

**CITY OF HAYS COMMISSION MEETING  
THURSDAY, MAY 12, 2016 – 6:30 P.M.  
AGENDA**

1. Call to order by Chairperson.
2. **MINUTES**: Consider approval of the minutes from the regular meeting held on April 28, 2016. (PAGE 1)
3. **CITIZEN COMMENTS**: (non-agenda items).
4. **CONSENT AGENDA**: (Items to be approved by the Commission in one motion, unless objections are raised).
  - A. **Cereal Malt Beverage License Application**: Downtown Hays Development Corporation – Fire on the Frontier (PAGE 5)
  - B. **Mayoral Appointment for Approval**: Hays Convention and Visitors Bureau Advisory Committee (PAGE 13)

**UNFINISHED BUSINESS**

(No business to review)

**NEW BUSINESS**

5. **ECONOMIC DEVELOPMENT POLICY REVISIONS**: Consider approving the revisions to the Economic Development Policy. (PAGE 15)
6. **REPORT OF THE CITY MANAGER**
7. **COMMISSION INQUIRIES AND COMMENTS**
8. **EXECUTIVE SESSION (IF REQUIRED)**
9. **ADJOURNMENT**

ANY PERSON WITH A DISABILITY NEEDING SPECIAL ACCOMMODATIONS TO ATTEND THIS MEETING SHOULD CONTACT THE CITY MANAGER'S OFFICE 48 HOURS PRIOR TO THE SCHEDULED MEETING TIME. EVERY ATTEMPT WILL BE MADE TO ACCOMMODATE ANY REQUESTS FOR ASSISTANCE.



MINUTES OF A MEETING  
OF THE GOVERNING BODY OF  
THE CITY OF HAYS, KANSAS  
HELD ON APRIL 28, 2016

**1. CALL TO ORDER BY CHAIRMAN:** The Governing Body of the City of Hays, Kansas met in regular session on Thursday, April 28, 2016 at 6:30 p.m.

Roll Call: Present: Eber Phelps

Henry Schwaller IV

Lance Jones

Absent: Shaun Musil

James Meier

Chairperson Phelps declared a quorum was present and called the meeting to order.

Chairperson Phelps welcomed Boy Scout Troup 133 and Fort Hays State University students of state and local government.

**2. MINUTES:** Henry Schwaller IV moved, Lance Jones seconded, to approve the minutes of the regular session held on April 14, 2016 as presented.

Vote: Ayes: Eber Phelps

Henry Schwaller IV

Lance Jones

**3. FINANCIAL STATEMENT:** Assistant City Manager, Jacob Wood, reviewed the financial summaries of the revenue and expenditure activities of the City of Hays for the month ended March 31, 2016. Month-to-date general fund sales tax collections were at \$550,115 which is a decrease of \$16,067 as compared to last year. Year-to-date general fund collections are down \$91,146 or -4.73%. The negative sales tax trend is through five months of the last six. General fund collections are down \$193,017 during that same time frame.

The Finance/City Clerk's Office invested \$2,200,000 of maturing or renewing certificates with a weighted average interest rate of .56%. The portfolio of certificates of deposit on March 31, 2016 totaled \$55,400,000 with a weighted

average interest rate of .44%. The total balance of the Money Market account on March 31, 2016 was \$1,000,000 with a current yield of .20%. Total investments are up \$650,000 when compared to this time last year.

Henry Schwaller IV moved, Lance Jones seconded, that the Financial Statement for the month of March, 2016, be approved.

Vote: Ayes: Eber Phelps

Henry Schwaller IV

Lance Jones

**4. CITIZEN COMMENTS:** There were no comments.

**5. CONSENT AGENDA:** A. Approve the Cereal Malt Beverage Licenses for Gambino's Pizza at 2102 Vine and Osaki Japanese Restaurant at 2522 Vine.

B. The following proposed mayoral appointments were presented at the April 14, 2016 City Commission meeting and are now being presented for approval.

Hays Area Board of Zoning Appeals

Thomas Lippert (lives in the city limits) – three-year term to expire May 1, 2019 (2nd term)

Hays Area Planning Commission

Kevin Coomes (lives in the three-mile limit) – three-year term to expire April 30, 2019 (1st term)

Hays Convention and Visitors Bureau Advisory Committee

Marjorie Dansel (Holiday Inn Express) – three-year term to expire December 1, 2018 (3rd term)

Tammy Younger (Fort Hays State Historic Site) – three-year term to expire December 1, 2018 (2nd term)

C. The following proposed mayoral appointment will be presented for approval at the May 12, 2016 City Commission meeting.

Hays Convention and Visitors Bureau Advisory Committee

Julie Rider (at-large position) – unexpired term to expire December 1, 2017 (1st term)

Henry Schwaller IV moved, Lance Jones seconded, to approve the consent agenda as presented.

Vote: Ayes: Eber Phelps  
Henry Schwaller IV  
Lance Jones

**NEW BUSINESS**

**6. REPORT OF THE CITY MANAGER:** The Assistant City Manager had no additional items to report on.

**7. COMMISSION INQUIRIES AND COMMENTS:** Commissioner Jones thanked the Boy Scouts and Fort Hays State University students for attending the meeting.

**8. EXECUTIVE SESSION:** Lance Jones moved, Eber Phelps seconded, that the Governing Body recess to executive session at 6:37 p.m. for 10 minutes to discuss employer/employee negotiations. The executive session included the Assistant City Manager, the City Attorney, and the City Commissioners. K.S.A. 75-4319 authorizes the use of executive session to discuss the topics stated in the motion.

Vote: Ayes: Eber Phelps  
Henry Schwaller IV  
Lance Jones

No action was taken during the executive session

The meeting was adjourned at 6:47 p.m.

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

Brenda Kitchen – City Clerk



**CITY OF HAYS**  
**AGENDA ITEM COVER SHEET**

**COMMISSION AGENDA ITEM NO. 4A**

**MEETING DATE: 5-12-16**

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**TOPIC:**

Cereal Malt Beverage License Application

**ACTION REQUESTED:**

Approve the Cereal Malt Beverage License for Downtown Hays Development Corp. for Fire on the Frontier.

**NARRATIVE:**

None

**PERSON/STAFF MEMBER(S) MAKING PRESENTATION:**

Kim Rupp, Director of Finance

**ADMINISTRATION RECOMMENDATION:**

None

**COMMITTEE RECOMMENDATION(S):**

N/A

**ATTACHMENTS:**

Cereal Malt Beverage Application and Inspection Forms for Downtown Hays Development Corp. for Fire on the Frontier

**PARTNERSHIP, FIRM OR ASSOCIATION  
APPLICATION FOR LICENSE TO SELL CEREAL MALT BEVERAGES**

(This form has been prepared by the Attorney General's Office)

City or  County of Hays, Ellis

<b>SECTION 1 – LICENSE TYPE</b>
Check One: <input checked="" type="checkbox"/> New License <input type="checkbox"/> Renew License <input type="checkbox"/> Special Event Permit
Check One: <input type="checkbox"/> License to sell cereal malt beverages for consumption on the premises. <input checked="" type="checkbox"/> License to sell cereal malt beverages in original and unopened containers and not for consumption on the licensed premises.

<b>SECTION 2 – APPLICANT INFORMATION</b>		
Kansas Sales Tax Registration Number (required): 43-1896171		
Name of Partnership/Firm/Association Downtown Hays Development Corporation	Phone No. 785-621-4171	
Place of Business Street Address 2700 Vine St	City Hays, KS 67601	Zip Code

<b>SECTION 3 – LICENSED PREMISE</b>	
<b>Licensed Premise (Business Location or Location of Special Event)</b>	<b>Mailing Address (If different from business address)</b>
DBA Name Downtown Hays Development Corporation	Name Downtown Hays Development Corporation
Business Location Address Municipal Park, Shelter House	Address 2700 Vine St
City Hays, KS 67601	City Hays, KS 67601
State	State
Zip	Zip
Business Phone No. 785-621-4171	<input type="checkbox"/> I own the proposed business location. <input checked="" type="checkbox"/> I do not own the proposed business location.
Business Location Owner Name(s) City of Hays	

<b>SECTION 4 – PARTNER AND FIRM/ASSOCIATION MEMBER INFORMATION</b>		
List each partner or member of a firm/association and their spouse, if applicable. Attach additional pages if necessary.		
Partner/Member Name *See Attachment	Title	Date of Birth
Residence Street Address	City	State      Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State      Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State      Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State      Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State      Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State      Zip Code

**SECTION 4 – PARTNER AND FIRM/ASSOCIATION MEMBER INFORMATION (CONTINUED)**

Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Partner/Member Name	Title	Date of Birth
Residence Street Address	City	State Zip Code
Spouse Name	Title	Date of Birth
Residence Street Address	City	State Zip Code

**SECTION 5 – MANAGER OR AGENT INFORMATION**

My place of business or special event will be conducted by a manager or agent.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, provide the following:		
Manager or Agent Name Sara Bloom	Phone No. 785-639-6671	Date of Birth 8-1-84
Residence Street Address 2021 Metro Ln	City Hays, KS 67601	State Zip Code
<b>Manager or Agent Spousal Information</b>		
Manager or Agent Spouse Name Kael Bloom	Phone No. 316-295-7629	Date of Birth 11-27-85
Residence Street Address 2021 Metro Ln	City Hays, KS 67601	State Zip Code

**SECTION 6 – QUALIFICATION FOR LICENSURE**

Applies to each partner or member of a firm or association AND their spouses.

Are all persons identified in Sections 4 & 5 are Citizens of the United States <sup>1</sup> ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Have all persons identified in Sections 4 & 5 have been a resident of Kansas for at least one year prior to application <sup>2</sup> ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Have all persons identified in Sections 4 & 5 been residents of this county for at least six months <sup>3</sup> ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
All persons identified in Sections 4 & 5 are at least 21 years old <sup>4</sup> ?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Within 2 years immediately preceding the date of this application, have any of the persons identified in Sections 4 & 5 have been convicted of, released from incarceration for or released from probation or parole for any of the following crimes: (1) Any felony; (2) a crime involving moral turpitude; (3) drunkenness; (4) driving a motor vehicle while under the influence of alcohol (DUI); or (5) violation of any state or federal intoxicating liquor law.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the partnership, firm or association have a manager, officer or director who was an officer, manager, director or stockholder owning in the aggregate more than 25% of the stock of a corporation that had a CMB license revoked or was convicted of a violation of the Club and Drinking Establishment Act or the CMB laws.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has the spouse of any partner or member been convicted of any of the crimes identified in Section 6 during the time the spouse held a CMB license?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**SECTION 6 – DURATION OF SPECIAL EVENT**

Start Date <u>6-10-16</u>	Time <u>Noon</u>	<input type="checkbox"/> AM <input checked="" type="checkbox"/> PM
End Date <u>6-11-16</u>	Time <u>Noon</u>	<input type="checkbox"/> AM <input checked="" type="checkbox"/> PM

I declare under penalty of perjury under the laws of the State of Kansas that the foregoing is true and correct and that I am authorized by the partnership/firm/association to complete this application. (K.S.A. 52-601)

SIGNATURE Sara D. Blouin DATE 4-5-16

Print Form

FOR CITY/COUNTY OFFICE USE ONLY:

License Fee Received Amount \$ 75<sup>00</sup> Date 4/6/16  
(\$25 - \$50 for Off-Premise license or \$25-200 for On-Premise license)

\$25 CMB Stamp Fee Received Date 4/6/16

Background Investigation  Completed Date 10-9-15  Qualified  Disqualified

New License Approved Valid From Date \_\_\_\_\_ to \_\_\_\_\_ By: \_\_\_\_\_

License Renewed Valid From Date \_\_\_\_\_ to \_\_\_\_\_ By: \_\_\_\_\_

Special Event Permit Approved Valid From Date \_\_\_\_\_ to \_\_\_\_\_ By: \_\_\_\_\_

A PHOTOCOPY OF THE COMPLETED FORM, TOGETHER WITH THE STAMP FEE REQUIRED BY K.S.A. 41-2702(e), MUST BE SUBMITTED WITH YOUR QUARTERLY REPORT (ABC-307) TO THE ALCOHOLIC BEVERAGE CONTROL, 915 SW HARRISON STREET ROOM 214, TOPEKA, KS. 66625-3512.

<sup>1</sup> Spouse not required to be U.S. citizen. K.S.A. 41-2703(b)(9)

<sup>2</sup> Spouse not required to be Kansas resident. K.S.A. 41-2703(b)(9)

<sup>3</sup> Spouse not required to be a resident of the county. K.S.A. 41-2703(b)(9)

<sup>4</sup> Spouse not required to be over 21 years of age. K.S.A. 41-2703(b)(9)

CITY OF HAYS  
CEREAL MALT BEVERAGE LICENSE  
CERTIFICATION OF INVESTIGATION

Date of Expiration 12/31/16

Date to be Considered  
by City Commission

5/12/16

6/10/16 - 6/11/16

Business Name DHDC

Address Hays Municipal Park Shelter

Owner Name/D.O.B. DHDC Attn: Sabrina Williams K02340890

Owner Telephone 7856214171

Manager Name/D.O.B. Pam Joy 11/9/1955 K02290635

Manager Telephone 7852590246

CERTIFICATE OF CHIEF OF POLICE

A review of Hays Municipal Court and Ellis County District Court records as well as a review of the Kansas driver's license reveal that the applicant(s) as of this date (has) (has not) been convicted within the last two years of a felony, any crime involving a moral turpitude, drunkenness, or driving a motor vehicle while under the influence of intoxicating liquor or drugs.

Applicant(s) on this date (did) (did not) meet the requirements of applicable city laws and ordinances, regarding issuance of Cereal Malt Beverage License.

Comments: Record check completed on 10-19-15.

Nancy Gassmann, Records Clerk

I (do) (do not) recommend approval of this license.

Date 10-19-2015

Chief of Police D. Schille

**CITY OF HAYS  
CEREAL MALT BEVERAGE LICENSE  
CERTIFICATION OF  
FIRE AND SAFETY CODE REQUIREMENTS**

Date of Expiration 12/31/16

Date to be Considered  
by City Commission

5/12/16

Business Name DHDC

Address Hays Municipal Park Shelter

Owner Name/Phone DHDC Attn: Sabrina Williams 7856214171

Manager Name/Phone Pam Joy 7852590246

**CERTIFICATE OF FIRE SAFETY**

The building and premises (do) ~~(do not)~~ meet the Fire and Safety Code requirements of the City as of the date of inspection. I (do) ~~(do not)~~ recommend approval of this license under the following conditions:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date 10-9-15

Fire Chief 

**CITY OF HAYS  
CEREAL MALT BEVERAGE LICENSE  
CERTIFICATION OF ZONING**

Date of Expiration 12/31/16

Date to be Considered  
by City Commission 05/12/16

Business Name DHDC  
Address Hays Municipal Park Shelter  
Owner Name DHDC Attn: Sabrina William  
Manager Name Pam Joy/ Sabrina William  
Manager Phone 785-259-0246 Pam/ 785-621-4171 DHDC

**CERTIFICATE OF ZONING**

The property is zoned R-4 which **(does)** **(does not)** allow  
this type of business. I **(do)** **(do-not)** recommend approval of this license under the following  
conditions:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date 4-20-16

Zoning Administrator





# CITY OF HAYS

## AGENDA ITEM COVER SHEET

COMMISSION AGENDA ITEM NO. 4B

MEETING DATE: 5-12-16

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**TOPIC:**

Mayoral Appointment for Approval

**ACTION REQUESTED:**

Consider approving Mayor Phelps' proposed appointment to the Hays Convention and Visitors Bureau Advisory Committee.

**NARRATIVE:**

The following appointment was recommended at the April 28, 2016 City Commission meeting and is now being presented for approval.

Hays Convention and Visitors Bureau Advisory Committee

Julie Rider (at-large position) – unexpired term to expire 12-1-17 (1<sup>st</sup> term)

**PERSON/STAFF MEMBER(S) MAKING PRESENTATION:**

Mayor Phelps

**ADMINISTRATION RECOMMENDATION:**

N/A

**COMMITTEE RECOMMENDATION(S):**

N/A

**ATTACHMENTS:**

Application

CITY OF HAYS  
APPLICATION FOR SERVING ON A CITY BOARD OR COMMITTEE

Email: [jldjayhawk@yahoo.com](mailto:jldjayhawk@yahoo.com)

Date: 4/15/2016

Name: Julie Rider

Address: 3117 Thunderbird Circle

Day Time Phone Number: 7856288212

Evening Phone Number: 7856288212

Place of Employment: Home

How long have you been a Resident of Hays: Total of 30 years Ages: (0-19) (35-46)  
absent 17 years for college and career

Name of Board(s) you are interested in serving on: CVB Advisory Committee

How much time could you devote per month: Very flexible/available as needed

Are you related to anyone who is currently serving on a Board/Committee?: No

If Yes, Explain:

Briefly describe why you are interested in serving on a Board/Committee for the City of Hays: I was born in Hays and lived here to the age of 19. My father's family settled here in the late 1800's, so we have much history here and run many generations deep. After 17 years away (for college and career), my husband and I returned to Hays 11 years ago to raise our boys. I am proud to call Hays my home, and my hometown. We love living here and thoroughly enjoy all that Hays has to offer for our kids, our family and our community. I would welcome the opportunity to be involved in this committee to help Hays continue to grow and be a great place to live.

Please list any groups or activities that you participate in, or have previously participated in, that demonstrates your involvement in the community: HaysMed Foundation Board member (current) Komen Hays Race Committee - Registration Chair ( all 4 years) Wilson Elementary Home & School Celebration Community Church: Women's Ministry Team (5 years), Mission Auction Team (10 years), Youth Conference & Vacation Bible School volunteer, Greeter, Small Group leader, Children's Church teacher

**CITY OF HAYS**  
**AGENDA ITEM COVER SHEET**

**COMMISSION AGENDA ITEM NO. 5**

**MEETING DATE: 5-12-16**

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**TOPIC:**

Economic Development Policy Revisions

**ACTION REQUESTED:**

Approve the revisions to the City of Hays' Economic Development Policy.

**NARRATIVE:**

The Commission has had several discussions about the Economic Development Policy over the last few months. Suggestions that have been discussed have been incorporated into an updated policy.

**PERSON/STAFF MEMBER(S) MAKING PRESENTATION:**

Toby Dougherty, City Manager

**ADMINISTRATION RECOMMENDATION:**

Approval

**COMMITTEE RECOMMENDATION(S):**

N/A

**ATTACHMENTS:**

Staff Memo  
Redlined Copy of Economic Development Policy  
Revised Economic Development Policy

# Commission Work Session Agenda

## Memo

**From:** Toby Dougherty, City Manager

**Work Session:** May 5, 2016

**Subject:** Economic Development Policy Revisions

**Person(s) Responsible:** Toby Dougherty, City Manager

### Summary

The Commission last discussed the Economic Development Policy at the January 7, 2016 Work Session. At that work session, a few suggestions were discussed to be incorporated into the document. The most notable changes to the policy at this time are the new Section 2 “Statement of Process” and the possible removal of the big box requirements for retail applicants.

### Background

At the January 7, 2016 City Commission Work Session, the City Commission discussed several potential revisions to the Economic Development Policy as well as a few questions about the policy posed by City staff and Aaron White, Executive Director of the Ellis County Coalition for Economic Development. City staff took the comments and direction by the Commission at this work session, as well as comments made during subsequent discussion, and have incorporated them into the policy. The suggested changes have been vetted through the Ellis County Coalition for Economic Development Board which is in support of them.

### Discussion

The primary changes to the policy are as follows.

- Language has 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.
- There is a new Section 2 “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 brings bond council into the mix early on to ensure the policy and state laws are being followed. City staff and the Ellis County Coalition for Economic Development feel this Statement of

Process will help streamline requests for economic incentives and ensure that applicants are very clear in what they are asking of the City.

- Within Section 5 “Retail Development”, the “big box” requirements have been removed. These are the requirements that any retail applicant must meet the criteria of 50,000 square feet, \$10,000,000/yr. in retail sales, and employ twenty-five or more employees. The reasoning behind this is that there may be valid utilizations of retail incentives that do not meet the requirements.
- The application/business plan section has been strengthened to provide adequate information so the Commission can make an informed decision on whether or not the incentives are necessary for the success of the applicant.
- There are several other small changes to the documents to be considered, but most are not structural.
- Lastly, City staff still questions the relevance of the Job Bounty Program. It has been many years since an applicant has applied to utilize the Job Bounty Program. If the City Commission does feel the Job Bounty Program is relevant, City staff suggests that the hourly wage requirements be increased to reflect inflation.

### **Legal Consideration**

There are no known legal obstacles to proceeding as recommended by City Staff.

### **Financial Consideration**

There are no immediate financial considerations with modifying the policy as all financial considerations are determined upon utilization of the policy.

### **Options**

The City Commission has the following options:

- Do nothing.
- Adopt some or all of the suggested changes to the policy.
- Provide alternative direction to City staff.

### **Recommendation**

City staff recommends approval of the suggested changes to the Economic Development Policy.

### **Action Requested**

City staff requests the City Commission adopt the suggested changes to the Economic Development Policy.

### **Supporting Documentation**

Redlined Copy of Economic Development Policy

SUBJECT	ISSUED BY	LAST REVISION DATE	CURRENT EFFECTIVE DATE
ECONOMIC DEVELOPMENT POLICY	City Commission	7-11-13	2-26-15

**SECTION 1. INTRODUCTION**

The City of Hays is interested in encouraging economic activity and the creation of jobs, thereby broadening its sales and property tax base and improving the quality of life for its citizens. Further, the use of public funds to stimulate business growth may be necessary or desirable in certain cases. The decision to provide incentives to a business is guided by the expectation that the financial benefits to the City will produce a sufficient return on the City's investment and that the business will be a good fit for the community. All proposed incentives are subject to a public hearing. Governmental agencies are not eligible for financial incentives under this policy. No elected or appointed officer, employee or committee of the City, Hays Area Chamber of Commerce or Ellis County Coalition for Economic Development employee, board, or other public or private body or individual, shall be authorized to speak for and/or commit the City Commission to the granting of an incentive. This policy is meant to encourage the following:

- A. Research and development-based businesses
- B. High-tech businesses
- C. Environmentally friendly businesses
- D. Expansion of existing industry
- E. Business start-ups
- F. Businesses that will provide additional sales tax revenues to the City of Hays
- ~~F.G.~~ Recruitment of new companies from out-of-state
- ~~G.H.~~ The retention of businesses which are good corporate citizens that will add to the quality of life in Hays through their leadership and support of local civic and philanthropic organizations.
- ~~H.I.~~ Training and development of Hays area employees
- ~~I.J.~~ The establishment of businesses that will be good stewards of the City of Hays' water sources.

The City Commission reserves the right to deviate from this policy when, in the opinion of the Commission, it is in the best interests of the City to do so.

**Section 2. STATEMENT OF PROCESS**

**Review by the Ellis County Coalition for Economic Development**

~~With the exception of Job Bounty applications and a~~ Applications for incentives involving non mixed-use housing, it is the expectation of the Hays Commission that all applications under this policy are to be vetted for accuracy, clarity, and compliance to the City of Hays Economic Development Policy requirements, by the Ellis County Coalition for Economic Development.

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**Term Sheet to be prepared before Commission considers a proposal**

For applications wishing to utilize a TIF, TDD, CID, IRB or STAR bonds, as allowed under this policy, it is necessary that the applicant work with the Ellis County Coalition for Economic Development prior to formally approaching the Commission. The Ellis County Coalition for Economic Development will enter into a funding agreement with the applicant in order to ensure all requests for incentives are clarified and reviewed by the City's bond counsel. The City's bond counsel will then draft a Term Sheet that will be presented to the Commission in conjunction with the applicant's proposal. The Term Sheet will contain a concise summary of the incentives being proposed, a detailed outline of the process involved to enact the incentives, and the obligations of the applicant and City in the matter. A sample Term Sheet is included in the Application for Economic Incentives.

#### Applicant requirements for Term Sheet Development

- Clear request of desired incentives
- Preliminary site plan
- Infrastructure needs/requirement estimate
- Total project costs
- Estimated annual revenues
- Estimated property values pre/post development
- Estimated annual sales
- Estimated number of jobs created by development and average wage per job

Unless the Commission directs otherwise, any applicant under this section will be granted one work session to present their concept and term sheet to the Commission for feedback. Any further request will need to be formalized and in complete compliance and conformity with this policy and all applicable state statutes.

## **SECTION 23. DEFINITIONS**

"City" means the City of Hays, Kansas.

"Economic development purposes" shall mean the establishment of a new business or the expansion of an existing business, which:

- A. is or will be primarily engaged in any one or more of the Kansas basic industries; or
- B. is or will be primarily engaged in the development or production of goods or the provision of services for out-of-state sale; or
- C. is or will be primarily engaged in the production of raw materials, ingredients or components for other enterprises which export the majority of their products; or
- D. is a national or regional enterprise which is primarily engaged in interstate commerce; or
- E. is or will be primarily engaged in the production of goods or the provision of services which will supplant goods or services which would be imported into the city; or
- F. is the corporate or regional headquarters of an enterprise, which is primarily engaged in out-of-state business activities.

"Environmentally friendly businesses" shall mean:

- Firms with programs or activities that reduce the impact of activities on the environment.
- Businesses that are not damaging to the environment, or directed at preventing

environmental damage.

“High-Tech Businesses” shall mean both manufacturing and non-manufacturing businesses that have a great dependence on science and technology innovation that leads to new or improved products or services. High-Tech Business involves intensive use of new scientific and technical knowledge. It is often characterized by reliance on significant inputs of knowledge, depending more on having access to the knowledge produced in universities and other educational institutions. It tends to hire and keep personnel who have advanced skills. High-Tech Businesses are more sensitive to the quality of local universities and other educational institutions as providers of knowledge and education of high-skilled workers and may be more sensitive to local quality of life, encouraging high-skilled workers from elsewhere to be hired. High-Tech Business often has special infrastructure needs, such as broadband communications. Goods and services produced by High-Tech Businesses frequently require a longer development time than ordinary goods and services, requiring some ability to generate equity capital or other “maturing” capital.

“Kansas basic industry” shall mean:

- Agriculture;
- Mining;
- Manufacturing;
- Interstate transportation;
- Wholesale trade which is primarily engaged in multi-state activity or which has a major import supplanting effect within the state;
- Financial services which are primarily engaged in providing such services for interstate or international transactions;
- Business services which are primarily engaged in providing such services to out-of-town markets;
- Research and development of new products, processes or technologies;
- Tourism activities, which are primarily engaged in for the purpose of attracting out-of-state tourists.

As used in these subsections, “primarily engaged” means engagement in an activity by an enterprise to the extent that not less than 51% of the gross income of the enterprise is derived from such engagement.

## **SECTION 34. INDUSTRIAL ECONOMIC DEVELOPMENT**

The City will be selective as to the kinds of industrial businesses (i.e., businesses that are not retail businesses) that are recruited and assisted. In general, the primary objective of the City’s industrial Economic Development Policy is to target new and expanding businesses that are environmentally sound, strengthen our local economy, and demonstrate a need for public financial support in order to locate or expand in Hays. Additionally, the City favors industry that creates high-caliber employment, such as high-skill, high-wage jobs with increased employee benefits and superior working conditions.

When considering proposals brought before the City, City staff and the City commission shall be cognizant of the investment being made by the business, the risk involved in doing business, and the reputation of the City which is created by decisions that are made.

**Examples of ~~available~~ incentives that may be available to industrial businesses may include; Property Tax Abatement, Industrial Revenue Bonds, Job Bounty Program, Tax Increment**

Financing (TIF), Transportation Development Districts (TDD), Community Improvement District (CID), or other available programs as approved by the Kansas Legislature.

## SECTION 45. RETAIL DEVELOPMENT

~~The purpose of this section is to establish the official policy and procedures of the City for the granting of incentives for new and expanding retail businesses not otherwise addressed within this policy.~~

The City of Hays relies heavily on sales taxes to support the provision of general services to its residents and visitors. The primary objectives of the City in granting incentives to retail businesses for development include the expansion of the sales tax base, general enhancement of quality of life, development as the regional hub for goods and services in northwestern Kansas, and the expansion of the property tax base.

The City encourages the creation of mixed use developments that contain commercial/retail uses as well as living units as this is a way to maximize available space and is a more efficient use of existing and future infrastructure.

Examples of ~~available~~ incentives that may be available to retail businesses may include; Job Bounty Program, Tax Increment Financing (TIF), (Property tax only. Sales taxes are not eligible.), Transportation Development Districts (TDD), Community Improvement District (CID), Sales Tax and Revenue Bonds (STAR Bonds), or other available programs as approved by the Kansas Legislature.

~~A single development requesting additional assistance must also meet all of the following criteria:~~

- ~~A. The development must be at least 50,000 square feet~~
- ~~B. Generate \$10,000,000/yr. in retail sales~~
- ~~C. Employ twenty five (25) or more employees~~

## SECTION 56. ECONOMIC DEVELOPMENT APPLICATION

New or existing businesses that seek financial incentives from the City must file an *Application for Economic Incentives* before their request can be considered. The application shall contain the following information:

- A. Specific information on incentives being requested
- B. Company profile including longevity of company, principal officers, stockholders and clients
- C. Audited financial statements – last five (5) years or since date of incorporation if company has not been in existence for five (5) years
- D. Completed (attached) *Application for Economic Incentives* and *Supplemental Questionnaire*
- E. Business Plan as it relates to the proposed business to be located in Hays- Business Plan to include:
  - a. Number of employees along with a detailed breakdown of the classification and salary for each employee
  - b. Projected annual operating costs for the proposed development
  - c. Projected annual revenues for the first 10 years.
- F. Cost Benefit Analysis (See Section 15)

G. For applicants wishing to develop a greenfield site, or redevelop property along existing infrastructure, the following items are required:

- a. A detailed site development plan
- b. Construction estimates for all improvements. If asking for a TIF, TDD, or CID, applicant must provide an itemized breakdown of eligible costs for the incentive program being requested.
- c. Estimated water usage and composition of wastewater produced by the site
- d. Detailed information regarding traffic patterns to and from the site being developed, including the number of vehicles per day (average and peak times) as well as size and type of vehicle.
- e. If the proposed development requires the extension/creation/reconstruction of City of Hays water, sewer, road, or stormwater infrastructure, the applicant must provide detailed cost estimates. City of Hays staff will not provide cost estimates. The applicant will be required to retain the services of a qualified engineer for this purpose.

F.

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The City will not consider the granting of any incentive unless the business submits a full and complete application, and provides additional information as may be requested by the City Commission. The accuracy of the information provided in the application shall be verifiable by the applicant. Any misstatement of or error in fact may render the application null and void and may be cause for the repeal of any resolution adopted in reliance on said information. Applications will not be considered after the issuance of building permits. Refer to Section 6 for application and renewal fee information.

## **SECTION 67. FEE SCHEDULE**

Any individual business requesting any incentive shall pay to the City a nonrefundable application fee of \$1000 plus a deposit of \$5,000.00 to be retained by the City to pay for the City's out of pocket costs associated with the City's review of the application and other actions and agreements associated with the proposed incentive, including but not limited to the City's cost of legal counsel, financial advisors and consultants necessary to evaluate the application and administer the incentive. In the event that costs for third-party services incurred by the City exceed the fee collected, the applicant shall reimburse the City for such additional cost, immediately upon request, but no later than prior to final consideration of the incentive by the Governing Body. The application fee and deposit shall be submitted at the same time the *Application for Economic Incentives* is submitted. At its discretion, the City Commission may consider waiving a portion of the fee or deposit upon request, based upon need. In addition, any business which has been granted an incentive shall pay an annual nonrefundable renewal fee in the amount of \$100.00.

The City requires the use of its designated Bond Counsel and its designated Financial Advisor. The City reserves the right to approve the selection of other necessary participants in the administration of an incentive, including but not limited to, the underwriter and trustee/fiscal agent. The City, at its discretion, may retain additional independent advisors to assist the City in analyzing the merits of the application and in making a determination of its approval at the applicant's expense. Examples of additional advisors include economic or environmental specialists, or a certified public accountant.

## **SECTION 78. PROPERTY TAX ABATEMENT POLICY**

### **A. Policy.**

The grant of property tax abatement will be considered for real and personal property being added to the tax rolls by "Kansas basic industry," in accordance with the provisions set by Article 11, Section 13 of the Constitution of the State of Kansas and the provisions of K.S.A. 12-1740 *et seq.* and K.S.A. 79-201a.

The City may approve for economic development purposes a property tax abatement on real and personal property used exclusively in the following business activities:

- Conducting research and development;
- Manufacturing articles of commerce;
- Storing goods that are sold or traded in interstate commerce;
- Corporate or regional headquarters of a multi-state enterprise which is primarily engaged in activities that take place outside of Kansas;
- High-tech businesses.

**B. Abatement Amount and Term.**

While Kansas law permits an exemption up to 100 percent of the qualified investment for up to 10 years, it shall be the policy of the City to normally provide property tax abatement and require payments in lieu of taxes (PILOTs) as set forth in the following schedule for portions of a project that meet the economic development goals of the City set forth in Sections 1 and 3 and that qualify for abatement under Kansas law. The abatement level is based on the **higher of the capital investment AND job creation.**

<u>Abatement Level</u>	<u>Capital Investment<sup>1</sup></u>	<u>Job Creation<sup>2</sup></u>
<b><u>Matrix for High-Tech Businesses and Research and Development-Based Businesses</u></b>		
50% abatement for 10 years	Minimum: \$500,000 Maximum: \$3,750,000	Minimum: 25 Eligible Net New Jobs Maximum: 50 Eligible Net New Jobs
100% abatement for 10 years	>\$3,750,000	>50 Eligible Net New Jobs
<b><u>Matrix for All Other Business Types</u></b>		
25% abatement for 10 years	Minimum: \$500,000 Maximum: \$2,500,000	Minimum: 25 Eligible Net New Jobs Maximum: 50 Eligible Net New Jobs
50% abatement for 10 years	Minimum: \$2,500,001 Maximum: \$10,000,000	Minimum: 51 Eligible Net New Jobs Maximum: 125 Eligible Net New Jobs
75% abatement for 10 years	Minimum: \$10,000,001 Maximum: \$30,000,000	Minimum: 126 Eligible Net New Jobs Maximum: 250 Eligible Net New Jobs
100% abatement for 10 years	>\$30,000,000	>250 Eligible Net New Jobs

<sup>1</sup> Capital Investment will be determined by increase in appraised value from the appraised value of the property on the date of the application compared to the appraised value on the January 1 after completion of improvements, all as determined by tax appraisal from the Ellis County Appraiser's office.

<sup>2</sup> "Eligible Net New Jobs" means each full-time equivalent job created above the monthly average full-time equivalent employee count for the 12-month period preceding the date of application. In order for a job to qualify as a "Eligible Net New Job," each job must pay wages greater than 100% of the Region 1 wage

average based on the applicant's 4-digit NAICS code. The number of Eligible Net New Jobs must be reported annually pursuant to Section 15, and if the actual number of Eligible Net New Jobs in any year during the abatement term is less than the Eligible Net New Jobs set forth in the application, the abatement level for the remaining abatement term will be reduced in accordance with the table above.

The abatement term for projects considered under the authority of Article 11, Section 13 of the Constitution of the State of Kansas shall begin in the calendar year after the calendar year in which the business commences its operations locally. The abatement term for projects considered under the authority of K.S.A. 12-1740 *et seq.* and K.S.A. 79-201a shall begin in the calendar year after the calendar year in which industrial revenue bonds are issued.

### **C. Procedure.**

**1. Action by the City.** The City shall consider granting a tax exemption pursuant to this Policy after receipt of a complete application from the applicant in a form prescribed by the City together with the application fee and deposit. The application shall be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's preliminary site plans and building elevations, to prepare a cost benefit analysis, and to contact the county and the unified school district within which the property proposed for exemption is located. The project's site plans and building elevations are subject to final approval to ensure that they are similar to the preliminary plans and elevations submitted.

Based on each application and such additional information as may be requested by the City, the City shall prepare or cause to be prepared a cost benefit analysis of the proposed exemption on the city and state of Kansas, which analysis shall be used by the Governing Body in considering the request for abatement, and shall be sufficient to meet statutory requirements for obtaining property tax abatement. In making its decision, the Governing Body may also consider any fiscal and/or economic impact analyses performed by the county and the unified school district within which the property proposed for exemption is located.

Prior to formal action on each resolution of intent, the Governing Body shall conduct a public hearing thereon, to be scheduled at least seven days after publication of notice. Notice of the hearing shall also be sent to the Ellis County Clerk's Office and the unified school district within which the property proposed for exemption is located.

Any grant of property tax abatement shall be accompanied by Performance Agreement as set forth in Section 13 of this Policy, and continuing abatement shall be subject to annual review as set forth in Section 15 of this Policy.

All documents necessary to consider granting a tax exemption, including the cost benefit analysis, notice of hearing, and any resolutions or ordinances, shall be prepared or reviewed by the City's Bond Counsel.

**2. Action by the State Court of Tax Appeals.** If the abatement request is granted, the applicant shall prepare and submit to the City by each February 1, a copy of the abatement application required by K.S.A. 79-213 and 79-210, and the statement required by K.S.A. 79-214 for the cessation of an exempt use of property. The City Clerk shall submit such application and statement to the County Appraiser, who will forward to the Court of Tax Appeals. The City Clerk shall provide a copy of the ordinance, as published in the official city newspaper, granting an abatement from taxation to the applicant for use in filing an initial request for tax abatement as required by K.S.A. 79-213, and by K.S.A. 79-210 for subsequent years. The City expressly notes to applicants that no abatement can be provided without the approval of the State Court of Tax Appeals.

**D. Payment of PILOTs.**

Any payment in lieu of taxes, which shall be required of a business granted a property tax abatement of less than 100% for 10 years, shall be paid to the County Treasurer, with notice of the amount and date paid provided to the City. The County Treasurer is directed to apportion the payment, under the provisions of subsection (3) of K.S.A. 12-148, to the general fund of all taxing subdivisions, excluding the state, which levy taxes on property where the business is situated. The apportionment shall be based on the relative amount of taxes levied, for any and all purposes by each of the applicable taxing subdivisions. The specific provisions for payment of PILOTs shall be set forth in the Performance Agreement between the City and the applicant.

**SECTION 89. INDUSTRIAL REVENUE BOND POLICY**

**A. Policy.**

It shall be the policy of the City to consider the issuance of industrial revenue bonds pursuant to K.S.A. 12-1740 *et seq.* (the "IRB Act") for the purposes set out in Section 1 of this Policy, and the IRB Act. Industrial revenue bonds may also be issued for the purpose of property tax abatement, as set forth in Section 7 of this Policy.

**B. Sales Tax Exemption for Construction Materials.**

Labor and materials, as well as equipment purchased with IRB proceeds may be exempt from State and local sales tax. The City reserves the right to grant or deny such sales tax exemption in connection with the issuance of IRBs, to be determined on a case-by-case basis.

**C. Cost Reimbursement/Issuance Fee.**

The applicant shall reimburse the City for all costs associated with the issuance of bonds, including but not limited to, the cost-benefit analysis, all legal publication notices, application fees to the Court of Tax Appeals, the City's bond counsel fees and all other miscellaneous costs.

For projects requesting tax abatement in connection with the issuance of industrial revenue bonds, the City shall receive an issuance fee of (i) 25 basis points (.0025) of the first \$10 million par amount of bonds being issued or the amount of constitutional tax abatement being requested, plus (ii) 20 basis points (.002) of the par amount of the second \$10 million of bonds being issued or the amount of constitutional tax abatement being requested, plus (iii) 10 basis points (.001) of the par amount in excess of \$20 million of bonds being issued or the amount of constitutional tax abatement being requested. In no event shall the issuance fee be less than \$1,500 or more than \$100,000. The fee shall be due and payable at the time the bonds are issued.

**SECTION 910. COMMUNITY IMPROVEMENT DISTRICT POLICY**

**A: POLICY STATEMENT**

It is the policy of the City to consider the establishment of CIDs for reimbursable expenses in the amount of \$250,000 or greater in order to promote economic development and tourism within the

City. An applicant may petition the City to utilize special assessments or a special sales tax to fund projects eligible under the CID statutes. In considering the establishment of a CID, the Governing Body shall consider whether the proposed CID will achieve the economic development purposes outlined in Section 1 of this Policy.

It is the further policy of the City that a CID shall only be established for projects where the applicant/developer pays for the cost of eligible CID improvements (at no cost to the City) and agrees to be reimbursed on a pay-as-you-go basis for such costs from the City's receipt of CID sales tax revenues or CID special assessment revenues.

The use of CIDs should not alter the requirements of the City's Economic Development Policy in regard to the development paying for public infrastructure or meeting building codes. When establishing a CID, special consideration will be given to public benefits. These benefits may include, but are not limited to, strengthening economic development and employment opportunities, reducing blight, enhancing tourism and cultural amenities, upgrading older retail real estate and commercial neighborhoods, and promoting sustainability and energy efficiency.

#### B: CRITERIA

It shall be the policy of the City to create a CID, if, in the opinion of the Governing Body, it is in the best interest of the City to do so. The Governing Body shall consider the following factors when creating a CID:

1. The project meets the City's economic development goals by expanding existing businesses or develops new businesses described in Section 1 of this Policy, and/or strengthens economic development and employment opportunities, reduces blight, enhances tourism and cultural amenities, upgrades older retail real estate and commercial neighborhoods, and promotes sustainability and energy efficiency.
2. The project uses higher standards for the design of improvements and materials used in making improvements within the CID, compared to the minimum requirements set forth in the City's current design guidelines.
3. The project extends public infrastructure to parts of the City that are not currently served by such infrastructure.

#### C: PROJECT ELIGIBILITY

1. It is the intent of the City to allow only projects involving capital investment and improvements to qualify for reimbursement. Purchase of consumables, and items or property considered to be operating expenses shall not qualify for reimbursement.

The following projects within the district to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, equip or extend shall be eligible for reimbursement out of the proceeds of the community improvement district sales tax:

- a. Public buildings, structures and facilities, and private not-for-profit museums;
- b. Sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public

right-of-way, water mains and extensions and other site improvements;

- c. Parking garages;
- d. Streetscape, lighting, street light fixtures, street light connections, street light facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;
- e. Parks, lawns, trees and other landscape;
- f. Communication and information booths, bus stops and other shelters, stations, terminals, hangers, rest rooms and kiosks;
- g. Outdoor cultural amenities, including but not limited to, sculptures and fountains;
- h. Private buildings, structures and facilities;
  
- i. To produce and promote any tourism, recreational or cultural activity or special event, including, but not limited to, decoration of any public place in the district, promotion of such activity and special events;
- j. To support business activity and economic development, including, but not limited to, development, retention, and the recruitment of developers and businesses;
- k. To provide or support training programs for employees of businesses.

2. Generally, projects not listed in the foregoing eligibility section shall not be eligible for reimbursement out of the proceeds of a Community Improvement District sales tax. Additionally, the following projects within the district to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip or extend shall be ineligible for reimbursement out of the proceeds of a community improvement district sales tax:

- a. Airports, railroads, light rail and other mass transit facilities;
- b. Lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits.
- c. To provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons for public property, buildings and outdoor spaces.
- d. To provide or contract for cleaning, maintenance and other services to public property, buildings and outdoor spaces;
- e. To contract for or conduct economic impact, planning, marketing or other studies related to the district.
- f. Indoor cultural amenities, including but not limited to, paintings, murals and display cases, which are not located in a private not-for-profit museum;
- g. To operate or to contract for the provision of music, news, child-care, or parking lots or garages, and buses, minibuses or other modes of transportation;
- h. To provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons inside private buildings;
- i. To provide or contract for cleaning, maintenance and other services to private property;
- j. The purchase of inventory and/or supplies for use or resale.
- k. To purchase interior furnishings.
- l. To purchase advertising or participation and any promotional expenses.
- m. Any other projects not permitted by state statute, as amended from time to time.

#### D: METHOD OF FINANCING

The governing body will consider creation of a CID where (1) the costs of CID improvements will be financed on a pay-as-you-go basis from CID sales tax revenues or (2) the costs of CID improvements consisting only of public infrastructure improvements will be financed from CID special assessments. In the instance where public infrastructure CID improvements will be

financed from CID special assessments, the City will consider the issuance of special obligation CID special assessment bonds. The City will not issue special obligation or general obligation bonds for CID improvements, other than the limited circumstances set forth in this section. The proposed method of financing will be clearly shown in the petition.

#### E: PROCESS

The process for creation of a CID shall be as follows:

1. *Petition and Supplemental Information.* An applicant requesting that the City create a CID shall first submit a petition to the City. Such petition shall contain all of the information required by K.S.A. 12-6a26 *et seq.* and shall contain all of the required signatures of property owners as set forth in the Community Improvement District Act. Such petition shall also contain an agreement by the applicant to pay all out of pocket costs incurred by the City related to the City's review of the petition, including but not limited to the City's cost of legal counsel and financial advisors necessary to evaluate the petition. In addition to the information required by K.S.A. 12-6a26 *et seq.*, applicants must file (a) an Application for Economic Incentives and Supplemental Questionnaire, as provided by the City's Economic Development Policy, (b) a site plan for all public and private improvements to be located within the proposed CID, and (c) a business plan evidencing that the applicant has the financial ability to complete the proposed project in a timely manner and operate the project for the term of the proposed CID. The applicant shall furnish such additional information as requested by the City in order to clarify the petition or to assist staff or the Governing Body with the evaluation of the petition.
2. *Application Fee and Deposit.* The application fee and deposit, as well as any costs and expenses required to be paid by the applicant pursuant to Section 6 may be deemed costs of the improvements, and may be reimbursable to the extent permitted by the Community Improvement District Act and as authorized by the Governing Body.
3. *Timing of Submissions.* The petition and all additional information required by this Policy must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's site plans, and to analyze the merits of the proposed CID in the context of existing economic development and infrastructure projects.
4. *Public Hearing.* Upon receipt of the petition and all additional information required by this Policy, the Governing Body may order a public hearing on the creation of a CID and the imposition of a CID sales tax. The Governing Body shall give public notice and hold such hearing in the manner required by the Community Improvement District Act.
5. *Governing Body Findings; Development Agreement Required.* After the public hearing is conducted, the Governing Body shall determine the advisability of creating a CID pursuant to the Community Improvement District Act. If advisable, the Governing Body may create a CID by adopting an ordinance. Contemporaneously with the adoption of an ordinance creating a CID, the Governing Body shall consider a Development Agreement between the City and the applicant setting forth the specific terms and conditions under which the City will reimburse the applicant on a pay-as-you-go basis for the costs of certain CID Improvements.

#### F: APPLICANT REQUIREMENTS

1. The applicant shall provide a tax clearance letter from the State of Kansas Department of Revenue to determine and ensure the applicant is compliant with all primary Kansas Tax Laws. An annual submission of the tax clearance from the State of Kansas Department of Revenue is required.
2. If a CID is created, the applicant must complete an annual report by March 1 of each year covering the previous calendar year.
3. If a CID is created, the applicant must agree in the Development Agreement to pay to the City an annual administrative fee equal to 0.5% of the annual CID revenue generated within the CID, to cover the administration and other City costs related to the CID. This fee is in lieu of the annual renewal fee of \$100.00 set forth in the City's Economic Development Policy for other economic development incentives.

**G: PAYMENT OF CERTAIN COSTS**

The City shall require the applicant to enter into a funding agreement or other evidence of the applicant's agreement to pay costs incurred by the City for additional legal, financial and/or planning consultants, or for direct out-of pocket expenses and other costs relating from services rendered to the City to review, evaluate, process and consider the petition for a CID, as well as the continued maintenance of the escrow account for CID revenues and for the processing of payments of CID eligible costs. Such costs and expenses may be deemed costs of the project, to the extent permitted by the Community Improvement District Act.

**H: FINANCIAL AND FISCAL IMPACT**

The applicant must detail the proposed method and amount of financing, including any public financial participation requested. The applicant must financially participate in the project in an amount that is at least 25 percent of the total project cost.

**I: AUTHORITY OF GOVERNING BODY**

The Governing Body reserves the right to deviate from any policy when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that is in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or petition for creation of a CID at any time in the review process when it considers such action to be in the best interests of the City.

**SECTION 1011. RURAL HOUSING IMPROVEMENT DISTRICT POLICY**

**A: POLICY STATEMENT**

It is the policy of the City to consider the establishment of a RHID for a development containing a minimum of ten renter occupied low-income or income-qualified units. It is the further policy of the City that a RHID shall only be established for projects where the applicant/developer pays for the cost of eligible RHID improvements (at no cost to the City) and agrees to be reimbursed on a pay-as-you-go basis for such costs from the City's receipt of RHID revenues.

**B. CRITERIA**

It shall be the policy of the City to create a RHID, if, in the opinion of the Governing Body, it is in the best interest of the City to do so. The Governing Body shall consider the following factors when creating a RHID:

1. Assure taxpayers that the City is not financing an already viable project.
2. Assure taxpayers that the City is not financing an unreasonably high profit margin for developers. Each developer will be required to submit a detail of development costs and net operating income including an Internal Rate of Return to be compared to the market for reasonableness.
3. Assure taxpayers that the development provides the City safeguards committing the developer to complete the project.

The Development Plan required by statute for each project must determine that the incremental ad valorem property tax revenues generated by the RHID, together with other funds committed by the Developer, will cover the estimated eligible costs of the project. All Development Plans must assume that the initial estimated incremental property tax revenues will remain flat over the term of the RHID (i.e., no plan may assume increasing incremental property tax revenues will be available to cover project costs).

All development requests must utilize drought tolerant landscaping and water efficient fixtures in order to minimize impact on water resources. City staff will provide the necessary guidance.

#### C: ELIGIBLE COSTS

It is the intent of the City to allow only the following development expenditures within a RHID to qualify for reimbursement out of RHID revenues:

1. Acquisition of property within the RHID
2. Payment of relocation assistance
3. Site Preparation
4. Sanitary and storm sewers and lift stations
5. Drainage conduits, channels and levees
6. Street grading, paving, curbs and gutters
7. Street lighting
8. Underground public and limited private utilities, all located within the public right-of-way
9. Sidewalks
10. Water mains and extensions

#### D: METHOD OF FINANCING

The governing body will consider creation of a RHID where eligible costs will be financed on a pay-as-you-go basis from incremental ad valorem tax revenues generated within the RHID. The City will not issue special obligation bonds for RHID improvements.

#### E: PROCESS

The process for the creation of an RHID District shall be as follows:

1. *Application and Supplemental Information.* An applicant requesting that the City create a RHID must file:
  - a. an Application for Economic Incentives and Supplemental Questionnaire, as provided by the City's Economic Development Policy,
  - b. a Housing Needs Analysis meeting the requirements of K.S.A. 12-5244(a) and the guidelines of the Kansas Department of Commerce, and incorporating the findings contained in the Current Hays Housing Assessment.
  - c. a Development Plan meeting the requirements of K.S.A. 12-5245, and
  - d. a business plan evidencing that the applicant has the financial ability to complete the proposed project in a timely manner and that the project meets the criteria for establishment of a RHID, as set forth in this Policy.

The applicant shall furnish such additional information as requested by the City in order to clarify the application or to assist staff or the Governing Body with the evaluation of the application.

2. *Application Fee and Deposit.* The application fee and deposit as well as any costs and expenses required to be paid by the applicant pursuant to Section 6 of the Economic Development Policy are not reimbursable pursuant to the Rural Housing Incentive District Act. The applicant will pay all out of pocket costs incurred by the City related to the City's review of the application, all documents related to consideration of a RHID and the development agreement, including but not limited to the City's cost of legal counsel and financial advisors necessary to evaluate and create the proposed RHID.
3. *Timing of Submissions.* The application and other information required by this Policy must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the submitted documents and analyze the merits of the proposed RHID in the context of existing economic development policy.
4. *Secretary of Commerce Approval.* If the Governing Body determines that it is in the best interest of the City to approve the the Housing Needs Analysis and move forward with the proposed Development Plan, the Governing Body shall adopt a resolution approving the Housing Needs Analysis and submit such analysis to the Kansas Secretary of Commerce for approval. If the Secretary of Commerce agrees within the findings of the Governing Body set forth in such resolution, the Governing Body may proceed with the establishment of an RHID.
5. *Development Agreement.* Upon receipt of approval from the Secretary of Commerce, but before the Governing Body takes further action with respect to the creation of the RHID, the City and the Developer shall negotiate a development/performance agreement to implement the proposed Development Plan and including the requirements of this Policy, including particularly the requirements of Section 14 of this Policy related to Performance Agreements.
6. *Public Hearing.* When the Development Plan, a draft Development Agreement, and all additional information required by the RHID Act and this Policy are ready to be presented to the Governing Body the Governing Body will consider adopting a resolution ordering a public hearing on creation of the RHID and adoption of the plan. The

Governing Body shall give such notice and hold such hearing in the manner required by the RHID Act.

- 7. *Governing Body Findings.* After the public hearing is conducted, if advisable, the Governing body may create an RHID district by adopting an ordinance creating the district, adopting the Development Plan, and approving the Development Agreement.

F: PAYMENT OF CERTAIN COSTS

The City shall require the applicant to enter into a funding agreement or other evidence of the applicant's agreement to pay costs incurred by the City for additional legal, financial and/or planning consultants, or for direct out-of pocket expenses and other costs relating from services rendered to the City to review, evaluate, process and consider the request for RHID. Such costs and expenses are the applicant's sole responsibility, and are not generally reimbursable pursuant to the RHID Act.

G: AUTHORITY OF THE GOVERNING BODY

The Governing Body reserves the right to deviate from any policy when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that is in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or request for the creation of an RHID at any time in the review process when it considers such action to be in the best interest of the City or whenever, in the opinion of the City Commission sufficient properties are already available for the type of development being considered.

I: REVIEW

The RHID policy will be in place as long as there is a need for low-income and income-qualified housing. The City expects the Housing Needs Assessment will be updated every three to five years.

**SECTION 11. JOB BOUNTY PROGRAM**

~~The Job Bounty Program of the City is to encourage new and/or existing businesses to hire employees. To participate in the Job Bounty Program, a prospective employer must agree to hire at least ten (10) full-time employees at an hourly wage of no less than \$10.00/hr. For the purpose of this program, a full-time employee is one that works forty (40) hours per week or two thousand eighty (2080) hours per year. Anything below these levels will be considered part-time and will not be eligible for benefits under this program.~~

- Comment [TD1]: Is this program still relevant?  
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~~For those employers creating ten (10) or more full-time jobs paying no less than \$10.00/hr., the Job Bounty Program, subject to the City's budgetary limitations, shall receive the following:~~

- Comment [TD2]: Is this still worthy of a bounty?  
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- ~~1. For each full-time position created paying no less than \$10.00/hr. base salary, not including employee benefits, tips, commissions, bonuses, or other incentives, the City will pay to the employer \$1,000 per job provided that funds shall be paid in 20% increments over a five (5) year period. The employer will be required to provide, at the~~

~~end of each year, in order to receive Job Bounty funds for that year, an audited payroll showing those ten (10) or more jobs were filled throughout the one year period.~~

- ~~2. For full-time jobs exceeding \$15.00/hr base salary, not including employee benefits, tips, commissions, or other incentives, the City will pay \$1500 per job on the same basis as noted previously including creation of a minimum of ten (10) jobs per company per agreement.~~

~~No Job Bounty proceeds will be paid for the creation of jobs that do not meet established hour and wage requirements as outlined above. It is specifically noted that an employer will apply for a specified number of jobs with the initial application. If the employer creates less than the number of jobs included in the application, no Job Bounty funds will be distributed. Job Bounty funding is allocated on a one-time occurrence per company. Retroactive funding activities, as stated in Section 17 of this policy, are not allowed under this policy.~~

~~No jobs may be created, or employees hired, under Job Bounty application until formal review by the City Manager's Office and formal approval has been given by the City Commission subject to all of the activities contained in this policy.~~

## **SECTION ~~1213~~ 12. MEMORANDUM OF UNDERSTANDING**

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Authority to issue memorandums of understanding to consider requests for economic development incentives shall lie only with the City Commission. Such memorandums of understanding shall only be issued by the City Commission, and as an expression of good faith intent, but shall not in any way bind the City to the granting of an incentive. Such memorandums of understanding shall expire six months after issuance, but may be renewed. A public hearing shall not be required prior to the issuance of memorandums of understanding.

## **SECTION ~~1314~~ 13. NOTICE AND HEARING**

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No incentive shall be granted by the City prior to a public hearing thereon. Notice of the public hearing shall be published at least seven days prior to the hearing in the official city newspaper, giving the time and place, and the hearing may be held at a regular or special meeting of the City Commission. The City Manager shall thereupon notify the Ellis County Commissioners, the superintendent of the appropriate school district, and the clerk of any taxing jurisdiction, excluding the state, which derives or could derive property taxes from the affected business advising them of the scheduled public hearing and inviting their review and comment. Upon request, the City Manager shall provide any such public agency with a copy of the application, which shall remain confidential unless released by the City Commission. The applicant business shall be invited, but not required, to attend the public hearings.

## **SECTION ~~1415~~ 14. PERFORMANCE AGREEMENT**

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Any incentive granted pursuant to this policy shall be accompanied by a Performance Agreement between the applicant and the City, which shall include provisions governing the situation if an applicant fails to meet the wage, number of jobs, and/or capital investment projections set forth in the original application. Each incentive shall be reviewed annually. The City Commission shall receive the annual review report, and if the City Commission determines that a business or project is not in compliance with the provisions of the Performance Agreement, then the incentive may be

modified pursuant to the Performance Agreement as the City Commission deems appropriate. Modifications to the incentive may include, but are not limited to, termination of the incentive, reduction of any incentive (including but not limited to reductions in tax abatement due to failure to meet requirements as set forth in Section 7) and claw-back of any existing incentive. To the extent necessary, the County Appraiser and the State Court of Tax Appeals shall be notified of appropriate actions to modify any incentive.

## SECTION ~~1516~~ 15. COST BENEFIT ANALYSIS

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The Cost Benefit Analysis will offer a wide spectrum of information as it pertains to development, the adequacy, or inadequacy of, financial incentives, and finally, the net gain, current and future, of entering into these types of endeavors on behalf of the citizens of the City. The Cost Benefit Analysis should address the following items:

1. DIRECT COSTS TO THE CITY. Any identified direct cost should be included in the analysis. Examples of these types of costs include installation and assumed annual liability of municipal infrastructure to the business site, and costs of providing city emergencyGeneral services such as public works, fire, and police protection. Potential applicants can obtain a per-acre cost to provide general services from city staff.
2. BENEFIT TO THE CITY. Direct benefits include wages/salaries/benefits paid to employees, any taxes collected (property, sales, franchise fees), purchases of products/services from local vendors.
3. COST VERSUS BENEFIT. From a community perspective, incentives are used because a net benefit is expected. A desired benefit to cost ratio must be at least in the 1.25:1 ratio. Proposed economic development projects that achieve this benchmark traditionally employ a higher proportion of local labor, including managers, at an above-average hourly wage.

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This analysis should identify the particulars involving the developer's proposal. This should include confirmation of the size of the store, financial information, number of employees, pay scale, tax collections, and other areas involving development. —The developer is responsible for the development of this analysis including any cost incurred.

If asking for any financial incentives, such as a TIF, TDD, or tax abatements, the applicant shall be required to provide a detailed monetary breakdown of the program(s) being requested, including but not limited to: the determination of any revenues generated from sales taxes or an incremental increase in property taxes, the direct cost to the city in lost sales or property tax revenue, the number of years required to retire any debt being financed with the above-mentioned programs.

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## SECTION ~~1617~~ 16. ANNUAL REVIEW FOR COMPLIANCE

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All incentives granted shall be subject to an annual review to ensure that the ownership, use of property, and the economic performance of the business, including the capital investment, employment, and wages, are pursuant to requirements and criteria of this policy, the application, and the conditions of the granting of incentives. The review shall also include a comprehensive review of the entire incentive period for the business (if applicable), including milestones and project phases for the business. The annual review shall provide an opportunity for the company receiving

the incentive to describe their achievements, especially in the areas of environmentally sound practice, community engagement and services, and job training. If the business:

- A. no longer qualifies for the incentive pursuant to law or this policy;
- B. substantially fails to meet the expectations set forth in the application for an incentive, including failure to meet employment, wage, or capital investment plans in the application; or
- C. substantially fails to meet the criteria or objectives of this policy;

the City Commission, after notice and a public hearing, may modify any incentive by ordinance or resolution.

The City reserves the right to issue any level of penalties that it deems necessary. These may include; 1) rescissions, which is a complete cancellation of the incentive, 2) penalties, which are fines charged when the business does not meet a certain level of performance or relocates, and finally, 3) recalibrations, which are the provisions for changing the incentive in some manner in order to accommodate an evolving economic climate. The use of these tools will provide a safety net to the community, ensuring that its investment in the business will result in the positive benefits it expects.

Each business receiving an incentive shall be required to complete an annual report by March 1. The information in the report will cover the time period of January 1 through December 31 of the previous year. The annual report will be reviewed by May 1.

By May 1 of each year, an annual report listing all financial incentives that remain in effect will be presented to the City Commission. The annual report shall include information regarding when the incentive was granted, when the incentive expires, current property taxes paid for the property, in lieu of tax payments, amount of any industrial revenue bonds issued, the assessed value of the property, number of employees, salary and payroll of employees, and any additional information concerning the operation of the business receiving the incentive, and other information as requested by the City Commission.

The failure of a business (a) to provide accurate and timely information to the City in the preparation of the annual report or (b) to comply with the performance standards set forth in the Performance Agreement, shall be grounds for the modification or revocation of the incentive granted.

The City may require an annual renewal application to be filed or other information necessary to assure the continued qualification of the exempt business. Any material omission or misstatement of fact in information provided to the City in any such statement or renewal application may be cause for repeal of any incentive ordinance adopted, renewed or extended in reliance thereon.

**SECTION ~~1718~~ 17. TRANSFER OF OWNERSHIP OR USE**

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Incentives granted by the City may be transferred as a result of a change in the majority ownership of the business. Any new owner shall file a new application, along with the renewal fee, for an incentive. The City shall be notified by the business of any change in ownership and any substantive change in the use of a tax exempt property.

**SECTION ~~1819~~ 18. RETROACTIVE GRANTING OF INCENTIVES; “BUT FOR” PRINCIPLE**

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No incentives, including the granting of Job Bounty funding, will be distributed on a retroactive funding basis. Incentives will be granted pursuant to the guidelines of this policy and effective on the date indicated and approved by the City Commission.

Each application for incentive shall demonstrate that the incentive will make such a difference in determining the decision of the business to locate, expand or remain in the City that the business would not otherwise be established, expanded or retained without the availability of the abatement.

## **SECTION ~~1920-19~~. WAIVER OF STATEMENT REQUIREMENTS**

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The City Commission reserves the right to grant or not to grant an incentive under circumstances beyond the scope of this Statement, or to waive any procedural requirement. However, no such action or waiver shall be taken or made except upon a finding by the City Commission that a compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest.

The Commission will not entertain requests for incentives outside of what is allowed by, or in accordance with, this policy. If any interested party would like the Commission to include an additional incentive to this policy, or modify the criteria for an existing incentive, that party must formally address the Commission and request that this policy be amended.

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## **SECTION ~~2024-20~~. AMENDMENTS**

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The City Commission of the City retains the right to amend any portion of this policy as needed.

## **SECTION ~~2122-21~~. TAX CLEARANCE CERTIFICATION**

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Any person, company, or entity receiving economic incentives under this policy must provide a Tax Clearance Certificate from the State of Kansas Department of Revenue on an annual basis prior to December 31. The Tax Clearance Certificate requirement will be in effect until such time that incentives are no longer being utilized.

## **SECTION ~~2223-22~~. MANDATORY REVIEW**

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This policy will be subject to a mandatory review by the City Commission every three years.

SUBJECT	ISSUED BY	LAST REVISION DATE	CURRENT EFFECTIVE DATE
<b>ECONOMIC DEVELOPMENT POLICY</b>	City Commission	2-26-15	<b>5-12-16</b>

**SECTION 1. INTRODUCTION**

The City of Hays is interested in encouraging economic activity and the creation of jobs, thereby broadening its sales and property tax base and improving the quality of life for its citizens. Further, the use of public funds to stimulate business growth may be necessary or desirable in certain cases. The decision to provide incentives to a business is guided by the expectation that the financial benefits to the City will produce a sufficient return on the City’s investment and that the business will be a good fit for the community. All proposed incentives are subject to a public hearing. Governmental agencies are not eligible for financial incentives under this policy. No elected or appointed officer, employee or committee of the City, Hays Area Chamber of Commerce or Ellis County Coalition for Economic Development employee, board, or other public or private body or individual, shall be authorized to speak for and/or commit the City Commission to the granting of an incentive. This policy is meant to encourage the following:

- A. Research and development-based businesses
- B. High-tech businesses
- C. Environmentally friendly businesses
- D. Expansion of existing industry
- E. Business start-ups
- F. Businesses that will provide additional sales tax revenues to the City of Hays
- G. Recruitment of new companies from out-of-state
- H. The retention of businesses which are good corporate citizens that will add to the quality of life in Hays through their leadership and support of local civic and philanthropic organizations.
- I. Training and development of Hays area employees
- J. The establishment of businesses that will be good stewards of the City of Hays’ water sources.

The City Commission reserves the right to deviate from this policy when, in the opinion of the Commission, it is in the best interests of the City to do so.

**Section 2. STATEMENT OF PROCESS**

**Review by the Ellis County Coalition for Economic Development**

Applications for incentives involving non mixed-use housing, it is the expectation of the Hays Commission that all applications under this policy are to be vetted for accuracy, clarity, and compliance to the City of Hays Economic Development Policy requirements, by the Ellis County Coalition for Economic Development.

## **Term Sheet to be prepared before Commission considers a proposal**

For applications wishing to utilize a TIF, TDD, CID, IRB or STAR bonds, as allowed under this policy, it is necessary that the applicant work with the Ellis County Coalition for Economic Development prior to formally approaching the Commission. The Ellis County Coalition for Economic Development will enter into a funding agreement with the applicant in order to ensure all requests for incentives are clarified and reviewed by the City's bond counsel. The City's bond counsel will then draft a Term Sheet that will be presented to the Commission in conjunction with the applicant's proposal. The Term Sheet will contain a concise summary of the incentives being proposed, a detailed outline of the process involved to enact the incentives, and the obligations of the applicant and City in the matter. A sample Term Sheet is included in the Application for Economic Incentives.

### **Applicant requirements for Term Sheet Development**

- Clear request of desired incentives
- Preliminary site plan
- Infrastructure needs/requirement estimate
- Total project costs
- Estimated annual revenues
- Estimated property values pre/post development
- Estimated annual sales
- Estimated number of jobs created by development and average wage per job

Unless the Commission directs otherwise, any applicant under this section will be granted one work session to present their concept and term sheet to the Commission for feedback. Any further request will need to be formalized and in complete compliance and conformity with this policy and all applicable state statutes.

## **SECTION 3. DEFINITIONS**

"City" means the City of Hays, Kansas.

"Economic development purposes" shall mean the establishment of a new business or the expansion of an existing business, which:

- A. is or will be primarily engaged in any one or more of the Kansas basic industries; or
- B. is or will be primarily engaged in the development or production of goods or the provision of services for out-of-state sale; or
- C. is or will be primarily engaged in the production of raw materials, ingredients or components for other enterprises which export the majority of their products; or
- D. is a national or regional enterprise which is primarily engaged in interstate commerce; or
- E. is or will be primarily engaged in the production of goods or the provision of services which will supplant goods or services which would be imported into the city; or
- F. is the corporate or regional headquarters of an enterprise, which is primarily engaged in out-of-state business activities.

"Environmentally friendly businesses" shall mean:

- Firms with programs or activities that reduce the impact of activities on the environment.

- Businesses that are not damaging to the environment, or directed at preventing environmental damage.

“High-Tech Businesses” shall mean both manufacturing and non-manufacturing businesses that have a great dependence on science and technology innovation that leads to new or improved products or services. High-Tech Business involves intensive use of new scientific and technical knowledge. It is often characterized by reliance on significant inputs of knowledge, depending more on having access to the knowledge produced in universities and other educational institutions. It tends to hire and keep personnel who have advanced skills. High-Tech Businesses are more sensitive to the quality of local universities and other educational institutions as providers of knowledge and education of high-skilled workers and may be more sensitive to local quality of life, encouraging high-skilled workers from elsewhere to be hired. High-Tech Business often has special infrastructure needs, such as broadband communications. Goods and services produced by High-Tech Businesses frequently require a longer development time than ordinary goods and services, requiring some ability to generate equity capital or other “maturing” capital.

“Kansas basic industry” shall mean:

- Agriculture;
- Mining;
- Manufacturing;
- Interstate transportation;
- Wholesale trade which is primarily engaged in multi-state activity or which has a major import supplanting effect within the state;
- Financial services which are primarily engaged in providing such services for interstate or international transactions;
- Business services which are primarily engaged in providing such services to out-of-town markets;
- Research and development of new products, processes or technologies;
- Tourism activities, which are primarily engaged in for the purpose of attracting out-of-state tourists.

As used in these subsections, “primarily engaged” means engagement in an activity by an enterprise to the extent that not less than 51% of the gross income of the enterprise is derived from such engagement.

## **SECTION 4. INDUSTRIAL ECONOMIC DEVELOPMENT**

The City will be selective as to the kinds of industrial businesses (i.e., businesses that are not retail businesses) that are recruited and assisted. In general, the primary objective of the City’s industrial Economic Development Policy is to target new and expanding businesses that are environmentally sound, strengthen our local economy, and demonstrate a need for public financial support in order to locate or expand in Hays. Additionally, the City favors industry that creates high-caliber employment, such as high-skill, high-wage jobs with increased employee benefits and superior working conditions.

When considering proposals brought before the City, City staff and the City Commission shall be cognizant of the investment being made by the business, the risk involved in doing business, and the reputation of the City which is created by decisions that are made.

**Examples of incentives that may be available to industrial businesses may include; Property Tax Abatement, Industrial Revenue Bonds, Job Bounty Program, Tax Increment Financing (TIF), Transportation Development Districts (TDD), Community Improvement District (CID), or other available programs as approved by the Kansas Legislature.**

## **SECTION 5. RETAIL DEVELOPMENT**

The City of Hays relies heavily on sales taxes to support the provision of general services to its residents and visitors. The primary objectives of the City in granting incentives to retail businesses for development include the expansion of the sales tax base, general enhancement of quality of life, development as the regional hub for goods and services in northwestern Kansas, and the expansion of the property tax base.

The City encourages the creation of mixed use developments that contain commercial/retail uses as well as living units as this is a way to maximize available space and is a more efficient use of existing and future infrastructure.

**Examples of incentives that may be available to retail businesses may include; Job Bounty Program, Tax Increment Financing (TIF) (Property tax only. Sales taxes are not eligible.), Transportation Development Districts (TDD), Community Improvement District (CID), Sales Tax and Revenue Bonds (STAR Bonds), or other available programs as approved by the Kansas Legislature.**

## **SECTION 6. ECONOMIC DEVELOPMENT APPLICATION**

New or existing businesses that seek financial incentives from the City must file an *Application for Economic Incentives* before their request can be considered. The application shall contain the following information:

- A. Specific information on incentives being requested
- B. Company profile including longevity of company, principal officers, stockholders and clients
- C. Audited financial statements – last five (5) years or since date of incorporation if company has not been in existence for five (5) years
- D. Completed (attached) *Application for Economic Incentives* and *Supplemental Questionnaire*
- E. Business Plan as it relates to the proposed business to be located in Hays. Business Plan to include:
  - a. Number of employees along with a detailed breakdown of the classification and salary for each employee.
  - b. Projected annual operating costs for the proposed development.
  - c. Projected annual revenues for the first 10 years.
- F. Cost Benefit Analysis (See Section 15).
- G. For applicants wishing to develop a greenfield site, or redevelop property along existing infrastructure, the following items are required:
  - a. A detailed site development plan.
  - b. Construction estimates for all improvements. If asking for a TIF, TDD, or CID, applicant must provide an itemized breakdown of eligible costs for the incentive program being requested.
  - c. Estimated water usage and composition of wastewater produced by the site.

- d. Detailed information regarding traffic patterns to and from the site being developed, including the number of vehicles per day (average and peak times) as well as size and type of vehicle.
- e. If the proposed development requires the extension/creation/reconstruction of City of Hays water, sewer, road, or stormwater infrastructure, the applicant must provide detailed cost estimates. City of Hays staff will not provide cost estimates, The applicant will be required to retain the services of a qualified engineer for this purpose.

The City will not consider the granting of any incentive unless the business submits a full and complete application, and provides additional information as may be requested by the City Commission. The accuracy of the information provided in the application shall be verifiable by the applicant. Any misstatement of or error in fact may render the application null and void and may be cause for the repeal of any resolution adopted in reliance on said information. Applications will not be considered after the issuance of building permits. Refer to Section 6 for application and renewal fee information.

## **SECTION 7. FEE SCHEDULE**

Any individual business requesting any incentive shall pay to the City a nonrefundable application fee of \$1000 plus a deposit of \$5,000.00 to be retained by the City to pay for the City's out of pocket costs associated with the City's review of the application and other actions and agreements associated with the proposed incentive, including but not limited to the City's cost of legal counsel, financial advisors and consultants necessary to evaluate the application and administer the incentive. In the event that costs for third-party services incurred by the City exceed the fee collected, the applicant shall reimburse the City for such additional cost, immediately upon request, but no later than prior to final consideration of the incentive by the Governing Body. The application fee and deposit shall be submitted at the same time the *Application for Economic Incentives* is submitted. At its discretion, the City Commission may consider waiving a portion of the fee or deposit upon request, based upon need. In addition, any business which has been granted an incentive shall pay an annual nonrefundable renewal fee in the amount of \$100.00.

The City requires the use of its designated Bond Counsel and its designated Financial Advisor. The City reserves the right to approve the selection of other necessary participants in the administration of an incentive, including but not limited to, the underwriter and trustee/fiscal agent. The City, at its discretion, may retain additional independent advisors to assist the City in analyzing the merits of the application and in making a determination of its approval at the applicant's expense. Examples of additional advisors include economic or environmental specialists, or a certified public accountant.

## **SECTION 8. PROPERTY TAX ABATEMENT POLICY**

### **A. Policy.**

The grant of property tax abatement will be considered for real and personal property being added to the tax rolls by "Kansas basic industry," in accordance with the provisions set by Article 11, Section 13 of the Constitution of the State of Kansas and the provisions of K.S.A. 12-1740 *et seq.* and K.S.A. 79-201a.

The City may approve for economic development purposes a property tax abatement on real and personal property used exclusively in the following business activities:

- Conducting research and development;
- Manufacturing articles of commerce;
- Storing goods that are sold or traded in interstate commerce;
- Corporate or regional headquarters of a multi-state enterprise which is primarily engaged in activities that take place outside of Kansas;
- High-tech businesses.

**B. Abatement Amount and Term.**

While Kansas law permits an exemption up to 100 percent of the qualified investment for up to 10 years, it shall be the policy of the City to normally provide property tax abatement and require payments in lieu of taxes (PILOTs) as set forth in the following schedule for portions of a project that meet the economic development goals of the City set forth in Sections 1 and 3 and that qualify for abatement under Kansas law. The abatement level is based on the **higher of the capital investment AND job creation.**

<u>Abatement Level</u>	<u>Capital Investment<sup>1</sup></u>	<u>Job Creation<sup>2</sup></u>
<b><u>Matrix for High-Tech Businesses and Research and Development-Based Businesses</u></b>		
50% abatement for 10 years	Minimum: \$500,000 Maximum: \$3,750,000	Minimum: 25 Eligible Net New Jobs Maximum: 50 Eligible Net New Jobs
100% abatement for 10 years	>\$3,750,000	>50 Eligible Net New Jobs
<b><u>Matrix for All Other Business Types</u></b>		
25% abatement for 10 years	Minimum: \$500,000 Maximum: \$2,500,000	Minimum: 25 Eligible Net New Jobs Maximum: 50 Eligible Net New Jobs
50% abatement for 10 years	Minimum: \$2,500,001 Maximum: \$10,000,000	Minimum: 51 Eligible Net New Jobs Maximum: 125 Eligible Net New Jobs
75% abatement for 10 years	Minimum: \$10,000,001 Maximum: \$30,000,000	Minimum: 126 Eligible Net New Jobs Maximum: 250 Eligible Net New Jobs
100% abatement for 10 years	>\$30,000,000	>250 Eligible Net New Jobs

<sup>1</sup> Capital Investment will be determined by increase in appraised value from the appraised value of the property on the date of the application compared to the appraised value on the January 1 after completion of improvements, all as determined by tax appraisal from the Ellis County Appraiser's office.

<sup>2</sup> "Eligible Net New Jobs" means each full-time equivalent job created above the monthly average full-time equivalent employee count for the 12-month period preceding the date of application. In order for a job to qualify as a "Eligible Net New Job," each job must pay wages greater than 100% of the Region 1 wage average based on the applicant's 4-digit NAICS code. The number of Eligible Net New Jobs must be reported annually pursuant to Section 15, and if the actual number of Eligible Net New Jobs in any year during the abatement term is less than the Eligible Net New Jobs set forth in the application, the abatement level for the remaining abatement term will be reduced in accordance with the table above.

The abatement term for projects considered under the authority of Article 11, Section 13 of the Constitution of the State of Kansas shall begin in the calendar year after the calendar year in which

the business commences its operations locally. The abatement term for projects considered under the authority of K.S.A. 12-1740 *et seq.* and K.S.A. 79-201a shall begin in the calendar year after the calendar year in which industrial revenue bonds are issued.

### **C. Procedure.**

**1. Action by the City.** The City shall consider granting a tax exemption pursuant to this Policy after receipt of a complete application from the applicant in a form prescribed by the City together with the application fee and deposit. The application shall be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's preliminary site plans and building elevations, to prepare a cost benefit analysis, and to contact the county and the unified school district within which the property proposed for exemption is located. The project's site plans and building elevations are subject to final approval to ensure that they are similar to the preliminary plans and elevations submitted.

Based on each application and such additional information as may be requested by the City, the City shall prepare or cause to be prepared a cost benefit analysis of the proposed exemption on the city and state of Kansas, which analysis shall be used by the Governing Body in considering the request for abatement, and shall be sufficient to meet statutory requirements for obtaining property tax abatement. In making its decision, the Governing Body may also consider any fiscal and/or economic impact analyses performed by the county and the unified school district within which the property proposed for exemption is located.

Prior to formal action on each resolution of intent, the Governing Body shall conduct a public hearing thereon, to be scheduled at least seven days after publication of notice. Notice of the hearing shall also be sent to the Ellis County Clerk's Office and the unified school district within which the property proposed for exemption is located.

Any grant of property tax abatement shall be accompanied by Performance Agreement as set forth in Section 13 of this Policy, and continuing abatement shall be subject to annual review as set forth in Section 15 of this Policy.

All documents necessary to consider granting a tax exemption, including the cost benefit analysis, notice of hearing, and any resolutions or ordinances, shall be prepared or reviewed by the City's Bond Counsel.

**2. Action by the State Court of Tax Appeals.** If the abatement request is granted, the applicant shall prepare and submit to the City by each February 1, a copy of the abatement application required by K.S.A. 79-213 and 79-210, and the statement required by K.S.A. 79-214 for the cessation of an exempt use of property. The City Clerk shall submit such application and statement to the County Appraiser, who will forward to the Court of Tax Appeals. The City Clerk shall provide a copy of the ordinance, as published in the official city newspaper, granting an abatement from taxation to the applicant for use in filing an initial request for tax abatement as required by K.S.A. 79-213, and by K.S.A. 79-210 for subsequent years. The City expressly notes to applicants that no abatement can be provided without the approval of the State Court of Tax Appeals.

### **D. Payment of PILOTs.**

Any payment in lieu of taxes, which shall be required of a business granted a property tax abatement of less than 100% for 10 years, shall be paid to the County Treasurer, with notice of the amount and date paid provided to the City. The County Treasurer is directed to apportion the payment, under the provisions of subsection (3) of K.S.A. 12-148, to the general fund of all taxing

subdivisions, excluding the state, which levy taxes on property where the business is situated. The apportionment shall be based on the relative amount of taxes levied, for any and all purposes by each of the applicable taxing subdivisions. The specific provisions for payment of PILOTs shall be set forth in the Performance Agreement between the City and the applicant.

## **SECTION 9. INDUSTRIAL REVENUE BOND POLICY**

### **A. Policy.**

It shall be the policy of the City to consider the issuance of industrial revenue bonds pursuant to K.S.A. 12-1740 *et seq.* (the "IRB Act") for the purposes set out in Section 1 of this Policy, and the IRB Act. Industrial revenue bonds may also be issued for the purpose of property tax abatement, as set forth in Section 7 of this Policy.

### **B. Sales Tax Exemption for Construction Materials.**

Labor and materials, as well as equipment purchased with IRB proceeds may be exempt from State and local sales tax. The City reserves the right to grant or deny such sales tax exemption in connection with the issuance of IRBs, to be determined on a case-by-case basis.

### **C. Cost Reimbursement/Issuance Fee.**

The applicant shall reimburse the City for all costs associated with the issuance of bonds, including but not limited to, the cost-benefit analysis, all legal publication notices, application fees to the Court of Tax Appeals, the City's bond counsel fees and all other miscellaneous costs.

For projects requesting tax abatement in connection with the issuance of industrial revenue bonds, the City shall receive an issuance fee of (i) 25 basis points (.0025) of the first \$10 million par amount of bonds being issued or the amount of constitutional tax abatement being requested, plus (ii) 20 basis points (.002) of the par amount of the second \$10 million of bonds being issued or the amount of constitutional tax abatement being requested, plus (iii) 10 basis points (.001) of the par amount in excess of \$20 million of bonds being issued or the amount of constitutional tax abatement being requested. In no event shall the issuance fee be less than \$1,500 or more than \$100,000. The fee shall be due and payable at the time the bonds are issued.

## **SECTION 10. COMMUNITY IMPROVEMENT DISTRICT POLICY**

### **A: POLICY STATEMENT**

It is the policy of the City to consider the establishment of CIDs for reimbursable expenses in the amount of \$250,000 or greater in order to promote economic development and tourism within the City. An applicant may petition the City to utilize special assessments or a special sales tax to fund projects eligible under the CID statutes. In considering the establishment of a CID, the Governing Body shall consider whether the proposed CID will achieve the economic development purposes outlined in Section 1 of this Policy.

It is the further policy of the City that a CID shall only be established for projects where the applicant/developer pays for the cost of eligible CID improvements (at no cost to the City) and agrees to be reimbursed on a pay-as-you-go basis for such costs from the City's receipt of CID sales tax revenues or CID special assessment revenues.

The use of CIDs should not alter the requirements of the City's Economic Development Policy in regard to the development paying for public infrastructure or meeting building codes. When establishing a CID, special consideration will be given to public benefits. These benefits may include, but are not limited to, strengthening economic development and employment opportunities, reducing blight, enhancing tourism and cultural amenities, upgrading older retail real estate and commercial neighborhoods, and promoting sustainability and energy efficiency.

## B: CRITERIA

It shall be the policy of the City to create a CID, if, in the opinion of the Governing Body, it is in the best interest of the City to do so. The Governing Body shall consider the following factors when creating a CID:

1. The project meets the City's economic development goals by expanding existing businesses or develops new businesses described in Section 1 of this Policy, and/or strengthens economic development and employment opportunities, reduces blight, enhances tourism and cultural amenities, upgrades older retail real estate and commercial neighborhoods, and promotes sustainability and energy efficiency.
2. The project uses higher standards for the design of improvements and materials used in making improvements within the CID, compared to the minimum requirements set forth in the City's current design guidelines.
3. The project extends public infrastructure to parts of the City that are not currently served by such infrastructure.

## C: PROJECT ELIGIBILITY

1. It is the intent of the City to allow only projects involving capital investment and improvements to qualify for reimbursement. Purchase of consumables, and items or property considered to be operating expenses shall not qualify for reimbursement.

The following projects within the district to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, equip or extend shall be eligible for reimbursement out of the proceeds of the community improvement district sales tax:

- a. Public buildings, structures and facilities, and private not-for-profit museums;
- b. Sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public right-of-way, water mains and extensions and other site improvements;
- c. Parking garages;
- d. Streetscape, lighting, street light fixtures, street light connections, street light facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;
- e. Parks, lawns, trees and other landscape;
- f. Communication and information booths, bus stops and other shelters, stations, terminals, hangers, rest rooms and kiosks;

- g. Outdoor cultural amenities, including but not limited to, sculptures and fountains;
  - h. Private buildings, structures and facilities;
  - i. To produce and promote any tourism, recreational or cultural activity or special event, including, but not limited to, decoration of any public place in the district, promotion of such activity and special events;
  - j. To support business activity and economic development, including, but not limited to, development, retention, and the recruitment of developers and businesses;
  - k. To provide or support training programs for employees of businesses.
2. Generally, projects not listed in the foregoing eligibility section shall not be eligible for reimbursement out of the proceeds of a Community Improvement District sales tax. Additionally, the following projects within the district to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip or extend shall be ineligible for reimbursement out of the proceeds of a community improvement district sales tax:
- a. Airports, railroads, light rail and other mass transit facilities;
  - b. Lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits.
  - c. To provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons for public property, buildings and outdoor spaces.
  - d. To provide or contract for cleaning, maintenance and other services to public property, buildings and outdoor spaces;
  - e. To contract for or conduct economic impact, planning, marketing or other studies related to the district.
  - f. Indoor cultural amenities, including but not limited to, paintings, murals and display cases, which are not located in a private not-for-profit museum;
  - g. To operate or to contract for the provision of music, news, child-care, or parking lots or garages, and buses, minibuses or other modes of transportation;
  - h. To provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons inside private buildings;
  - i. To provide or contract for cleaning, maintenance and other services to private property;
  - j. The purchase of inventory and/or supplies for use or resale.
  - k. To purchase interior furnishings.
  - l. To purchase advertising or participation and any promotional expenses.
  - m. Any other projects not permitted by state statute, as amended from time to time.

#### D: METHOD OF FINANCING

The governing body will consider creation of a CID where (1) the costs of CID improvements will be financed on a pay-as-you-go basis from CID sales tax revenues or (2) the costs of CID improvements consisting only of public infrastructure improvements will be financed from CID special assessments. In the instance where public infrastructure CID improvements will be financed from CID special assessments, the City will consider the issuance of special obligation CID special assessment bonds. The City will not issue special obligation or general obligation bonds for CID improvements, other than the limited circumstances set forth in this section. The proposed method of financing will be clearly shown in the petition.

#### E: PROCESS

The process for creation of a CID shall be as follows:

1. *Petition and Supplemental Information.* An applicant requesting that the City create a CID shall first submit a petition to the City. Such petition shall contain all of the information required by K.S.A. 12-6a26 *et seq.* and shall contain all of the required signatures of property owners as set forth in the Community Improvement District Act. Such petition shall also contain an agreement by the applicant to pay all out of pocket costs incurred by the City related to the City's review of the petition, including but not limited to the City's cost of legal counsel and financial advisors necessary to evaluate the petition. In addition to the information required by K.S.A. 12-6a26 *et seq.*, applicants must file (a) an Application for Economic Incentives and Supplemental Questionnaire, as provided by the City's Economic Development Policy, (b) a site plan for all public and private improvements to be located within the proposed CID, and (c) a business plan evidencing that the applicant has the financial ability to complete the proposed project in a timely manner and operate the project for the term of the proposed CID. The applicant shall furnish such additional information as requested by the City in order to clarify the petition or to assist staff or the Governing Body with the evaluation of the petition.
2. *Application Fee and Deposit.* The application fee and deposit, as well as any costs and expenses required to be paid by the applicant pursuant to Section 6 may be deemed costs of the improvements, and may be reimbursable to the extent permitted by the Community Improvement District Act and as authorized by the Governing Body.
3. *Timing of Submissions.* The petition and all additional information required by this Policy must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's site plans, and to analyze the merits of the proposed CID in the context of existing economic development and infrastructure projects.
4. *Public Hearing.* Upon receipt of the petition and all additional information required by this Policy, the Governing Body may order a public hearing on the creation of a CID and the imposition of a CID sales tax. The Governing Body shall give public notice and hold such hearing in the manner required by the Community Improvement District Act.
5. *Governing Body Findings; Development Agreement Required.* After the public hearing is conducted, the Governing Body shall determine the advisability of creating a CID pursuant to the Community Improvement District Act. If advisable, the Governing Body may create a CID by adopting an ordinance. Contemporaneously with the adoption of an ordinance creating a CID, the Governing Body shall consider a Development Agreement between the City and the applicant setting forth the specific terms and conditions under which the City will reimburse the applicant on a pay-as-you-go basis for the costs of certain CID Improvements.

#### F: APPLICANT REQUIREMENTS

1. The applicant shall provide a tax clearance letter from the State of Kansas Department of Revenue to determine and ensure the applicant is compliant with all primary Kansas Tax Laws. An annual submission of the tax clearance from the State of Kansas Department of Revenue is required.
2. If a CID is created, the applicant must complete an annual report by March 1 of each year covering the previous calendar year.

3. If a CID is created, the applicant must agree in the Development Agreement to pay to the City an annual administrative fee equal to 0.5% of the annual CID revenue generated within the CID, to cover the administration and other City costs related to the CID. This fee is in lieu of the annual renewal fee of \$100.00 set forth in the City's Economic Development Policy for other economic development incentives.

#### G: PAYMENT OF CERTAIN COSTS

The City shall require the applicant to enter into a funding agreement or other evidence of the applicant's agreement to pay costs incurred by the City for additional legal, financial and/or planning consultants, or for direct out-of pocket expenses and other costs relating from services rendered to the City to review, evaluate, process and consider the petition for a CID, as well as the continued maintenance of the escrow account for CID revenues and for the processing of payments of CID eligible costs. Such costs and expenses may be deemed costs of the project, to the extent permitted by the Community Improvement District Act.

#### H: FINANCIAL AND FISCAL IMPACT

The applicant must detail the proposed method and amount of financing, including any public financial participation requested. The applicant must financially participate in the project in an amount that is at least 25 percent of the total project cost.

#### I: AUTHORITY OF GOVERNING BODY

The Governing Body reserves the right to deviate from any policy when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that is in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or petition for creation of a CID at any time in the review process when it considers such action to be in the best interests of the City.

## **SECTION 11. RURAL HOUSING IMPROVEMENT DISTRICT POLICY**

#### A: POLICY STATEMENT

It is the policy of the City to consider the establishment of a RHID for a development containing a minimum of ten renter occupied low-income or income-qualified units. It is the further policy of the City that a RHID shall only be established for projects where the applicant/developer pays for the cost of eligible RHID improvements (at no cost to the City) and agrees to be reimbursed on a pay-as-you-go basis for such costs from the City's receipt of RHID revenues.

#### B. CRITERIA

It shall be the policy of the City to create a RHID, if, in the opinion of the Governing Body, it is in the best interest of the City to do so. The Governing Body shall consider the following factors when creating a RHID:

1. Assure taxpayers that the City is not financing an already viable project.
2. Assure taxpayers that the City is not financing an unreasonably high profit margin for developers. Each developer will be required to submit a detail of development costs and net

operating income including an Internal Rate of Return to be compared to the market for reasonableness.

3. Assure taxpayers that the development provides the City safeguards committing the developer to complete the project.

The Development Plan required by statute for each project must determine that the incremental ad valorem property tax revenues generated by the RHID, together with other funds committed by the Developer, will cover the estimated eligible costs of the project. All Development Plans must assume that the initial estimated incremental property tax revenues will remain flat over the term of the RHID (i.e., no plan may assume increasing incremental property tax revenues will be available to cover project costs).

All development requests must utilize drought tolerant landscaping and water efficient fixtures in order to minimize impact on water resources. City staff will provide the necessary guidance.

#### C: ELIGIBLE COSTS

It is the intent of the City to allow only the following development expenditures within a RHID to qualify for reimbursement out of RHID revenues:

1. Acquisition of property within the RHID
2. Payment of relocation assistance
3. Site preparation
4. Sanitary and storm sewers and lift stations
5. Drainage conduits, channels and levees
6. Street grading, paving, curbs and gutters
7. Street lighting
8. Underground public and limited private utilities, all located within the public right-of-way
9. Sidewalks
10. Water mains and extensions

#### D: METHOD OF FINANCING

The governing body will consider creation of a RHID where eligible costs will be financed on a pay-as-you-go basis from incremental ad valorem tax revenues generated within the RHID. The City will not issue special obligation bonds for RHID improvements.

#### E: PROCESS

The process for the creation of an RHID District shall be as follows:

1. *Application and Supplemental Information.* An applicant requesting that the City create a RHID must file:
  - a. an Application for Economic Incentives and Supplemental Questionnaire, as provided by the City's Economic Development Policy,
  - b. a Housing Needs Analysis meeting the requirements of K.S.A. 12-5244(a) and the guidelines of the Kansas Department of Commerce, and incorporating the findings contained in the Current Hays Housing Assessment.

- c. a Development Plan meeting the requirements of K.S.A. 12-5245, and
- d. a business plan evidencing that the applicant has the financial ability to complete the proposed project in a timely manner and that the project meets the criteria for establishment of a RHID, as set forth in this Policy.

The applicant shall furnish such additional information as requested by the City in order to clarify the application or to assist staff or the Governing Body with the evaluation of the application.

2. *Application Fee and Deposit.* The application fee and deposit as well as any costs and expenses required to be paid by the applicant pursuant to Section 6 of the Economic Development Policy are not reimbursable pursuant to the Rural Housing Incentive District Act. The applicant will pay all out of pocket costs incurred by the City related to the City's review of the application, all documents related to consideration of a RHID and the development agreement, including but not limited to the City's cost of legal counsel and financial advisors necessary to evaluate and create the proposed RHID.
3. *Timing of Submissions.* The application and other information required by this Policy must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the submitted documents and analyze the merits of the proposed RHID in the context of existing economic development policy.
4. *Secretary of Commerce Approval.* If the Governing Body determines that it is in the best interest of the City to approve the Housing Needs Analysis and move forward with the proposed Development Plan, the Governing Body shall adopt a resolution approving the Housing Needs Analysis and submit such analysis to the Kansas Secretary of Commerce for approval. If the Secretary of Commerce agrees within the findings of the Governing Body set forth in such resolution, the Governing Body may proceed with the establishment of an RHID.
5. *Development Agreement.* Upon receipt of approval from the Secretary of Commerce, but before the Governing Body takes further action with respect to the creation of the RHID, the City and the Developer shall negotiate a development/performance agreement to implement the proposed Development Plan and including the requirements of this Policy, including particularly the requirements of Section 14 of this Policy related to Performance Agreements.
6. *Public Hearing.* When the Development Plan, a draft Development Agreement, and all additional information required by the RHID Act and this Policy are ready to be presented to the Governing Body the Governing Body will consider adopting a resolution ordering a public hearing on creation of the RHID and adoption of the plan. The Governing Body shall give such notice and hold such hearing in the manner required by the RHID Act.
7. *Governing Body Findings.* After the public hearing is conducted, if advisable, the Governing body may create an RHID district by adopting an ordinance creating the district, adopting the Development Plan, and approving the Development Agreement.

## F: PAYMENT OF CERTAIN COSTS

The City shall require the applicant to enter into a funding agreement or other evidence of the applicant's agreement to pay costs incurred by the City for additional legal, financial and/or planning consultants, or for direct out-of pocket expenses and other costs relating from services rendered to the City to review, evaluate, process and consider the request for RHID. Such costs and expenses are the applicant's sole responsibility, and are not generally reimbursable pursuant to the RHID Act.

## G: AUTHORITY OF THE GOVERNING BODY

The Governing Body reserves the right to deviate from any policy when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that is in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or request for the creation of an RHID at any time in the review process when it considers such action to be in the best interest of the City or whenever, in the opinion of the City Commission sufficient properties are already available for the type of development being considered.

## I: REVIEW

The RHID policy will be in place as long as there is a need for low-income and income-qualified housing. The City expects the Housing Needs Assessment will be updated every three to five years.

## **SECTION 12. MEMORANDUM OF UNDERSTANDING**

Authority to issue memorandums of understanding to consider requests for economic development incentives shall lie only with the City Commission. Such memorandums of understanding shall only be issued by the City Commission, and as an expression of good faith intent, but shall not in any way bind the City to the granting of an incentive. Such memorandums of understanding shall expire six months after issuance, but may be renewed. A public hearing shall not be required prior to the issuance of memorandums of understanding.

## **SECTION 13. NOTICE AND HEARING**

No incentive shall be granted by the City prior to a public hearing thereon. Notice of the public hearing shall be published at least seven days prior to the hearing in the official city newspaper, giving the time and place, and the hearing may be held at a regular or special meeting of the City Commission. The City Manager shall thereupon notify the Ellis County Commissioners, the superintendent of the appropriate school district, and the clerk of any taxing jurisdiction, excluding the state, which derives or could derive property taxes from the affected business advising them of the scheduled public hearing and inviting their review and comment. Upon request, the City Manager shall provide any such public agency with a copy of the application, which shall remain confidential unless released by the City Commission. The applicant business shall be invited, but not required, to attend the public hearings.

## **SECTION 14. PERFORMANCE AGREEMENT**

Any incentive granted pursuant to this policy shall be accompanied by a Performance Agreement between the applicant and the City, which shall include provisions governing the situation if an applicant fails to meet the wage, number of jobs, and/or capital investment projections set forth in the original application. Each incentive shall be reviewed annually. The City Commission shall receive the annual review report, and if the City Commission determines that a business or project is not in compliance with the provisions of the Performance Agreement, then the incentive may be modified pursuant to the Performance Agreement as the City Commission deems appropriate. Modifications to the incentive may include, but are not limited to, termination of the incentive, reduction of any incentive (including but not limited to reductions in tax abatement due to failure to meet requirements as set forth in Section 7) and claw-back of any existing incentive. To the extent necessary, the County Appraiser and the State Court of Tax Appeals shall be notified of appropriate actions to modify any incentive.

## **SECTION 15. COST BENEFIT ANALYSIS**

The Cost Benefit Analysis will offer a wide spectrum of information as it pertains to development, the adequacy, or inadequacy of, financial incentives, and finally, the net gain, current and future, of entering into these types of endeavors on behalf of the citizens of the City. The Cost Benefit Analysis should address the following items:

1. **DIRECT COSTS TO THE CITY.** Any identified direct cost should be included in the analysis. Examples of these types of costs include installation and assumed annual liability of municipal infrastructure to the business site, and costs of providing city General services such as public works, fire, and police protection.
2. **BENEFIT TO THE CITY.** Direct benefits include wages/salaries/benefits paid to employees, any taxes collected (property, sales, franchise fees), purchases of products/services from local vendors.
3. **COST VERSUS BENEFIT.** From a community perspective, incentives are used because a net benefit is expected. A desired benefit to cost ratio must be at least in the 1.25:1 ratio. Proposed economic development projects that achieve this benchmark traditionally employ a higher proportion of local labor, including managers, at an above-average hourly wage.

This analysis should identify the particulars involving the developer's proposal. This should include confirmation of the size of the store, financial information, number of employees, pay scale, tax collections, and other areas involving development. The developer is responsible for the development of this analysis including any cost incurred.

If asking for any financial incentives, such as a TIF, TDD, or tax abatements, the applicant shall be required to provide a detailed monetary breakdown of the program(s) being requested, including but not limited to: the determination of any revenues generated from sales taxes or an incremental increase in property taxes, the direct cost to the city in lost sales or property tax revenue, the number of years required to retire any debt being financed with the above-mentioned programs.

## **SECTION 16. ANNUAL REVIEW FOR COMPLIANCE**

All incentives granted shall be subject to an annual review to ensure that the ownership, use of property, and the economic performance of the business, including the capital investment, employment, and wages, are pursuant to requirements and criteria of this policy, the application, and the conditions of the granting of incentives. The review shall also include a comprehensive review of the entire incentive period for the business (if applicable), including milestones and project phases for the business. The annual review shall provide an opportunity for the company receiving the incentive to describe their achievements, especially in the areas of environmentally sound practice, community engagement and services, and job training. If the business:

- A. no longer qualifies for the incentive pursuant to law or this policy;
- B. substantially fails to meet the expectations set forth in the application for an incentive, including failure to meet employment, wage, or capital investment plans in the application; or
- C. substantially fails to meet the criteria or objectives of this policy;

the City Commission, after notice and a public hearing, may modify any incentive by ordinance or resolution.

The City reserves the right to issue any level of penalties that it deems necessary. These may include; 1) rescissions, which is a complete cancellation of the incentive, 2) penalties, which are fines charged when the business does not meet a certain level of performance or relocates, and finally, 3) recalibrations, which are the provisions for changing the incentive in some manner in order to accommodate an evolving economic climate. The use of these tools will provide a safety net to the community, ensuring that its investment in the business will result in the positive benefits it expects.

Each business receiving an incentive shall be required to complete an annual report by March 1. The information in the report will cover the time period of January 1 through December 31 of the previous year. The annual report will be reviewed by May 1.

By May 1 of each year, an annual report listing all financial incentives that remain in effect will be presented to the City Commission. The annual report shall include information regarding when the incentive was granted, when the incentive expires, current property taxes paid for the property, in lieu of tax payments, amount of any industrial revenue bonds issued, the assessed value of the property, number of employees, salary and payroll of employees, and any additional information concerning the operation of the business receiving the incentive, and other information as requested by the City Commission.

The failure of a business (a) to provide accurate and timely information to the City in the preparation of the annual report or (b) to comply with the performance standards set forth in the Performance Agreement, shall be grounds for the modification or revocation of the incentive granted.

The City may require an annual renewal application to be filed or other information necessary to assure the continued qualification of the exempt business. Any material omission or misstatement of fact in information provided to the City in any such statement or renewal application may be cause for repeal of any incentive ordinance adopted, renewed or extended in reliance thereon.

## **SECTION 17. TRANSFER OF OWNERSHIP OR USE**

Incentives granted by the City may be transferred as a result of a change in the majority ownership of the business. Any new owner shall file a new application, along with the renewal fee, for an incentive. The City shall be notified by the business of any change in ownership and any substantive change in the use of a tax exempt property.

## **SECTION 18. RETROACTIVE GRANTING OF INCENTIVES; “BUT FOR” PRINCIPLE**

No incentives, including the granting of Job Bounty funding, will be distributed on a retroactive funding basis. Incentives will be granted pursuant to the guidelines of this policy and effective on the date indicated and approved by the City Commission.

Each application for incentive shall demonstrate that the incentive will make such a difference in determining the decision of the business to locate, expand or remain in the City that the business would not otherwise be established, expanded or retained without the availability of the abatement.

## **SECTION 19. WAIVER OF STATEMENT REQUIREMENTS**

The City Commission reserves the right to grant or not to grant an incentive under circumstances beyond the scope of this Statement, or to waive any procedural requirement. However, no such action or waiver shall be taken or made except upon a finding by the City Commission that a compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest.

The Commission will not entertain requests for incentives outside of what is allowed by, or in accordance with, this policy. If any interested party would like the Commission to include an additional incentive to this policy, or modify the criteria for an existing incentive, that party must formally address the Commission and request that this policy be amended.

## **SECTION 20. AMENDMENTS**

The City Commission of the City retains the right to amend any portion of this policy as needed.

## **SECTION 21. TAX CLEARANCE CERTIFICATION**

Any person, company, or entity receiving economic incentives under this policy must provide a Tax Clearance Certificate from the State of Kansas Department of Revenue on an annual basis prior to December 31. The Tax Clearance Certificate requirement will be in effect until such time that incentives are no longer being utilized.

## **SECTION 22. MANDATORY REVIEW**

This policy will be subject to a mandatory review by the City Commission every three years.