hays does not assume any liability as a result of approving these bonds.

Vice-Mayor Steward opened the public hearing. There were no comments.

Troy Hickman moved, Henry Schwaller IV seconded, that the public hearing be closed.

Vote: Ayes: Kent Steward
Wayne Billinger
Henry Schwaller IV
Troy Hickman

Troy Hickman moved, Wayne Billinger seconded, that Resolution No. 470, being a resolution approving the issuance by the City of Hutchinson, Kansas of its Economic Revenue Bonds, Series 2004 (Goodwill Industries Easter Seals of Kansas, Inc.) in the aggregate principal amount not exceeding \$2,100,000 to pay the cost of acquiring, constructing, financing and refinancing certain retail thrift stores operated for charitable purposes and to be leased to Goodwill Industries Easter Seals of Kansas, Inc., which facilities are located within the corporate limits of the cities of Wichita, Hutchinson and Hays, Kansas.

Vote: Ayes: Kent Steward
Wayne Billinger
Henry Schwaller IV
Troy Hickman

8. 2004-2005 INSURANCE RENEWAL: On an annual basis, the City of Hays obtains quotes involving the City's insurance coverage. The quotes received for the 2004/2005 coverage year vary. The average (overall) increase is estimated at 9.9%, with the largest area of increase in the General Liability coverage area.

Richard Kraemer, representing Insurance Planning, reviewed the City's property, auto and liability coverage for the 2004-2005 year.

Wayne Billinger moved, Troy Hickman seconded, that the insurance quote from Insurance Planning in the amount of \$153,396 be accepted.

Vote: Ayes: Kent Steward

Wayne Billinger

Henry Schwaller IV

Troy Hickman

9. COST BENEFIT/ECONOMIC IMPACT ANALYSIS PROPOSALS: Wayne Billinger moved, Troy Hickman seconded, that the Commission consider initiating a contract to conduct a Cost Benefit/Economic Impact Analysis for the City of Hays.

City Manager Gustafson stated that proposals have been received to conduct a Cost Benefit/Economic Impact Analysis. The analysis is expected to address direct and indirect benefits accrued and costs incurred by the community, in general, through the use of incentives. The five proposals received vary in cost from \$19,000 to \$50,000. At the June 17th work session, discussion was held about city staff conducting the analysis.

Commissioner Billinger suggested city staff research what economic impact Home Depot has had on other cities. The Docking Institute may be able to help somewhat with the analysis.

Commissioner Schwaller commented that typically it is the responsibility of the economic development entities in the community to conduct such an analysis. Software is available through the Institute for Public Policy and Business Research at the University of Kansas. The cost of the software is \$100. City staff could serve as a liaison, but the Ellis County Coalition for Economic Development should take control of the analysis.

Vice-Mayor Steward stated that he feels a cost benefit analysis should be done before any incentives are given to a developer. The analysis should be tied as directly as possible to the specifics of any deal the City makes with the developer. There needs to be an agreement that states what the developer and/or Home Depot is required to provide.

Commissioner Schwaller stated he feels the best approach is to continue having the City Manager negotiate with the developer to develop a package that puts the burden and recourse on the developer/retailer and off of the City.

Commissioner Billinger commented that the City needs to be prepared to target companies that the City wants to open businesses in Hays. A marketing study should be done that would target specific businesses that deal with our demographics.

Commissioner Schwaller stated Hays has the demographics and the economic situation that appeals to retailers and the City shouldn't have to pay to find that out.

Wayne Billinger retracted his motion to initiate a contract to conduct a Cost Benefit/Economic Impact Analysis for the City of Hays. Troy Hickman retracted his second.

Wayne Billinger moved that City staff conduct research by contacting other cities to find out what economic impact a Home Depot had on their community.

The motion failed due to lack of a second.

Troy Hickman moved, Wayne Billinger seconded, that the City of Hays purchase Cost Benefit Analysis software at a cost of \$100 from the University of Kansas to perform its own analysis with or without the assistance of the Ellis County Coalition.

Vote: Ayes: Wayne Billinger
Henry Schwaller IV
Troy Hickman
No: Kent Steward

10. REPORT OF THE CITY MANAGER: The City Manager had nothing to report.

11. COMMISSION INQUIRIES AND COMMENTS: Commissioner Schwaller voiced concern about truck parking on West 43rd and 45th Streets near the Wal-Mart store. He would like to have signage placed that notifies semi-truck drivers that they cannot park in this area.

Commissioner Schwaller expressed concern about the lack of communication between the City Commission and the Planning Commission regarding future development in the City. He would like to explore ways to resolve this problem.

Commissioner Billinger wanted to inform the public that improvements to the scoreboards at the various ball parks would be made next year. It is the responsibility of the City, the Hays Recreation Commission, and the sponsoring companies to make these repairs and/or replacements.

Vice-Mayor Steward requested that the Commission consider placing a ban on pit bulls and any other breed of dog that poses a serious threat to public safety. He requested City staff do some research and request advice from the Humane Society.

12. EXECUTIVE SESSION: There was no executive session.

Thereupon the Governing Body adjourned.

Submitted by: _____

Clerk of the Board