City of Hays
Office of the City Manager

Memo

To: City Commission

From: Toby Dougherty, City Manager

Date: 7-23-15

Re: August 6, 2015 Work Session

Please find the attached agenda and supporting documentation for the August 6, 2015 Work Session.

Item 2 – NWK Investments – Request for Economic Development Incentives

Please refer to my attached memorandum regarding the request for economic incentives by NWK Investments. Aaron White of the Ellis County Coalition for Economic Development and James Millensifer of Chance Management will be at the work session to present the proposal to the Governing Body.

Items 3 & 4 – S&W Alley Pavement – Benefit District Resolution and Award of Bid

Please refer to the attached memorandum from John Braun, Assistant Director of Public Works, regarding the S&W alley pavement benefit district and award of bid. The two owners along the alley behind S&W and the former Hadley Hospital have petitioned to create a benefit district to pave the alley. The bids came in over the original engineer's estimate. The petitioners believe that, while over the engineer's estimate, the bids are reflective of the current market and want to move forward with the creation of the benefit district. There is no financial impact on the City for this process as the cost in total will be special assessed to the two adjacent owners.

Item 5 – Tallgrass Addition Phase 5 – Inspection

Please refer to the attached memorandum from John Braun regarding the Tallgrass Addition Phase 5 inspection and testing services.

Item 6 – Sewer Rate Study/Adjustment

Please refer to the attached memorandum from Kim Rupp, Finance Director, regarding sewer rate adjustments. At the July 16th Work Session, the City Commission was presented with a

recommended series of rate adjustments to cover operating expenses, capital maintenance needs and debt service for the wastewater facility being designed at this time. The City Commission asked for several options to be created and brought back for consideration. City staff went through a myriad of options and is presenting four for further consideration. City staff is also modifying our recommended option to slightly lower the first year and cumulative increases. At the end of Kim's memo, he created visuals for each option that have all of the pertinent information. At the work session, Kim will have a blank spreadsheet that can be adjusted on the fly so if the City Commission wishes to look at other options, it will be able to.

Item 7 – 2016 Budget – Continued Discussion

This is the last opportunity for the City Commission to make modifications to the 2016 Budget before it is adopted on August 13, 2015. City staff will also be asking the Commission to determine allocations for outside agencies as they are currently left at 2015 funding levels.

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CITY OF HAYS
CITY COMMISSION WORK SESSION
THURSDAY, AUGUST 6, 2015 – 6:30 P.M.
AGENDA

1. **ITEM FOR REVIEW: July 16, 2015 Work Session Notes** (PAGE 1)
   DEPARTMENT HEAD RESPONSIBLE: Kim Rupp, Director of Finance

2. **ITEM FOR REVIEW: NWK Investments – Request for Economic Development Incentives** (PAGE 67)
   PERSONS RESPONSIBLE: Aaron White, Ellis County Coalition for Economic Development
   James Millensifer, Chance Management

3. **ITEM FOR REVIEW: S&W Alley Pavement – Benefit District Resolution** (PAGE 177)
   DEPARTMENT HEAD RESPONSIBLE: Greg Sund, Director of Public Works

4. **ITEM FOR REVIEW: S&W Alley Pavement – Award of Bid** (PAGE 195)
   DEPARTMENT HEAD RESPONSIBLE: Greg Sund, Director of Public Works

5. **ITEM FOR REVIEW: Tallgrass Addition Phase 5 – Inspection** (PAGE 201)
   DEPARTMENT HEAD RESPONSIBLE: Greg Sund, Director of Public Works

6. **ITEM FOR REVIEW: Sewer Rate Study/Adjustment** (PAGE 253)
   DEPARTMENT HEADS RESPONSIBLE: Kim Rupp, Director of Finance
   Bernie Kitten, Director of Utilities

7. **ITEM FOR REVIEW: 2016 Budget – Continued Discussion**
   PERSON RESPONSIBLE: Toby Dougherty, City Manager

8. **OTHER ITEMS FOR DISCUSSION**

9. **EXECUTIVE SESSION (IF REQUIRED)**

10. **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.

City of Hays

City Commission

Work Session Notes

Thursday, July 16, 2015 – 6:30 p.m.

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

The attached list includes all that were in attendance at the Work Session and Public Meeting.

July 2, 2015 Work Session Notes

There were no corrections or additions to the minutes of the work session held on July 2, 2015; the minutes stand approved as presented.

Public Meeting for Wastewater Facility Plan Discussion to Meet SRF Terms and Conditions

It is necessary to hold a public meeting to discuss the Wastewater Facility Plan to assure compliance with the terms and conditions of the State Revolving Fund (SRF) Loan.

Finance Director, Kim Rupp, reviewed several funding options for the wastewater treatment facility. He explained lower interest rates and other benefits the SRF Loan offers in comparison to General Obligation Bonds or Utility Revenue Bonds.

Stan Christopher, Project Manager with HDR Engineering, Inc. who is providing the Owner Representative services for this project, presented the details of the wastewater facility plan to the Commissioners and the public. (Slides of the presentation are attached to these Work Session notes.) He explained the aging wastewater treatment facility was originally constructed in 1953 with upgrades in 1967 and 1992. Kansas Department of Health and

Environment (KDHE) has placed new, much tighter discharge limits and the facility we have in place is not able to meet those discharge limits.

Mr. Christopher discussed the new proposed effluent limits, the evaluation of treatment alternatives, the evaluation of procurement alternatives, the costs to construct the recommended alternative, the costs to operate the facilities, and the anticipated impacts on the sewer user rates. Environmental impacts of the proposed project were also discussed.

Mr. Christopher stated some structures at the current facility have served their useful life and are not available for reuse.

Commissioner Schwaller asked what would happen to these structures.

Mr. Christopher stated that we can find uses for the structures that have a useful life. At this point, a decision has not been made. They may be demolished or left standing and removed from service, to be available for some other use in the future.

The size of plant needed was discussed and data was presented for population projections and flow projections per capita.

Mr. Christopher stated one of the things that they are building into this facility is enough capacity in those treatment units to be able to handle any tighter discharge limits in the future with minimal change.

Commissioner Schwaller stated that we do not know what regulations are going to be like in 10 years, we know they will be strict, but it would be difficult to design a plant for 10 or 15 years because we don’t know what regulations or population will be, and it doesn’t matter what it is going to be because the equipment will have to be replaced in 10 to 15 years.

Commissioner Musil commented that we are building so we can adapt to future changes.

Bernie Kitten, Director of Utilities, added that if you oversize and get a wastewater treatment facility too big with their biological treatment they don’t work as well.

Mr. Christopher explained currently the biosolids that come off the plant are hauled to fields in thickened liquid form. They are looking for ways to reduce

that water significantly which would reduce the trips to the fields. The advantage to this is less trips to the farm fields and the ability to store the biosolids on site.

Commissioner Meier asked if the biosolids are sold to farmers at a profit, and wondered what the benefit is to the City by updating the equipment and making the biosolids more of a solid by taking additional water out of it.

Roger Moerke, Wastewater Superintendent, responded that we are currently hauling basically 98% water which is a lot of loads to the farm fields and we don't have any capacity for storage so this would give us a lot more flexibility if we went to cake, which is a de-watered biosolid. He stated it is an expense to haul this and we do not get paid for it by the farmer.

Mr. Christopher explained that the financing being considered by the City is a Kansas Water Pollution Control Revolving Fund Loan, 20 year amortization, 2.15% to 2.25% interest fees, no closing costs, financing interest during construction and the City is anticipating applying for 100% loan in the amount of $30,260,000.

Mayor Phelps asked if there was anyone in the audience that had questions or comments.

There were no public comments.

Commissioner Schwaller stated the membrane technology has changed a lot in the last 10 years and asked if it is second or third generation. He is concerned with longevity and obselesance. He asked if it is possible to think if we buy a certain kind of membrane technology it would last 10 to 15 years without becoming obsolete.

Mr. Christopher commented that HDR has been designing membrane plants for more than 15 years and there has been significant improvements in membranes. He stated the City should negotiate replacement costs when the membranes are purchased. There is no guarantee that the company will still be in business in future years.

Bernie Kitten, Utilities Director, stated the City wants to get the latest technology.

Chairperson Phelps stated that there were no more questions and that concludes the public meeting.

Kim Rupp, Finance Director, stated that Patty Kettles who is presenting the sewer rate study had been delayed and suggested her presentation follow the 2016 Budget presentation.

2016 Budget Presentation

City Manager, Toby Dougherty, reviewed the 2016 Budget with the Commissioners giving a brief explanation of various aspects of the budget. The 2016 Budget is a balanced budget, contains no additional employees, adequately funds reserves, and keeps the mill levy at 25.00.

At the July 23, 2015 Commission meeting, the Commissioners will be requested to set the date for a public hearing for the 2016 Budget to be held during the Commission meeting on August 13, 2015.

Sewer Rate Study/Adjustment

Kim Rupp, Finance Director, stated that environmental restrictions at the City sewer treatment facility, aging infrastructure, lack of funding for annual sewer capital maintenance repairs and rehabilitation, and insufficient user rates prompted the need for a sewer rate study. Springsted, Inc. was contracted to conduct a comprehensive study to determine the rate increases needed to support the above needs.

Patty Kettles, Vice President with Springsted, Inc., made a presentation outlining the study and its recommendation. The presentation included a series of increases during the next few years in order to provide sufficient revenue, adequate cash flow, adequate level of cash reserves, and cover the full cost of services provided.

City staff is recommending the monthly sewer base and volumetric user rates should be increased 17% August 1, 2015, 15.5% annually 2016-2020 and 12% in 2021.

Commissioner Jones stated he would like to see other scenarios on the rate increase options.

Commissioner Schwaller stated this is going to be an impossible sell and most people don't have the income to pay for this.

Commissioner Meier agreed and would like to see other options.

While Ms. Kettles updated the spreadsheet with other options, a citizen comment was heard.

Delores Schmeidler, a resident of Hays, asked who determines the sewer charges on private well owners who do not consume City water, but are strictly on a private well. She asked why some people pay $26.00 and others pay $11.43.

City Manager, Toby Dougherty, replied that because we don't meter the amount of water they are using with a water well, we don't know how much waste water they are putting into our system and the rate was set higher.

Finance Director, Kim Rupp, stated that in the 1960's when that rate was put into place they tried to use the top end of average usage and arrived at 1300 cubic feet and when the per capita water use average dropped due to conservation, they lowered it to 1000 cubic feet. He stated an option would be to put a meter on her well and we would charge based on her actual usage.

City Attorney, John Bird, stated that this was deliberate by the Commission when the City went into the water crisis. They wanted to disincentivize people from using private wells in the City of Hays because we draw from the same aquifer.

It was the consensus of the Commission to discuss these flat sewer rates at a future work session.

While this citizen comment was heard, Patty Kettles prepared a few more rate increase options for the Commission to review.

Stan Christopher commented a couple of options are available to spread the rate increases out a little longer and reduce the new debt in the first few years.

Finance Director, Kim Rupp, stated the August 1st date to increase rates is not set in stone and we could present other options and postpone the rate increase to September 1, 2015.

It was the consensus of the Commission to bring this item back for discussion at a work session in August for a proposed rate increase effective September 1, 2015 after other options are presented.

Other Items for Discussion

City Manager, Toby Dougherty, introduced Greg Sund, who recently assumed the position of Public Works Director.

Commissioner Jones commented the presentations given were very good and helpful. He also stated that he has received comments on changing the one way streets on 6th and 7th Streets and looks forward to that discussion in the future.

Commissioner Schwaller commented that he appreciates all the work that was put into the presentations given this evening.

Commissioner Meier also appreciates the work done on those presentations.

Commissioner Musil commented that it is a lot of information to take in and that they are trying to decide what is best for the community and for the future of the community.

Executive Session

Henry Schwaller IV moved, James Meier seconded, that the Governing Body recess to executive session at 10:08 p.m. for five minutes to discuss union negotiations. The executive session included the Commissioners, the City Manager, and the City Attorney. K.S.A. 75-4319 authorizes the use of executive session to discuss the topics stated in the motion.

Vote: Ayes: Eber Phelps
Shaun Musil
James Meier
Henry Schwaller IV
Lance Jones

No action was taken during executive session.

The work session was adjourned at 10:13 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk

City of Hays, Kansas
Wastewater Facility Plan Public Meeting
July 16, 2015
Attendance Sheet

Public and Press
Delores Schmeidler
Scott Simpson
Chris Miller
Ron Mellick
Karen LaPierre – Hays Daily News
Becky Kiser – Eagle Communications
Katie Miller – Burns & McDonnell

City Commissioners
Eber Phelps
Shaun Musil
Henry Schwaller IV
James Meier
Lance Jones

City Staff
Toby Dougherty – City Manager
Kim Rupp – Finance Director
Shane Scranton – Intern (City Manager's Office)
John Braun – Asst. Director of Public Works
Greg Sund – Director of Public Works
Johnny O'Connor – Asst. Director of Utilities
Bernie Kitten – Director of Utilities
Roger Moerke – Wastewater Superintendent
Brenda Kitchen – City Clerk
Andrea Windholz – Executive Assistant
John T. Bird – City Attorney
Shawn Swift – Wastewater Plant Operator

Consultants
Stan Christopher – HDR
Matt Say – HDR
Patty Kettles – Springsted, Inc.

City of Hays, Kansas Wastewater Treatment Plant Improvements

Public Meeting

July 16, 2015

HDR

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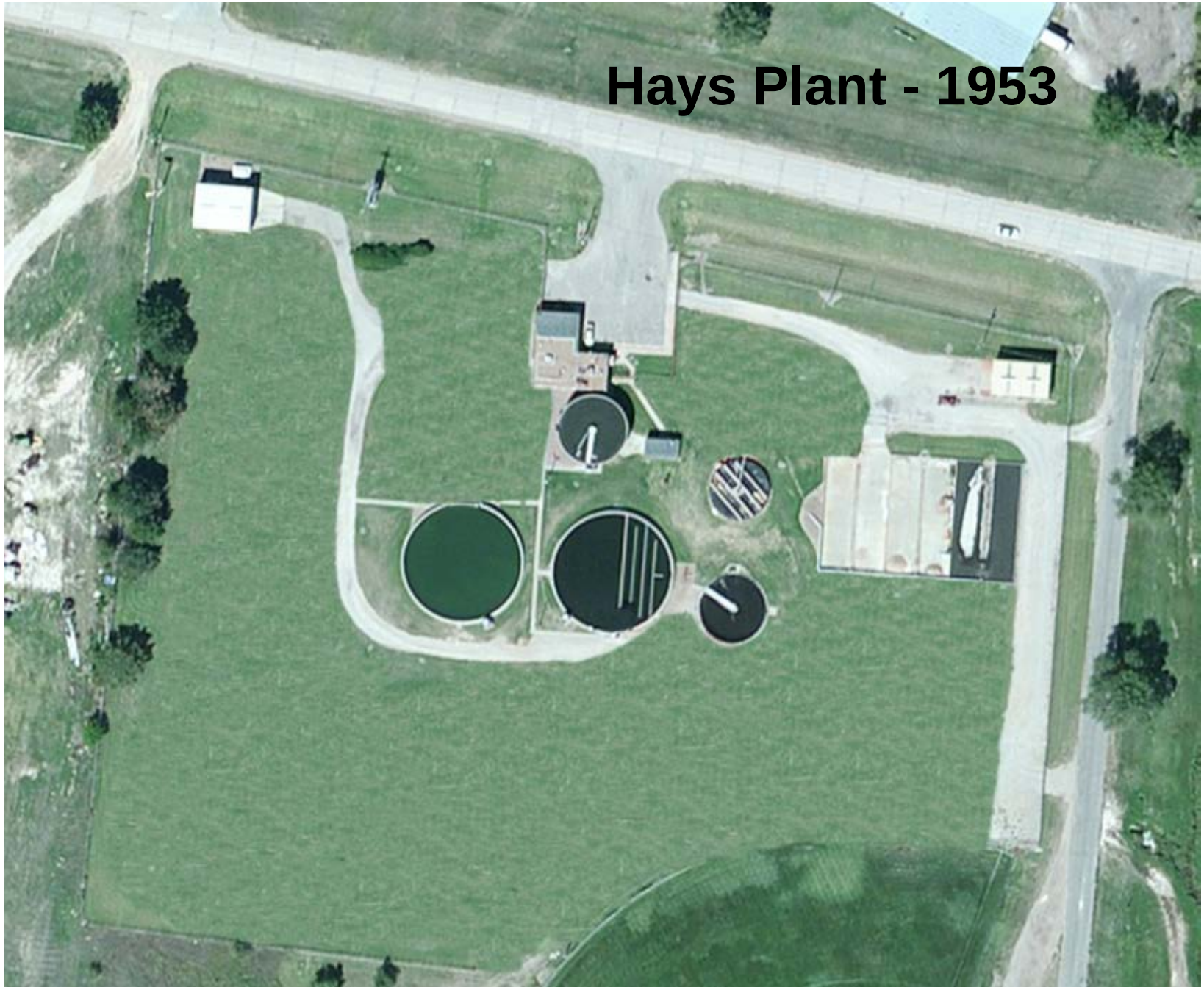
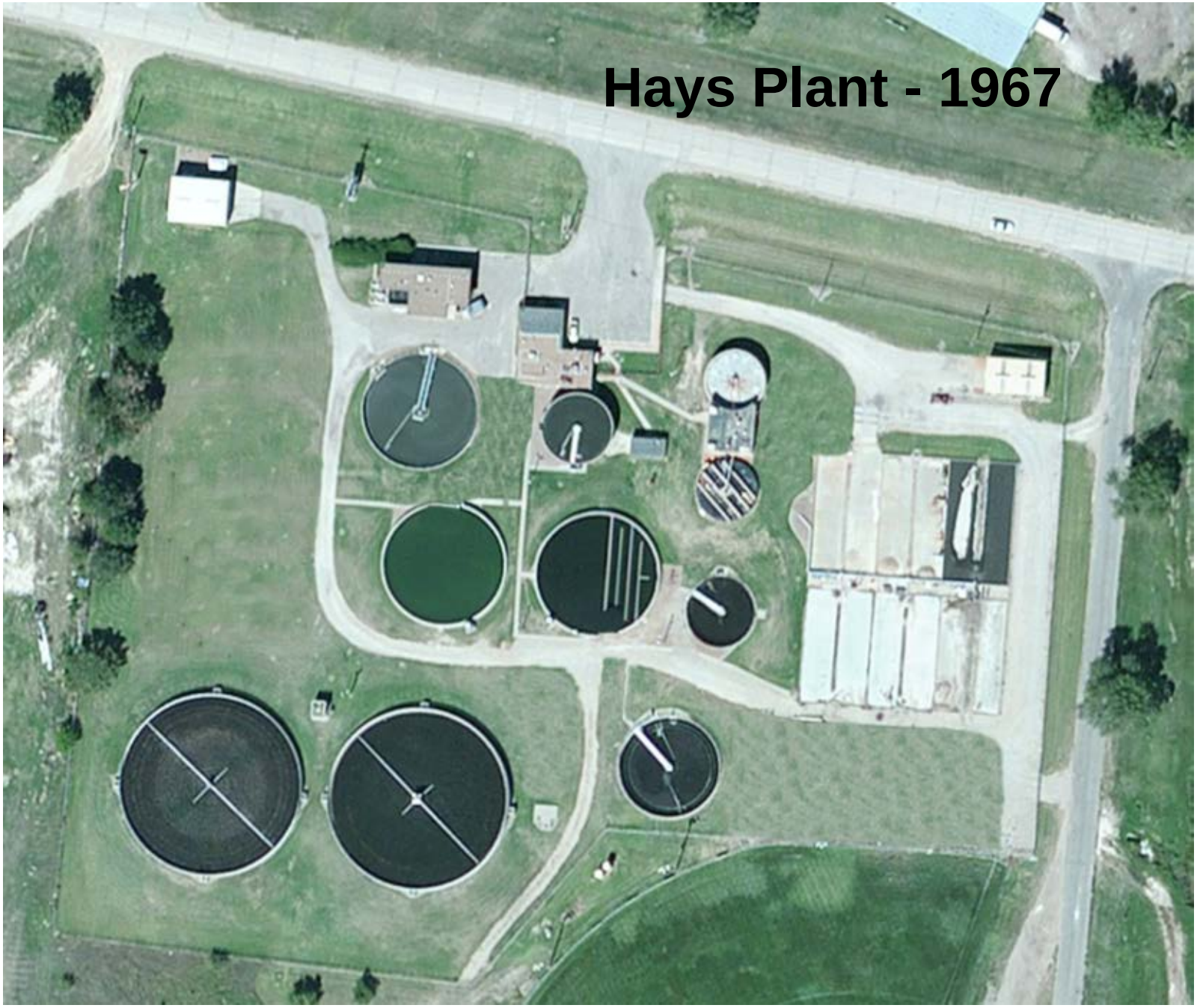
Purpose of Project

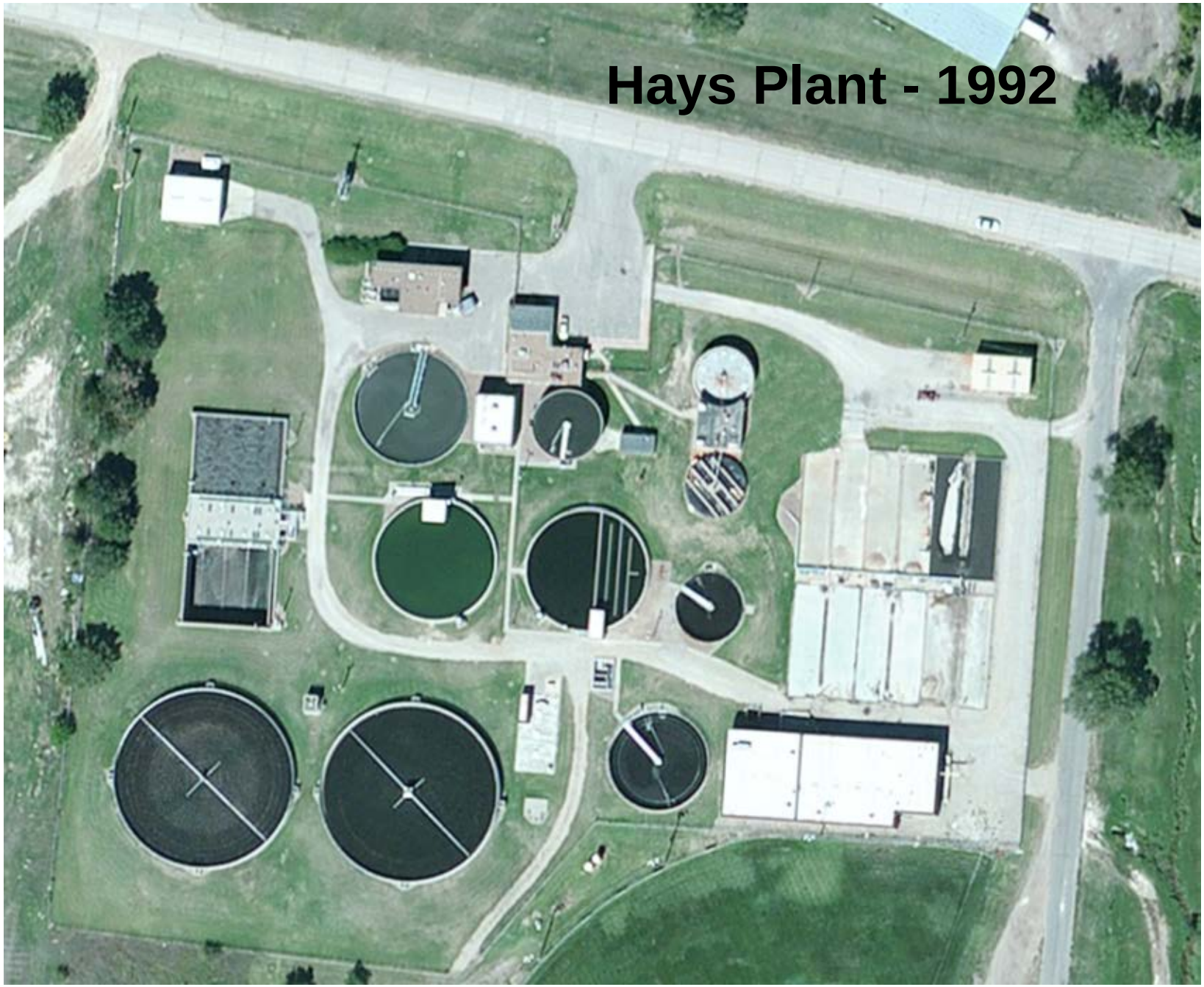
- Aging Wastewater Treatment Facilities
- Kansas Department of Health and Environment (KDHE)
  - Lower ammonia limits to protect stream ecology
  - Lower phosphorus and nitrogen limits to protect local and national water quality
  - Potentially lower disinfection limits to protect recreational and drinking water from bacteria and viruses

Aging Facilities

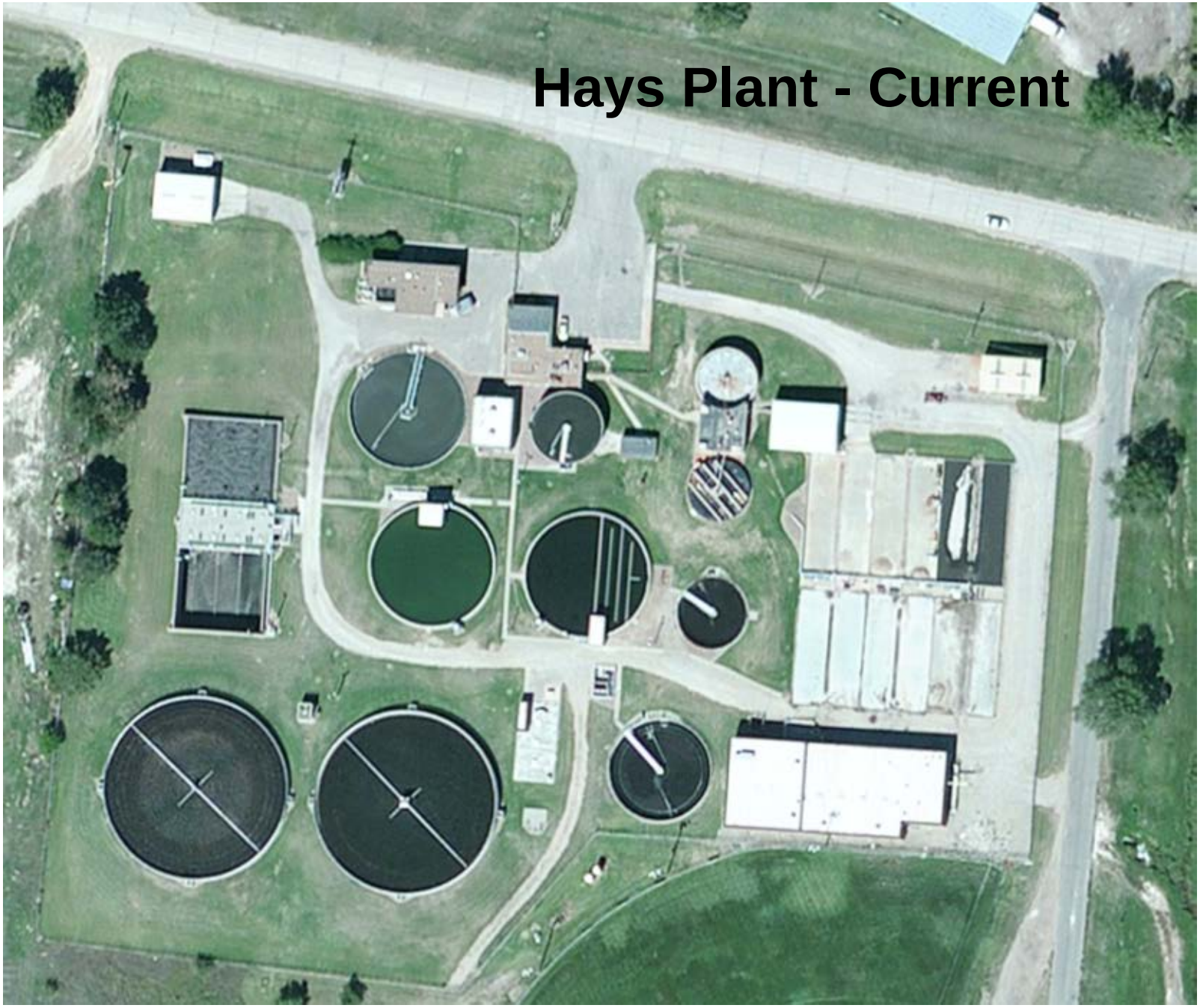
- Original Construction – 1953
- Major Upgrades
  - Trickling Filters – 1967
  - Activated Sludge System – 1992


Hays Plant - 1953


Hays Plant - 1967


Hays Plant - 1992

Hays Plant - Current



Facility Assessment

Influent Pumping Station

- Constructed in 1967
- Station contains influent coarse screening, multiple pumping facilities and grit removal
- Two-story reinforced concrete below grade
- Single story masonry superstructure

- Access to pump rooms is not compliant with current building codes
- Pump rooms otherwise usable for reuse
- Sequencing of construction modifications could create challenges for reuse of this structure

Influent Pumping Station (Headworks)

- Grit Classifier
- Installed in 1967
- Breaks down frequently
- Visible deterioration
- Based on age, required maintenance, and level of deterioration, reuse is not recommended

Activated Sludge Basins

- Constructed in 1992
- No significant settlement was observed
- Air piping should be repainted
- Structure could be reused
- Condition of diffuser membranes was not observed, but likely require replacement

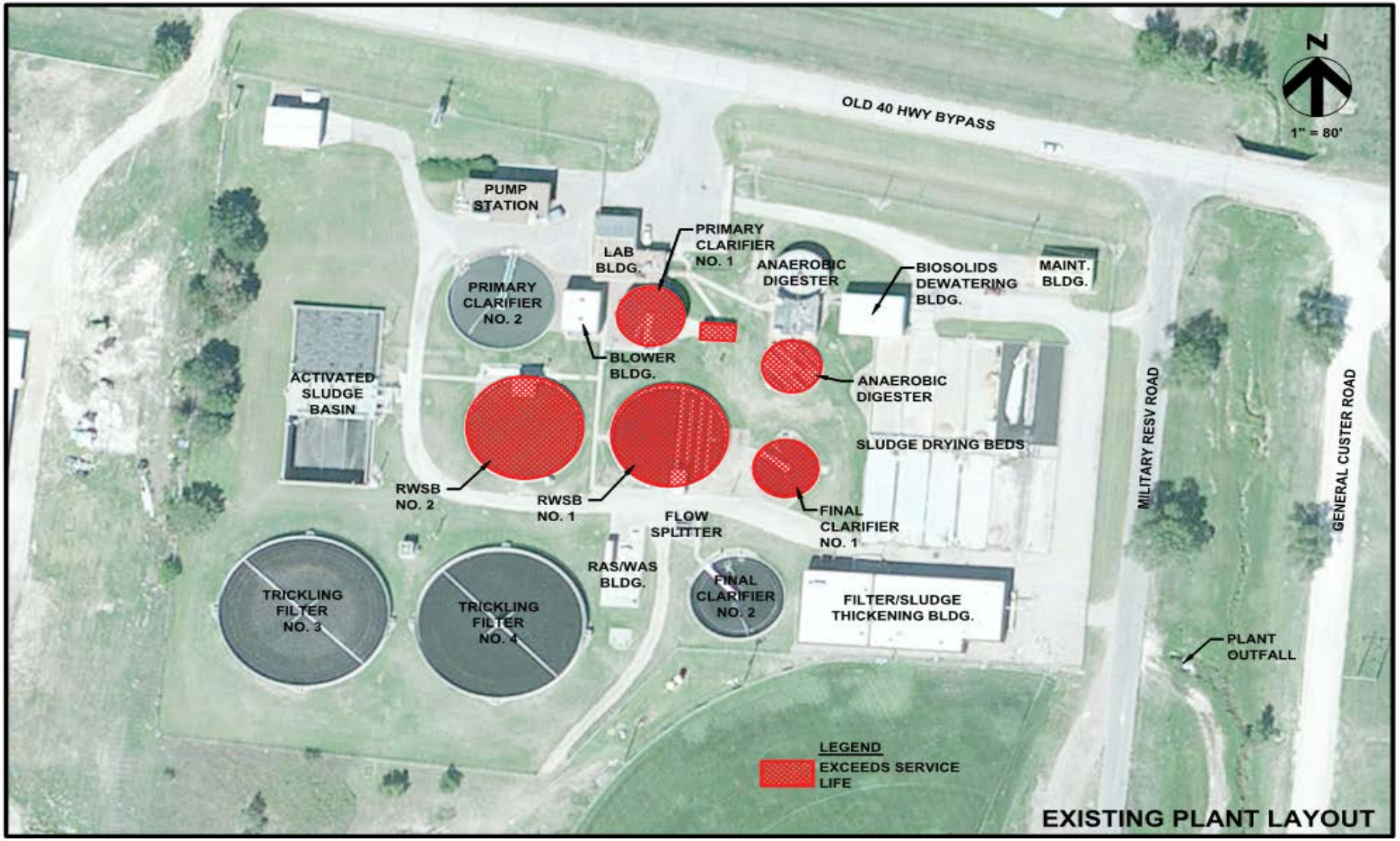
- Anoxic Mixers
- Installed in 1992
- Motors and bearing have been replaced on some units
- Equipment could be considered for reuse
- The electrical distribution to the east basin equipment is unreliable and is recommended not to be reused

Blower Building

- The building was constructed in 1992
- No significant deterioration of any of the structural elements was noted
- Structure could be reused

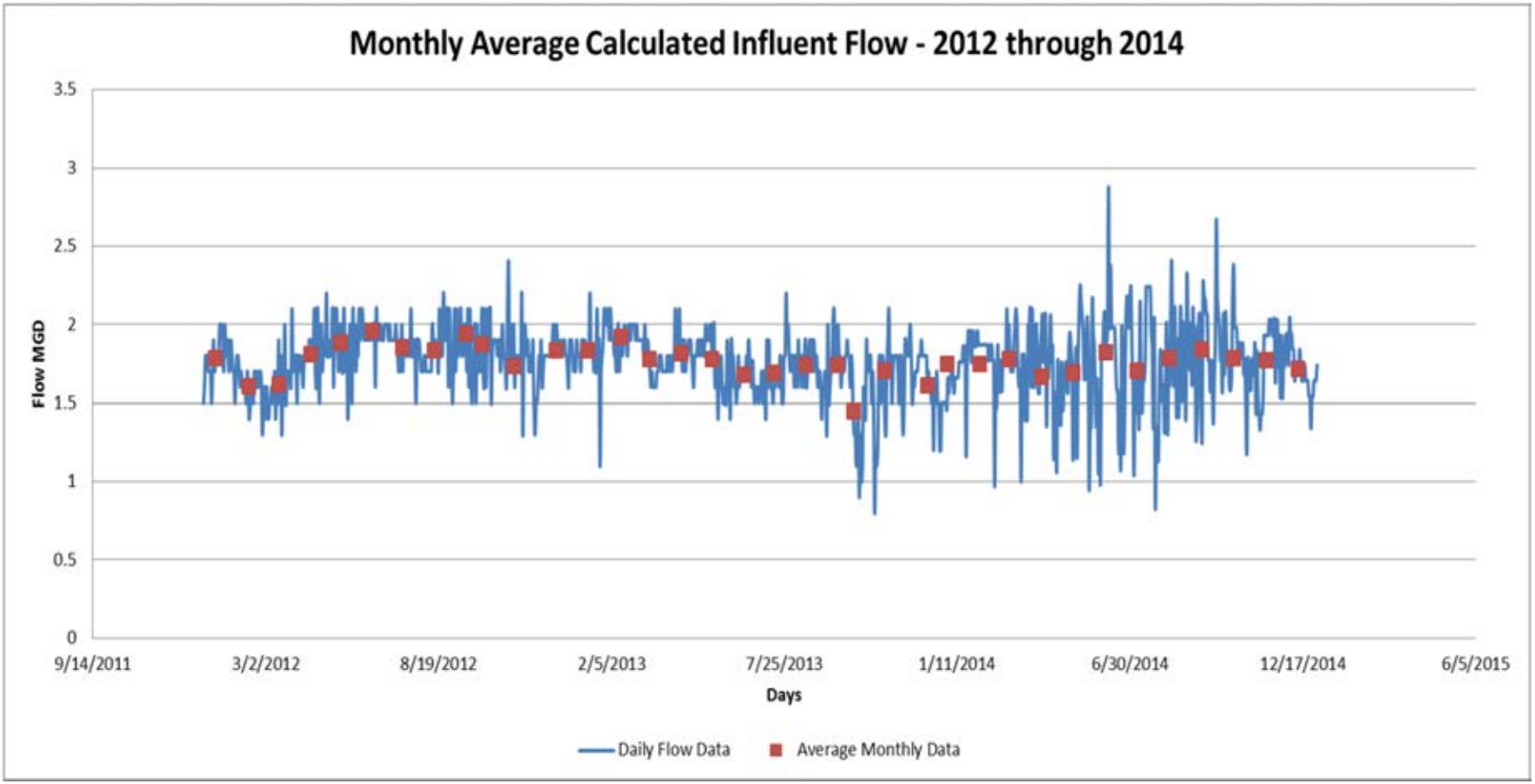
- Blowers installed in 1992, and rebuilt from 2002 to 2007
- Only minor defects were noted
- Blowers could be considered for reuse
- Electrical systems in the Blower Building are in good condition and could be reused

Structures Not Available for Reuse



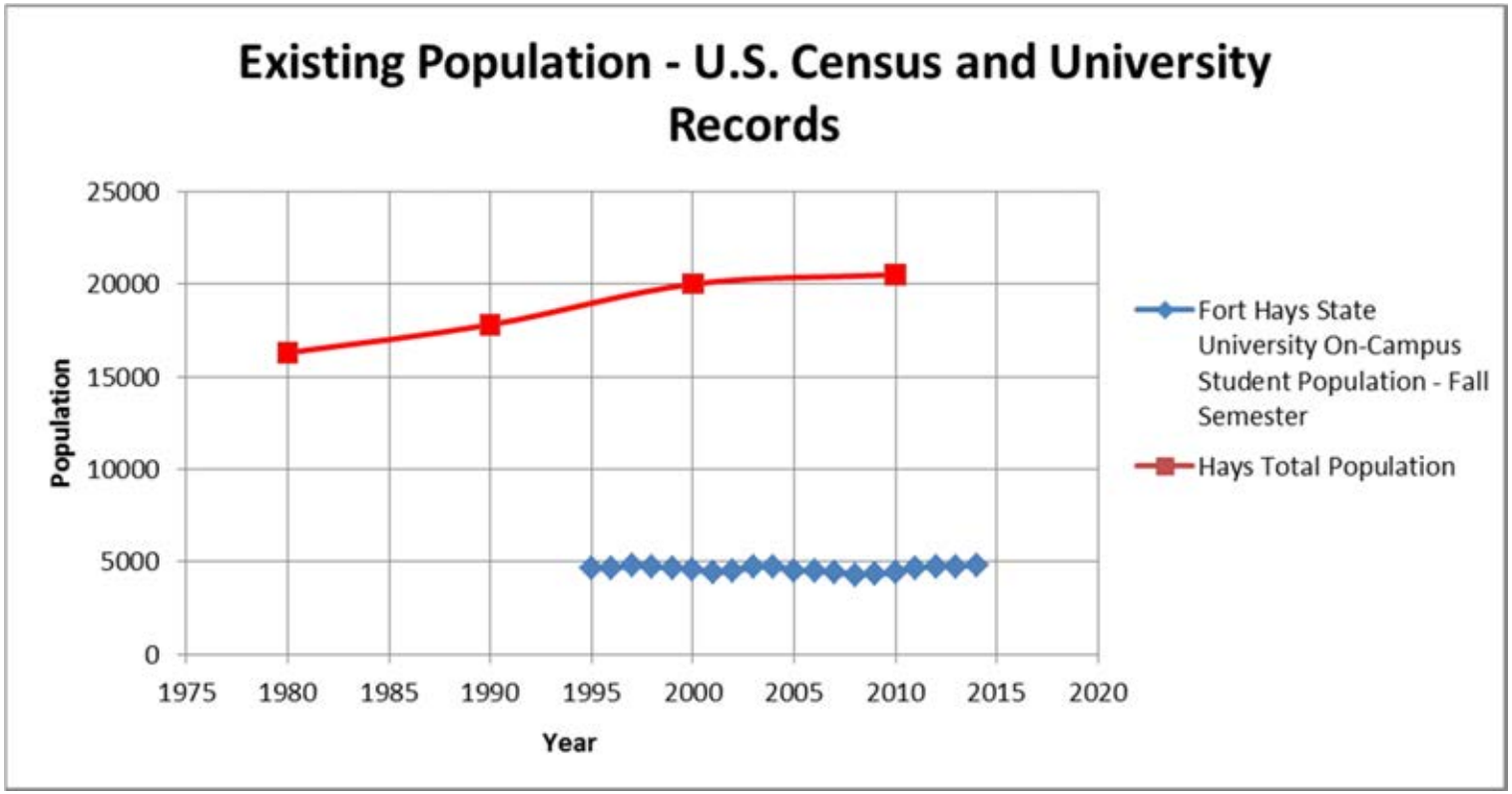
Determine Flows and Loadings through 2038

Flows and Loadings



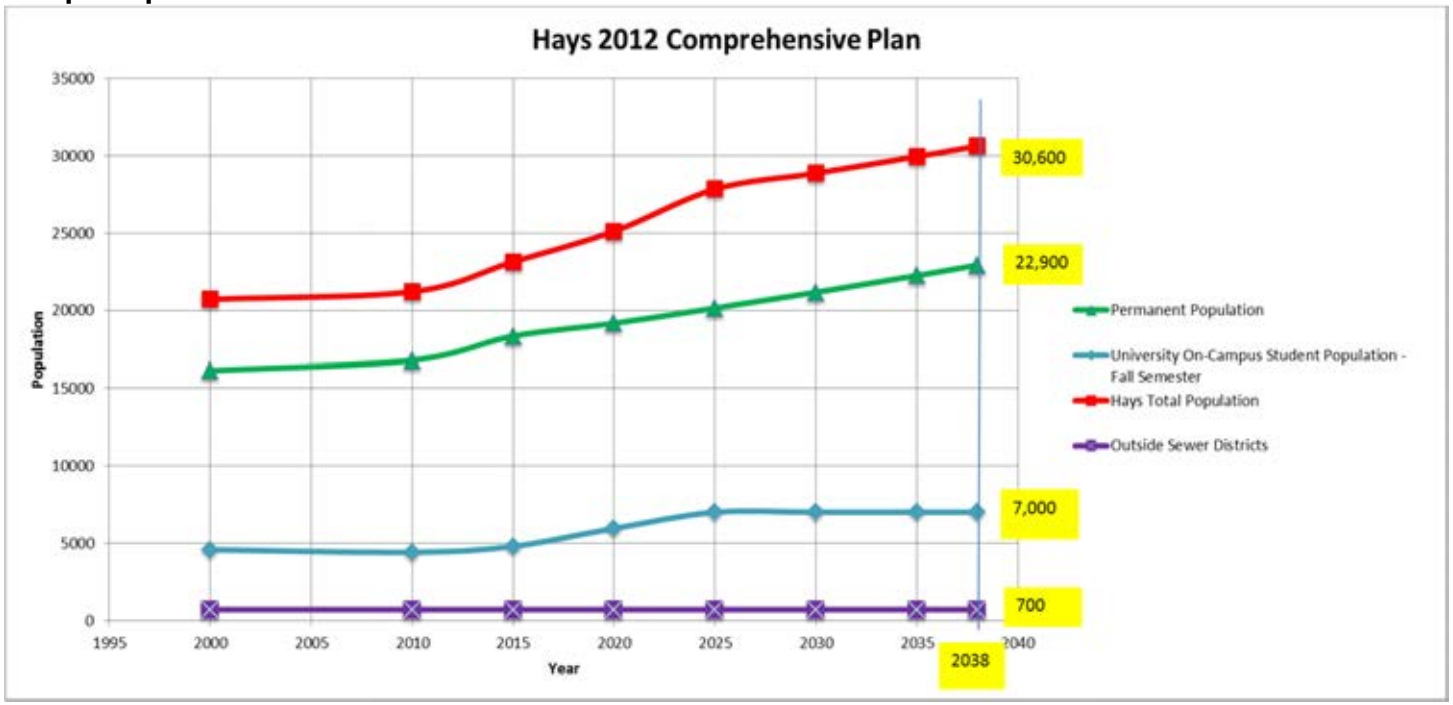
Existing Population Data

- Annual rate of growth of Hays total population between 1990 and 2000 was 1.17%
- Annual rate of growth of Hays total population between 2000 and 2010 was 0.25%
- Fort Hays State University On-Campus Student Population remained fairly constant between 1995 and 2014



Population Projections - Hays 2012 Comprehensive Plan

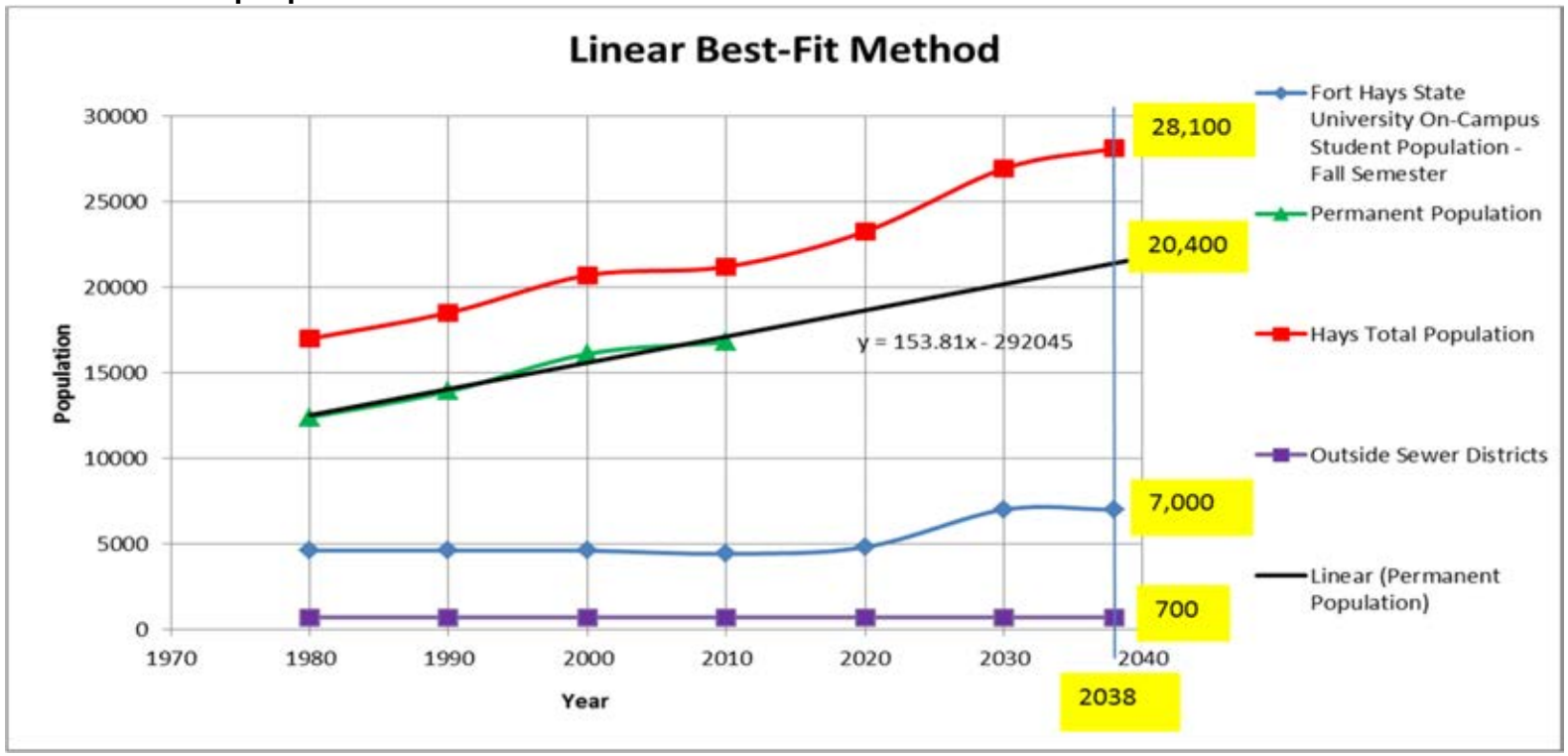
- Assumed permanent(1) population growth rate of 1% per year per City's 2012 Comprehensive Plan
- Assumed Fort Hays State University reaches stated goal of on-campus student population of 7,000
- Assumed population of the outside sewer districts remained constant at 700 people



(1) Permanent defined as other than university population

Population Projections – Linear Best-Fit Method

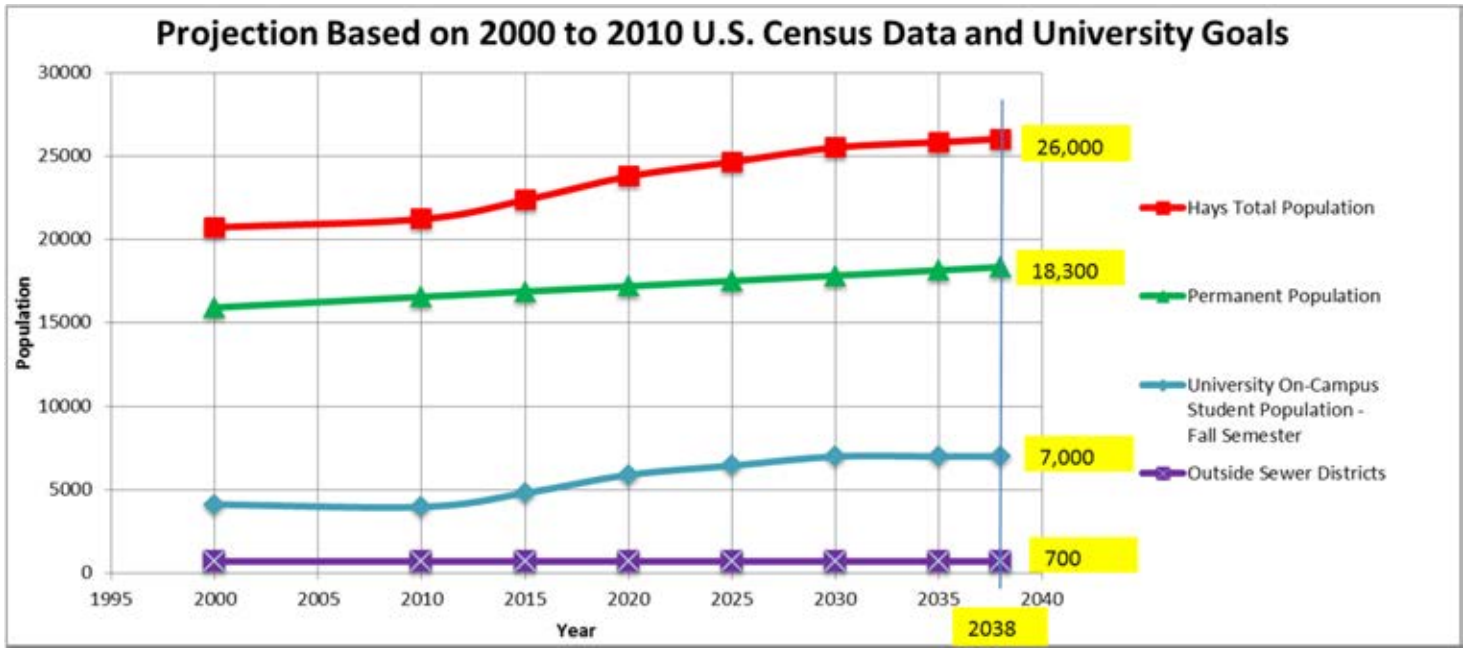
- University provided on-campus student population data from 1995 to 2014; assumed constant on-campus student population prior to 1995
- Linear Best-Fit Method was applied to the permanent(1) population
- Assumed Fort Hays State University reaches stated goal of on-campus student population of 7,000
- Assumed population of the outside sewer districts remained constant at



(1) Permanent defined as other than university population

Population Projection Based on 10-Year Period of 2000 to 2010

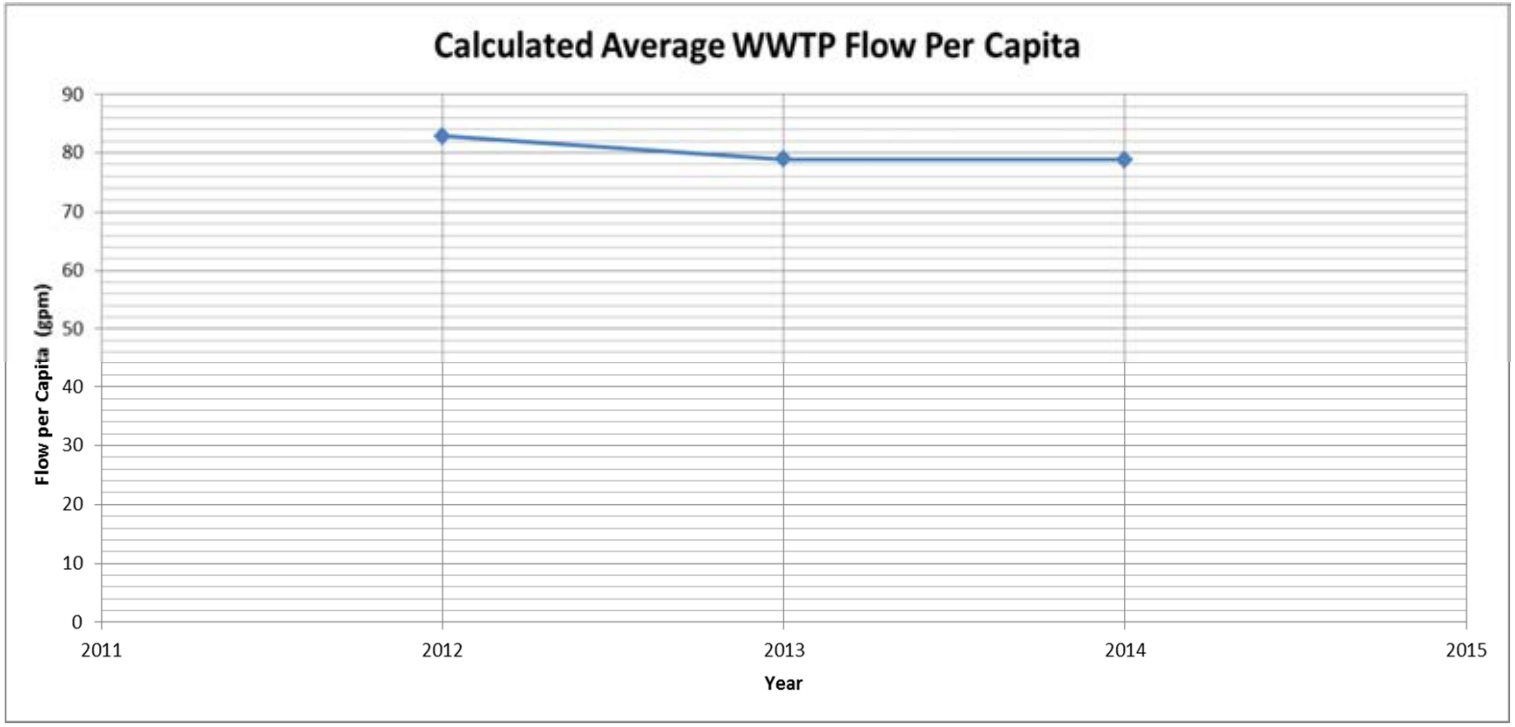
- FHSU was annexed by the City of Hays in 1995
- The impact of the annexation on the population growth is unknown
- Population projection based on 10-year period of 2000 to 2010 was conducted
- Assumed Fort Hays State University reaches stated goal of on-campus student population of 7,000
- Assumed population of the outside sewer districts remained constant at 700 people



Population Projections - Summary

Projection Method	2010	2020	2030	2038
Method 1 – 2012 Comprehensive Plan – 1% Annual Growth	21,200	25,100	28,900	30,500
Method 2 – Linear Method Based on 1980 to 2010 U.S. Census Data and University Goals	21,200	23,300	26,900	28,100
Method 3 – Based on 2000 to 2010 U.S. Census Data and University Goals	21,200	23,800	25,500	26,000

Flow and Loadings – Flow Per Capita



Flow and Loadings Projections – Flow Per Capita

- Hays WWTP is currently permitted for 2.8 MGD Average Flow

Population Projection Method	Projected 2038 Population	Average Plant Influent Flow (MGD)		
		80 gpd/ capita	85 gpd/ capita	90 gpd/ capita
2012 Comprehensive Plan - 1% Annual Growth	30,600	2.4	2.6	2.8
Linear Method Based on 1980 to 2010 U.S Census Data and University Goals	28,100	2.2	2.4	2.5
Based on 2000 to 2010 U.S Census Data and University Goals	26,000	2.1	2.2	2.3

Project Design Criteria

Flow	Design Value (MGD)
Average Daily Flow	2.5
Peak Daily Flow	3.8
Peak Hour Flow	7.5*
Maximum Month Flow	3.1

*Matches current 3:1 peak to average flow capacity (Influent Pump Station) at the existing plant.

Loading	Average Day Design Value (mg/l)	Maximum Month Design Value (mg/l)
Influent BOD	290	320
Influent TSS	290	400
Influent NH4	40	45
Influent TP	7	8
Influent TKN	60	65

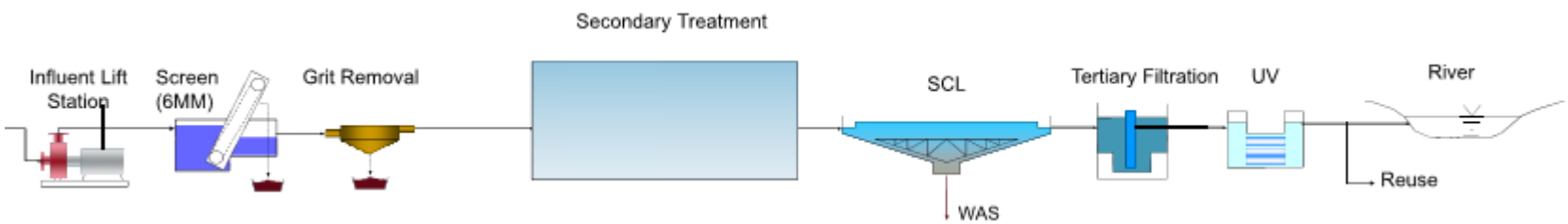
KDHE Effluent Treatment Levels

Impairment	Current Limits	New Permit Limits	Probable Future Limits
BOD_5 mg/l (Mar – Oct)	25	25	25
BOD_5 mg/l (Nov - Feb)	20	20	20
TSS mg/l	30	30	30
Ammonia mg/l Daily Max Avg Month	 None 4.2 – 13.1	 2.86 – 8.97 0.71 – 2.18	 2.86 – 8.97 0.71 – 2.18
Total Nitrogen mg/l	None	8	5
Total Phosphorus mg/l	None	1.5	0.5
E. Coli c/100 ml	262	262	Unknown

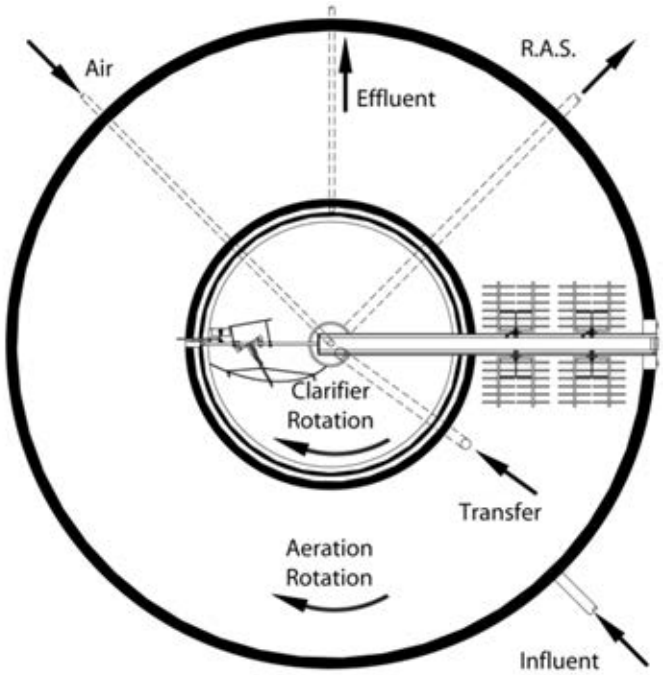
Evaluate Treatment Alternatives

Secondary Treatment Alternatives

- Alt. 1 – Conventional Single Basin with Phased Nitrification/Denitrification
- Alt. 2 – Sequencing Batch Reactor (SBR)
- Alt. 3 – Conventional Separate Stage (Diffused or Mechanical)
- Alt. 4 – Integrated Fixed-Film Activated Sludge (IFAS)
- Alt. 5 – Membrane Bioreactor (MBR)



Secondary Treatment Alternative 1 – Conventional Single Basin with Phased NDN



Secondary Treatment Alternative 1 – Conventional Single Basin Phased NDN

Advantages

- Reduced footprint
- Lower capital cost

Disadvantages

- Nitrification/Denitrification cycles are phased
- Operator must balance phased operation
- Higher Methanol usage for TN removal

Secondary Treatment Alternative 2 – SBR

Secondary Treatment Alternative 2 – SBR

Advantages

- Small footprint, eliminates the need for final clarification

Disadvantages

- More complex control scheme
- Anaerobic, NDN cycles are phased
- Less control of phases during increased flows
- Additional processes for TN removal

Biological Treatment Conventional 5-Stage

Secondary Treatment Alternative 3B – Conventional Separate Stage - Mechanical

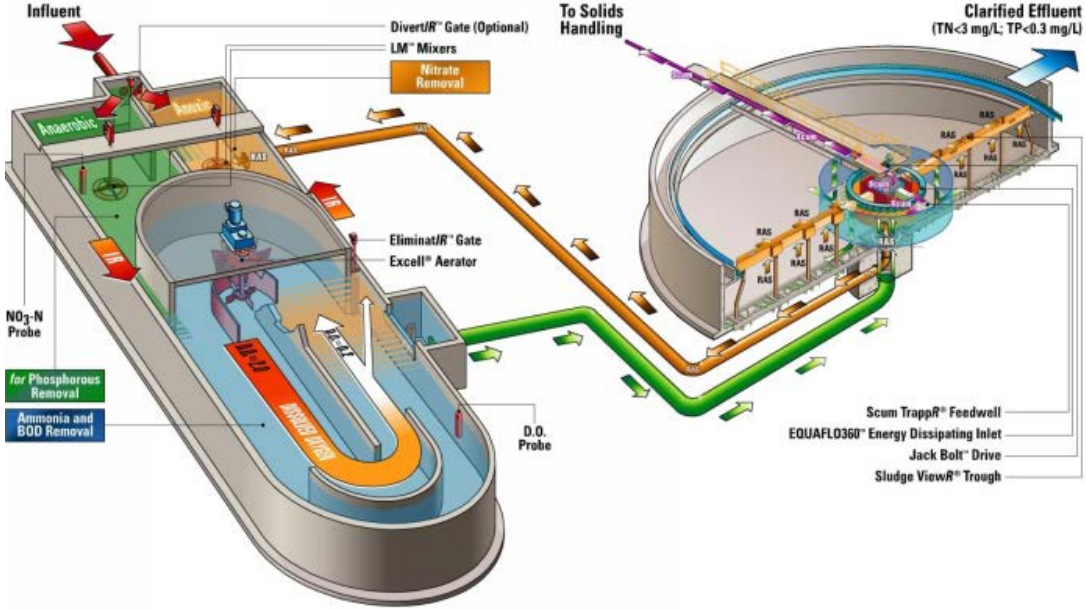


Figure: Carrousel® AlternatIR™ System and Carrousel®Proset™ Clarifier

Secondary Treatment Alternative 3B – Conventional Separate Stage - Mechanical

Advantages

- Nitrification/Denitrification phases are separate
- Simplified operation
- TN and TP removal to low levels
- Reduced aeration equipment maintenance

Disadvantages

- Large footprint
- Higher capital cost

Biological Treatment IFAS 5-Stage

Secondary Treatment Alternative 4 – IFAS

Advantages

- Nitrification/Denitrification phases are separate
- Simplified operation
- TN and TP removal to low levels
- Reduced diffuser equipment maintenance
- Small footprint
- Potential for reuse of existing aeration basins

Disadvantages

- Higher headloss
- Potential media loss
- Requires basin outage to repair aeration equipment
- Media cost
- High

Biological Treatment MBR 5-Stage

Secondary Treatment Alternative 5 – MBR

Advantages

- Small footprint
- Nitrification/Denitrification phases are separate
- TN and TP removal to low levels
- Effluent reuse water quality
- Final Clarifiers and Filters not required

Disadvantages

- Equipment complexity
- High capital and O&M cost

Tertiary Filtration – Improvements/Design Criteria

- Modify existing tertiary filtration basins
  - Traveling Bridge Sand Filter to be replaced in existing building

New UV Disinfection System

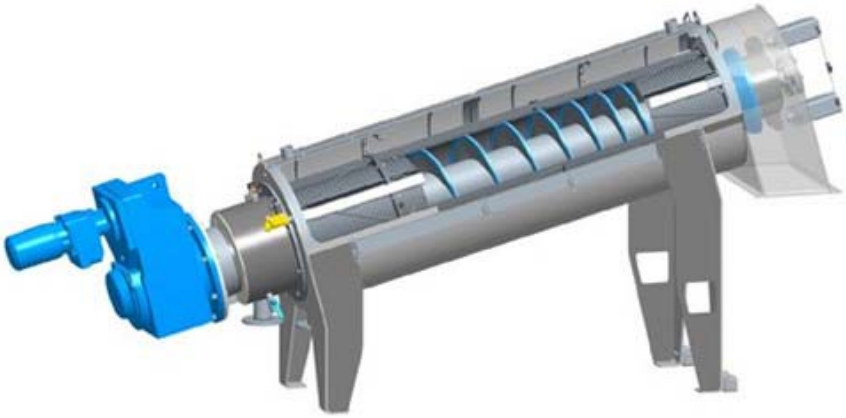
Solids Processing – Digestion/Thickening – Improvements/Design Criteria

- Modify existing activated sludge basins

Parameter	Value
Sludge Production	
Average Solids Loading at 2.5 MGD flow (lbs/day)	4,240
Maximum Monthly Solids loading (lbs/day)	5,791
Sludge Yield	0.7
Digestion/Thickening	
PSRP Days Required	40 @ 20^0C
Concentration (%)	1.5
Available Volume (gallons)	976,500
Days of Digestion @ 1.7 MGD (Includes 10 days in biological treatment basins)	52
Days of Digestion @ 2.5 MGD (Includes 10 days in biological treatment basins)	40
Minimum Mixing Required (scfm)	2,611
Air Available from Existing Blowers (scfm)	3 @ 1,590 each

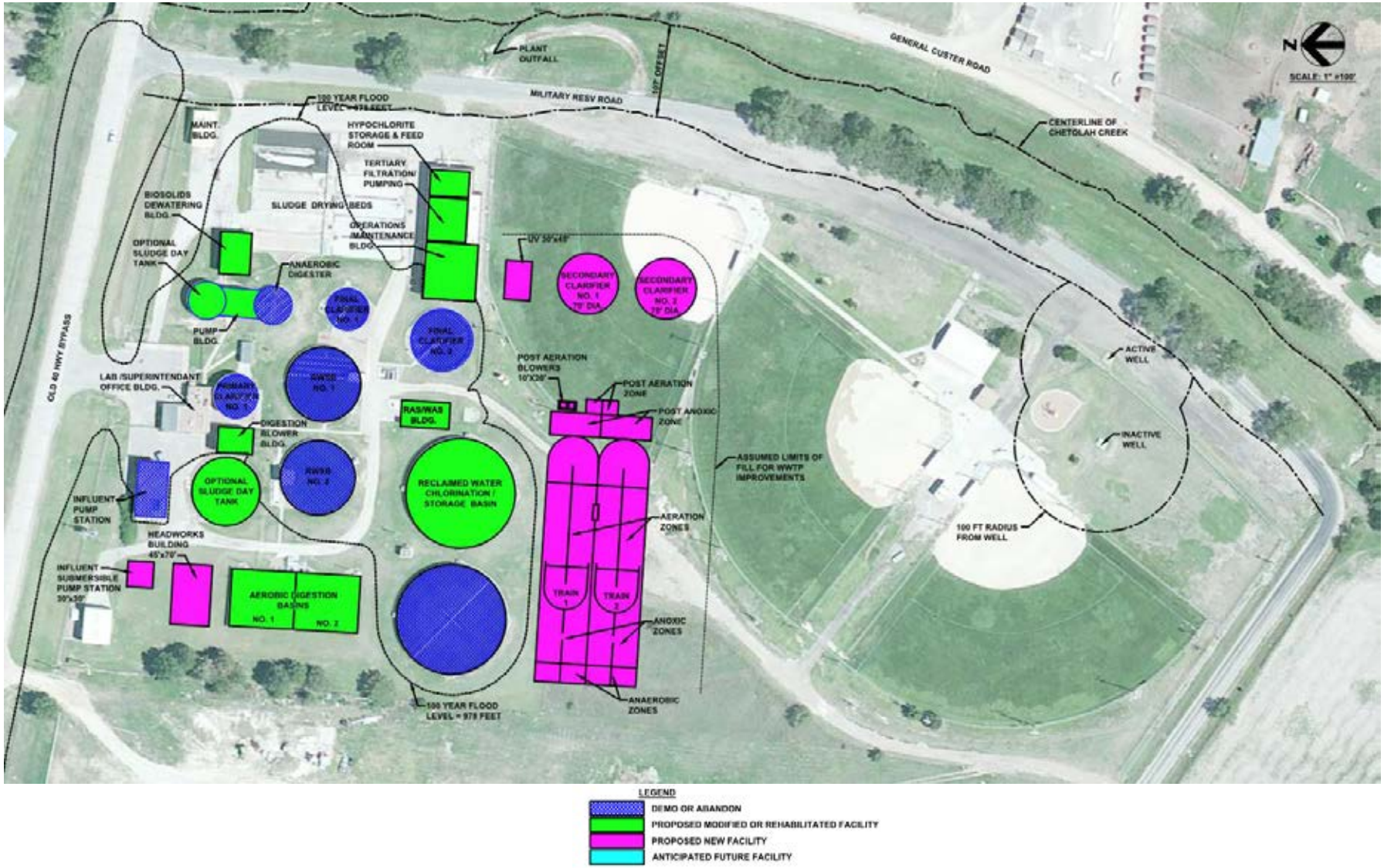
Solids Processing – Solids Pumping and Dewatering – Improvements/Design Criteria

- Summary of Improvements
  - Transfer pumps from Aerobic Digesters
  - Polymer System
  - Screw Press or Centrifuge

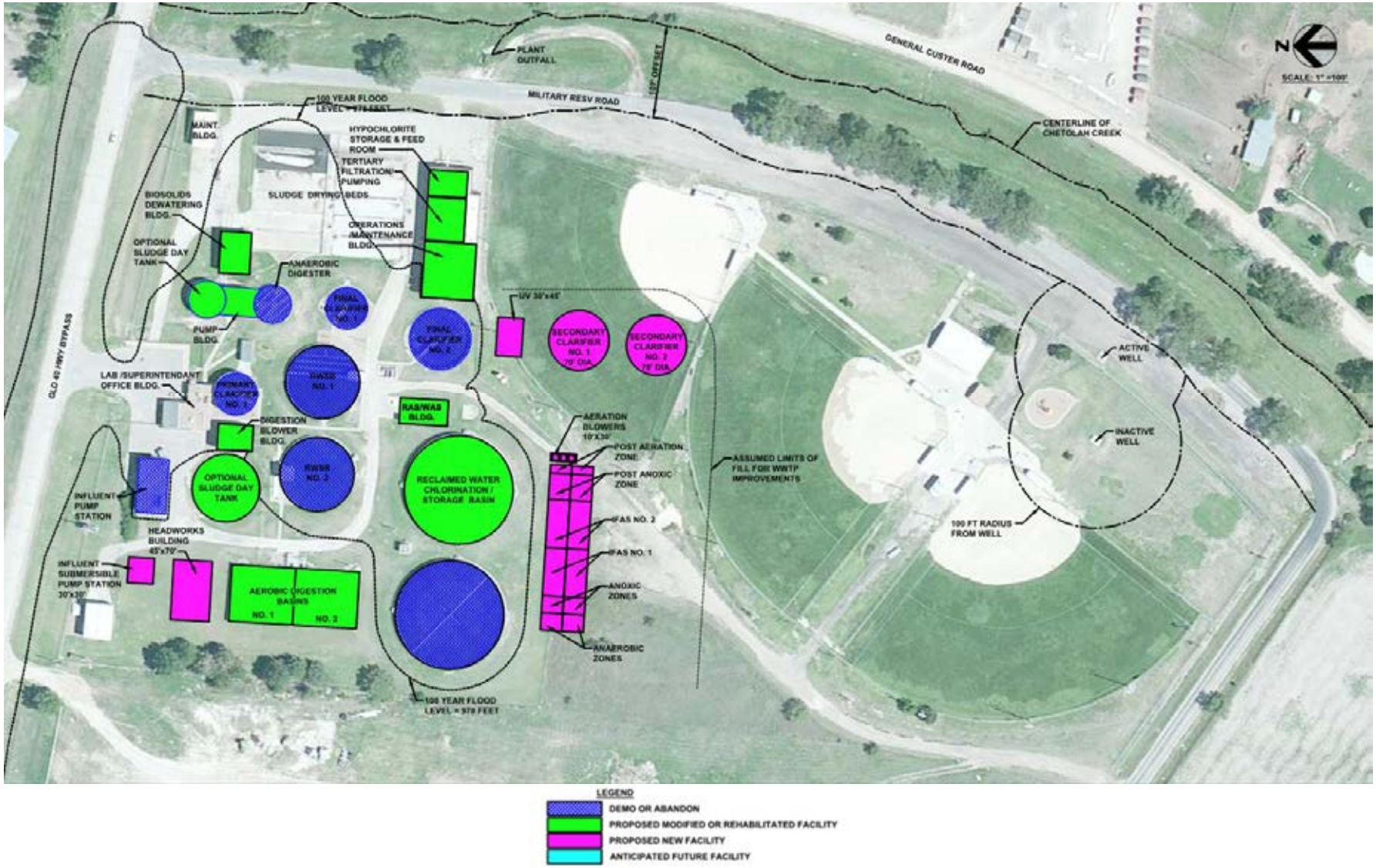


Dewatered Biosolids Application Truck

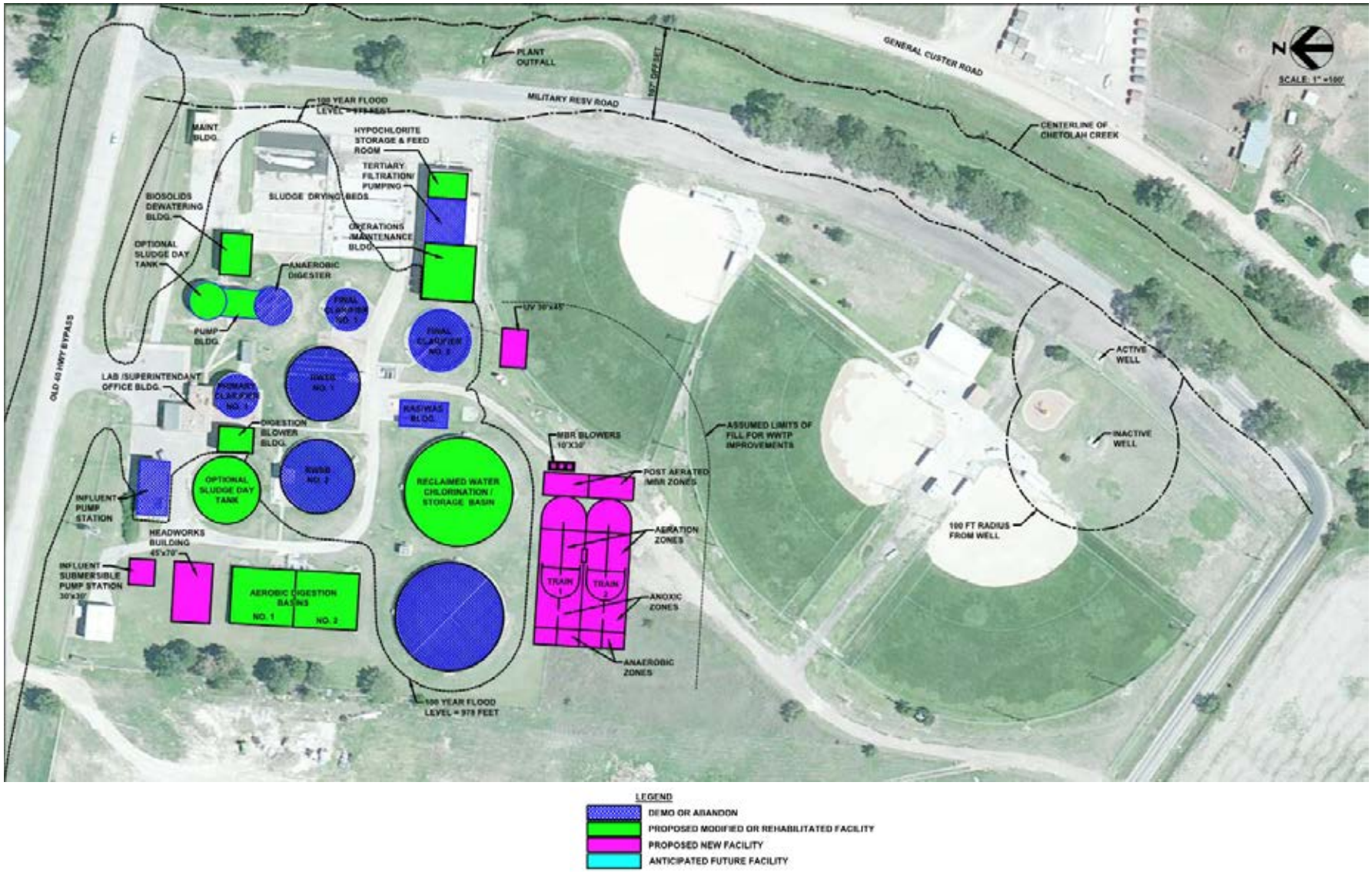
Site Plan – Conventional 5-Stage



Site Plan – IFAS 5-Stage



Site Plan – MBR 5-Stage



Capital Cost Estimates

	Alternative 1 - Conventional Separate Stage with Secondary Clarifiers	Alternative 2 -IFAS with Secondary Clarifiers	Alternative 3 - Conventional Separate Stage with MBRs
Design-Build Estimated GMP			
Influent Pump Station	$1,000,000	$1,000,000	$1,000,000
Headworks	$1,480,000	$1,480,000	$2,050,000
Secondary Treatment	$4,870,000	$5,650,000	$7,830,000
Secondary Clarifiers	$1,320,000	$1,320,000	N/A
RAS/WAS Pump Station	$440,000	$440,000	N/A
UV Disinfection	$1,370,000	$1,370,000	$930,000
Tertiary Filters - Rehab of Existing	$1,040,000	$1,040,000	N/A
Chemical Storage and Feed System	$350,000	$350,000	$350,000
Reclaimed Water Storage Basins	$230,000	$230,000	$230,000
Aerobic Digestors	$500,000	$500,000	$500,000
Biosolids Dewatering - Screw Press/ Centrifuge	$750,000	$750,000	$750,000
Administration and Lab Building	$480,000	$480,000	$480,000
Generator	$400,000	$400,000	$400,000
Subtotal	**$14,230,000**	**$15,010,000**	**$14,520,000**
Electrical I&C (20%)	$2,850,000	$3,010,000	$2,910,000
Site Piping (11%)	$1,570,000	$1,660,000	$1,600,000
Finish Grading, Seeding and Paving (5%)	$720,000	$760,000	$730,000
Subtotal	**$19,370,000**	**$20,440,000**	**$19,760,000**

Cost Estimates (Continued)

	Alternative 1 - Conventional Separate Stage with Secondary Clarifiers	Alternative 2 -IFAS with Secondary Clarifiers	Alternative 3 - Conventional Separate Stage with MBRs
Design-Build Estimated GMP			
Subtotal	**$19,370,000**	**$20,440,000**	**$19,760,000**
General Conditions (13%)	$2,520,000	$2,660,000	$2,570,000
Subtotal	**$21,890,000**	**$23,100,000**	**$22,330,000**
Contingency (15%)	$3,290,000	$3,470,000	$3,350,000
Engineering (10%)	$2,190,000	$2,310,000	$2,230,000
Subtotal - Design-Build Estimated GMP	**$27,370,000**	**$28,880,000**	**$27,910,000**
City Capital Costs			
Dewatered Biosolids Truck	$180,000	$180,000	$180,000
Owner's Representative Services	$1,710,000	$1,710,000	$1,710,000
Interest During Construction	$720,000	$760,000	$780,000
Subtotal - City Capital Costs	**$2,610,000**	**$2,650,000**	**$2,670,000**
Total - Project Capital Costs	**$29,980,000**	**$31,530,000**	**$30,580,000**
Operation and Maintenance Costs (2018)	**$2,336,200**	**$2,464,100**	**$2,419,000**

Net Present Value (NPV)

- Cost Year Basis: 2018
- Escalation Rate: 1.9%
- Interest (Discount Rate): 3.1%

Item Description	Alternative 1 - Conventional Separate Stage with Secondary Clarifiers	Alternative 2 -IFAS with Secondary Clarifiers	Alternative 3 - Conventional Separate Stage with MBRs
Capital Cost NPV	$29,980,000	$31,530,000	$30,580,000
Operation and Maintenance Cost NPV	$41,902,000	$44,196,000	$43,387,000
Total NPV	**$71,882,000**	**$75,726,000**	**$73,967,000**

Triple Bottom Line Analysis

	Evaluation Factor	Category Weight Factor	Criteria Weight Factor	Weight Percentage	Alternatives		
					5-Stage Aeration Ditch with Secondary Clarifiers	IFAS with Secondary Clarifers	4-Stage Aeration with MBR
Economic		**60%**					
1	Capital Cost		3	18.0%	5	4.5	4
2	Operating and Maintenance (O&M) Cost		3	18.0%	5	4	3
3	Staffing/Operational Complexity		2	12.0%	5	5	4
4	Constructability/Phasing		2	12.0%	3	3	5
			60%		2.76	2.49	2.34
Social		**10%**					
1	Ease of Permitting		2	5.0%	5	4	5
2	Public Perception		2	5.0%	3	3	5
			10%		0.40	0.35	0.50
Environmental		**30%**					
1	Performance Reliability		3	10.0%	3	3	5
2	Proven Experience		3	10.0%	5	4.5	3.5
3	Reuse		3	10.0%	4	4	5
		100%	30%		1.20	1.15	1.35
			Total Score 100%		**4.36**	**3.99**	**4.19**

Scores: 5 = Most Favorable, 1 = Least Favorable

Recommendations

- Construct 2.5 MGD Wastewater Treatment Plant
  - New Influent Pump Station
  - New Headworks
  - New Activated Sludge Facilities Using:
    - Alternative 3; or
    - Alternative 5
  - Rehabilitated Existing Tertiary Filter
  - New UV Disinfection
  - Modify Existing Activated Sludge Facilities to Serve as Biosolids Digestion/Thickening
  - New Biosolids Dewatering Using:
    - Screw Press; or
    - Centrifuge
  - New Dewatered Biosolids Land Application Truck
  - Convert Existing Trickling Filter to Effluent Reuse Storage

Financing Considered by City

- Kansas Water Pollution Control Revolving Fund Loan
  - 20 Year Amortization
  - 2.15 – 2.25% Interest/Fees
  - No Closing Costs
  - Finance Interest During Construction

  - City Will Apply for 100% Loan in the Amount of $30,260,000

Capital Budget

Design-Build Guaranteed Maximum Price	$27,620,000
Dewatered Biosolids Truck	$ 180,000
Owner's Representative Services	$ 1,710,000
Interest During Construction	$ 750,000
Total Loan Costs	$30,260,000

Estimated Annual Operation and Maintenance Costs - 2018

Cost Item	
Salaries	$523,750
Professional Services	33,150
Other Contract Services	197,400
Uniforms	5,100
Equipment Replacement	404,000
Communication	3,300
Travel and Training	5,100
Office Supplies	700
General Supplies & Materials	31,500
Utilities	401,500
Chemicals	96,000
Repair & Maintenance	34,700
Collection System Repair	300,000
Sewer Capital Maintenance	300,000
Operating Expenses	$2,336,200
Investment Income	($14,700)
Existing Debt Service	147,500
New Debt Service	1,895,800
Other	25,000
Transfer Out	454,600
Non-Operating Expenses	$2,508,200
Total Annual Costs	$4,844,400

Revenue Increases Projected by Springsted Study for the Period of August 2015 through 2021

Period Beginning	Revenue Increase
August 1, 2015	17%
January 1, 2016	15.5%
January 1, 2017	15.5%
January 1, 2018	15.5%
January 1, 2019	15.5%
January 1, 2020	15.5%
January 1, 2021	12%

Projected Impacts on Residential Users

	Monthly User Charge
Period	**400 cf/mo**
Current	$11.44
August, 2015	$13.38
2016	$15.46
2017	$17.86
2018	$20.62
2019	$23.82
2020	$27.51
2021	$30.81

Environmental Clearance Letters

Agencies Contacted	Status
Kansas Dept. of Health & Environment	Clearance granted
U.S. Fish and Wildlife Services	Clearance granted
U.S. Department of Agriculture	Clearance granted
Kansas State Historical Society	Clearance granted
Kansas Biological Survey	Clearance granted
KS Dept. of Wildlife, Parks, and Tourism	Clearance granted
Kansas Corporation Commission	Clearance granted
Kansas Water Office	Clearance granted
KS Department of Agriculture	A permit for fill within a floodplain (without defined floodway) will be required.
Kansas Geological Survey	Clearance granted
U.S. Army Corp of Engineers	Clearance granted
KS Department of Agriculture	Clearance granted
North Central Regional Planning Comm	Clearance is not required from this agency
Wichita-Sedg. Co. Metro Area Planning	Clearance is not required from this agency
Mid-America Regional Council	Clearance is not required from this agency
Mo-Kan regional Council	Clearance is not required from this agency
Topeka Planning Dept	Clearance is not required from this agency
South Central KS Economic Dev. Dist	Clearance is not required from this agency
Southeast KS. Reg. Planning Comm	Clearance is not required from this agency
NW Kansas Planning & Develop Comm	Clearance is not required from this agency

Schedule

Facility Plan	
Start Date	April 2, 2015
Complete Draft Facility Plan	July 7, 2015
Public Meeting - Draft Facility Plan	July 16,2015
City Review	July 9, 2015 thru July 17, 2015
KDHE Review	July 20, 2015 thru August 6, 2015
Public Hearing - Final Facility Plan	August 13, 2015
City Commission Approval	August 13, 2015
Design-Builder Procurement	
Start Date	July 2015
Complete Selection of Design-Builder	December 2015
Completion of 90% Design and Development of GMP	
Start Date	January 2016
Complete 90% Design and Development of GMP	May 2016
Construction	
Start Date	May 2016
Complete Construction	December 2017
Optimization of Operations	
Start Date	January 2018
Complete Optimization of Operations	June 2018

Questions?

Commission Work Session Agenda Memo

From: Toby Dougherty – City Manager

Work Session: August 6, 2015

Subject: NWK Investments Request for Economic Development Incentives

Person(s) Responsible: Aaron White
Director
Ellis County Coalition for Economic Development

James Millensifer
Vice President of Operations
Chance Management

Summary

The developer, NWK Investments, LLC, wishes to develop 23.3 acres of land at the NW corner of 230th Avenue and 55th St. The developer plans to invest up to $28 million to create a travel plaza, restaurants, and hotel on the property. It is not in the city limits and is not currently served by any municipal infrastructure. The developer wishes to utilize a Tax Increment Finance (TIF) district and a Community Improvement District (CID) to help finance the project and create the necessary utility infrastructure. Incentives requested may amount to $21 million over 22 years. The developer has offered to finance, construct, and oversize the necessary water, sewer, and street infrastructure.

City staff evaluated the proposal and determined that is would cost $94k annually to provide general services to the area and cover the long-term street liability. Revenues for City of Hays to offset these costs are projected to be $94k the first year, increasing in future years. Utility revenue from the proposed development would not be sufficient to cover the capital costs of the infrastructure, leaving an annual

shortfall of $20k. However, there are added benefits to the community at large with the proposed water main improvements. The proposed development will also create additional water sales tax and transient guest tax revenues. City staff recommends approval of the request to utilize economic development incentives.

The Project

NWK Investments, LLC wishes to develop 23.3 acres of land, creating a travel plaza, restaurants, and a hotel. The developer is paying $1.5 million, or $64k an acre for the property. According to the developer, the first phase will consist of 93,000 square feet of retail space. Projected taxable revenues are: $7.5 million year one, and $10 million year five. The developer has offered to secure financing for, install to City of Hays' specifications, and oversize, all public infrastructure needed to serve the development. The project is expected to create 69 full-time and 46 part-time jobs. According to a WSU cost-benefit analysis, the project carries a 133% ROI and a 2.33 benefit cost ratio for the City of Hays.

Infrastructure Requirements

The area is not in the city limits and is not served by any City of Hays infrastructure. In order to serve the property, the intersection of 230th and 55th Streets would need to be rebuilt at an estimated cost of $1.5 million. Sanitary sewer would need to connect to the current system via boring under Interstate 70. The estimated cost for this is $900k. Water would need to be conveyed two miles from the 55th St tower and looped into the system south of Interstate 70. Estimated cost for this is $1.5 million. It is impractical to bring water under the interstate from the south as it is a different system than the 55th St tower and would require new pumping infrastructure, creating a high annual cost (energy) to pump the water to the property. Looping the line to the system south of I-70 has benefits to the city at large. The area immediately to the south of I-70 is the furthest from the distribution pumps and the highest elevation in that system. Therefore, a lot of energy is expended to move the water there. There are also issues with pressure and water flow in that portion of the system. Looping with the 55th St tower would help provide pressure and flow.

The total infrastructure estimate to serve the property is $3.9 million.

The developer has agreed to secure financing for all public infrastructure. In addition to financing the improvements, the developer has agreed to engineer, and have constructed, all improvements, and that the improvements will be built to city specifications. The developer has agreed that the infrastructure will be oversized at no cost to the city. Lastly, the developer agrees that City Staff will approve the construction and inspection engineer, as well as the final design.

Economic Incentives Requested

NWK Investments is requesting the utilization of two economic development incentives. Each are explained below.

CID

The developer wishes to utilize a CID to help offset eligible development costs. The developer would like to implement a 2% CID for 22 years, the maximum allowed by state statute and the City's Economic Development Policy. According to revenue projections, the 2% CID would generate approximately $8 million over the 22 years from the proposed development.

The CID petition proposes to include five parcels. They are: the parcel that will comprise the development, as well as the two parcels immediately south of Celebration Community Church, and the Doonan parcels to the west and North of the Peterbilt dealership. A visual is included with this memo. The developer has identified $14.5 million in CID eligible costs. It is the developer's intent to recover as much of the CID eligible expenses as possible assuming the other four parcels develop.

TIF

The Developer wishes to create a TIF district to recover up to $7 million in TIF eligible expenses (finance and interest costs included). The developer wishes to keep 100% of the City of Hays, Ellis County, and USD 489 property tax. It is estimated the TIF district would be in place for 15-20 years depending on the annual sales, property tax valuations, and actual cost of improvements.

Compliance with Economic Development Policy

The application for economic incentives is in compliance with the City of Hays' Economic Development Policy. With regard to the "but for" provision of the policy,

the developer states the project will not happen without the incentives being requested.

Financial Bottom Line

**** Financial analysis is based solely upon the proposal being presented and does not take into account future development in the TIF and CID district. Future development is possible, but is not guaranteed.***

It is expected to cost $72k annually to provide general services to the area. The annual street liability being assumed by the city at large is $22k. This creates a total annual liability of $94k. Assuming 100% of the City's property taxes are diverted, revenues received by the City of Hays will be $94k the first year and increasing in subsequent years.

City staff also evaluated the economics of assumed liability for water and sewer infrastructure. The annual liability of extending the water system is $21k. Based on projected water usage, the development would contribute $5k annually towards capital replacement and maintenance, resulting in a shortfall of $16k annually. The annual liability of extending the sewer system is $9k. Based on projected usage, the development would contribute $5k annually towards capital replacement and maintenance, resulting in a shortfall of $4k annually.

Net bottom line

	Revenues	Liabilities	Net gain/loss
Sales Tax	$94,000		
Utility Capital	$10,000		
Transient Guest Tax	$110,000		
Water Sales Tax	$37,500		
General Services		$72,000	
Street		$22,000	
Water/Sewer liability		$30,000	
	$251,500	$124,000	$127,500

Pros and Cons

Pros

- Creation and oversizing of public infrastructure
    - Developer assumes financing and construction risk
- City does not manage infrastructure project
- Future property and sales tax revenues (15-20 years, after TIF debt is paid)
- Looping the water system
    - Looping the system has a benefit to the city at large, and staff has wished to do this for many years. However, the cost could not be justified. The annual liability of $16k created by the project is something that staff feels is worth the investment given the benefits of looping the system.
- New sales taxes
    - $94k – General Fund
    - $37.5k – Water Sales Tax
- Transient Guest Tax of $110k
- Potential for additional development, and increased revenues, once infrastructure is in place
- Risk – The financial risk for infrastructure is assumed by the developer.

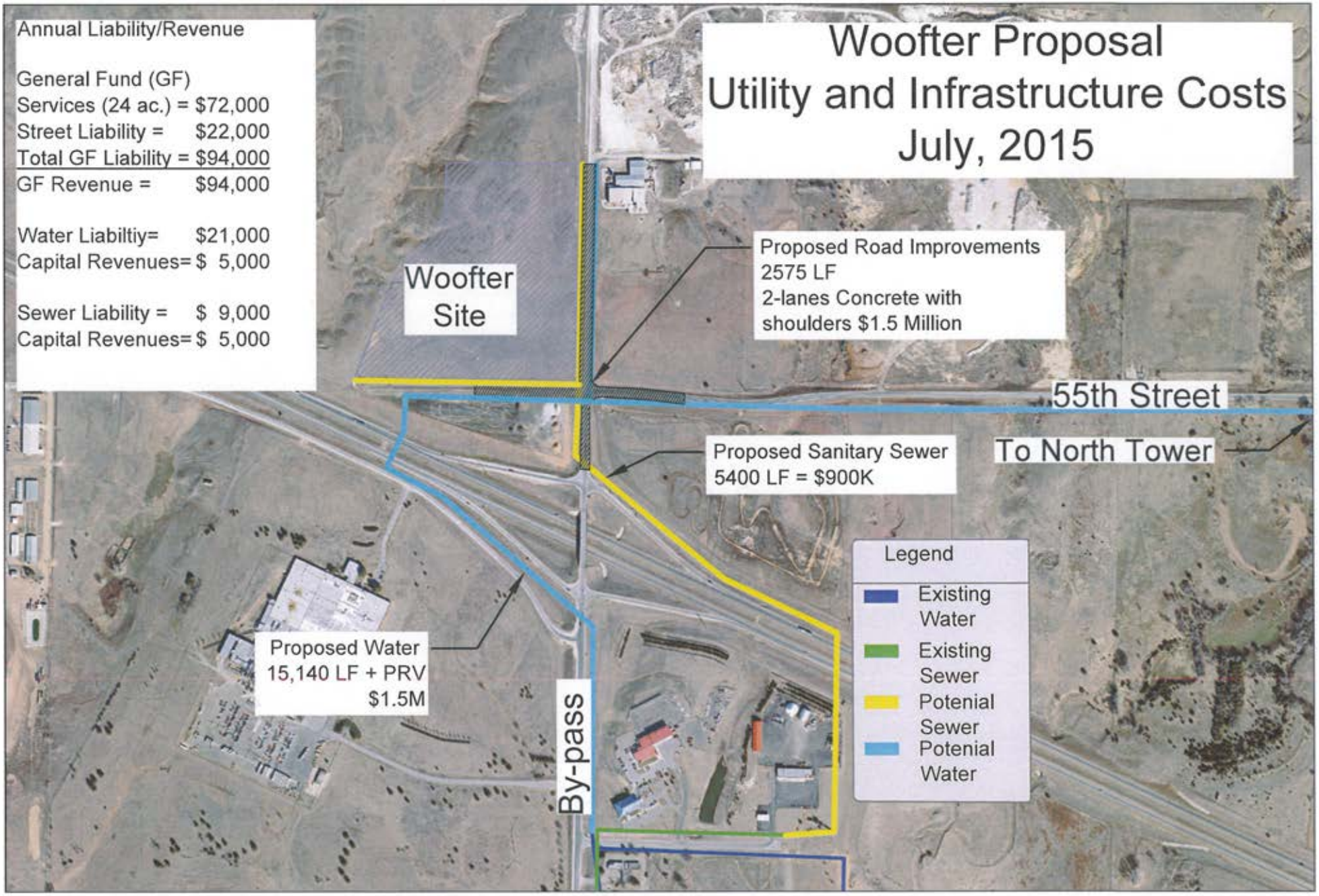
Cons

- Cost to provide services account for a significant portion of new general fund sales tax revenues
- Assumed water and sewer infrastructure liability higher than projected revenues
- Risk – The City is assuming the infrastructure and general service liability. If the area doesn't develop as planned, revenues may not be sufficient to cover.

Details to Consider Moving Forward

If the Commission is to consider moving forward with the request, the following items need to be considered:

- There are five parcels identified in the CID petition. It is staff's recommendation that all five of these parcels be annexed into the City of Hays to ensure orderly development.
- The five parcels mentioned above are currently in Trego County RWD #2 territory. It is the recommendation of staff that all five properties be released from the territory so the City can serve with water when they develop. Staff is already working on this.
- The developer alludes to a possible KDOT grant for the rebuilding of the 55th and 230th intersection. This reference is to a discussion the developer had with Ellis County and KDOT officials about a possible grant. City staff has not been part of this discussion and has no plans to seek a grant to rebuild the intersection.



Water = $1.5M Sewer = $900K Road = $1.5M Total = $3.9M

Supplemental information—Big Creek Travel Plaza

Square Footage—

NWK Investments LLC has not created any formal drawing or blueprints for the proposed buildings in project one of the Big Creek Travel Plaza. We have however completed our preliminary conceptual "footprint" and are prepared to submit the following information:

- The ground floor of the hotel will be approximately 18,700 square feet with levels two, three and four at approximately 16,000 square feet each for a total of 66,700
- The Travel Plaza will be approximately 14,000 square feet
- The Fast Casual complex will be approximately 7,500 square feet
- Taco John's will be approximately 3,000 square feet
- Starbucks will be approximately 2,200 square feet

Phase one of the Big Creek Travel Plaza will be approximately 93,400 square feet.

CID/TIF Eligible Construction Expenses—

"With our consultation with City representatives, we are including our current estimates for Eligible TIF and CID expenses that can be reimbursed from the collected Tax Revenues generated by the project district. Once we have been approved by the City, to negotiate further on the Final Development Agreement with the City, and move forward to construction, we will continue to refine these numbers to the City's approval."—NWK Investments LLC

Total Project Cost Estimate--$27,380,700 (including FF&E)

TIF eligible expense	Cost	Comments
Land Cost	$1,500,000	
Engineering and Architecture	$500,000	
Civil Engineering	$200,000	Includes survey, civil design, site utilities (public), coordination of private utilities, drainage study
Overall site preparation	$200,000	
55th St. Waterline Line Design	$150,000	From water tower at US-183 & 55th St. (along 55th St.)
Hall St. Sanitary Sewer Extension Design	$110,000	From Hall St. manhole across I-70 and along north side of I-70. Includes design and inspection, assist w/ easement acquisition
Interior Waterlines	$35,000	Includes design and inspection
Interior Sanitary Sewer	$35,000	Includes design and inspection
55th St. Waterline to location	$1,500,000	From water tower at US-183 & 55th St.
Hall St. Sanitary Sewer Extension to location	$1,200,000	From Hall St. manhole across I-70 and along north side of I-70. Includes $150,000 for acquisition of utility easement
Utilities—Street	$550,000	55th St. west connection to north side of travel center and east to 230th Ave.

Total TIF eligible expenses—$5,980,000

CID eligible expenses	Cost	Comments
Utilities—Water	$175,000	8" water line
Utilities—Sewer	$175,000	8" sanitary sewer line
Utilities—Electrical	$125,000	
Utilities—Curb and Gutter	$325,000	
Paving—Private	$3,500,000	Includes curb and gutter, signage and pavement markings, subgrade prep, and thicker pavement for truck access
Construction Costs	$14,000,000	

Total CID Eligible Expenses—$18,300,000

Maximum allowable CID return under City Policy ($27,380,700 x 75%)—$20,535,525

Maximum return from CID, after deducting TIF eligible expenses—$14,555,525

Estimated Revenue Projections—

The following revenue projections (pro forma data listed in Tab 5, Page 8 of the business plan) and TIF/CID generations are based on the non-fuel sales from the following proposed stores: Taco John's, Starbucks, convenience store, Asian, Better Burger, and hotel.

Year of Operation	Retail sales estimate	CID revenue estimate	TIF revenue estimate for City general fund at 1.25%	TIF revenue estimate for City water fund at .5%
Year 1	$7,534,001	$150,680	$94,175	$37,650
Year 2	$8,187,273	$163,745	$102,340	$40,936
Year 3	$8,864,922	$177,298	$110,811	$44,324
Year 4	$9,432,400	$188,648	$117,905	$47,162
Year 5	$10,025,770	$200,515	$125,322	$50,128

The following table is fuel sales volume projections for gasoline and diesel fuel. Fuel pricing is quite volatile, so gross revenue projections are based on July 1st price (national average from AAA) , 1 month ago, and one year ago. Fuel sales have no impact on City tax revenue.

Year of Operation	Fuel volume, gas and diesel combined, in gallons	Sales Revenue based on July 1st average price	Sales Revenue based on June 1st average price	Sales Revenue based on 1 year ago average price
Year 1	3,500,000	$9,808,200	$9,842,200	$13,244,700
Year 2	3,900,000	$10,929,600	$10.967,800	$14,759,700
Year 3	4,700,000	$12,611,700	$12,656,200	$17,032,200
Year 4	5,300,000	$14,854,500	$14,907,400	$20,062,200
Year 5	6,000,000	$16,821,000	$16,884,000	$22,725,000

Estimated Transient Guest Tax Revenue—

This data reflect the estimated transient guest tax revenue generated from the hotel operation, at the current 5% rate. This is revenue that will go to the City.

Year of Operation	Estimated guest room revenue	Estimated transient guest tax revenue at 5%
Year 1	$2,205,338	$110,266
Year 2	$2,349,176	$117,458
Year 3	$2,522,574	$126,128
Year 4	$2,648,702	$132,435
Year 5	$2,891,274	$144,563

Estimated Property Tax Valuations—

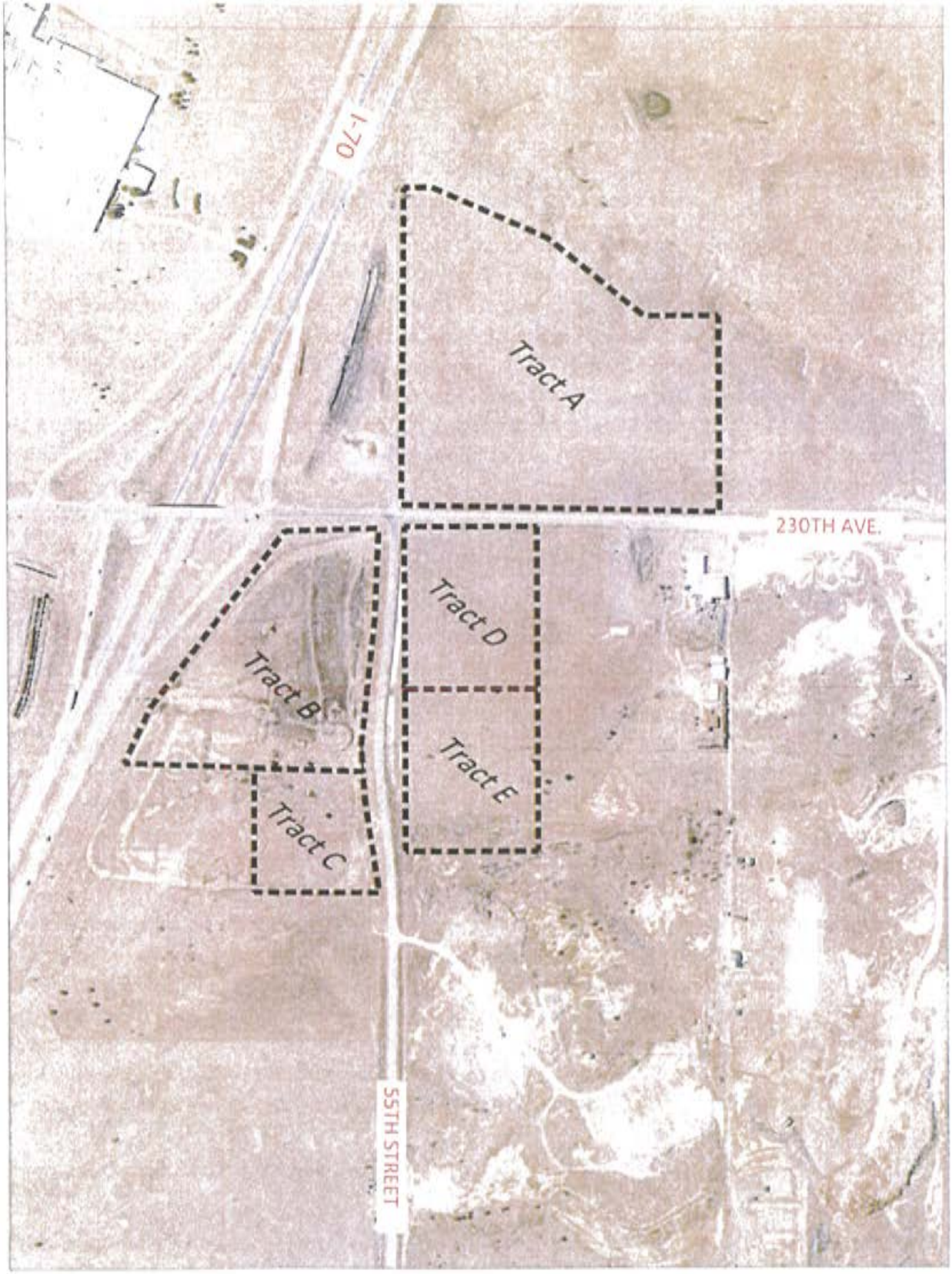
The following property tax data is an estimate based on current market values and tax rate. This represents the estimated value of the property tax portion of the TIF.

Year 1	$	-
Year 2	$	317,017.00
Year 3	$	323,358.00
Year 4	$	337,394.00
Year 5	$	344,143.00
Year 6	$	351,026.00
Year 7	$	358,047.00
Year 8	$	365,209.00
Year 9	$	372,514.00
Year 10	$	379,964.00
Year 11	$	387,564.00
Year 12	$	395,316.00
Year 13	$	403,223.00
Year 14	$	411,319.00
Year 15	$	419,515.00
Year 16	$	427,906.00
Year 17	$	436,464.00
Year 18	$	445,194.00
Year 19	$	454,099.00
Year 20	$	463,181.00
Totals	$	7,392,453.00

Traffic Counts—

The following table represents the estimated vehicle traffic using the travel plaza retailers, by month

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Food Traffic	55	58	66	64	74	89	93	88	76	78	71	76
Hotel Traffic	20	16	25	22	29	33	36	34	26	25	26	27
Staff Traffic	30	26	32	35	40	50	55	48	35	38	38	42
Gas Traffic	310	278	434	349	494	581	721	582	407	389	403	455
Daily Auto Traffic Average	415	378	557	470	637	753	905	752	544	529	539	600
Daily Semi traffic Average	37	33	51	41	58	69	85	69	48	46	48	54
Monthly Auto Total	12862	10592	17263	14905	19743	22576	28061	23300	16308	16407	16160	18593
Monthly Semi Total	1135	921	1591	1237	1809	2060	2641	2133	1442	1425	1430	1666



NOT TO SCALE

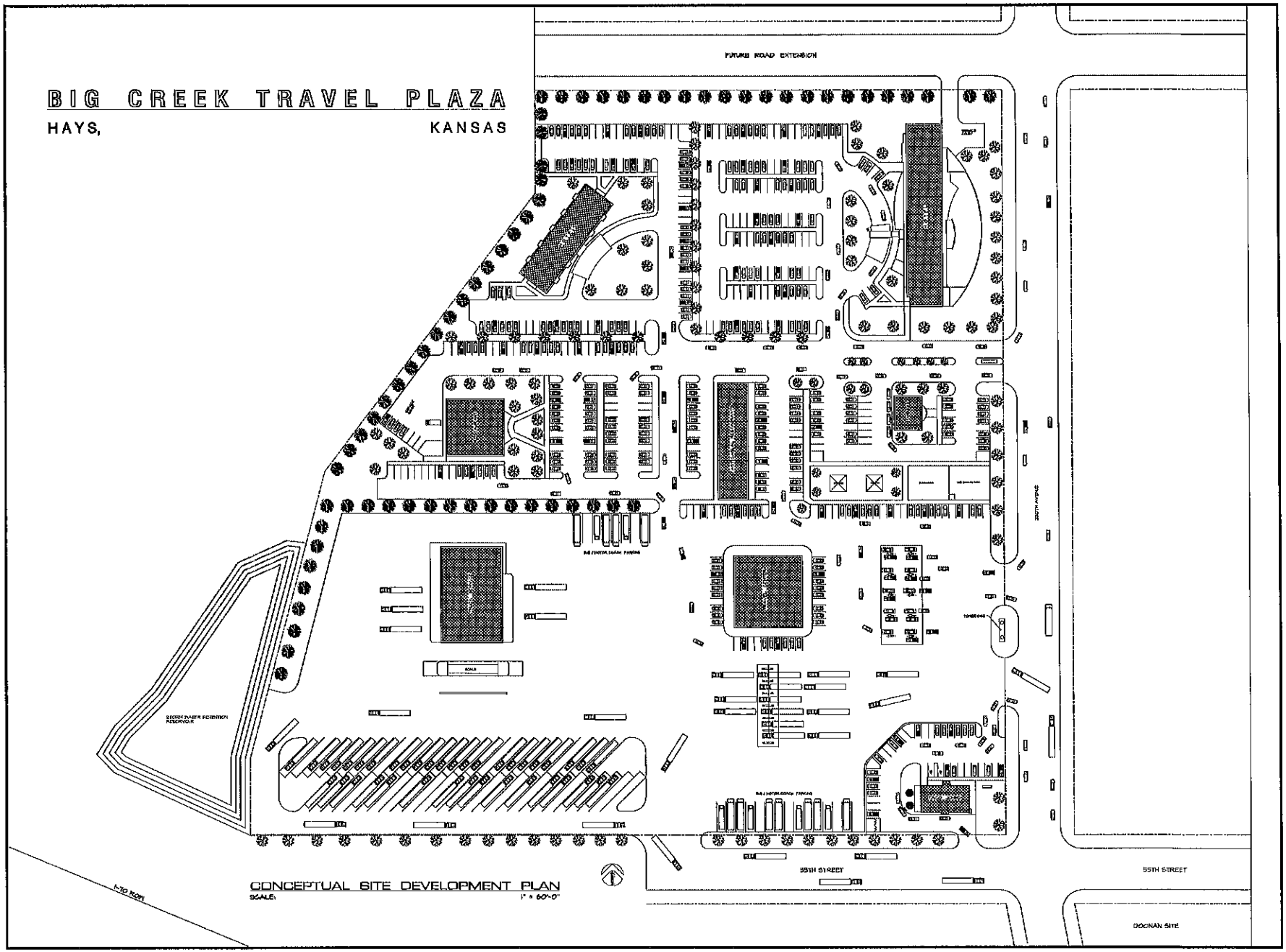
DRIGGS DESIGN GROUP, PA
Surveying Engineering Planning
MANHATTAN & HAYS

CITY OF HAYS, KANSAS
BIG CREEK DEVELOPMENT
EXHIBIT B

1 OF 1

BIG CREEK TRAVEL PLAZA

HAYS, KANSAS



CONCEPTUAL SITE DEVELOPMENT PLAN

SCALE: 1" = 60'-0"

STRAIT ASSOCIATES ARCHITECTS

485 NORTH COURT
POST OFFICE BOX 332
COLBY, KANSAS 67701

TELEPHONE: 785.460.8363
FACSIMILE: 785.460.9710

PROGRESS

BIG CREEK TRAVEL PLAZA

HAYS, KANSAS

PROJECT NO.	1421
DATE 12/2/04	SHEET
REVISED	AS1
DRAWN SG	
CHECKED	OF X

July 14, 2015
The Honorable Eber Phelps
and Commission Members of the
City of Hays, Kansas
1507 Main Street
Hays, Kansas 67601

As part of our ongoing conversations with Hays City Management concerning the Big Creek Travel Plaza project, NWK Investment LLC would like to make the following change to our Application for Economic Incentives:

NWK Investment LLC is withdrawing our request to retain .25% of the sales tax revenue for the purposed TIF District.

Thank you for your consideration.

Michael Woofter
NWK Investments, LLC

NWK INVESTMENTS, LLC

DEVELOPER OF

BIG CREEK TRAVEL PLAZA

COURTYARD®
Marriott

Mama Fu's™
asian house

TM

®

MOOYAH™
BURGERS · FRIES · SHAKES

*

CITY OF HAYS, KANSAS – TIF / CID APPLICATION

SERIES 2015

*Impending Franchisors

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CITY OF HAYS, KANSAS

SPECIAL REVENUE BONDS SERIES 2015

BIG CREEK TRAVEL PLAZA

NWK INVESTMENTS, LLC

BIG CREEK TRAVEL PLAZA

June 8, 2015

The Honorable Eber Phelps
and Commission Members of the
City of Hays, Kansas
1507 Main Street
Hays, Kansas 67601

RE: Approximately $13,000,000 City of Hays, Kansas, Tax Increment and Community Improvement District Financing Revenue Bonds, Series 2015 (Big Creek Travel Plaza Project)

The Honorable Mayor Schwaller and City Commission Members,

Our Company is pleased to be working with the City of Hays, Kansas on the proposed Big Creek Travel Plaza Project. We are requesting the City's help through the issuance of Tax Increment and Community Improvement District Financing Bonds that will be used to provide funds for acquiring, improving, and providing utilities to our proposed retail site, located at I-70 and 230th Avenue. This report will show that through the use of the City's Incentives, a site that may be unusable for years, can be developed into a viable, attractive retail center immediately, and pay for itself through the increased Property Tax, and Retail Sales Tax Increment, at no cost to the local citizens, while the City, County, local School District, and State benefit tremendously.

We are proposing to develop a total of approximately 50 acres using this method, starting with the 22.35 acres outlined in this application, specifically located on the NW corner of 230th Avenue and 55th Street. The current plan is to develop the area with a hotel, mixed retail space, and a travel plaza including a convenience store, a free standing coffee shop, and fast food franchises. Construction will also include infrastructure improvements required to serve the site including water, sewer, street improvements, and utilities, at no planned cost to the City. We have a successful history with this type of development, which can be toured in Colby, Kansas.

As stated earlier, we believe this report shows that the Tax Increment and Community Improvement District will be self-supporting, at no cost to the City, and will provide additional

business, development, jobs, and ancillary taxes to the area. We are ready to start construction immediately upon the finalization of this plan, and look forward to a successful relationship with the City for years to come. We are available to answer any questions you may have regarding our request, and are prepared to present these details to the City directly.

Mike Woofter

NWK Investments, LLC

Project Overview

NWK Investments LLC will work with Chance Management and a construction management company to develop "Big Creek Travel Plaza" on the far west side of Hays in central Ellis County. The location of the proposed center is northwest of the interchange at 230th Ave and 55th Street, just north and west of exit 157 on Interstate 70.

Big Creek will have two primary focuses of business; the hospitality industry (food and beverage, lodging) and the retail fuel industry (traditional service station and convenience store). Revenue will be derived from local and transient guests.

Phase one of Big Creek Travel Plaza will be comprised of a nationally branded hotel, a gas and diesel fuel station with traditional travel center amenities (drivers lounge, showers, etc.) a complete convenience store, coffee house and a free standing quick serve Mexican restaurant. In addition, there will be a free standing structure designed to house two or three fast casual restaurant concepts and perhaps one other business. The development will serve the highway traveler, the general population of Hays proper, Ellis County and the students, faculty and visitors at Fort Hays State University (FHSU).

Restaurant and food service profit centers will incorporate menu and beverage items that appeal to both the highway traveler and area residents. All meal day parts will be represented in both quick serve and fast casual applications. A diverse and unique mix of food types will be available. Travelers will have a variety to select from while area residents will enjoy new destination dining options.

A nationally branded hotel will provide Ellis County with an alternative to traditional midscale properties. The hotel will focus on business travelers and families looking for a higher level of amenities in their lodging choice. The hotel will feature meeting facilities for the businesses in the Hays area.

Big Creek Fuel will provide diesel, gasoline and compressed natural gas to local customers as well as the highway traveler. Infrastructure, pricing and marketing strategies will focus on auto traffic (gasoline) and local diesel cliental. The stop will welcome Interstate 70 diesel customers and will provide all the amenities of a full service truck stop. The convenience store will be stocked with merchandise designed to generate revenue from the highway traveler as well as local consumers.

Preliminary construction for Big Creek Travel Plaza will commence 30 to 60 days after formal and legal approval from all entities. Numerous factors can influence the actual construction schedule but current estimates identify a 14 to 16 month timeline for completion. It is NWK Investments LLC objective to be operational at Big Creek Travel Plaza by second quarter 2017.

NWK Investments LLC is challenged with significant logistical opportunities at the proposed location. Water, sewer, utilities and street development are just part of the infrastructure requirements to ensure the area can be developed. The proposed location is simply pasture land without any traditional substructure required for retail or commercial entities. Because of these costly requirements, NWK Investments Inc. would be unable to move forward without utilizing the financing tools created and approved by the State of Kansas to support redevelopment.

NWK Investments Inc. suggests the following development terms with regard to the Big Creek Travel Plaza:

- NWK Investments LLC will utilize a Community Improvement District of 2%, for up to 22 years, to fund eligible construction costs.
- NWK Investments LLC to utilize 100% of the property tax increment, as well as 25 cents of the City of Hays General Fund sales tax to fund TIF eligible expenditures.
- TIF will expire when eligible costs are paid.
- NWK Investments LLC will secure financing and be responsible for payment, for all public infrastructure related to the development.
- City to retain 1 cent of the General Fund sales tax, as well as the ½ cent sales tax dedicated to water, during the TIF payback period.
- NWK Investments LLC will support to reconstruct, to city specifications, the intersection of 230th Ave and 55th Street, KDOT has allocated $1.5M for this project as well.
- NWK Investments LLC will create, to city specifications, any public streets within the development that are necessary to serve the property and maintain future access and connectivity.
- NWK Investments LLC agrees to extend and oversize city water and sewer infrastructure to city specifications.
- NWK Investments LLC to conduct preliminary design and engineering of all public infrastructure.
    - NWK investments LLC and the city of Hays will agree on a licensed engineering firm to perform the engineering for all public and private infrastructure.
    - City must approve design before construction begins.
    - City will inspect before ownership is assumed.
    - If any defects arise as a result of the NWK Investments LLC failure to adhere to the agreed to design and construction standards, NWK Investments LLC will be responsible for the cost to correct. This will apply to material defects only and not routine maintenance or normal wear and tear.

NWK Investments LLC is requesting the creation of a Tax Increment Financing District and a Community Improvement District to support the Big Creek Travel Plaza development. Without these tools, overall development and construction costs would be too great to allow for the project to move forward.

Current development cost estimates show the entire project to be at or above $22M, not including those costs associated with the potential support to KDOT and Ellis County for the reconstruction of the 230th and 55th interchange and the water and sewer installation. Of the $22M, approximately $6M would be considered TIF eligible expenses. NWK Investments Inc. projections, supported by the cost benefit analysis from two separate entities, Wichita State University and Canyon Research indicate that the TIF would be more than sufficient to cover the cost of the project.

Construction Costs

Land Cost	$1,500,000	
Engineering & Architecture Cost	$500,000	
Civil Engineering	$200,000	Includes: Survey, Civil Design, Site Utilities (Public), Coordination of Private Utilities, Drainage Study
Site Preparation		
Overall Site Preparation	$200,000	
Engineering Cost Water & Sewer		
55th Street Waterline Line Design	$150,000	From Water Tower at US-183 & 55th Street (Along 55th Street). *Includes Design & Inspection*
Hall St Sanitary Sewer Extension Design	$110,000	From Hall Street Manhole across I-70 and along North Side of I-70. *Includes Design & Inspection, Assist w/ Easement Acquisition*
Interior Waterlines	$35,000	Includes Design & Inspection
Interior Sanitary Sewer	$35,000	Includes Design & Inspection
Water / Sewer to Location		
55th Street Waterline	$1,500,000	From Water Tower at US-183 & 55th Street (Along 55th Street)
Hall St Sanitary Sewer Extension	$1,200,000	From Hall Street Manhole across I-70 and along North Side of I-70. Includes $150,000 for Acquisition of Utility Easements
Utilities - Street	$550,000	55th St West Connection to N Side of Travel Center & East to 230th Ave
Utilities - Water	$175,000	8" waterline
Utilities - Sewer	$175,000	8" Sanitary Sewer
Utilities - Electrical	$125,000	
Utilities - Curb & Gutter	$325,000	
Paving - Private	$3,500,000	Includes Curb & Gutter, Signage & Pavement Markings, Subgrade Prep, Thicker Pavement for Truck Access
Construction Costs	$14,000,000	
FF&E	$3,100,700	
Total	$27,380,700	

NWK Investments LLC is requesting a 2% CID not to exceed 22 years or eligible expenses, based on the statutory limits set by the State of Kansas and the City of Hays Economic Development Policy for CID's. Revenue projections over the first 20 years of the Big Creek Travel Plaza are just under $360M. 2% of the projected revenue would total just under $7.2M, far below the potential eligible expenses.

Redevelopment incentives outlined total approximately $18M indicating that NWK Investments LLC would carry over 35% of the weight, estimated at $10M, well above the 25% set by the City of Hays

Economic Development Policy. In addition, the cost benefit analysis from Wichita State University indicates that as proposed, the project carries a 133% ROI and 2.33 benefit cost ratio for the City of Hays.

In addition to the financial benefits to the city, infrastructure (water and sewer) development would open up additional areas for retail and commercial expansion in the general area. USD 489 would also capture between $500K and $700K of incremental tax revenue during the first ten years of the project.

NWK Investments LLC encourages the City of Hays to see the advantage of incorporating additional acreage in the general area into the TIF and CID redevelopment districts. We believe the parcels identified in the map (included) titled "Exhibit A" are critical to the overall development opportunity. By including these additional areas in the district, the property becomes more attractive to new businesses currently looking for opportunities in northwest Kansas and or Ellis County.

NWK Investments LLC has reviewed the plans with USD 489 and the Ellis County Commissioners as the two organizations have "veto" power over the proposed project. Both groups showed unanimous backing, and in fact, each passed a resolution to send written support of the Big Creek Travel Plaza to the City of Hays. Trego County District #2 Water Board supports the project as well having voted unanimously to grant the City of Hays permission to sell water within the District's boundaries.

Big Creek Travel Plaza provides significant opportunity for the City of Hays, Ellis County, local residents and visitors to the area as well as transient guests from the interstate. The restaurant and hospitality businesses will offer variety and choice not currently available or accessible. The fuel station will bring additional competition and compressed natural gas to the market. While competitive businesses may see Big Creek as threat, improved operational activities and lower prices should be the end result for the consumer. It's also likely that commercial real estate pricing will become more competitive and may in fact lead to further development in other parts of Hays and Ellis County.

Big Creek Travel Plaza will be the largest commercial development project for the city since the construction of the Hays Mall. The project will bring significant short and long term financial benefits to the City of Hays, Ellis County and USD 489. Transient Guest (Bed) Tax generated by the new hotel should exceed $600K in the first five years alone. The project will also develop infrastructure that will promote and support additional development in the years to come, generating additional financial benefit for the City of Hays. Big Creek Travel Plaza is simply a component of productive growth for the City of Hays.

CITY OF HAYS
APPLICATION FOR ECONOMIC INCENTIVES

I. GENERAL INFORMATION

1. NWK Investments LLC
Name of Applicant Firm

6-12-15
Date of Request

2. Local Address
Big Creek Travel Plaza,
The project will be located at the
Northwest corner of I-70 and 230th Avenue.

785-462-7909
Telephone Number

Fax Number
785-462-6651

Headquarters Address
PO BOX 365
Colby KS 67701

Telephone Number
785-462-7909
Fax Number
785-462-6651
e-mail address
jamesm@woofter.com

3. Names and titles of the corporate principal officers and directors including local principal officers and/or management personnel, if known, of the applicant:

Name	Title
Michael Woofter	President, NWK Investments LLC
James Millensifer	VP Operations, Chance Management

4. How long has the firm been in business? NWK investments LLC is a new corporation being supported by businesses Michael Woofter has interest in in the Colby KS area.

5. Has the applicant or any principal thereof:
Been convicted or any crime other than a traffic violation in the past ten (10) years?

_____ Yes X No

Had Federal or State tax liens filed against them? _____ Yes X No

Had a court judgment rendered against them that remains unpaid? _____ Yes X No

Been declared insolvent, bankrupt or been in receivership? _____Yes X No

Approximately 22.35 acres of undeveloped agricultural land at the NW corner of 230th Ave and 55th St.

3. New construction or modification:
Sq. feet: Approximately 63K Cost: Approximately $20M
Identify Construction:

The construction project will include site preparation and construction of four to five different facilities: hotel, mixed retail space, travel plaza including a convenience store and various driver amenities, along with a free standing coffee shop and fast food franchise. Construction will also include infrastructure improvements required to serve the site (i.e. water / sewer / street improvement, utility relocation).

4. New Machinery and Equipment subject to personal property taxes (include approximate purchase dates and estimated useful life):

Description: The restaurants will employ standard cooking, serving and refrigeration equipment as well as tables, booths and chairs and other standard furniture, fixtures and equipment (FFE). The hotel will have commercial laundry equipment, beds, tables, chairs and other FFE applicable to the lodging industry. The travel plaza and convenience store will have fuel pumps, standard retail sales fixtures and other industry specific FFE. All business will employ state of the art Point of Sales (cash register) and computer systems. Equipment life varies greatly.

Cost: $ Approximately $8M

5. Please state the reason for the establishment of the new facility or the expansion or replacement of the existing facility:

NMW Investments LLC believes that the location can leverage interstate traffic as well as local clientele. The proximity to FHSU and major employers in the general area add to the customer base. The location provides excellent interstate visibility and easy access from the interchange. Page 1-3 and 8-9 of the business plan outline Company Summary, Market Analysis as well as the Marketing and Sales strategies.

6. What are the approximate starting and completion dates for the project? The completion date is defined as the date you will be ready to utilize the new or expanded facility.

90 days from approval and land purchase	Approximately 16 months from start of construction
Start Date	Completion Date

III. PROPOSED USE AND ECONOMIC BENEFIT

1. What type of new or expanded business activity does the applicant propose?

The new facilities will offer fuel and convenience items, dining facilities in a number of venues currently not found in this region, and upscale hotel accommodations.

2. List the type of retail or service firm to be located in the proposed development (include details of the nature and scope of the operation of the business):
Hotel: upscale sleeping accommodations as well as a small bistro and lounge providing limited hours of service. Retail space: facility will accommodate 2 fast casual dining concepts, with a higher level of quality/service than typical fast food. Asian Fusion and Better Burgers franchises concepts are being considered, but final franchise selections have not been made at this point. Travel Center: Fuel sales and customary convenience store items, as well as grab and go food offerings and traditional truck stop amenities (showers, laundry, etc.) for the professional traveler. A free standing fast food franchise and a nationally branded coffee shop are also in the mix.

3. What percentage of the facility will the applicant occupy? TBD (90% - 100%)

4. Do any of the proposed retailers or service firms have a product or process that may pose or create an environmental hazard when it is sold, destroyed or discarded? No

5. Please list all new employees and proposed wages, excluding fringe benefits, by the job titles included in the Annual Wage Survey prepared by the Kansas Department of Human Resources, if possible.

Category Full-time Employees	**Job Title**	**Salary Range**	**# New Employees**	**# of Transfers**	**Avg. Annual Salary**	**Date Hired**
Management	General Managers	$34k - $52K	6			
Management	Salaried Assistant Managers	$28K - $32K	2			
Hourly Shift Lead		$12 - $15 an hour	16			
Hourly Full Time		$9 - $11 an hour	45			
Category Part-time employees	**Job Title**	**Salary Range**	**# New Employees**	**# of Transfers**	**Avg. Annual Salary**	**Date Hired**
Hourly Part Time		Minimum wage to $10.00 an hour	46			

6. What are the employer's share of fringe benefits including health insurance but excluding vacation, holidays, and sick leave, as a percentage of annual salary by employee category? Also indicate the percentage of health insurance cost paid by the employer.

Category	**Fringe Benefit %**	**Health Insurance (% Paid by Employer)**
Management	Based on salary	50% at 90 days, grows to 100% at 5yrs*

Type of Expense	Actual[1]	Projected Total[2]	% Spent in Ellis County	
	$ Amount	$ Amount	Actual %	Projected Total %
Professional services (legal, accounting, advertising, etc.)				
Business service (training, maintenance)				
cleaning services				
transportation				
office supplies				
material and goods		$1,690,142		$84,507
other (specify)				

Management	Based on salary	50% at 90 days, grows to 100% at 5yrs*
Hourly Shift Lead	Based on hourly wage	50% at 90 days, grows to 100% at 5yrs*
Hourly Full Time	Based on hourly wage	50% at 90 days, grows to 100% at 5yrs*

Note: Percentage varies with salary or hourly wage level, benefit package selected and tenure

7. Briefly describe your medical, vacation, sick leave and retirement benefits. (Attach any appropriate benefit summary publications if applicable)
TBD – NWK Investment LLC is being formed for the Hays project, at this point it would be inappropriate to specify benefits. However, it is the LLC's intent to be more than competitive in reference to benefits. Health Care (ACA approved) will be offered, vacation and retirement are planned in principle.

8. Provide a breakdown of your annual operating expenses. Indicate the percentage of total annual operation expenses that will be spent locally within Ellis County for each item.
For firms expanding their facilities and operations in Ellis County, indicate the current annual operating expenses and provide a projection for the incremental expenses after the expansion.
For firms planning to newly locate in Ellis County an accurate projection of future annual operational expenses need to be provided.

Please refer to pages 10 and 11 in the HaysWest Business Plan

Annual Operational Expenses[3]

Budget Expenses
Subtotal $1,711,178

[1] For existing facility, if applicable.
[2] After construction or expansion of new facility.
[3] Do not report labor costs, debt service, purchase of equipment subject to personal property tax.

IV. TAX ABATEMENT INFORMATION (Not applicable to Retail Development).

A. Amount or percentage of tax abatement requested and duration: N/A_____

_____

B. In-lieu-of-tax payments offered and duration: N/A____TBD_____

_____

C. Why tax abatement is a critical factor in determining whether the proposed project is to be completed?
A Tax Increment and Community Improvement District is critical for the infrastructure development and improvements benefiting the project as well as the community. This project would not be financially feasible without the local incentives, and a project development would never occur in this area for years to come.

V. OTHER INCENTIVE INFORMATION

Annual Operational Expenses[4]

Type of Expense	Actual ($ amount)	Projected Total ($ amount)
Telephone		$12,873
Electricity		$107,610
Gas		$19,115
Water		$31,014
Waste Water		$14,491
Garbage		$7,778
Cable		$7,933
Other		$317

Budget Expenses
Subtotal $201,132

1. State all incentives being requested within this application:
   - Tax Increment Financing (TIF)
     - NWK Investments LLC is seeking to establish a TIF district in the property, which was designated a pre-1992 Enterprise Zone. The TIF funds requested for use by the developer would include the property tax increment, and the incremental sales tax collected on the site.
       - The estimated value of the Property Tax to be generated at the project Site will be an estimated $317,000, graduating up each year, for 20 years.

[4] Do not report labor costs, debt service, purchase of equipment subject to personal property tax.

        - The estimated value of the Sales Tax collected, is $228,000, graduating up each year for twenty years. NWK Inc. is requesting to retain .25% of the established city sales tax.
        - The TIF generated revenues would be used to pay for eligible costs of the project, including public infrastructure, i.e. water/sewer/street improvements to the property usually covered by the City.
        - The Projections are more completely reviewed in the report submitted by Oppenheimer & Co. (Appendix VI).
        - NWK Investments Inc. requests Sales Tax Exemption on applicable construction cost for the project.
- Community Improvement District (CID)
    - NWK Investments LLC is seeking to establish a CID in the proposed site. The developer proposes an additional 2% sales tax in the district, affecting non-fuel revenues only.
        - The estimated value of the CID, based on projected non-fuel revenues of $10M graduating up each year, of $203,000 annually.
        - CID revenues will be used to offset eligible infrastructure expenses.
        - The term of the CID will not exceed 22 years or exceed the eligible expenses, based on the statutory limits set by Kansas and the City of Hays Economic Development Policy for CID's.
        - The Projections are more completely reviewed in the report submitted by Oppenheimer & Co. (Appendix VI).

Financial projections listed above can be found in the NWK Investments LLC business plan on pages 10 and 11.

2. Provide reasons why economic incentives are necessary for the project:

The proposed site will require significant public infrastructure improvements, planning cost, water/sewer/street/utility relocation, as well as significant investment in private infrastructure and FFE. City staff has provided an estimate for water/sewer/street improvements with a cost of $2.72 million, including $491,000 in water and sewer line upsizing typically provided by the City. NWK Investments LLC is proposing to pay for 100% of these costs. Construction cost estimates for private improvements is $10.1 million. Use of CID and TIF financing tools allows NWK Investments LLC to offset some of these expenses. Without the funds generated through these programs, the project becomes too costly to develop.

3. What improvements or services will need to be provided by the City or County to accommodate this improvement?

The City would need to provide access to water and sewer services, as well as required street upgrades. NWK Investments LLC is offering to pay for the infrastructure, leaving no cost to the city. NWK Investments LLC is offering to contract for engineering and construction service, with approval from the City.

VI. GENERAL CONDITIONS

The following general conditions are understood and agreed to by the firm receiving economic incentives from the City of Hays:

1. The applicant must agree to and reimburse the City for the costs of any legal, financial, or administrative research and work done in reviewing the proposal, preparing other necessary legal documents, and researching the qualifications of the applicant.

2. The applicant must also agree to sign an agreement making a minimum payment in lieu of property taxes.

3. Prior to issuance of the economic incentives, the applicant's proposal and information may require approval from the Kansas Department of Commerce and/or other state agencies.

4. The applicant agrees to provide additional information considered necessary by the City Manager to make a recommendation to the City Commission on granting the economic incentives.

5. Each business receiving economic incentives must complete an annual report by March 1 of each year covering the previous calendar year. Any business that has received an economic incentive shall pay an annual renewal fee of $100.00.

6. Enclosed is the application fee of $250.00/$1,000.00, as defined in Section 7 (Fee Schedule) of the Economic Development Policy, payable to the City of Hays, Kansas.

I (we) verify that the above information and assurances made are complete and correct to the best of my (our) knowledge.

_____ _____
Signature (print name) Date

_____
Title

_____ _____
Signature (print name) Date

_____
Title

PETITION FOR THE CREATION OF THE BIG CREEK COMMUNITY IMPROVEMENT DISTRICT

TO: The Governing Body of the City of Hays, Kansas (the "Governing Body")

The undersigned owners of record, whether resident or not, of at least 55% of the land area contained within the hereinafter described proposed Community Improvement District (the "District") and at least 55% of the assessed valuation of land area within the proposed District, all to be located within the city of Hays, Kansas (the "City"), do hereby request that the Governing Body create such District and authorize the construction of the Project herein after set forth, all in the manner provided by K.S.A. 12-6a26 *et seq.* (the "Act") and the City of Hays Economic Development Policy for CID's. In furtherance of such request, the petitioners state as follows:

General Nature of the Proposed District Project

The general nature of the proposed District project (the "Project") to be constructed within the District includes but is not limited to: (1) constructing, furnishing and equipping a nationally branded hotel with approximately 90 rooms, a gas and diesel fuel station with traditional travel center amenities (drivers lounge, showers, etc.) and a complete convenience store (total structure approximately 15,000 square feet), free standing coffee house, free standing quick serve Mexican restaurant (each approximately 3,000 square feet) and a free standing retail structure of approximately 8,000 square feet that will house two fast casual restaurants and (2) ongoing operations and maintenance expenses and future capital expenditures and repairs related to such retail and hospitality infrastructure and related parking (to the extent such expenses are permitted by the Act).

Notice to Petition Signers

The names of the signers of this Petition may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first. The signers of this Petition consent to any assessments to the extent described herein without regard to benefits conferred by the Projects.

IN WITNESS WHEREOF, we the undersigned petitioners have executed the above foregoing Petition to create the Big Creek Community Improvement District on the dates recorded below:

Owner: *A tract of land located in the Southeast Quarter of Section 18, Township 13 South, Range 18 West of the 6th Principal Meridian, Ellis County, Kansas (**identified as "Parcel A" on Exhibit B**), more particularly described as follows:*

Beginning at the Southeast corner of the Southeast Quarter of Section 18, Township 13 South, Range 18 West; Thence on an assumed bearing of North 01 degrees 29 minutes 37 seconds East along the East line of the Southeast Quarter a distance of 1135.49 feet; Thence North 89 degrees 35 minutes 06 seconds West a distance of 717.00 feet; Thence South 01 degrees 29 minutes 37 seconds West parallel with the East line of the Southeast Quarter a distance of 262.00 feet; Thence South 38 degrees 43 minutes 07 seconds West a distance of 431.00 feet; Thence South 23 degrees 32 minutes 48 seconds West a distance of 436.65 feet; Thence South 01 degrees 29 minutes 37 seconds West parallel with the East line of the Southeast Quarter a distance of 126.69 feet to the South line of the Southeast Quarter; Thence South 89 degrees 14 minutes 22 seconds East along the South line of the Southeast Quarter a distance of 1141.65 feet to the Point of Beginning. Said tract contains 24.07 acres more or less and is subject to any easements or rights-of-way of record.

By: Hess land

Date of Signature: 6-16-15

Name: Don Hess

Title: pres.

State of Kansas)
)SS:
County of Ellis)

The foregoing instrument was acknowledged before me this 16th day of June, 2015, by, Allyssa B. Weigel, to me personally known to be the identical person who signed his name to the within and foregoing instrument and acknowledged to that he executed the same as his free and voluntary act and deed, for the uses and purposes there set forth.

Allyssa B. Weigel
Notary Public

My appointment expires: 5-21-2017

NOTARY PUBLIC STATE OF KANSAS
ALLYSSA B. WEIGEL
NOTARY PUBLIC
STATE OF KANSAS
My App. Exp 5-21-2017

Proposed Amount and Method of Assessment

There will be no special assessments on property within the boundaries of the proposed District to pay the Project Costs.

Proposed Amount of Community Improvement District Sales Tax

A CID Sales Tax will be imposed in the amount of 2.00% on the selling of tangible personal property at retail or rendering or furnishing of taxable services within the proposed District.

Boundaries of Proposed Community Improvement District

A site plan generally outlining the boundaries of the proposed District is attached as **Exhibit A** hereto, and incorporated by reference herein.

A site plan generally outlining the boundaries of each individual property of the proposed District is attached as **Exhibit B** hereto, and incorporated by reference herein.

The legal description of individual properties in the proposed District is set forth on **Exhibit C** attached hereto, and incorporated by reference herein.

Notice to Petition Signers

The names of the signers of this Petition may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first. The signers of this Petition consent to any assessments to the extent described herein without regard to benefits conferred by the Projects.

IN WITNESS WHEREOF, we the undersigned petitioners have executed the above foregoing Petition to create the Big Creek Community Improvement District on the dates recorded below:

Owner: *That part of the Southwest Quarter of Section 17, Township 13 South, Range 18 West, of the 6th Principal Meridian, Ellis County, Kansas (**identified as "Parcel D" on Exhibit B**), described as follows:*

Beginning at the southwest corner of said Southwest Quarter; thence on an assumed bearing of South 89 degrees 58 minutes 39 seconds East, along the south line of said Southwest Quarter, a distance of 564.74 feet; thence North 01 degrees 02 minutes 24 seconds East a distance of 462.87 feet; thence North 89 degrees 58 minutes 39 seconds West, parallel with the south line of said Southwest Quarter, a distance of 564.78 feet to a point on the west line of said Southwest Quarter; thence South 01 degrees 02 minutes 06 seconds West, along said west line, a distance of 462.87 feet to the point of beginning.

This tract contains 6.000 acres, including 0.961 acres of county road right of way.

By: Kyle Ermoian

Date of Signature: 6/15/15

Name: Kyle Ermoian

Title: President & Senior Pastor

State of Kansas)
)SS:
County of Ellis)

The foregoing instrument was acknowledged before me this 15th day of June, 2015, by, Kyle Ermoian, to me personally known to be the identical person who signed his name to the within and foregoing instrument and acknowledged to that he executed the same as his free and voluntary act and deed, for the uses and purposes there set forth.

Sandra S. Ireland
Notary Public

My appointment expires: 11-1-2016

SANDRA S. IRELAND
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp.

Notice to Petition Signers

The names of the signers of this Petition may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first. The signers of this Petition consent to any assessments to the extent described herein without regard to benefits conferred by the Projects.

IN WITNESS WHEREOF, we the undersigned petitioners have executed the above foregoing Petition to create the Big Creek Community Improvement District on the dates recorded below:

Owner: *That part of the Northwest Quarter of the Northwest Quarter of Section 20, Township 13 South, Range 18 West, of the 6th Principal Meridian, Ellis County, Kansas* ***(identified as "Parcel B" on Exhibit B)****, described as follows:*

Commencing at the northwest comer of said Section 20: thence on an assumed bearing of South 89 degrees 58 minutes .39 seconds East, along the north line of said Section 20, a distance of 44.40 feet; thence South 00 degrees 01 minutes 21 seconds West a distance of 50.00 feet to the intersection of the south county road right of way with the north right of way for Interstate 70, and the point of beginning of the land to be described,· thence South 89 degrees 58 minutes 39 seconds East, along the south county road right of way, a distance of 103.60 feet,· thence South 85 degrees 34 minutes 44 seconds East, along said county right of way, a distance of 651.92 feet to a point that is 100.00 feet south of the north line of said Section 20; thence North 84 degrees 33 minutes 04 seconds East, along said right of way. a distance of 86.81 feet: thence South 00 degrees 48 minutes, 32 seconds West, along a line parallel with the west line of said section 20, a distance of 847.82 feet to a point on the north Interstate 70 right of way; thence North 65 degrees 10 minutes 58 seconds West, along said Interstate 70 right of way, a distance of 169.93 feet,· thence North 52 degrees 59 minutes 11 seconds West, along said right of way, a distance of 758.89 feet; thence North 10 degrees, 37 minutes 22 seconds West, along said right of way, a distance of 367.91 feet to the point of beginning. This tract contains 11.175 acres.

Owner: *That part of the Northwest Quarter of the Northwest Quarter of Section 20, Township 13 South, Range 18 West of the 6th Principal Meridian, Ellis County, Kansas* ***(identified as "Parcel C" on Exhibit B)****, described as follows:*

Commencing at the Northeast Corner of the Northwest Quarter of the Northwest Quarter, thence S00°54'0311W, along the East line of said Northwest Quarter of the Northwest Quarter, a distance of 50.00 feet to the intersection of the South line of the county road right of way, and for a point of beginning; thence N89°58'39"W, 13.99 feet; thence S84°33'04"W, along said county road right of way, a distance of 437.58 feet; thence S00°48'32"W, along a line parallel with the West

line of said Section 20, a distance of 424.43 feet; thence S88°59'58"E, a distance of 448.20 feet to a point on the East line of said Northwest Quarter of the Northwest Quarter; thence N00°54'03"E, along said East line, a distance of 473.82 feet to the point of beginning. This tract contains 4.63 acres.

Owner: *That part of the Southwest Quarter of Section 17, Township 13 South, Range 18 West, of the 6th Principal Meridian, Ellis County, Kansas (**identified as "Parcel E" on Exhibit B**), described as follows:*

Commencing at the southwest corner of said Southwest Quarter; thence on an assumed bearing of South 89 degrees 58 minutes 39 seconds East, along the south line of said Southwest Quarter, a distance of 564.74 feet to the point of beginning of the land to be described; thence continuing South 89 degrees 58 minutes 39 seconds East, along the south line of said Southwest Quarter, a distance of 564.74 feet to the southeast corner of an existing tract owned by the Celebration Community Church; thence North 01 degrees 02 minutes 24 seconds East, along the east line of said existing tract, a distance of 462.87 feet; thence North 89 degrees 58 minutes 39 seconds West, parallel with the south line of said Southwest Quarter, a distance of 564.74 feet; thence South 01 degrees 02 minutes 24 seconds West, parallel with the east line of said existing tract, a distance of 462.87 feet to the point of beginning. This tract contains 6.000 acres, including 0.648 acres of county road right of way.

By: _____ Date of Signature: 6-10-15

Name: Brent Doonan

Title: Authorized Member; BBJ, LLC

State of Kansas)
)SS:
County of Sedgwick)

The foregoing instrument was acknowledged before me this 10th day of June, 2015, by, Brent Doonan, to me personally known to be the identical person who signed his name to the within and foregoing instrument and acknowledged to that he executed the same as his free and voluntary act and deed, for the uses and purposes there set forth.

Notary Public

My appointment expires:

MICHAEL S. SPEER
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 11-27-16

NOT TO SCALE

Date	N/A
	6/8/2015
Sheet No.	1 OF 1

DRIGGS DESIGN GROUP, PA
Surveying Engineering Planning
MANHATTAN & HAYS

CITY OF HAYS, KANSAS
BIG CREEK DEVELOPMENT
EXHIBIT A

NOT TO SCALE

Project No.:	N/A
Date:	6/8/2015
Sheet No.:	1 OF 1

DRIGGS DESIGN GROUP, PA
Surveying Engineering Planning
MANHATTAN & HAYS

CITY OF HAYS, KANSAS
BIG CREEK DEVELOPMENT
EXHIBIT B

Exhibit C

Parcel A

A tract of land located in the Southeast Quarter of Section 18, Township 13 South, Range 18 West of the 6th Principal Meridian, Ellis County, Kansas, more particularly described as follows:

Beginning at the Southeast corner of the Southeast Quarter of Section 18, Township 13 South, Range 18 West; Thence on an assumed bearing of North 01 degrees 29 minutes 37 seconds East along the East line of the Southeast Quarter a distance of 1135.49 feet; Thence North 89 degrees 35 minutes 06 seconds West a distance of 717.00 feet; Thence South 01 degrees 29 minutes 37 seconds West parallel with the East line of the Southeast Quarter a distance of 262.00 feet; Thence South 38 degrees 43 minutes 07 seconds West a distance of 431.00 feet; Thence South 23 degrees 32 minutes 48 seconds West a distance of 436.65 feet; Thence South 01 degrees 29 minutes 37 seconds West parallel with the East line of the Southeast Quarter a distance of 126.69 feet to the South line of the Southeast Quarter; Thence South 89 degrees 14 minutes 22 seconds East along the South line of the Southeast Quarter a distance of 1141.65 feet to the Point of Beginning. Said tract contains 24.07 acres more or less and is subject to any easements or rights-of-way of record.

Parcel B

That part of the Northwest Quarter of the Northwest Quarter of Section 20, Township 13 South, Range 18 West, of the 6th Principal Meridian, Ellis County, Kansas, described as follows:

Commencing at the northwest comer of said Section 20: thence on an assumed bearing of South 89 degrees 58 minutes .39 seconds East, along the north line of said Section 20, a distance of 44.40 feet; thence South 00 degrees 01 minutes 21 seconds West a distance of 50.00 feet to the intersection of the south county road right of way with the north right of way for Interstate 70, and the point of beginning of the land to be described,· thence South 89 degrees 58 minutes 39 seconds East, along the south county road right of way, a distance of 103.60 feet,· thence South 85 degrees 34 minutes 44 seconds East, along said county right of way, a distance of 651.92 feet to a point that is 100.00 feet south of the north line of said Section 20; thence North 84 degrees 33 minutes 04 seconds East, along said right of way. a distance of 86.81 feet: thence South 00 degrees 48 minutes, 32 seconds West, along a line parallel with the west line of said section 20, a distance of 847.82 feet to a point on the north Interstate 70 right of way; thence North 65 degrees 10 minutes 58 seconds West, along said Interstate 70 right of way, a distance of 169.93 feet,· thence North 52 degrees 59 minutes 11 seconds West, along said right of way, a distance of 758.89 feet; thence North 10 degrees, 37 minutes 22 seconds West, along said right of way, a distance of 367.91 feet to the point of beginning. This tract contains 11.175 acres.

Parcel C

That part of the Northwest Quarter of the Northwest Quarter of Section 20, Township 13 South, Range 18 West of the 6th Principal Meridian, Ellis County, Kansas, described as follows:

Commencing at the Northeast Corner of the Northwest Quarter of the Northwest Quarter, thence S00°54'0311W, along the East line of said Northwest Quarter of the Northwest Quarter, a distance

of 50.00 feet to the intersection of the South line of the county road right of way, and for a point of beginning; thence N89°58'39"W, 13.99 feet; thence S84°33'04"W, along said county road right of way, a distance of 437.58 feet; thence S00°48'32"W, along a line parallel with the West line of said Section 20, a distance of 424.43 feet; thence S88°59'58"E, a distance of 448.20 feet to a point on the East line of said Northwest Quarter of the Northwest Quarter; thence N00°54'03"E, along said East line, a distance of 473.82 feet to the point of beginning. This tract contains 4.63 acres.

Parcel D

That part of the Southwest Quarter of Section 17, Township 13 South, Range 18 West, of the 6th Principal Meridian, Ellis County, Kansas, described as follows:

Beginning at the southwest corner of said Southwest Quarter; thence on an assumed bearing of South 89 degrees 58 minutes 39 seconds East, along the south line of said Southwest Quarter, a distance of 564.74 feet; thence North 01 degrees 02 minutes 24 seconds East a distance of 462.87 feet; thence North 89 degrees 58 minutes 39 seconds West, parallel with the south line of said Southwest Quarter, a distance of 564.78 feet to a point on the west line of said Southwest Quarter; thence South 01 degrees 02 minutes 06 seconds West, along said west line, a distance of 462.87 feet to the point of beginning.

This tract contains 6.000 acres, including 0.961 acres of county road right of way.

Parcel E

That part of the Southwest Quarter of Section 17, Township 13 South, Range 18 West, of the 6th Principal Meridian, Ellis County, Kansas, described as follows:

Commencing at the southwest corner of said Southwest Quarter; thence on an assumed bearing of South 89 degrees 58 minutes 39 seconds East, along the south line of said Southwest Quarter, a distance of 564.74 feet to the point of beginning of the land to be described; thence continuing South 89 degrees 58 minutes 39 seconds East, along the south line of said Southwest Quarter, a distance of 564.74 feet to the southeast corner of an existing tract owned by the Celebration Community Church; thence North 01 degrees 02 minutes 24 seconds East, along the east line of said existing tract, a distance of 462.87 feet; thence North 89 degrees 58 minutes 39 seconds West, parallel with the south line of said Southwest Quarter, a distance of 564.74 feet; thence South 01 degrees 02 minutes 24 seconds West, parallel with the east line of said existing tract, a distance of 462.87 feet to the point of beginning.

This tract contains 6.000 acres, including 0.648 acres of county road right of way.

2015

Big Creek Business Plan

NWK INVESTMENTS LLC
MIKE WOOFTER

Executive Summary

Chance Management, Colby, Kansas will be working with a construction management company to develop 22.35 acres on the far west side of Hays in central Ellis County. The location is on the northwest side of the interchange connecting the US 183 byway with Interstate 70. This is the first interstate exit for Hays from the west and also serves as the exit to access Fort Hays State University.

Chance Management is a hospitality and retail property management services company in northwest Kansas. Current businesses include full and quick serve restaurants, hotel and convention facilities and a complete travel center. Chance employs 8 full time staff members that work directly with and supervise over 225 salaried and hourly employees. The company provides complete operational, accounting, risk management and human resource services and acts as the franchisee / franchisor liaison. Chance Management has full accountability for the financial success of each business.

The project will be funded primarily with private dollars enhanced by the development of a Community Improvement District (CID), Tax Increment Financing (TIF), and minimal traditional financing. Cost projections are estimated to be between $24M and $28M. NWK Investments LLC will own the proposed development. Actual investors for NWK Investments LLC are yet to be determined but Mike Woofter will be part of the investment team. Share cost and other structural components for Northwest LLC will be finalized once the target investment level is archived. NWK Investments LLC will employee all site level staff members and Chance Management will be contracted to provide operational and accounting support.

Once completed the development might be referred to as "Big Creek Travel Plaza".

"Profit Centers" at Big Creek will be comprised of a nationally branded hotel, a gas and diesel fuel station with traditional travel center amenities (drivers lounge, showers, etc.) and a complete convenience store. The development will have a free standing Starbucks Coffee House and a free standing quick serve Mexican restaurant. In addition, there will be a forth free standing structure designed to house two or three Fast Casual restaurant concepts and perhaps one other business. The development will serve the highway traveler (predominantly auto traffic), the general population of Hays proper, Ellis County and the students, facility and visitors at Fort Hays State University (FHSU).

Company Summary

Big Creek will have two primary focuses of business; the hospitality industry (Food and Beverage, Lodging) and the retail fuel industry (traditional Service Station and Convenience Store). Revenue will be derived from local and transient guests.

Restaurant and food service profit centers will incorporate menu and beverage items that appeal to both the highway traveler and area residents. All meal day parts will be represented in both quick serve and fast casual applications. A diverse and unique mix of food types will be available. Travelers will have variety to select from while area residents will enjoy new destination dining options.

A nationally branded hotel will provide Ellis County with an alternative to traditional midscale properties. The hotel will focus on business travelers and families looking for a higher level of amenities in their lodging choice. The hotel will feature meeting facilities for the businesses in the Hays area.

Big Creek Fuel will provide diesel, gasoline and compressed natural gas to local customers as well as the highway traveler. Infrastructure, pricing and marketing strategies will focus on auto traffic (gasoline) and local diesel cliental. The stop will welcome interstate diesel customers and will provide all the amenities of a full service truck stop. The convenience store will be stocked with merchandise designed to generate revenue from the highway traveler as well as local consumers.

The Big Creek location was specifically selected to leverage interstate traffic, the proximity to FHSU and the growing commercial trade at the interchange. Kansas Department of Transportation has plans to widen and pave the road north of the site and there is potential opportunity for the development of a 183 bypass. In the next one to three years the number of Ellis County residents working in a two mile radius of the site should increase by close to 50%. These potential customers represent tens of thousands of dollars in incremental revenue associated with food and beverage as well as fuel purchases. New food service establishments will increase the amount of traffic exiting the interstate generating incremental revenue. As the community continues to grow, Big Creek will become a center for local activities.

Market Analysis

Big Creek will be a leader in northwest Kansas for the Hospitality and Retail Fuel Industry. Competition for local customers will come from other food service, restaurants and retail gas stations in Ellis County.

- Hays – largest city in northwest Kansas, at the crossroads of Interstate 70 and US 183
- Hays population – 20,510 (not including university)
- Home of Fort Hays State University – 13,441 students (4,767 traditional on campus)
- Ellis County population – 29,053 (not including university)
- 308 miles west to Denver and 256 miles east to Kansas City

Ellis is one of the few counties in western Kansas to show continued population growth over the last 20 (11.11% since 1988, 7.29% in the last 8).

Hays, Kansas has over 25 establishments serving food and beverage. According to referenceUSA database, the ten "chain" restaurants generated close to $22M in revenue in fiscal year 2012. Adding data generated from the website "Manta" suggests total revenue in the area from food and beverage would easily have exceed $32M annually. These figures do not include food and beverage sales from FHSU or traditional gas station "Grab and Go" sales.

There are 15 retail gas stations in Hays and eight truck stops located on the Interstate within 100 miles east and west of Big Creek. Five of the truck stops concentrate on the traditional, over the road trucker as well as "four wheel" auto traffic. These five locations feature showers, driver's lounges, laundry facilities and other features associated with traditional truck stops. The remaining three provide limited amenities to the professional driver but from an appearance standpoint still resemble a "truck stop".

Hays has 15 motels with approximately 1000 rooms. Actual occupancy levels are difficult to determine but working backwards from the reported transient guest tax suggests the Hays motels are doing well. Big Creek will not only compete for current overnight guests to Ellis County, but will attract business travelers that currently stop in Salina and communities further east. Introducing a property to western Kansas with increased amenities will promote additional overnight stays.

Ellis County residents, Interstate 70 traffic counts and the FHSU population, warrant an additional hotel, restaurants and a retail fuel outlet. HaysWest will encourage incremental stops for the traveling public as well as compete for market share from local residents.

2012 Gross annual revenue for current "chain" Full Serve and Quick Serve Restaurants (referenceUSA database)

Applebee's	$6,010,000
Carlos O'Kelly's	$2,885,000
Golden Corral	$2,805,000
Whiskey Creek	$2,284,000
McDonalds	$1,883,000
Montana Mike's	$1,803,000
Arby's	$1,402,000
Wendy's	$1,122,000
Freddy's Steak Burger	$801,000
KFC	$761,000
Total	$21,756,000

This data represents ten of the 25 establishments serving food and beverage in the City of Hays

Source: U.S. Census Bureau Population Estimates Program

	Estimate 2012	Census 2010	Estimate 2005	Census 2000	Estimate 1995	Census 1990	Estimate 1985	Census 1980	Estimate 1975	Census 1970
Cheyenne	2,678	2,726	2,863	3,165	3,177	3,243	3,590	3,678	4,000	4,256
Decatur	2,871	2,961	3,068	3,472	3,543	4,021	4,466	4,509	4,700	4,988
Dickinson	19,762	19,754	18,902	19,344	19,732	18,958	19,086	20,175	21,300	19,993
Ellis	**29,053**	**28,452**	**27,135**	**27,507**	**26,391**	**26,004**	**28,015**	**26,098**	**25,500**	**24,730**
Gove	2,729	2,695	2,728	3,068	3,117	3,231	3,560	3,726	3,800	3,940
Graham	2,578	2,597	2,663	2,946	3,288	3,543	4,099	3,995	4,400	4,751
Greeley	1,298	1,247	1,327	1,534	1,765	1,774	1,807	1,845	1,800	1,819
Lane	1,704	1,750	1,832	2,155	2,277	2,375	2,542	2,472	2,700	2,707
Logan	2,784	2,756	2,752	3,046	3,154	3,081	3,305	3,478	3,800	3,814
Ness	3,068	3,107	3,053	3,454	3,753	4,033	4,713	4,498	4,500	4,791
Norton	5,612	5,671	5,578	5,953	5,784	5,947	6,370	6,689	6,900	7,279
Phillips	5,519	5,642	5,444	6,001	6,261	6,590	6,973	7,406	8,100	7,888
Rawlins	2,560	2,519	2,603	2,966	3,223	3,404	3,739	4,105	4,000	4,393
Rooks	5,223	5,181	5,259	5,685	5,845	6,039	6,944	7,006	7,000	7,628
Rush	3,220	3,307	3,312	3,551	3,556	3,842	4,361	4,516	4,800	5,117
Scott	4,937	4,936	4,641	5,120	5,066	5,289	5,769	5,782	5,700	5,606
Sheridan	2,538	2,556	2,529	2,813	2,774	3,043	3,293	3,544	3,700	3,859
Sherman	6,113	6,010	6,075	6,760	6,745	6,926	7,360	7,759	8,300	7,792
Smith	3,765	3,853	4,086	4,536	4,799	5,078	5,501	5,947	6,400	6,757
Thomas	7,941	7,900	7,564	8,180	8,333	8,258	8,675	8,451	8,100	7,501
Trego	2,986	3,001	3,009	3,319	3,466	3,694	4,168	4,165	4,300	4,436
Wallace	1,517	1,485	1,510	1,749	1,802	1,821	1,966	2,045	2,100	2,215
Wichita	2,256	2,234	2,309	2,531	2,781	2,758	2,881	3,041	3,500	3,274

Actual Transient Guest Tax as reported

	Fiscal Year			
	2011	2012	2013	Quarter Definition
1st Quarter	$221,647	$250,972	$233,247	July through Sep of previous year
2nd Quarter	$163,477	$194,608	$225,020	Oct through Dec of previous year
3rd Quarter	$124,818	$135,994	$119,736	Jan through Mar of current year
4th Quarter	$197,698	$190,429	$174,225	April through June of current year
	$707,640	$772,003	$752,228	

Taxable revenue (based on 5% bedding tax)

	Fiscal Year			
	2011	2012	2013	
1st Quarter	$4,432,940	$5,019,440	$4,664,940	July through Sep of previous year
2nd Quarter	$3,269,540	$3,892,160	$4,500,400	Oct through Dec of previous year
3rd Quarter	$2,496,360	$2,719,880	$2,394,720	Jan through Mar of current year
4th Quarter	$3,953,960	$3,808,580	$3,484,500	April through June of current year
Total	$14,152,800	$15,440,060	$15,044,560	

Estimated rooms rented, based on average ADR* (cell A22)

		Fiscal Year			
		2011	2012	2013	
$80	1st Quarter	55412	62743	58312	July through Sep of previous year
	2nd Quarter	40869	48652	56255	Oct through Dec of previous year
	3rd Quarter	31205	33999	29934	Jan through Mar of current year
	4th Quarter	49425	47607	43556	April through June of current year
	Total	176910	193001	188057	

Estimated Occ % (based on 1008 available rooms)

	Fiscal Year			
	2011	2012	2013	
1st Quarter	60.24%	68.21%	63.40%	July through Sep of previous year
2nd Quarter	44.43%	52.89%	61.16%	Oct through Dec of previous year
3rd Quarter	33.93%	36.96%	32.54%	Jan through Mar of current year
4th Quarter	53.73%	51.76%	47.35%	April through June of current year
Total	48.08%	52.46%	51.11%	

2013 KDOT Traffic Statistics - Interstate 70 at Wakeeney, KS

	7 Day Average	Max Volume	% Change vs 12	% Change vs 11
Jan	7221	9482	4.40%	7.00%
Feb	6109	7700	-7.00%	-2.30%
Mar	8456	13140	-2.70%	-1.70%
Apr	7984	10276	*no 2012 data*	2.80%
May	10025	15029	0.80%	7.70%
Jun	11571	14893	2.30%	3.40%
Jul	12969	18709	5.60%	0.40%
Aug	11407	14751	-3.00%	-0.50%
Sep	9473	13469	3.20%	-4.90%
Oct	9089	11135	3.60%	4.30%
Nov	8616	16289	-2.90%	1.00%
Dec	8693	9102	5.80%	10.70%

2013 KDOT Traffic Statistics - Interstate 70 at Wilson, KS

	7 Day Average	Max Volume	% Change vs 12	% Change vs 11
Jan	8075	10480	-10.90%	6.20%
Feb	7304	10041	-4.40%	6.10%
Mar	9661	14398	3.20%	7.70%
Apr	8981	12003	5.70%	5.60%
May	11337	17130	-2.00%	10.49%
Jun	12506	15835	7.90%	4.70%
Jul	13780	19965	*no 2012 data*	1.30%
Aug	12605	16558	*no 2012 data*	3.70%
Sep	10769	15673	*no 2012 data*	0.00%
Oct	10264	12630	*no 2012 data*	5.40%
Nov	9897	18493	-7.20%	*no 2011 data*
Dec	10309	20934	5.60%	-12.70%

2014 KDOT Traffic Statistics - Interstate 70 at Wakeeney, KS

	7 Day Average	Max Volume	% Change vs 13	% Change vs 12
Jan	7506	11690	3.90%	8.50%
Feb	6882	8954	12.70%	4.80%
Mar	9181	13026	8.60%	5.70%
Apr	8686	11037	*6.40%*	6.30%
May	10612	15544	4.80%	5.70%
Jun	12200	14809	5.40%	7.90%
Jul	13182	19179	5.50%	11.40%
Aug	12189	16686	6.90%	3.70%
Sep	10393	14423	9.70%	13.20%
Oct	9914	11566	8.90%	12.80%
Nov	9177	19343	9.70%	6.60%
Dec	9078	16339	6.20%	12.40%

2014 KDOT Traffic Statistics - Interstate 70 at Wilson, KS

	7 Day Average	Max Volume	% Change vs 13	% Change vs 12
Jan	6882	8954	1.80%	-0.70%
Feb	7560	10143	3.50%	-1.00%
Mar	10140	15051	5.00%	8.30%
Apr	9582	13179	7.80%	14.00%
May	11752	17483	5.10%	3.10%
Jun	13277	16193	6.20%	14.50%
Jul	14714	20744	*6.80%*	no 2012 data
Aug	13281	18168	*5.40%*	no 2012 data
Sep	11419	16416	*6.00%*	no 2012 data
Oct	10839	13468	*8.70%*	no 2012 data
Nov	10195	22215	4.60%	*2.80%*
Dec	9930	18664	4.10%	9.90%

Management Summary

Big Creek will be directly supervised by Chance Management of Colby, Kansas. Chance will provide complete operational, accounting, risk management and human resource services and act as the franchisee / franchisor liaison. Chance Management will have full accountability for the financial success of Big Creek with compensation based on a percentage of all non-fuel revenues.

James Millensifer, Chance Management VP of Operations will oversee preliminary operational supervision including; management recruitment and training, franchise communication, opening checklists and countdowns, and the "Big Creek Grand Opening". Chance Directors; Jayson Woofter, Martha Brewer and Keith O'Dell will provided additional support with Cynthia Bieberle taking on the pre-opening accounting responsibilities. Cora Lee Park (Oakley, KS) has been contracted to oversee a variety of pre and post construction activities including deeds, construction liens, and shareholder documentation.

Big Creek will employ approximately 115 employees:

	Salaried GM	Salaried AM	Hourly Shift Lead	Hourly Full Time	Hourly Part Time		Total Staff Members
Mexican QSR	1	0	3	8	8		20
Starbucks	1	0	3	6	6		16
C Store Fuel	1	1	2	4	5		13
Asian Fusin	1	0	3	7	7		18
Better Burger	1	0	3	7	7		18
Hotel	1	1	2	13	13		30
Total	6	2	16	45	46		115

Each business at Big Creek will operate as a specific profit center with the GM accountable for the financial success of their area. Chance will determine the appropriate management structure and hierarchy among its Directors and site General Managers after the grand opening. The Hotel and Convenience Store GMs will likely share higher levels of responsibilities at Big Creek.

Products and Services

Big Creek will feature gas, diesel, compressed natural gas (CNG) and diesel exhaust fluid (DEF) at the pump. Diesel pricing and payment strategies will be implemented to engage local businesses that purchase large volumes of fuel for their fleets. The station will aggressively market diesel products to traditional "over the road" truckers. Interstate traffic as well as the local residents of Hays and Ellis County will be the target for gasoline marketing activities. Chance Management's current relationship with a nationally recognized refinery will provide an opportunity to be highly competitive and still retain superior margins on all fuel revenue.

Traditional convenience store items will be featured at Big Creek; candy, gum, salty snacks, tobacco products, coffee and soft drinks will account for the majority of the non-fuel revenue. "Grab and Go" food items (hot and cold sandwiches, fresh fruit and salads, deep fried snacks) will be prepared on premise and be privately labeled with the HaysWest brand. The store will also feature general merchandise items such as novelties, health and beauty aids, maps and travel accessories and a small selection of trucker supplies. Starbucks and

the quick serve Mexican restaurant will each feature a drive up window to accommodate local guests as well as the highway traveler.

The hotel (90 rooms +/-) will be a nationally branded property designed to meet the needs of the business traveler as well as families off the interstate. It will also provide visitors to Fort Hays State University with an option to choose from vs. the traditional midscale "breakfast included" chain hotel. The property will feature a small bistro and lounge primarily designed for hotel guests as well as meeting rooms and a business center. The average daily rate generated at the hotel will be indicative of the amenities provided at the property.

Chance Management is interested in bringing two new fast casual restaurant concepts to the Hays area. The objective is to secure an Asian concept and a Gourmet Hamburger restaurant for our free standing structure. A third option might also include a traditional sit down restaurant centered on the breakfast day part. While the distinction "Fast Casual" can be subjective, our intention is to provide both the highway traveler and the local guest a dining option that delivers superior food quality and great hospitality in a contemporary setting.

Marketing and Sales

Big Creek Fuel will provide gasoline to local customers as well as the highway traveler. Pricing strategies will be based on an attempt to maintain a minimum of $.14 per gallon margin on gasoline. Big Creek will receive deliveries weekly (at a minimum). The most current bill of lading (BOL) will dictate posted pricing, however, when the landed cost per gallon for the most recent delivery is significantly different than the current inventory on hand, competition will influence pricing; i.e., unless local competition shows a significant difference, Big Creek will be slow to react to a landed price decrease, quick to react to a landed price increase.

Diesel pricing at Big Creek will be based on the desire to maintain a minimum $.20 per gallon margin. The station will not attempt to meet or beat the pricing strategies of the traditional truck stops east and west of the location. Big Creek will however work with local businesses that purchase a high quantity of fuel (diesel or gas) for their fleets. Volume potential, credit terms and secondary sales opportunity (candy, gum, cigarettes, etc.) will be factors contemplated during price negotiations.

Compressed natural gas (CNG) is a cleaner, more economical alternative fuel that is gaining widespread acceptance. In early February 2014, Chevrolet announced that their biggest selling truck, the Silverado, would have CNG capability starting with the 2015 model. Numerous business and communities across the country are converting existing fleets or purchasing new vehicles that burn CNG. Big Creek will be among the first retail fuel outlets along Interstate 70 to provide CNG.

Gasoline, diesel and CNG marking will include interstate billboards and electronic high rise price signage. In addition, the complementary businesses (Starbucks, Taco Johns, etc.) will be leveraged to promote local and transient visits to the location. C Store merchandise and pricing strategies will be designed to encourage daily visits from the large number of employees north and south of the location. Demographics of the local work force suggest that fuel purchases typically occur not based on price point, but; ease (location), speed of service and secondary purchase opportunity. Employees of area businesses who purchase sport and energy drinks, tobacco products, grab and go food, salty snacks and traditional fountain drinks will find these items readily available, competitively priced and displayed to make their purchase easy and convenient.

Starbucks and Taco Johns will be marketed to attract local and interstate traffic. Both businesses will each have a drive-thru to leverage the transient guest and also serve as a convenience to the local cliental. Local

Store Marketing or "LSM" (fund raisers, sponsorship, loyalty programs, and word of mouth campaigns) will be the primary focus to attract the university community. Product and price point at both businesses are popular among the student population. The site is also conveniently located to leverage traffic in to and out of the FHSU and the Ellis County residents commuting from areas west of Hays.

The two fast casual restaurants will attract interstate traffic with billboard and on-site signage, but significant focus on traditional marketing activities including print, radio and TV, will be made to attract Ellis County residents. Restaurant menu, design and pricing strategies will be key factors promoting Big Creek as a destination dining location. The Asian concept will promote home meal replacement through take out as well as dine in capacity for lunch and dinner. The Burger concept will promote "casual theme" restaurant quality in a faster and more economical setting. Again, traditional marketing activities, along with LSM, will be used to promote the free standing restaurant complex at Big Creek.

Restroom cleanliness cannot be over looked as a key marketing factor for any business located on the interstate. Big Creek will open with and maintain a mantra of "the cleanest restrooms in western Kansas". Management and hourly staff at each business will embrace this concept.

The Big Creek Hotel will be marketed as a step above traditional "free breakfast" hotel and motels in Ellis County. The property will certainly accept drop in traffic but will concentrate on building business through franchisor bookings, FHSU and corporate visitors, and families traveling Interstate 70. Billboards will promote the property to travelers on the interstate influencing current and future stays. Complementary businesses (Starbucks) will also introduce the hotel to business travelers who will modify current travel plans or take note for future overnight stays in the Ellis County area. The Hotel will feature a bistro offering adult beverages and light meals allowing guests the opportunity to make just one stop.

Social media will be paramount to the success of Big Creek. Franchisor strategies will be supplemented with significant efforts at the local level. All profit centers will have a presence on a central Big Creek website.

Big Creek will be a unique campus of business in western Kansas; businesses that offer superior food, beverage and fuel services to local and transient guests. Traditional marketing and LSM efforts will introduce the area to the guest base. Superior hospitality and product quality will lead to loyalty.

Revenue Projections

		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Taco John's							
	Revenue	$859,000	$901,950	$947,048	$994,400	$1,044,120	$4,746,517
Starbucks							
	Revenue	$892,500	$937,125	$983,981	$1,033,180	$1,084,839	$4,931,626
C Store							
	Non Fuel Revenue	$1,371,183	$1,679,722	$1,971,019	$2,193,802	$2,305,194	$9,520,919
Asian							
	Revenue	$900,000	$945,000	$992,250	$1,041,863	$1,093,956	$4,973,068
Better Burger							
	Revenue	$1,107,500	$1,162,875	$1,221,019	$1,282,070	$1,346,173	$6,119,637
Hotel							
	Guest Room	$2,205,338	$2,349,176	$2,522,574	$2,648,702	$2,891,274	$12,617,063
	Meeting Room	$11,027	$11,746	$12,613	$13,244	$14,456	$63,085
	Food and Beverage	$176,427	$187,934	$201,806	$211,896	$231,302	$1,009,365
	Other Income	$11,027	$11,746	$12,613	$13,244	$14,456	$63,085
	Total Income	$2,403,818	$2,560,601	$2,749,605	$2,887,085	$3,151,489	$13,752,599
Total Revenue		$7,534,001	$8,187,273	$8,864,922	$9,432,400	$10,025,770	$44,044,366

Breakout	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Expenses	$1,022,521	$1,081,697	$1,149,196	$1,206,656	$1,293,400	$5,753,469
Supplies	$402,456	$422,579	$443,708	$465,893	$489,188	$513,647
Laundry / Uniforms	$16,200	$17,010	$17,861	$18,754	$19,691	$20,676
Office Expenses	$30,000	$31,500	$33,075	$34,729	$36,465	$38,288
Utilities	$201,132	$211,189	$221,748	$232,835	$244,477	$256,701
Repairs and Maintenance	$138,000	$144,900	$152,145	$159,752	$167,740	$176,127
Other Expenses***	$234,733	$254,520	$280,660	$294,693	$335,838	$4,748,030
Local (Hays and Ellis CO)	$381,583	$401,065	$421,789	$442,878	$466,343	$2,113,658
National / Kansas / NWK	$640,937	$680,632	$727,407	$763,778	$827,057	$3,639,811
Advertising	$208,313	$219,826	$232,647	$244,279	$260,095	$1,165,161
Local (Hays and Ellis CO)	$52,078	$54,957	$58,162	$61,070	$65,024	$291,290
National	$156,235	$164,870	$174,485	$183,210	$195,071	$873,870
Accounting	$276,180	$291,452	$308,464	$323,887	$344,883	$1,544,867
Local (Hays and Ellis CO)	$65,000	$75,000	$85,000	$95,000	$105,000	$425,000
NWK	$211,180	$221,452	$233,464	$243,887	$259,883	$1,169,867
Total Local (Hays and Ellis CO)	$498,661	$531,022	$564,951	$598,948	$636,366	$2,829,948

*Royalties	No impact on the local community or NWK in general
** Band Card Fees	Minimal impact on Hays, Ellis CO and NWK
***Other Expenses Include	Reservation Systems, Computer Software, Cash Long / Short Insurance, Taxes, Licenses, Extermination, Legal Fees, Contributions, Bank Card Fees (non-fuel), Discounts, Dues and Subscriptions, Equipment Rental, Signage, Management and Employee Travel, etc.

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ST. LOUIS
WICHITA
OMAHA | LINCOLN

MEMORANDUM

July 2014

TAX INCREMENT FINANCING IN KANSAS

I. GENERAL

Tax increment financing is a statutory procedure available to cities in the State of Kansas to encourage redevelopment within certain eligible areas. Cities may coordinate with non-governmental developers to undertake redevelopment projects in such areas that meet statutory criteria. Such projects may include acquisition of a site or sites and existing structures thereon, razing such structures, site preparation, infrastructure improvements, parking facilities and certain other costs. Financing is available from the proceeds of bonds to be issued by the city. Such bonds are primarily secured by the incremental increase in property taxes within the redevelopment district as a result of the new construction or rehabilitation, but may, under certain circumstances, also be general obligations of the city. The city may also use franchise fees and sales taxes generated with the redevelopment district to pay the bonds or finance the project costs. The city may sell or lease property acquired for redevelopment purposes to developers, but may not (except in limited circumstances) finance with bonds the construction of or improvements to buildings or structures to be owned by or leased to developers.

The theory of tax increment financing is by encouraging redevelopment projects, the value of real property in a redevelopment district will increase. When a redevelopment project plan is adopted, the assessed valuation of real property in the redevelopment district is frozen for tax purposes at the current base level prior to construction of redevelopment improvements. As property is improved, the assessed value in the redevelopment district increases above the base level. This "increment" produced is captured and utilized to pay the costs associated with the redevelopment, including debt service on bonds issued by the city to finance the redevelopment projects. The net effect of tax increment financing is to permit the city and a developer to use a portion of the property taxes that otherwise would be paid on a completed redevelopment project to repay all or a portion of the redevelopment costs of the city, thereby reducing or eliminating debt service requirements on that portion of the project associated with the tax increment. Future tax increases associated with redevelopment are **not** abated, but rather are used to fund costs associated with redevelopment.

The remainder of this memorandum outlines Kansas statutory provisions relating to tax increment financing, provides a summary of procedures necessary to implement a tax increment project and analyzes federal tax laws affecting bonds issued by cities to finance tax increment projects. Additional questions relating to this subject may be addressed to **Gary A. Anderson** of our Kansas City office or **Joe L. Norton** or **Kevin M. Cowan** of our Wichita office.

II. KANSAS STATUTORY PROVISIONS

General. K.S.A. 12-1770 *et seq.* (the "Act") authorizes cities to create redevelopment districts, acquire certain property and to issue special obligation bonds and/or full faith and credit tax increment bonds for the financing of redevelopment projects. Any city proposing to undertake one or more redevelopment projects (the "Project") must create a redevelopment district (the "District") by adoption of an ordinance, which District may contain multiple redevelopment project areas. The District must be located in an eligible area, which is a blighted area, a conservation area, enterprise zones established prior to July 1, 1992 located within cities, an intermodal transportation area for handling freight through railway and trucking operations, a major tourism area, a major commercial entertainment and tourism area or bioscience development area within the control of the Kansas bioscience authority. The District may also include property outside of the city with the consent of the county commission. The city is required to conduct a public hearing on the creation of the District. At the conclusion of such public hearing, the governing body of the city may create the District, by ordinance adopted by a majority vote. No privately owned property shall be acquired and redeveloped under the provisions of the Act if the board of county commissioners or the board of education levying taxes on property proposed to be included in the District determines that the proposed District will have an adverse effect on such county or school district.

The city must also prepare a redevelopment project plan (the "Plan") in consultation with the planning commission of the city. The Plan must contain, among other items, a summary of the comprehensive feasibility study showing the benefits derived from the Project will exceed the costs and that the income therefrom will be sufficient to pay for the Project, a description of the buildings and facilities proposed to be constructed or improved and a relocation assistance plan for property owners within the District. The city is required to conduct a public hearing on the adoption of the Plan. At the conclusion of such public hearing, the governing body of the city may approve the Plan, by ordinance adopted by two-thirds vote. Once the Plan has been adopted in accordance with the specific provisions of the Act, the city may purchase or otherwise acquire real property. Eminent domain proceedings may be pursued upon two-thirds vote of the governing body of the city. Any property acquired by the city under the Act may be sold or leased to any person, firm or corporation, as the developer, in accordance with the Plan. The Plan may be undertaken in separate stages. Any Project shall be completed within twenty (20) years from the date of the approval of the Plan; provided that environmentally related Projects must be completed within twenty years from the date of a consent decree agreement with environmental regulators (unless a longer period for such Projects is approved by the affected county and board of education).

Changes to the District area may be made by the city after the creation of the District. Real property can be added or removed within a District and a District may be reconfigured into several Districts or multiple redevelopment project areas. These changes to the District generally require compliance with the same notice and hearing requirements for the creation of a District.

Blighted Areas. For the purposes of the Act, the term "blighted area" means an area which: (1) because of the presence of a majority of the following factors, substantially impairs or arrests the sound development and growth of the city or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use: (a) a substantial number of deteriorated deteriorating structures; (b) predominance of defective or inadequate street layout; (c) unsanitary or unsafe conditions; (d) deterioration of site improvements; (e) diversity of ownership; (f) tax or special assessment delinquency exceeding the fair value of the land; (g) defective or unusual conditions of title; (h) improper subdivision or obsolete platting or land uses; (i) the existence of conditions which endanger life or property by fire and other causes; or (j) conditions which create economic obsolescence; or (2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation, feasibility study and remediation or other similar state or federal action; or (3) a majority of the property is a 100-year floodplain area; or (4) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 *et seq.*, ("Urban Renewal Law") and amendments thereto.

Conservation Areas. For the purpose of the Act, the term "conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors: (i) Dilapidation, obsolescence or deterioration of the structures; (ii) illegal use of individual structures; (iii) the presence of structures below minimum code standards; (iv) building abandonment; (v) excessive vacancies; (vi) overcrowding of structures and community facilities; or (vii) inadequate utilities and infrastructure.

Tax Increment Captured. In any Plan the primary revenue source for repayment of debt is the tax increment generated from the redevelopment of the Project within the District. The Act provides that such increment is that portion of *ad valorem* taxes collected on real property (land and improvements thereon) within the District that is in excess of the amount produced from such property attributable to the assessed valuation of such property prior to the date the District was established. *Ad valorem* taxes collected on assessed valuation in existence on the date of establishment of the District will continue to be distributed to all taxing districts in the same manner as all other property taxes. The state school finance levy will be excluded from the tax increment. The increased increment in city sales tax, transient guest tax and city franchise fees within the District may also be captured and with the consent of the county, the county sales tax generated within the District may be captured. The additional tax increment shall be captured, placed in a special fund and applied only for the purposes of paying the costs of the Project, including repayment of any authorized indebtedness associated with the Project. When such bonds and the interest thereon shall have been paid, the increment shall be apportioned to all taxing jurisdictions as before the creation of the District; provided however, if the Project has not been completed, the increment shall continue to be captured for the special fund until the Project is completed, not to exceed 20 years after date of approval of the Plan.

The incremental increase in valuation is excluded in determining the bonded debt limit of the affected taxing jurisdictions or for any purpose other than raising funds for the District. The county appraiser will certify the amount of the increment to the county clerk on or before July 1 of each year. ***The raising or lowering of tax levies by the affected taxing district (city, county and school district) or state law changes (e.g., school district funding formula and classification amendments) have an impact on the increment captured in each year.***

Bond Authority. Cities may use proceeds of special obligation bonds or full faith and credit tax increment bonds to finance a Project. The city may also issue industrial revenue bonds to benefit a developer located with the District. The maximum maturity of any such special obligation bonds or full faith and credit tax increment bonds shall be twenty (20) years, except for an auto race track facility. The Act specifies several different permissible uses of proceeds ("Redevelopment Project Costs"), including:

1. Acquisition of property within the redevelopment project area.
2. Payment of relocation assistance pursuant to a relocation assistance plan.
3. Site Preparation including utility relocations.
4. Sanitary and storm sewers and lift stations.
5. Drainage conduits, channels, levees and river walk canal facilities.
6. Street grading, paving, graveling, macadamizing, curbing, guttering and surfacing.
7. Street lighting fixtures, connection and facilities.
8. Underground gas, water, heating and electrical services and connections located within the public right-of-way.
9. Sidewalks and pedestrian underpasses or overpasses.
10. Drives and driveway approaches located within public right-of-way.
11. Water mains and extensions.
12. Plazas and arcades.

13. Major multi-sport athletic complexes utilized for training athletes, team practice, playing athletic games or hosting events.
14. Museum facilities owned and operated by political subdivision or nonprofit corporations.
15. Parking facilities, including multilevel parking facilities.
16. Landscaping and plantings; fountains, shelters, benches, sculptures, lighting, decorations and similar amenities.
17. Related expenses to redevelop and finance the Project.
18. Wet lab equipment found to be necessary or appropriate for a commercial incubator wet lab facility.
19. Acquisition of land for and the construction and installation of publicly-owned infrastructure improvements which serve an intermodal transportation area and are located outside of a redevelopment district.
20. Costs for infrastructure located outside the redevelopment district but contiguous to any portion of the redevelopment district and such infrastructure is necessary for the implementation of the redevelopment plan by the city.

Redevelopment Project Costs may not include costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer (except for an auto race track facility or a multilevel parking facility).

Special Obligation Bonds. A city may issue special obligation bonds in one or more series to finance those permissible expenses of a Project. Such bonds are payable, both as to principal and interest: (1) from tax increments allocated to, and paid into a special fund of the city; (2) from revenues of the city derived from or held in connection with the undertaking and carrying out of any Project; (3) from any private sources, contributions or other financial assistance from the state or federal government; (4) from all or a portion of the revenue received by the city from transient guest tax and locals sales and uses taxes generated from the Project, (5) from all or a portion of the increased revenue received by a city from franchise fees within the district, (5) from county transient guest, local sales and use tax generated from the Project, with the county's consent, or (6) by any combination of these methods. If a project is financed in whole or in part with a loan from the Kansas transportation revolving fund, then from the transportation revolving loan fund.

Special obligation bonds are not general obligations of the city, nor in any event shall they give rise to a charge against its general credit or taxing powers or be payable out of any funds or properties other than as described above. These bonds shall be exempt from all state taxes except inheritance taxes and do not count toward the city's bonded debt limitations.

Full Faith and Credit Bonds. Cities may also issue full faith and credit tax increment bonds to finance a Project. These bonds are payable, both as to principal and interest: (1) from the revenue sources identified for special obligation bonds; and (2) from a pledge of the city's full faith and credit to use its *ad valorem* taxing authority for repayment thereof in the event all other authorized sources of revenue are not sufficient. Prior to the issuance of these bonds, a feasibility study is required showing that the benefits derived from the Project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the Project. The resolution establishing the public hearing on the Plan shall state the city's intent to issue full faith and credit tax increment bonds. The city may issue such bonds unless a protest petition signed by not less than three percent (3%) of the qualified voters of the city is filed with the city clerk within sixty (60) days following the date of such public hearing.

Full faith and credit tax increment bonds are general obligations of the city and are exempt from all state taxes except inheritance taxes. The amount of full faith and credit tax increment bonds issued and outstanding which exceed three percent (3%) of the assessed valuation of the city shall be within the bonded debt limit of the city.

Industrial Revenue Bonds. The city may issue industrial revenue bonds pursuant to K.S.A. 12-1740 *et seq.* to benefit a developer within the District. All state law benefits associated with such bonds shall be available, **except that no *ad valorem* tax abatement shall be available.**

Relocation Assistance Plan

The city must adopt a relocation assistance plan prior to undertaking the Project. The assistance plan must provide for relocation payments to persons and businesses who move from real property or must move personal property as a result of the Project. No persons or families residing in the redevelopment district may be displaced unless there is a suitable housing unit available and ready for occupancy. The city also is responsible for damages to retailers by reason of liquidation of inventories necessitated by relocation.

III. PROCEDURES FOR IMPLEMENTING A TAX INCREMENT FINANCING PROJECT

Pursuant to the Act, the city must establish the District and prepare a Plan in consultation with the planning commission of the city which outlines the proposed Project. The specific Project area must be an eligible area. The Act provides separate procedures for establishing a District and approving a Plan. A summary of the procedural steps necessary to establish the District and approve the Plan are as follows:

1. The city adopts a resolution stating that it is considering creation of a District and describes the District Plan. Notice of public hearing is disseminated to affected county, school district and property owners and published in official city newspaper. The city adopts a resolution calling a public hearing, which fixes the date, time and location of the hearing and provides for giving notice of such public hearing. The date of the public hearing shall be not less than thirty (30) or more than seventy (70) days after adoption of the resolution calling the public hearing. At the conclusion of the public hearing, the city adopts a resolution finding that a certain area within the city meets the requirements of the Act and that the redevelopment of the area is necessary to promote the general and economic welfare of the city. Thereafter, the city passes an ordinance creating the District.

2. No privately owned property may be acquired or redeveloped under the Act, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the public hearing for the establishment of the District, that the proposed District will have an adverse effect on the county or the school district.

3. The city formulates the Plan in conjunction with the planning commission. The city must also prepare a comprehensive feasibility study on the benefits and costs of the Project and the expected income derived therefrom. The planning commission must determine that the Plan is consistent with the comprehensive general plan for the development of the city. The Plan shall contain the following: (a) a summary of the feasibility study; (b) identification of the District and Project area; (c) a map of the redevelopment area; (d) the relocation assistance plan; (e) a detailed description of the buildings and facilities to be constructed or improved; and (f) other relevant information. A copy of the Plan is forwarded to the county and school board.

4. The city adopts a resolution calling a public hearing, which fixes the date, time and location of the hearing and provides for giving notice of such public hearing. The date of the public hearing shall be not less than thirty (30) or more than seventy (70) days after adoption of the resolution calling the public hearing. The resolution shall describe the Plan, the boundaries of the District (including a map thereof), the method of financing the same (*i.e.*, special obligation bonds or full faith and credit bonds) and other relevant matters. A copy of such resolution shall be delivered to the county and school board associated with the

District and mailed (certified) within ten (10) days to each owner and occupant of property within the District. The resolution shall also be published one time in the official city newspaper not less than one (1) week or more than two (2) weeks preceding the date of public hearing.

5. Upon conclusion of the public hearing and upon making the appropriate findings, the city may adopt the Plan by an ordinance passed by not less than two-thirds vote of the governing body.

6. The city issues full faith and credit bonds or special obligation bonds to finance the Project. No full faith and credit tax increment bonds may be issued until the sixty (60) day protest period expires after the date of public hearing.

7. The city may proceed to acquire property within the District by purchase or eminent domain (2/3 vote of city governing body required) and implement the Plan. **However, a City may not exercise eminent domain in conservation areas and after July 1, 2007 there are significant restrictions on the ability to use eminent domain.**

IV. FEDERAL TAX CONSIDERATIONS

General. Special obligation bonds or full faith and credit bonds may be issued either as "tax-exempt" or taxable obligations. The interest on such obligations will be excluded from federal income taxation if the proceeds are used only for a governmental purpose or if the bonds meet certain other requirements established in the Internal Revenue Code of 1986, as amended (the "Code").

Governmental Purpose Bonds. The interest on Bonds, the proceeds of which are used to finance traditional governmental facilities such as streets, water lines and sewers, typically is excluded from gross income for purposes of federal income taxation under *Section 103* of the Code ("Governmental Purpose Bonds"). This generally will be true even when the bonds are secured by a guaranty of a private developer or paid from tax increment payments made by the owner/developer, provided the governmental facilities are available for use by members of the general public on an equal basis. However, if bond proceeds are used to finance facilities used in the trade or business of a developer or other non-governmental entity, the bonds typically will qualify as Governmental Purpose Bonds only if the sources of repayment or security are limited to general tax revenues or tax increment payments made by the public. If the bonds are not Governmental Purpose Bonds, interest typically will be excluded from gross income for Federal income tax purposes only if the uses of the bond proceeds are restricted to the narrow statutorily-defined purposes of a "qualified private activity bond" and the issue meets a number of other requirements imposed by the Code only on qualified private activity bonds. Interest paid on private activity bonds that are not "qualified private activity bonds" will be included in gross income for federal income tax purposes.

Private Activity Bond Tests. A bond is a "private activity bond" (as said term is defined in *Section 141* of the Code) if it meets either the "private business tests" or the "private loan financing test." The "private business tests" consist of (a) the "private business use test" and (b) the "private security or payments test." If both of these tests are met, the bonds meet the "private business tests" and will be "private activity bonds."

The "private business use test" is met if more than 10% of the proceeds of an issue are to be used, directly or indirectly, in the trade or business of any person other than a governmental unit. Use by a person in a trade or business on the same basis as the general public is disregarded. Thus, if bond proceeds are used for essential governmental functions, it typically does not matter that a single developer owns the land, provided that the developer is proceeding to develop and sell the land to members of the general public for residential or commercial use. Treasury regulations generally provide that private use of bond financed

property exists if a person or entity has special legal entitlements with respect to bond-financed property. However, special more rigorous rules apply if the bond financed property is not reasonably available for use by members of the general public in a manner similar to use of the property by persons engaged in a trade or business. Temporary use of bond financed property by a developer of an improvement that carries out an essential governmental function, during the period the project is under development, typically is not treated as private use, pursuant to a specific exception contained in the treasury regulations.

The "private security or payments test" is met if payment of the principal of or the interest on more than 10% of the proceeds of an issue is (under the terms of such an issue or any underlying arrangement) directly or indirectly: (a) are secured by an interest in (i) property used or to be used for a private business use, or (ii) payments in respect of such property; or (b) to be derived from payments (whether or not to the issuer), in respect of property or borrowed money, used or to be used for private business use.

With respect to the private security interest or payment test, Treasury Regulations provide:

1. Ad valorem taxes, or tax increments are classified as "revenues from generally applicable taxes," and therefore are not treated as payments for purposes of the private security interest or private payment test unless a person enters into an "impermissible agreement" with respect to the payment or collection of tax such as, for example, agreeing to be personally liable for the collection of an ad valorem tax that generally does not impose personal liability or agreeing that the property will have a minimum assessed value.

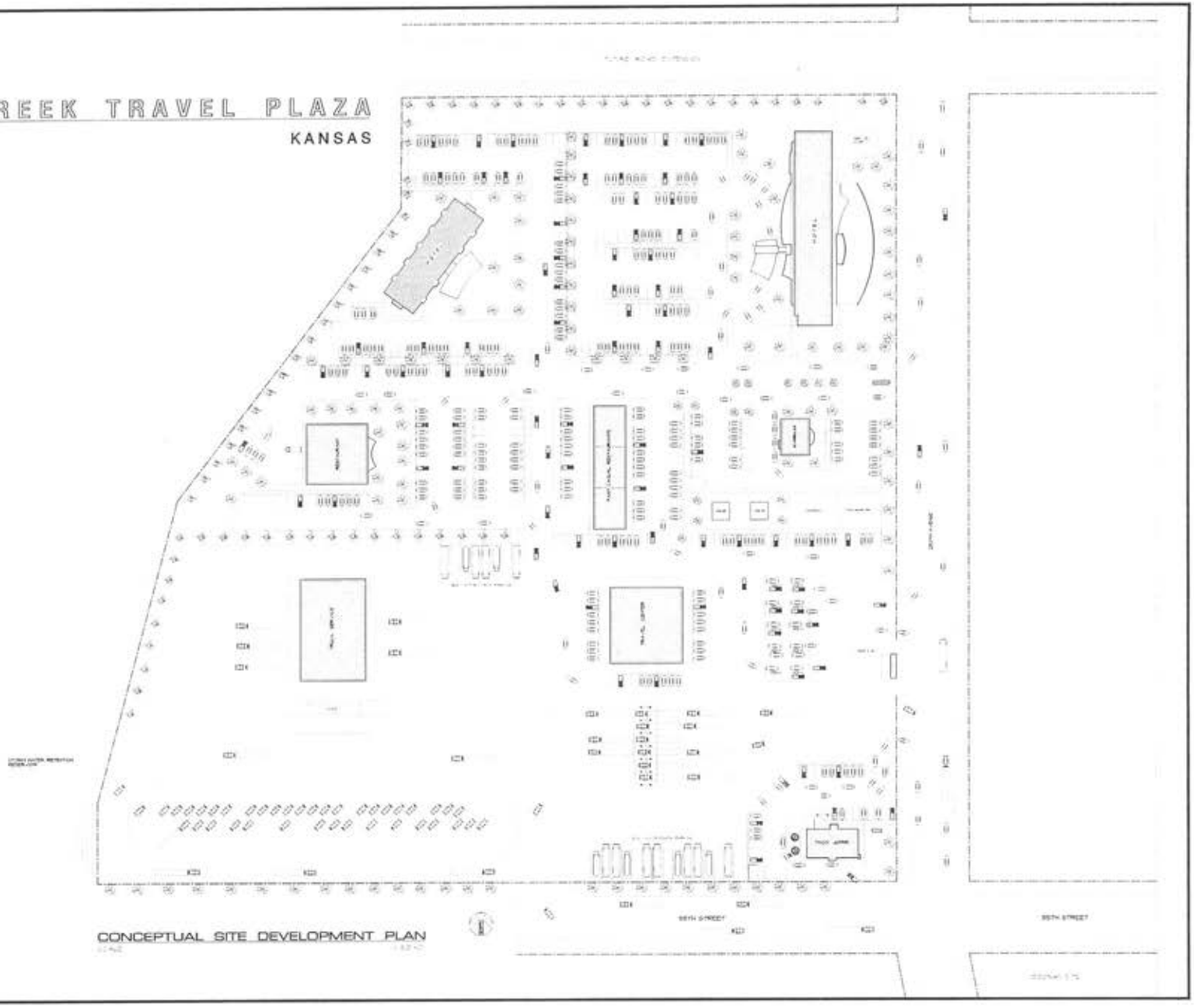
2. Payments made by a lessee of bond-financed property to a redevelopment agency or similar agency are considered to be private payments, even though the city is the issuer of the bonds and does not receive payments from the redevelopment agency.

3. Where bonds are used to acquire land that is to be sold to private persons for redevelopment, amounts paid by those persons for the land are payments for purposes of the private security interest or private payment test, even though incremental property tax revenues are the stated security for the bonds.

The "private loan financing test" is met if the proceeds of an issue are to be used directly or indirectly to make or finance loans to persons other than a governmental unit if the loan exceeds the lesser of: (a) Five percent (5%) of such proceeds, or (b) $5,000,000. "Private business use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit. Any activity carried on by a person other than a natural person shall be treated as a trade or business. This test typically is not met in a tax increment financing except under unusual circumstances where bonds issued for public improvements are nominally "guarantied" by a developer, the guaranty is almost certain to be called upon and the developer has no reasonable expectation of repayment of amounts it advances under the guaranty. Under these facts, the "guaranty" might be characterized for federal income tax purposes as an indirect loan of the bond proceeds to the developer.

BIG CREEK TRAVEL PLAZA

HAYS, KANSAS



CONCEPTUAL SITE DEVELOPMENT PLAN

STRAIT ASSOCIATES ARCHITECTS
485 NORTH COURT
POST OFFICE BOX 332
COLBY, KANSAS 67701
TELEPHONE: 785.460.8363
FACSIMILE: 785.460.9710

PROGRESS

BIG CREEK TRAVEL PLAZA
HAYS, KANSAS

PROJECT NO.	1-CD
DATE 12/2/14	SHEET
REVISED	AS1
DRAWN BY	
CHECKED	OF X

NOT TO SCALE

Project No.: N/A
Date: 6/8/2015
Sheet No.: 1 OF 1

DRIGGS DESIGN GROUP, PA
Surveying Engineering Planning
MANHATTAN & HAYS

CITY OF HAYS, KANSAS
BIG CREEK DEVELOPMENT
EXHIBIT A

Land Cost	$1,500,000	
Engineering & Architecture Cost	$500,000	
Civil Engineering	$200,000	Includes: Survey, Civil Design, Site Utilities (Public), Coordination of Private Utilizes, Drainage Study
Site Preparation		
Overall Site Preparation	$200,000	
Engineering Cost Water & Sewer		
55th Street Waterline Line Design	$150,000	From Water Tower at US-183 & 55th Street (Along 55th Street). *Includes Design & Inspection*
Hall St Sanitary Sewer Extension Design	$110,000	From Hall Street Manhole across I-70 and along North Side of I-70. *Includes Design & Inspection, Assist w/ Easement Acquisition*
Interior Waterlines	$35,000	Includes Design & Inspection
Interior Sanitary Sewer	$35,000	Includes Design & Inspection
Water / Sewer to Location		
55th Street Waterline	$1,500,000	From Water Tower at US-183 & 55th Street (Along 55th Street)
Hall St Sanitary Sewer Extension	$1,200,000	From Hall Street Manhole across I-70 and along North Side of I-70. Includes $150,000 for Acquisition of Utility Easements
Utilities - Street	$550,000	55th St West Connection to N Side of Travel Center & East to 230th Ave
Utilities - Water	$175,000	8" waterline
Utilities - Sewer	$175,000	8" Sanitary Sewer
Utilities - Electrical	$125,000	
Utilities - Curb & Gutter	$325,000	
Paving - Private	$3,500,000	Includes Curb & Gutter, Signage & Pavement Markings, Subgrade Prep, Thicker Pavement for Truck Access
Construction Costs	$14,000,000	
FF&E	$3,100,700	
Total	$27,380,700	

COURTYARD
Marriott

Mamma Fu's
asian house
Fresh
Delivery
Dinner
Catering

PICK UP HERE
MOOI

EXIT

TACO JOHN'S
The Fresh Taste of West-Mex
TACO JOHN'S

Projected H2O usage for Big Creek Travel Plaza

	Burger	Asian	Starbucks	Taco Johns	Travel Plaza	Hotel	Total
Jan	24,000	25,000	19,000	19,000	121,500	225,000	433,500
Feb	20,000	22,000	18,000	18,000	111,375	190,000	379,375
Mar	25,000	28,000	23,000	23,000	151,875	250,000	500,875
Apr	24,000	26,000	20,000	20,000	151,875	225,000	466,875
May	29,000	36,000	26,000	26,000	182,250	250,000	549,250
Jun	44,000	52,000	38,000	38,000	212,625	300,000	684,625
Jul	46,000	54,000	41,000	41,000	212,625	325,000	719,625
Aug	46,000	54,000	41,000	41,000	212,625	325,000	719,625
Sep	44,000	52,000	37,000	37,000	192,375	300,000	662,375
Oct	25,000	28,000	23,000	23,000	162,000	250,000	511,000
Nov	24,000	27,000	19,000	19,000	141,750	225,000	455,750
Dec	24,000	27,000	18,000	18,000	121,500	225,000	433,500
Total	375,000	431,000	323,000	323,000	1,974,375	3,090,000	6,516,375
	One 2" Meter		2" Meter	2" Meter	2" Meter	2" Meter	5 - 2" Meters

Waste Water

The expected composition of the waste water for the proposed development will be residential and light commercial in nature. The residential composition is anticipated for the hotels, while the light commercial usage would be expected for the other amenities.

City of Colby

Usage Report

From: 01/01/2014 Through: 12/31/2014

Sorted By: Account Number

For 3838

Location No / Meter No.	Acct No. / Change Out	Size	Name / Service	Service Address / Tran Date	Route / Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
172540	3838		WWS INC.-COMFORT INN		2225 S RANGE - COMFORT INN				02					
71884730		2" METER	WATER	01/31/2014	Gallons	78267.	78267.	0.	0.00	165.50	12/20/2013	1087204	01/20/2014	1165471
71884730		2" METER	WATER	02/28/2014	Gallons	81479.	81479.	0.	0.00	168.56	01/20/2014	1165471	02/20/2014	1246950
71884730		2" METER	WATER	03/31/2014	Gallons	70226.	70226.	0.	0.00	157.86	02/20/2014	1246950	03/20/2014	1317176
71884730		2" METER	WATER	04/30/2014	Gallons	89386.	89386.	0.	0.00	176.07	03/20/2014	1317176	04/21/2014	1406562
71884730		2" METER	WATER	05/31/2014	Gallons	92524.	92524.	0.	0.00	179.05	04/21/2014	1406562	05/20/2014	1499086
71884730		2" METER	WATER	06/30/2014	Gallons	103265.	103265.	0.	0.00	189.25	05/20/2014	1499086	06/20/2014	1602351
71884730		2" METER	WATER	07/31/2014	Gallons	108673.	108673.	0.	0.00	194.39	06/20/2014	1602351	07/21/2014	1711024
71884730		2" METER	WATER	08/31/2014	Gallons	125301.	125301.	0.	0.00	210.19	07/21/2014	1711024	08/20/2014	1836325
71884730		2" METER	WATER	09/30/2014	Gallons	94884.	94884.	0.	0.00	181.29	08/20/2014	1836325	09/19/2014	1931209
71884730		2" METER	WATER	10/31/2014	Gallons	104321.	104321.	0.	0.00	190.25	09/19/2014	1931209	10/20/2014	2035530
71884730		2" METER	WATER	11/30/2014	Gallons	91485.	91485.	0.	0.00	178.06	10/20/2014	2035530	11/20/2014	2127015
71884730		2" METER	WATER	12/31/2014	Gallons	84998.	84998.	0.	0.00	171.90	11/20/2014	2127015	12/19/2014	2212013
71897374		2" METER	WATER 2	01/31/2014	Gallons	190401.	190401.	0.	0.00	272.03	12/20/2013	2237328	01/20/2014	2427729
71897374		2" METER	WATER 2	02/28/2014	Gallons	156755.	156755.	0.	0.00	240.07	01/20/2014	2427729	02/20/2014	2584484
71897374		2" METER	WATER 2	03/31/2014	Gallons	159762.	159762.	0.	0.00	242.92	02/20/2014	2584484	03/20/2014	2744246
71897374		2" METER	WATER 2	04/30/2014	Gallons	181039.	181039.	0.	0.00	263.14	03/20/2014	2744246	04/21/2014	2925285
71897374		2" METER	WATER 2	05/31/2014	Gallons	181915.	181915.	0.	0.00	263.97	04/21/2014	2925285	05/20/2014	3107200
71897374		2" METER	WATER 2	06/30/2014	Gallons	191291.	191291.	0.	0.00	272.88	05/20/2014	3107200	06/20/2014	3298491
71897374		2" METER	WATER 2	07/31/2014	Gallons	233697.	233697.	0.	0.00	313.16	06/20/2014	3298491	07/21/2014	3532188
71897374		2" METER	WATER 2	08/31/2014	Gallons	220287.	220287.	0.	0.00	300.42	07/21/2014	3532188	08/20/2014	3752475
71897374		2" METER	WATER 2	09/30/2014	Gallons	164437.	164437.	0.	0.00	247.37	08/20/2014	3752475	09/19/2014	3916912
71897374		2" METER	WATER 2	10/31/2014	Gallons	158048.	158048.	0.	0.00	241.30	09/19/2014	3916912	10/20/2014	4074960
71897374		2" METER	WATER 2	11/30/2014	Gallons	171883.	171883.	0.	0.00	254.44	10/20/2014	4074960	11/20/2014	4246843
71897374		2" METER	WATER 2	12/31/2014	Gallons	125614.	125614.	0.	0.00	210.48	11/20/2014	4246843	12/19/2014	4372457
Grand Totals														
			WATER		Gallons	1124809.	1124809.	0.	0.00	2162.37				
			WATER 2		Gallons	2135129.	2135129.	0.	0.00	3122.18				

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Burger Transactions	58	60	65	65	73	87	92	84	71	73	67	69
Asian Transactions	34	37	44	42	54	63	67	64	56	57	49	50
Taco Transactions	47	45	50	50	56	63	69	65	60	60	52	56
Coffee Transactions	81	89	105	100	113	142	145	137	117	121	117	129
Total Food Transactions	219	231	264	257	295	355	374	351	303	311	284	304
Food Traffic Total	55	58	66	64	74	89	93	88	76	78	71	76
Hotel Traffic	20	16	25	22	29	33	36	34	26	25	26	27
Staff Traffic	30	26	32	35	40	50	55	48	35	38	38	42
Gas Traffic	310	278	434	349	494	581	721	582	407	389	403	455
Daily Auto Average	415	378	557	470	637	753	905	752	544	529	539	600
Daily Semi Average	37	33	51	41	58	69	85	69	48	46	48	54
Monthly Auto Total	12862	10592	17263	14095	19743	22576	28061	23300	16308	16407	16160	18593
Monthly Semi Total	1135	921	1591	1237	1809	2060	2641	2133	1442	1425	1430	1666

Big Creek Travel Center Estimated Monthly Traffic Counts

TAX INCREMENT FINANCING REVENUE STUDY
PROPOSED MIXED-USE COMMERCIAL DEVELOPMENT
INTERSTATE 70 AND 230th AVENUE
ELLIS COUNTY, KANSAS

November 2014

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

TAX INCREMENT FINANCING REVENUE STUDY
PROPOSED MIXED-USE COMMERCIAL DEVELOPMENT
INTERSTATE 70 AND 230th AVENUE
ELLIS COUNTY, KANSAS

November 2014

Prepared for:
NWK Investments, LLC
1965 Thielen Avenue
Colby, KS 67701

Prepared by:
Canyon Research Southwest, Inc.
475 Ellicott Street, Suite 301
Buffalo, NY 14203

PR# 14-09-04

CANYON RESEARCH SOUTHWEST, INC.

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

November 3, 2014

Mike Woofter
NWK Investments, LLC
1965 Thielen Avenue
Colby, KS 67701

RE: Tax Increment Financing Revenue Study
Interstate 70 and 230th Avenue; Ellis County, Kansas

Mike;

Tax Increment Financing ("TIF") is being sought to assist with financing eligible project costs associated with development of for a 22.35-acre mixed-use project to be located approximately ¼-mile nortb of Interstate 70 on the west side of 230th Avenue in unincorporated Ellis County, Kansas. The Project Area is designed for a hotel with meeting space, truck stop, restaurants and retail shop space. Plans call for annexing the property into the City of Hays, Kansas. A Community Improvement District ("CID") is also proposed to assist in funding eligible project costs.

The attached report provides incremental TIF and CID revenue estimates generated by the planned development through maturity of the proposed TIF Plan.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (716) 551-0655.

Respectfully submitted,

CANYON RESEARCH SOUTHWEST, INC.

Eric S. Lander, Principal

475 ELLICOTT STREET, SUITE 301 / BUFFALO, NY 14203 / (716) 551-0655

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SUMMARY OF MAJOR FINDINGS

Tax Increment Financing ("TIF") and a Community Improvement District ("CID") are being sought to assist with financing eligible project costs associated with development of a 22.35-acre mixed-use project to be located approximately ¼-mile north of Interstate 70 on the west side of 230th Avenue in unincorporated Ellis County, Kansas. Plans call for annexing the property into the City of Hays, Kansas. The Project Area is designed for a hotel with meeting space, truck stop, restaurants and retail shop space.

Canyon Research Southwest, Inc. has prepared the enclosed *TIF Revenue Study* that forecasts incremental real property tax and sales tax revenues generated by the proposed TIF Plan as well as CID sales tax revenues. The major report findings are summarized below.

Tax Increment Financing Revenue

Tax Increment Financing ("TIF") is designed to assist in the reimbursement of eligible project costs related to the proposed Project Area. The TIF Act defines the types of revenues that can be captured to pay for TIF-eligible costs. These TIF revenues are:

- 100 percent of the incremental real property taxes generated by the tax rates of all property tax jurisdictions within the Project Area;
- 100 percent of the incremental sales taxes generated within the Project Area by the City of Hays and Ellis County; and
- Community Improvement District ("CID") sales tax levy of 2.0 percent.

As illustrated by the table on the following page, throughout the 20-year maturity of the TIF Plan the Project Area is estimated to generate approximately $15.5 million in incremental TIF revenue. Sources of TIF funds include $7.4 million in real property taxes and $8.1 million in retail sales taxes. In addition, throughout maturity of the TIF Plan the Project Area is estimated to generate approximately $7.2 million in CID revenues. Collectively, the TIF and CID are estimated to generate a total of $22.6 million in incremental tax revenues.

The USD 489 currently collects $15.76 per year in real property taxes from the subject property. At the current real property assessment and mill levy, without approval of the TIF Plan and development of the proposed project, over the next twenty years the USD 489 is estimated to collect real property tax revenues totaling approximately $315. Conversely, approval of the TIF Plan and development of the proposed project is estimated to net the USD 489 approximately $1.65 million in real property tax revenues throughout the 20-year maturity of the TIF Plan.

These TIF revenue projections were based on current market conditions and tax rates, and represents estimates only. Information was obtained from the client, Ellis County and the City of Hays, Kansas and is deemed to be reliable and accurate.

Summary of Estimated TIF and CID Revenues
Proposed Mixed-Use Development in Ellis County, Kansas

	TIF Revenue Generated			
Year	Real Property	Retail Sales	CID Revenues	Total Revenues
2016	$0	$203,288	$180,700	$383,988
2017	$317,017	$228,336	$202,965	$748,317
2018	$323,358	$354,607	$315,207	$993,171
2019	$337,394	$361,699	$321,511	$1,020,604
2020	$344,143	$368,933	$327,941	$1,041,017
2021	$351,026	$376,312	$334,500	$1,061,838
2022	$358,047	$383,838	$341,190	$1,083,075
2023	$365,209	$391,515	$348,013	$1,104,737
2024	$372,514	$399,345	$354,974	$1,126,833
2025	$379,964	$407,332	$362,073	$1,149,370
2026	$387,564	$415,479	$369,315	$1,172,358
2027	$395,316	$423,789	$376,701	$1,195,806
2028	$403,223	$432,264	$384,235	$1,219,723
2029	$411,288	$440,910	$391,920	$1,244,118
2030	$419,515	$449,728	$399,758	$1,269,001
2031	$427,906	$458,722	$407,753	$1,294,381
2032	$436,464	$467,897	$415,908	$1,320,269
2033	$445,194	$477,255	$424,226	$1,346,675
2034	$454,099	$486,800	$432,711	$1,373,610
2035	$463,181	$496,536	$441,365	$1,401,082
2036	$0	$42,206	$37,516	$79,722
Totals	$7,392,422	$8,066,791	$7,170,481	$22,629,694

TAX INCREMENT FINANCING REVENUE STUDY
PROPOSED MIXED-USE COMMERCIAL DEVELOPMENT
INTERSTATE 70 AND 230th AVENUE
ELLIS COUNTY, KANSAS

November 2014

INTRODUCTION

Study Objective and Organization

Tax Increment Financing ("TIF") and a Community Improvement District ("CID") are being sought to assist with financing eligible project costs associated with development of a 22.35-acre mixed-use project to be located approximately ¼-mile north of Interstate 70 on the west side of 230th Avenue in unincorporated Ellis County, Kansas. The Project Area is designed for a hotel with meeting space, truck stop, restaurants and retail shop space.

This study provides incremental real property tax and retail sales tax revenue estimates generated by the Project Area throughout the statutory 20-year life of the proposed TIF Plan. The incremental tax revenues were determined by projecting the annual real property tax and retail sales tax revenues and, then subtracting base year revenues. The base revenues were estimated in the calendar year immediately prior to approval of the TIF Plan. These pre-TIF revenues continue to accrue to all jurisdictions as before; they are not subject to capture for TIF. Community Improvement District ("CID") revenues in the form of a 2.0 percent sales tax levy were also estimated throughout maturity of the TIF Plan.

Development Plan

The Project Area consists of a 22.35-acre acre site located approximately ¼-mile north of Interstate 70 on the west side of 230th Avenue in unincorporated Ellis County, Kansas. Plans call for annexing the property into the City of Hays, Kansas. The Project Plan is designed for five building sites accommodating a hotel with meeting space, truck stop, restaurants and retail shops.

Building #1 is designed for a 15,000 square foot commercial building housing a convenience store with a fuel desk, prep kitchen, storage and restrooms. The building will also house a 2,000 square foot Starbuck's. Alternatives for the Starbuck's include occupying a freestanding building or an end cap space in Building #3. Both options would include a drive-thru.

Building #2 will accommodate the construction of an 88-room hotel featuring a small bistro and bar, meeting space for up to 200 people, a small business center, fitness center and outdoor pool.

Building #3 will consists of up to 10,000 square feet of retail shop space. Two casual restaurants have committed to occupying between 1,800 and 2,200 square feet of space each, including an Asian Fusion concept and a Better Burger concept. The remaining retail shop space will be subdivided and leased to retail or service businesses.

Building # 4 is designed for a 1,500 square foot freestanding Taco Johns restaurant.

The final project component will be a freestanding pad site designed to accommodate a full-service restaurant. While no building will be constructed, all utilities will be extended to the site. The pad site is designed to accommodate a 10,000 square foot building.

TIF REVENUE PROJECTIONS

Tax Increment Financing ("TIF") is being sought to assist with financing eligible project costs associated with developing a 22.35-acre site located approximately ¼-mile north of Interstate 70 on the west side of 230th Avenue in unincorporated Ellis County, Kansas. This section of the report forecasts incremental TIF and CID revenue generated by the Project Area through maturity of the proposed TIF Plan.

Methodology for Forecasting TIF Revenues

The Kansas Tax Increment Financing Act permits cities to establish Redevelopment Districts and carry out redevelopment projects within such districts. Sections 12-1770 through 12-1780a of the Kansas Statutes provide a means for cities to finance infrastructure improvements and land acquisition costs with incremental real estate taxes and sales tax revenues. These TIF-eligible costs can be reimbursed one of two ways: (1) with "pay-as-you-go" reimbursement as the additional tax revenues come in from year to year or (2) from bonds sold at the beginning of the project and paid off using annual tax revenues.

The purpose of the TIF Act is to "promote, stimulate and develop the general and economic welfare of the State of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state." The TIF Act requires projects to be completed within 20 years from the date of the approval of a project plan.

Certain eligible expenses associated with the proposed Project Area will be funded through use of Tax Increment Financing ("TIF"). The TIF Act defines the types of revenues that can be captured to pay for TIF-eligible costs. These TIF revenues are:

- 100 percent of the incremental real property taxes generated by the tax rates of all property tax jurisdictions within the Project Area;
- 100 percent of the incremental sales taxes generated within the Project Area by the City of Hays and Ellis County.
- Community Improvement District ("CID") sales tax levy of 2.0 percent.

The incremental revenues from real property taxes and local sales taxes are determined by projecting the annual tax revenues from these sources and, then, subtracting a base year amount of revenues that were generated within the Project Area in the calendar year immediately prior to approval of the TIF Plan. These pre-TIF revenues continue to accrue to all jurisdictions as before; they are not subject to capture for TIF.

Real Property Taxes

The TIF Plan will make available incremental real property taxes for use to reimburse eligible project costs on an as-collected basis or to retire bonds or other obligations that may be issued. The TIF revenues would apply to all taxing districts (i.e., county, school district, roads, etc.), unless an exception was made. The incremental real property tax revenues to be captured by the TIF Plan include all revenues generated by the future assessed value of the Project Area above the base year. The Project Area is part of a larger 488-acre landholding. The January 1, 2014 assessed value for the entire property was reported by the Ellis County Appraiser's Office at $7,421, or $15.21 per acre. On a pro-rata basis, the assessed valuation for the Project Area is estimated at $340.

Project Area Estimated Base Year Assessed Valuation

Tax Parcel ID	Appraised Value	Assessed Value
026-133-08-0-00-00-001.07-0	$11,960	$2,990
026-134-18-0-00-00-001.01-0	$4,380	$1,314
026-134-18-0-00-00-003.00-0	$2,810	$843
026-139-30-0-00-00-016.02-0	$7,580	$2,274
Totals	$26,730	$7,421
Assessed Value Per Acre		$15.21
Project Area's Estimated Assessed Value		$340

Source: Ellis County Appraiser's Office.

Property tax rates may be adjusted every year. Because any future adjustments that may occur are unknown, including an increase or decrease in tax levies due to voter approval, to remain conservative the 2013 Mill Levy rates are used to project future real property tax revenues. The table below summarizes the Project Area's TIF-eligible mill levy rates. Applying the estimated 2014 assessed value for the Project Area of $340 by the TIF-eligible 2013 mill levy rate of 89.704 per $1,000 of assessed value yields base year real property taxes of $31 (rounded).

TIF-Eligible Real Property Mill Levy Rates; 2013

Taxing District	Mill Rate	TIF Captured	TIF Ineligible
State of Kansas	1.500	0.000	1.500
Ellis County	34.232	34.232	0.000
City of Hays, Kansas	25.360	25.360	0.000
Unified School District 489	46.361	26.361	20.000
Recreation Commission	3.751	3.751	0.000
Totals	**111.204**	**89.704**	**21.500**

Source: Hays County Treasurer.

Sales Taxes

According to the TIF Act, only the City and County retail sales tax rates are subject to TIF capture. Therefore, sales taxes levied by the City of Hays and Ellis County are eligible for the retirement of TIF bonds.

Taxable retail sales generated by businesses operating in the Project Area are subject to a sales tax rate of 8.40 percent consisting of 6.15 percent for the State of Kansas, 0.50 percent for Ellis County and 1.75 percent for the City of Hays. The State of Kansas sales tax rate of 6.15 percent is exempt from TIF capture.

The City of Hays' sales rate is 1.75 percent, comprised of 1.25 percent to the General Fund and 0.5 percent to a water exploration reserve fund. The General Fund services include, police, fire, parks, IT, dispatch, municipal court, public works, City Clerk/Finance and so on.

In May 2013, Ellis County voters approved a sales tax rate of 0.50 percent. The sales tax went into effect in October 2013 and will fund two projects, a new combined Emergency Medical Services/Rural Fire building, and safety and security improvements to the Ellis County jail and courthouse. The sales tax will sunset in five years, or when the project is paid off, whichever comes first. Total costs, with interest, are estimated at $14.3 million dollars.

The state's TIF statute does allow the governing body to decide what if any of the local sales tax could be captured for the TIF district. For the purpose of this report the combined City of Hays and Ellis County sales tax rate of 2.25 percent was applied when estimating incremental sales tax revenue generated by the Project Area and captured under the proposed TIF Plan.

The incremental retail sales taxes generated by the TIF Plan for use in retirement of TIF bond obligations is determined by subtracting the base year retail sales taxes from the new level of taxation generated by the Project Area. The Project Area is currently vacant land and does not support commercial development. Therefore, this report used base year taxable retail sales of $0.

Community Improvement District

A Community Improvement District ("CID") is also being proposed to assist in funding eligible project costs. For the purpose of this report the CID sales tax levy has been set at 2.0 percent.

Timing of TIF Revenues

The TIF Act authorizes the capture of TIF revenues for a period of 20 years from the date of the ordinance adopting or activating the TIF Plan. The initial phase of the Project Plan is tentatively scheduled to open by February 2016, including Buildings 1-4. The restaurant pad will have all site work in place and marketed to national restaurant chains. A sit-down restaurant is anticipated to open by early 2018.

For the purpose of this report TIF revenue generated by the Project Area were estimated from February 1, 2016 through January 30, 2036.

TIF Revenue Estimates

Based on the assumptions discussed in the prior section of the report, TIF and CID revenues are estimated for the Project Area throughout the statutory 20-year life of the TIF Plan.

Real Estate Property Taxes

Tax Increment Financing involves the creation of an increment (increase over a base year) in the real estate taxes that are generated from a defined geographic area of a community. Upon establishment of a redevelopment district, the total assessed value of all taxable real estate within the district is determined. This valuation is referred to as the district's base year "Original Assessed Value." Property taxes attributable to the district's Original Assessed Value are annually collected and distributed by the county treasurer to the appropriate city, county, school district, and all other taxing subdivisions in the same manner as other property taxes.

As new development occurs within the redevelopment district, the total assessed valuation of the district in any given year will presumably exceed its base year Original Assessed Value. Property tax revenue generated by applying the sum of the property tax rates of all TIF-eligible taxing subdivisions to the increase in assessed value over and above the base year Original Assessed Value is referred to as the "tax increment." All tax increment is collected by the county and distributed to the city to be deposited in a TIF fund.

The TIF Plan calls for development of the Project Area with an 88-room hotel with meeting space, truck stop, restaurants and retail shop space. The cost to construct all the project components is estimated at $13.7 million to $21.8 million, excluding site work and infrastructure. This section of the report provides incremental real property tax revenue forecasts throughout the statutory 20-year life of the TIF Plan.

The appraised valuation of real property in Ellis County is established on January 1st of each year. According to the Ellis County Appraiser the Project Area's January 1, 2014 appraised value is estimated at $26,730. This appraised value is for vacant land only. Upon completion during 2016 of the proposed commercial structures the County Appraiser will re-assess the property as of January 1, 2017 to account for the new improvements. The County Appraiser arrives at a real property's appraised value by estimating the replacement cost new, less depreciation. A commercial property's assessed valuation is then calculated by multiplying the appraised value by an assessment ratio of 25 percent.

Based on development cost estimates provided by the client as well as consulting RS Means and Marshall Valuation Services, upon completion the total appraised valuation for January 1, 2017 is conservatively estimated at $3.0 million for Building #1 (Convenience store and Starbucks); $8.8 million for Building #2 consisting of the hotel and meeting space; $2.0 million for Building #3 (10,000 square foot of retail shops) and $337,500 for Taco Johns. The January 1, 2017 appraised valuation for the Project Area upon completion of the commercial structures proposed for Phase 1 is estimated at $14,137,500.

The assessment ratio in Ellis County is 25 percent for commercial and industrial property, yielding a January 1, 2017 assessed valuation for the Project Area of $3,534,375. At a TIF-eligible Mill Levy of 89.704 per $1,000 in assessed valuation and base year real property taxes of $27, the incremental increase in real property taxes for 2017 is estimated at $317,021.

Real property in Kansas is appraised every year. From 1994 through 2013 the Consumer Price Index (CPI) rose at an average annual rate of 2.425 percent. This report assumes that the Project Area's assessed valuation will appreciate at a conservative annualized rate of 2.0 percent through maturity of the TIF Plan. A property's assessed value can only be determined by the Ellis County Appraiser, therefore, the estimates of future assessed valuation concluded to in this report will likely vary from actual future assessments.

The freestanding full-service restaurant is anticipated to open in early 2018 and be re-assessed on January 1, 2019 for $2.25 million. The January 1, 2019 assessed valuation of the Project Area is estimated at $3,761,539, yielding an incremental increase of real property taxes of $337,398.

As illustrated by the table on the following page, throughout the statutory 20-year maturity of the TIF Plan total incremental real property tax revenues are estimated at approximately $7.4 million. For the purpose of this study the TIF Plan matures on January 30, 2036. The real property taxes resulting from the January 1, 2036 assessment won't be levied and collected until after the TIF Plan matures, so as a result the 2036 real property tax revenues were omitted for 2036.

The 2013 real property tax levy for the USD 489 is 46.361 per $1,000 in assessed valuation. Of the current mill levy, 26.361 Mills per $1,000 in assessed valuation are eligible for TIF capture. Based on the subject property's current assessed valuation of $340, the USD 489 collects approximately $15.76 per year in real property taxes from the subject property. At the current real property assessment and mill levy, without approval of the TIF Plan and development of the proposed project over the next twenty years the USD 489 is estimated to collect real property tax revenues totaling approximately $315. Conversely, approval of the TIF Plan and development of the proposed project is estimated to net the USD 489 approximately $1.65 million in real property tax revenues throughout the 20-year maturity of the TIF Plan.

Estimated Incremental Real Property Tax Revenues

Year	Base Year Property Taxes	Total New Assessed Value	TIF-Eligible Property Tax Rate	New Property Taxes	TIF-Eligible Incremental Property Taxes	Taxes Alloocated to USD 489 With TIF	Taxes Alloocated to USD 489 With Out TIF
2016	$31	$340	$0.089704	$31	$0	$7	$16
2017	$31	$3,534,375	$0.089704	$317,048	$317,017	$70,688	$16
2018	$31	$3,605,063	$0.089704	$323,389	$323,358	$72,101	$16
2019	$31	$3,761,539	$0.089704	$337,425	$337,394	$75,231	$16
2020	$31	$3,836,770	$0.089704	$344,174	$344,143	$76,735	$16
2021	$31	$3,913,505	$0.089704	$351,057	$351,026	$78,270	$16
2022	$31	$3,991,775	$0.089704	$358,078	$358,047	$79,836	$16
2023	$31	$4,071,611	$0.089704	$365,240	$365,209	$81,432	$16
2024	$31	$4,153,043	$0.089704	$372,545	$372,514	$83,061	$16
2025	$31	$4,236,104	$0.089704	$379,995	$379,964	$84,722	$16
2026	$31	$4,320,826	$0.089704	$387,595	$387,564	$86,417	$16
2027	$31	$4,407,242	$0.089704	$395,347	$395,316	$88,145	$16
2028	$31	$4,495,387	$0.089704	$403,254	$403,223	$89,908	$16
2029	$31	$4,585,295	$0.089704	$411,319	$411,288	$91,706	$16
2030	$31	$4,677,001	$0.089704	$419,546	$419,515	$93,540	$16
2031	$31	$4,770,541	$0.089704	$427,937	$427,906	$95,411	$16
2032	$31	$4,865,952	$0.089704	$436,495	$436,464	$97,319	$16
2033	$31	$4,963,271	$0.089704	$445,225	$445,194	$99,265	$16
2034	$31	$5,062,536	$0.089704	$454,130	$454,099	$101,251	$16
2035	$31	$5,163,787	$0.089704	$463,212	$463,181	$103,276	$16
Totals				**$7,393,042**	**$7,392,422**	**$1,648,319**	**$315**

Source: Canyon Research Southwest, Inc.; November 2014.

Retail Sales Taxes

This section of the report provides incremental retail sales tax estimates generated by the Project Area through maturity of the TIF Plan. For the purpose of this report the combined City of Hays and Ellis County sales tax rate of 2.25 percent was applied when estimating incremental sales tax revenue generated by the Project Area and captured under the proposed TIF Plan. Base year taxable retail sales for the Project Area are estimated at $0.

Retail sales generators for the Project Area include a convenience store, hotel, restaurants and shops space. Taxable retail and lodging sales were estimated for the Project Area were based on several sources, including:

1. *Dollars & Cents of Shopping Centers* published by the Urban Land Institute;
2. Sales data published by the International Council of Shopping Centers;
3. National Retail Federation's *Top 100 Retailers 2014*;
4. Competitive hotel operating results provided by Smith Travel Research;
5. *Nation's Restaurant News Top 100;*
6. Sales data published by publicly-held retailers; and
7. Consultant's internal database.

The 13,000 square foot convenience store and 2,000 square foot Starbucks housed in Building #1 is scheduled to open by February 2016. According to the National Association of Convenience Stores (NACS), the average new convenience store is 3,590 square feet. Based on reported sales by such convenience store chains as 7-Eleven and Circle K, first year taxable sales excluding fuel for the planned convenience store are estimated at $125 per square foot, or approximately $1.5 million. Convenience store sales are forecast at $1.7 million in 2017 and stabilize in 2018 at $1.95 million. First year sales for Starbucks are forecast at $870,000, reaching $988,280 by 2018.

Building #2 is designed for an 88-room hotel with a bistro and meeting space. The hotel is scheduled to open by February 2016 with stabilized occupancy estimated to require three years. Inclusive of room, food and beverage and meeting space revenues, gross taxable sales for the hotel are estimated at $2.2 million in 2016, $2.56 million in 2017, and $2.75 million at stabilization in 2018.

Building #3 is scheduled to open by February 2016 designed for up to 10,000 square feet of building area housing retail shops and restaurants. According to Nation's Restaurant News, such national casual dining restaurant chains as Applebee's, Carrabba's Italian Grill, Chili's, Longhorn Steakhouse, Olive Garden, Outback Steakhouse, On the Border Mexican Cantina, Red Lobster, Red Robin, and Texas Roadhouse reported average store sales of $2.4 to $4.6 million, averaging approximately $3.2 million, or $465 to $650 per square foot. Meanwhile, national fast

food restaurant chains as McDonalds, Wendy's, Burger King, Taco Bell, KFC, Pizza Hut and Arby's reported average store sales of $724,000 to $2.4 million, averaging approximately $1.25 million, or $375 per square foot. First-year taxable sales for the retail shops and restaurants in Building #3 are estimated to average $400 per square foot, totaling $3.67 million in Year 1.

Building #4 is designed for a 1,500 square foot Taco John's restaurant. The scheduled opening date is February 2016. First year sales are estimated at $575 per square foot.

A freestanding building is designed for up to 10,000 square feet of sit-down restaurant space. The building is anticipated to open by early 2018. First-year taxable sales for the sit-down restaurant space are estimated to average $500 per square foot, totaling $5.0 million.

As outlined in the table below, the Project Area is forecast to generate taxable sales of approximately $9.0 million in 2016; $10.1 million in 2017 and $15.8 million in 2018. Throughout maturity of the TIF Plan, annual retail sales for businesses operating within the Project Area are forecast to escalate at an average annual rate of 2.0 percent.

Forecast Project Area Retail Sales

Project Component	Building Sq. Ft.	Hotel Rooms	Sales Per Sq. Ft.	2016	2017	2018
Building #1						
Convenience Store	13,000		$125	$1,500,000	$1,657,500	$1,950,000
Starbucks	2,000		$475	$870,000	$969,000	$988,380
Building #2						
Hotel & Bistro		88		$2,200,000	$2,550,000	$2,750,000
Meeting Space				$10,000	$12,000	$13,000
Building #3						
Retail Shops & Restaurants	10,000		$400	$3,665,000	$4,080,000	$4,161,600
Building #4						
Taco Johns	1,500		$575	$790,000	$879,750	$897,345
Full-Service Restaurant	10,000		$500			$5,000,000
Total Taxable Sales				$9,035,000	$10,148,250	$15,760,325

As outlined in the table on page 10, throughout the statutory 20-year maturity of the TIF Plan total incremental retail sales tax revenues generated by the Project Area are estimated at approximately $8.1 million.

Estimated Incremental Retail Sales Tax Revenues

Year	Base Year Retail Sales	Forecast New Retail Sales	Incremental Increase in Retail Sales	Ellis County 0.50%	City General 1.25%	City Water Exploration 0.50%	TIF-Eligible Incremental Sales Tax
2016	$0	$9,035,000	$9,035,000	$45,175	$112,938	$45,175	$203,288
2017	$0	$10,148,250	$10,148,250	$50,741	$126,853	$50,741	$228,336
2018	$0	$15,760,325	$15,760,325	$78,802	$197,004	$78,802	$354,607
2019	$0	$16,075,532	$16,075,532	$80,378	$200,944	$80,378	$361,699
2020	$0	$16,397,042	$16,397,042	$81,985	$204,963	$81,985	$368,933
2021	$0	$16,724,983	$16,724,983	$83,625	$209,062	$83,625	$376,312
2022	$0	$17,059,483	$17,059,483	$85,297	$213,244	$85,297	$383,838
2023	$0	$17,400,672	$17,400,672	$87,003	$217,508	$87,003	$391,515
2024	$0	$17,748,686	$17,748,686	$88,743	$221,859	$88,743	$399,345
2025	$0	$18,103,659	$18,103,659	$90,518	$226,296	$90,518	$407,332
2026	$0	$18,465,733	$18,465,733	$92,329	$230,822	$92,329	$415,479
2027	$0	$18,835,047	$18,835,047	$94,175	$235,438	$94,175	$423,789
2028	$0	$19,211,748	$19,211,748	$96,059	$240,147	$96,059	$432,264
2029	$0	$19,595,983	$19,595,983	$97,980	$244,950	$97,980	$440,910
2030	$0	$19,987,903	$19,987,903	$99,940	$249,849	$99,940	$449,728
2031	$0	$20,387,661	$20,387,661	$101,938	$254,846	$101,938	$458,722
2032	$0	$20,795,414	$20,795,414	$103,977	$259,943	$103,977	$467,897
2033	$0	$21,211,322	$21,211,322	$106,057	$265,142	$106,057	$477,255
2034	$0	$21,635,549	$21,635,549	$108,178	$270,444	$108,178	$486,800
2035	$0	$22,068,260	$22,068,260	$110,341	$275,853	$110,341	$496,536
2036	$0	$1,875,802	$1,875,802	$9,379	$23,448	$9,379	$42,206
Total							$8,066,791

CID Revenue Estimates

On April 23, 2009, H.B. 2324 was enacted, known as the Community Improvement District Act (CID Act). The CID Act permits the establishment of community improvement districts (CIDs and individually a CID) that create new revenue sources to finance real estate development. It confers powers for economic development purposes and any other purpose for which public money may be expended. A CID can be used to finance any "cost" of a "project." Under the CID Act, a "cost" means the cost of land, materials, labor, and other lawful expenses incurred in planning and doing any project, as well as costs to create the CID and employ "consultants" (including attorneys, financial advisors, engineers, and architects), and other administrative and preliminary expenses.

As an additional or alternative financing source, a municipality may impose a CID sales tax on sales within the CID. The amount of the CID sales tax may be in any increment of 0.10 percent or 0.25 percent, not to exceed 2 percent. As outlined in the table below, at a CID sales tax rate of 2.0 percent, throughout the statutory 20-year maturity of the TIF Plan total CID sales tax revenues generated by the Project Area are estimated at approximately $7.2 million.

Community Improvement District
Sales Tax Revenues

Year	Forecast Retail Sales	CID Revenue 2.00%
2016	$9,035,000	$180,700
2017	$10,148,250	$202,965
2018	$15,760,325	$315,207
2019	$16,075,532	$321,511
2020	$16,397,042	$327,941
2021	$16,724,983	$334,500
2022	$17,059,483	$341,190
2023	$17,400,672	$348,013
2024	$17,748,686	$354,974
2025	$18,103,659	$362,073
2026	$18,465,733	$369,315
2027	$18,835,047	$376,701
2028	$19,211,748	$384,235
2029	$19,595,983	$391,920
2030	$19,987,903	$399,758
2031	$20,387,661	$407,753
2032	$20,795,414	$415,908
2033	$21,211,322	$424,226
2034	$21,635,549	$432,711
2035	$22,068,260	$441,365
2036	$1,875,802	$37,516
Total		$7,170,481

Source: Canyon Research Southwest, Inc.; November 2014.

Total TIF & CID Revenues

The table below summarizes the incremental TIF and CID revenue estimates for the Project Area. Revenue sources include real property taxes and retail sales taxes. Throughout the statutory 20-year maturity of the TIF Plan, construction of a convenience store, restaurants, retail shops and hotel is estimated to generate approximately $15.5 million in TIF revenues and $7.2 million in CID sales tax revenues. Sources of TIF funds include $7.4 million in real property taxes and $8.1 million in retail sales taxes.

Estimated Incremental TIF Revenues

	TIF Revenue Generated			
Year	Real Property	Retail Sales	CID Revenues	Total Revenues
2016	$0	$203,288	$180,700	$383,988
2017	$317,017	$228,336	$202,965	$748,317
2018	$323,358	$354,607	$315,207	$993,171
2019	$337,394	$361,699	$321,511	$1,020,604
2020	$344,143	$368,933	$327,941	$1,041,017
2021	$351,026	$376,312	$334,500	$1,061,838
2022	$358,047	$383,838	$341,190	$1,083,075
2023	$365,209	$391,515	$348,013	$1,104,737
2024	$372,514	$399,345	$354,974	$1,126,833
2025	$379,964	$407,332	$362,073	$1,149,370
2026	$387,564	$415,479	$369,315	$1,172,358
2027	$395,316	$423,789	$376,701	$1,195,806
2028	$403,223	$432,264	$384,235	$1,219,723
2029	$411,288	$440,910	$391,920	$1,244,118
2030	$419,515	$449,728	$399,758	$1,269,001
2031	$427,906	$458,722	$407,753	$1,294,381
2032	$436,464	$467,897	$415,908	$1,320,269
2033	$445,194	$477,255	$424,226	$1,346,675
2034	$454,099	$486,800	$432,711	$1,373,610
2035	$463,181	$496,536	$441,365	$1,401,082
2036	$0	$42,206	$37,516	$79,722
Totals	$7,392,422	$8,066,791	$7,170,481	$22,629,694

ADDENDA

EXHIBIT A

Canyon Research Southwest, Inc.
List of Public Financing Projects

Canyon Research Southwest, Inc. has performed market studies and revenue projections for several Tax Increment Financing bond redevelopment areas within Kansas, Missouri and Oklahoma, including:

Tax Increment Financing

- 718,406 square foot SummitWoods Crossing in Lee's Summit, Missouri;
- 579,980 square foot Blue Ridge Mall Redevelopment in Kansas City, Missouri;
- Old Orchard TIF District in Webster Groves, Missouri;
- Downtown Manhattan Redevelopment District in Manhattan, Kansas;
- Strother Road TIF District; Lee's Summit, Missouri;
- 724,333 square foot Gravois Bluffs East & West in Fenton, Missouri;
- 519,295 square foot Prewitt Point in Osage Beach, Missouri;
- 1,073,743 square foot Branson Hills Shopping Center in Branson, Missouri;
- 935,459 square foot Eagles Landing Shopping Center in Lake Ozark, Missouri;
- 930,845 square foot Tulsa Hills Shopping Center in Tulsa, Oklahoma;
- 426,105 square foot Catoosa Hills Shopping Center in Catoosa, Oklahoma;
- 398,100 square foot Belton Town Centre in Belton, Missouri;
- 394,001 square foot Antioch Crossing in Kansas City, Missouri;
- 351,748 square foot Adams Farms TIF Plan in Blue Springs, Missouri;
- 304,299 square foot 1717 Market Place in Joplin, Missouri;
- Highway 7 Corridor TIF District in Blue Springs, Missouri;
- Liberty Triangle in Liberty, Missouri;
- 106-acre Tuscany Village mixed-use development in St. Joseph, Missouri;
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri;
- 29th Street & Highway 69 Bypass TIF District in Pittsburg, Kansas;
- North Southgate Center in Olathe, Kansas;
- 230,860 square foot Venture Shopping Center in Roeland Park, Kansas;
- 175,072 square foot North Broadway in Pittsburg, Kansas;
- 89,850 square foot Maryville Town Center in Maryville, Missouri;
- 119,390 square foot Harrisonville Center in Harrisonville, Missouri;
- Highway 61 Redevelopment Area in Moscow Mills, Missouri;
- 435-acre West 370 TIF District in St. Charles, Missouri;
- 115,904 South U.S. 65 TIF in Chillicothe, Missouri;
- 82-unit Printers Lofts at 1611-1627 Locust Street in St. Louis, Missouri;
- 40-unit Railway Lofts at 1619 Washington Avenue in St. Louis, Missouri;
- 24-unit Moon Bros. Carriage Lofts at 1324 Washington Avenue in St. Louis, Missouri;
- 64-unit Bankers Lofts at 901 Washington Avenue in St. Louis, Missouri;
- 70,832 square foot Curlee Building at 1001 Washington Avenue in St. Louis, Missouri;
- 52-unit Dorsa Lofts in St. Louis, Missouri;
- 24-unit Grace Lofts at 1324 Washington Avenue in St. Louis, Missouri;
- 104-unit The Georgian at 1515 Lafayette Avenue in St. Louis, Missouri;
- 49-unit Westgate Lofts at 410 North Jefferson Avenue in St. Louis, Missouri; and
- 48-unit Terrace Lofts at 1300 Convention Plaza in St. Louis, Missouri.

EXHIBIT B

Canyon Research Southwest, Inc., Client Roster

Canyon Research Southwest, Inc. Client List

Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

American Furniture Warehouse (Englewood, CO)
Arizona State Land Department
Bain & Company, Inc. (Boston, Massachusetts)
Bashas' Markets
Bayer Properties (Birmingham, Alabama)
Belz-Burrow (Jonesboro, Arkansas)
Bridgeview Bank Group
Browning-Ferris Industries
Burch & Cracchiolo PA
Cameron Group (Syracuse, New York)
Carrow Real Estate Services (Albany, New York)
Cass County, Missouri
Cavan Real Estate Investments
D.J. Christie, Inc. (Overland Park, Kansas)
Church of Jesus Christ of Latter Day Saints
City of Belton, Missouri
City of Dodge, Kansas
City of Fenton, Missouri
City of Glendale Economic Development Department
City of Independence, Missouri
City of Lee's Summit, Missouri
City of Liberty, Missouri
City of Osage Beach, Missouri
City of Mesa Economic Development Department
City of Mesa Real Estate Services
City of Norman, Oklahoma
City of Overland Park, Kansas
City of Phoenix Economic Development Department
City of Phoenix Real Estate Department
City of St. Charles, Missouri
City of Tucson Community Services Department
City of Warsaw, Missouri
City of Wichita, Kansas
DeRito Partners Development, Inc.
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)
DMB Associates
DMJM Arizona Inc.
EDAW, Inc. (Denver, Colorado)
Gilded Age (St. Louis, Missouri)
W.M. Grace Development
Greystone Group (Newport Beach, California)
Hanford/Healy Advisory Company
Heritage Bank (Louisville, Colorado)
Highwoods Properties (Kansas City, MO)

Holiday Hospitality Corporation (Atlanta, Georgia)
Jorden & Bischoff, PLC
JPI Development
Kaiser Permanente (Oakland, California)
Kessinger Hunter (Overland Park, Kansas)
Landmark Organization (Austin, Texas)
Lawrence Gtoup (St. Louis, MO)
Lee's Summit Economic Development Council (Lee's Summit, Missouri)
Lewis and Roca
Lowe's Companies, Inc. (West Bloomfield, MI)
Lund Cadillac
Marriott International, Inc. (Washington, D.C.)
MCO Properties
Meritage Homes
Metropolitan Housing Corporation (Tucson, Arizona)
Monterey Homes
Mountain Funding (Charlotte, North Carolina)
Navajo Nation Division of Economic Development
Opus Northwest Corporation
Opus West Corporation
Pederson Group, Inc.
Phelps Dodge Corporation
Piper Jaffray (Kansas City, Missouri)
Pivotal Group
Pulte Home Corporation
Pulte Homes of Greater Kansas City
Pyramid Development (St. Louis, Missouri)
Ralph J. Brekan & Company
RED Development (Kansas City, Missouri)
R.H. Johnson & Company (Kansas City, Missouri)
Richmond American Homes
River Run Development (Boise, Idaho)
Royal Properties (Champaign, Illinois)
Salt River Project
Steiner + Associates, Inc. (Columbus, Ohio)
Summit Development Group (St. Louis, Missouri)
SWD Holdings (San Francisco, California)
The Innova Group Tucson (Tucson, Arizona)
The University of Arizona Department of Economic Development (Tucson, Arizona)
The University of Arizona Medical Center (Tucson, Arizona)
Trammell Crow Residential
Union Homes (Salt Lake City, Utah)
Unified Government of Wyandotte County and City of Kansas City, Kansas
Wal-Mart, Inc. (Bentonville, Arkansas)
Waste Management
Wells Fargo Bank NA
Widewaters (Syracuse, New York)
Wolfswinkel Group

Canyon Tax Increment Calculations

TAX INCREMENT FINANCING REVENUE STUDY
PROPOSED MIXED-USE COMMERCIAL DEVELOPMENT
INTERSTATE 70 AND 230th AVENUE
ELLIS COUNTY, KANSAS

Year	TIF Revenue: Real Property Taxes	TIF Revenue: Retail Sales Taxes	TIF Revenue: TOTAL TIF	CID Sales Taxes 2.00%	Total For Bonds
1	$317,021	$228,336	$545,356	$202,965	$748,321
2	$323,362	$354,607	$677,969	$315,207	$993,175
3	$337,398	$361,699	$699,098	$321,511	$1,020,608
4	$344,147	$368,933	$713,080	$327,941	$1,041,021
5	$351,030	$376,312	$727,342	$334,500	$1,061,842
6	$358,051	$383,838	$741,890	$341,190	$1,083,079
7	$365,213	$391,515	$756,728	$348,013	$1,104,741
8	$372,518	$399,345	$771,863	$354,974	$1,126,837
9	$379,968	$407,332	$787,301	$362,073	$1,149,374
10	$387,568	$415,479	$803,047	$369,315	$1,172,362
11	$395,320	$423,789	$819,109	$376,701	$1,195,810
12	$403,227	$432,264	$835,492	$384,235	$1,219,727
13	$411,292	$440,910	$852,202	$391,920	$1,244,122
14	$419,519	$449,728	$869,247	$399,758	$1,269,005
15	$427,910	$458,722	$886,632	$407,753	$1,294,385
16	$436,468	$467,897	$904,365	$415,908	$1,320,273
17	$445,198	$477,255	$922,453	$424,226	$1,346,679
18	$454,103	$486,800	$940,903	$432,711	$1,373,614
19	$463,185	$496,536	$959,721	$441,365	$1,401,086
20	$472,450	$42,206	$514,655	$37,516	$552,171
Projected Total	$7,864,948	$7,863,504	$15,728,451	$6,989,781	$22,718,232

PRELIMINARY DISCUSSION DRAFT
12-30-2014

Debt Service Calculations

Year	Principal	Interest Rate	Interest	Annual P&I	Revenue Coverage
1	$ 0	6.000%	$ 561,900	$ 561,900	133%
2	170,000	6.000%	561,900	731,900	136%
3	200,000	6.000%	551,700	751,700	136%
4	230,000	6.000%	539,700	769,700	135%
5	260,000	6.000%	525,900	785,900	135%
6	290,000	6.000%	510,300	800,300	135%
7	325,000	6.000%	492,900	817,900	135%
8	360,000	6.000%	473,400	833,400	135%
9	395,000	6.000%	451,800	846,800	136%
10	440,000	6.000%	428,100	868,100	135%
11	480,000	6.000%	401,700	881,700	136%
12	530,000	6.000%	372,900	902,900	135%
13	580,000	6.000%	341,100	921,100	135%
14	630,000	6.000%	306,300	936,300	136%
15	690,000	6.000%	268,500	958,500	135%
16	750,000	6.000%	227,100	977,100	135%
17	815,000	6.000%	182,100	997,100	135%
18	880,000	6.000%	133,200	1,013,200	136%
19	955,000	6.000%	80,400	1,035,400	135%
20	385,000	6.000%	23,100	408,100	135%
	$ 9,365,000		$ 7,434,000	$ 16,799,000	

Amount of Bond Financing

check = 135%

DISCLAIMERS

Oppenheimer is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter or placement agent to the Issuer. The primary role of Oppenheimer as a underwriter or placement agent is to place securities with investors, in an arm's-length commercial transaction. Oppenheimer is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

Any projections contained herein are preliminary. These projections are provided solely for your information and consideration and are subject to change at any time without notice. The information contained in this presentation may include results of analyses from a quantitative model which represents potential future events that may or may not be realized. Any estimates included herein constitute projections as of the date hereof and are subject to change without any notice. Unless specifically requested by our client, we will not update these projections for subsequent changes or modifications due to changes in law, regulations, financial market conditions or other material future events.

Our review is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the stated facts, assumptions and/or representations made to us. In rendering our advice, we may consider financial market conditions that are subject to change, and any such changes could affect the future validity of the projections.

CONDITIONS AND ASSUMPTIONS

These cash flow schedules are based on estimates, assumptions, views, and information obtained through a variety of sources, none of this information has been independently verified by Oppenheimer & Co. Projections are based on a series of market assessments and capital market assumptions and should only be used as an indication of how the project might perform. Assumptions about the future of regional, state, and national economies or future action by various parties cannot be assured or guaranteed. The success of the financing will depend on the timing and execution of a complex series of events, both internal and external to the Project. Events or actions that alter assumed events, assumptions, or conditions used in the evaluation shall be considered a cause to void all results. This analysis contains prospective information, opinions, and views regarding tax increments and is not provided as an assurance that certain levels of performance or that certain events will occur. Actual results will vary from the data described herein and the variations may be material. Because the future is uncertain and there is risk associated with any financing, Oppenheimer & Co. assumes no responsibility for any degree of risk involved.

TAX INCREMENT FINANCING REVENUE STUDY
PROPOSED MIXED-USE COMMERCIAL DEVELOPMENT
INTERSTATE 70 AND 230th AVENUE
ELLIS COUNTY, KANSAS

Summary of Estimated TIF and CID Revenues
Proposed Mixed-Use Development in Ellis County, Kansas

	TIF Revenue			
Year	Real Property	Retail Sales	CID Revenues	Total Revenues
2016	$0	$203,288	$180,700	**$383,988**
2017	$317,021	$228,336	$202,965	**$748,321**
2018	$323,362	$354,607	$315,207	**$993,175**
2019	$337,398	$361,699	$321,511	**$1,020,608**
2020	$344,147	$368,933	$327,941	**$1,041,021**
2021	$351,030	$376,312	$334,500	**$1,061,842**
2022	$358,051	$383,838	$341,190	**$1,083,079**
2023	$365,213	$391,515	$348,013	**$1,104,741**
2024	$372,518	$399,345	$354,974	**$1,126,837**
2025	$379,968	$407,332	$362,073	**$1,149,374**
2026	$387,568	$415,479	$369,315	**$1,172,362**
2027	$395,320	$423,789	$376,701	**$1,195,810**
2028	$403,227	$432,264	$384,235	**$1,219,727**
2029	$411,292	$440,910	$391,920	**$1,244,122**
2030	$419,519	$449,728	$399,758	**$1,269,005**
2031	$427,910	$458,722	$407,753	**$1,294,385**
2032	$436,468	$467,897	$415,908	**$1,320,273**
2033	$445,198	$477,255	$424,226	**$1,346,679**
2034	$454,103	$486,800	$432,711	**$1,373,614**
2035	$463,185	$496,536	$441,365	**$1,401,086**
2036	$472,450	$42,206	$37,516	**$552,171**
Totals	$7,864,948	$8,066,791	$7,170,481	**$23,102,220**

Source: Canyon Research Southwest, Inc.

Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS	6/8/2015
TIME OF ANALYSIS	2:43 PM
VERSION OF ANALYSIS	V8

PROJECT SUMMARY (no multipliers, no substitution)	
Company Name	Project Woofter II
Number of new jobs for 10-year period	92
Amount of payroll for 10-year period	$23,888,875
Amount of capital investment for 10-year period	$23,500,000
Land	$1,500,000
Buildings	$14,000,000
Machinery and Equipment	$8,000,000

INCENTIVE SUMMARY	
City Incentives - Hays	1,326,042
Tax abatement	887,600
Sales tax exemption	438,442
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	0

County Incentives - Ellis	1,202,597
Tax abatement	1,198,120
Sales tax exemption	4,477
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	0

State Incentives	1,183,000
Tax abatement	752,500
Sales tax exemption	430,500
Forgivable loans	0
Training dollars	0
Infrastructure	0
Cash value all other incentives	0

School District Incentives - 489 Hays	586,600
Tax abatement	586,600

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TAX ABATEMENT PARAMETERS	
Real Property	
Number of years	10
Percentage	100.0%
Personal Property	
Number of years	0
Percentage	0.0%

CONSTRUCTION IMPACTS	
Jobs Multiplier	1.2365
Earnings Multiplier	1.2036

Direct jobs	146
Direct payroll earnings	$7,000,000

Total jobs	181
Total payroll earnings	$8,425,200

SUBSTITUTION	
Firm NAICS code	7211A0 Hotels and motels, including casino hotels
Substitution percentage applied to firm operations	50.0%

FIRM MULTIPLIERS (On-going Operations)	
Jobs	1.0941
Earnings	1.1709

ECONOMIC IMPACT OF FIRM OPERATIONS	
Number of jobs 10-year period	
Direct	46
Total	50

Payroll earnings for 10-year period	
Direct	$11,944,437
Total	$13,985,742

Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS	6/8/2015
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FISCAL IMPACT	
City Fiscal Impacts. - Hays	***Discounted***
Present value of net benefits	$1,467,834
Rate of Return on Investment	
Net public benefits 10-year period	$1,467,834
Public costs 10-year period	$1,106,285
ROI	132.7%
Benefit-Cost Ratio	
Public benefits 10-year period	$2,574,119
Public costs 10-year period	$1,106,285
Benefit-Cost Ratio	2.33

County Fiscal Impacts. - Ellis	***Discounted***
Present value of net benefits	$177,223
Rate of Return on Investment	
Net public benefits 10-year period	$177,223
Public costs 10-year period	$1,000,906
ROI	17.7%
Benefit-Cost Ratio	
Public benefits 10-year period	$1,178,129
Public costs 10-year period	$1,000,906
Benefit-Cost Ratio	1.18

State Fiscal Impacts	***Discounted***
Present value of net benefits	$5,322,152
Rate of Return on Investment	
Net public benefits 10-year period	$5,322,152
Public costs 10-year period	$1,056,325
ROI	503.8%
Benefit-Cost Ratio	
Public benefits 10-year period	$6,378,477
Public costs 10-year period	$1,056,325
Benefit-Cost Ratio	6.04

School District Fiscal Impacts. - 489 Hays	***Discounted***
Present value of net benefits	$0
Rate of Return on Investment	
Net public benefits 10-year period	$0
Public costs 10-year period	$487,852
ROI	0.0%
Benefit-Cost Ratio	
Public benefits 10-year period	$487,852
Public costs 10-year period	$487,852
Benefit-Cost Ratio	1.00

In the preparation of this report, the Center for Economic Development and Business Research assumed that all information and data provided by the applicant or others is accurate and reliable. CEDBR did not take extraordinary steps to verify or audit such information, but relied on such information and data as provided for purposes of the project.

This analysis requires CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "FORWARD-LOOKING STATEMENTS"). These FORWARD-LOOKING STATEMENTS are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The FORWARD-LOOKING STATEMENTS should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. While CEDBR believes that all FORWARD-LOOKING STATEMENTS it provides are reasonable based on the information and data available at the time of writing, actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume any responsibility for any and all decisions made or actions taken based upon the FORWARD-LOOKING STATEMENTS provided by CEDBR.

CEDBR-FISCAL IMPACT MODEL FIRM DATA SHEET

COMPANY INFORMATION	
Company name or project name	Project Woofter II
Contact name	Aaron White
Contact telephone number	(785) 628-3102
Contact e-mail address	aaron@haysamerica.net
Company NAICS Code - *Please select a NAICS code from the list provided. Model parameters are set based on the NAICS selected.*	7211A0 Hotels and motels, including casino hotels
Substitution Override	
Year of application	2015

SITE LOCATION - *If incentives are being requested for more than one physical location, and these locations are in*	
Street Address	
City	Hays
County	Ellis
School District	489 Hays

REAL PROPERTY CONSTRUCTION AND IMPROVEMENTS - *If construction is expected to significantly exceed 12-*	
Expansion #1	
Year of expansion	2015
Market value of firm's initial NEW OR ADDITIONAL investment in:	
Land	$1,500,000
Building and improvements	$14,000,000
Furniture, fixtures and equipment (including machinery)	$8,000,000
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	$14,000,000
Amount of taxable construction materials purchased in:	
City	$2,100,000
County (should include city amount)	$2,100,000
State (should include city and county amounts)	$7,000,000
Amount of taxable furniture, fixtures and equipment purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	$7,000,000
Expansion #2 (if applicable)	
Year of expansion	
Market value of firm's initial NEW OR ADDITIONAL investment in:	
Land	
Building and improvements	
Furniture, fixtures and equipment (including machinery)	
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	
Amount of taxable construction materials purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Amount of taxable furniture, fixtures and equipment purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	

Expansion #3 (if applicable)	
Year of expansion	
Market value of firm's initial NEW OR ADDITIONAL investment in:	
Land	
Building and improvements	
Furniture, fixtures and equipment (including machinery)	
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	
Amount of taxable construction materials purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Amount of taxable furniture, fixtures and equipment purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	

OPERATIONS	
First Year of Full Operations As a Result of This Project	2016
New or additional sales of the firm related to this project	
Year 1	$9,035,000
Year 2	$10,148,250
Year 3	$15,760,325
Year 4	$16,075,532
Year 5	$16,397,042
Year 6	$16,724,983
Year 7	$17,059,483
Year 8	$17,400,672
Year 9	$17,748,686
Year 10	$18,103,659
Percent of these sales subject to sales taxes in the:	
City	100.0%
County	100.0%
State	100.0%
Annual net taxable income, as a percent of sales, on which state corporate income taxes will be computed:	
New or additional purchases of the firm related to this project	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Percent of these purchases subject to sales/compensating use taxes in the:	
City	
County	
State	

EMPLOYMENT	
Number of NEW employees to be hired each year as a result of this project	
Year 1	92
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Number of these employees moving to county each year FROM OUT-OF-STATE	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Number of these employees moving to county each year FROM OTHER KANSAS COUNTIES	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Weighted average annual salary of all NEW employees, including all employees hired to date, related to this project	
Year 1	$23,714
Year 2	$24,188
Year 3	$24,672
Year 4	$25,165
Year 5	$25,669
Year 6	$26,182
Year 7	$26,706
Year 8	$27,240
Year 9	$27,785
Year 10	$28,340

VISITORS - *Include customers, vendors and company employees from other locations in the count of visitors*	
Number of ADDITIONAL out-of-county visitors expected at the firm as a result of this project	
Year 1	3,310
Year 2	3,310
Year 3	3,310
Year 4	3,310
Year 5	3,310
Year 6	3,310
Year 7	3,310
Year 8	3,310
Year 9	3,310
Year 10	3,310
Number of days that each visitor will stay in the area	1
Number of nights that a typical visitor will stay in a local hotel or motel	1
Percentage of visitors traveling on business	50%
Percentage of visitors traveling for leisure	50%
Percentage of visitor's expenditures spent in the same city as firm's location	0%
Percentage of visitor's expenditures spent in the same county as firm's location	100%
Percentage of visitor's expenditures spent in Kansas	100%

PAYMENT BY THE COMPANY TO TAXINING JURISTICTIONS - *Such as payments in lieu of taxes*	
Firm payments to the City	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Firm payments to the County	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Firm payments to the State of Kansas	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

Firm payments to the School District	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

CEDBR-FISCAL IMPACT MODEL INCENTIVE INFORMATION	
CONTACT INFORMATION FOR CEDBR REGARDING INCENTIVE AMOUNTS	
Contact name	
Contact telephone number	
Contact e-mail address	
SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS	
Sales tax exemption **EXPANSION #1** (please enter yes or no)	Yes
Percent of construction material costs funded by IRB for **EXPANSION #1**	100.0%
Sales tax exemption **EXPANSION #2** (please enter yes or no)	No
Percent of construction material costs funded by IRB for **EXPANSION #2**	0.0%
Sales tax exemption **EXPANSION #3** (please enter yes or no)	No
Percent of construction material costs funded by IRB for **EXPANSION #3**	0.0%
Sales tax exemption **EXPANSION #4** (please enter yes or no)	No

SALES TAX EXEMPTION FOR OPERATIONS	
Value of sales tax exemption for OPERATIONS -- **CITY**	
Year 1	$22,588
Year 2	$25,371
Year 3	$39,401
Year 4	$40,189
Year 5	$40,993
Year 6	$41,812
Year 7	$42,649
Year 8	$43,502
Year 9	$44,372
Year 10	$45,259
Value of sales tax exemption for OPERATIONS -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Value of sales tax exemption for OPERATIONS -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

PROPERTY TAX ABATEMENT	
Property tax abatement - Real property land and buildings	
Number of Years	10
Percentage	100.0%
Property tax abatement - Machinery and equipment	
Number of Years	0
Percentage	0.0%

FORGIVABLE LOANS - *Cash value*	
Forgivable loans (cash value) -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Forgivable loans (cash value) -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Forgivable loans (cash value) -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

STATE TRAINING DOLLARS	
Training dollars KIT/KER/IMPACT (cash value)	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

INFRASTRUCTURE IMPROVEMENTS	
Infrastructure improvements (cash value) -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

OTHER INVENTIVES - *Cash value*	
Cash value of all other incentives -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Cash value of all other incentives -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Cash value of all other incentives -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

Commission Work Session Agenda Memo

From: John Braun, Assistant Director of Public Works

Work Session: August 6, 2015

Subject: S&W Alley Pavement – Benefit District Resolution

Person(s) Responsible: Toby Dougherty, City Manager
Greg Sund, Director of Public Works

Summary

Bids were received for Alley Pavement Improvements on June 30, 2015. Bids received exceeded the total project cost included in the original petition submitted by the adjacent property owners. The petitioners feels the project costs are representative of the current market conditions and wants to proceed with the project; therefore, they have submitted a new petition with a total project cost that reflects the higher construction cost. This memo deals with accepting the new petition and passing a new resolution reauthorizing the improvements at the higher total project cost. A separate agenda items addresses award of bid for construction.

Background

Don Bickle, Jr., owner of S&W supply contacted City staff about paving the alley between 7th and 8th Street just west of Allen Street adjacent to their place of business. Mr. Bickle coordinated with other property owners within the benefit district to gain their support. The Kansas Works Job Center is adjacent to the alley, but not included in the benefit district since that property is owned by the State of Kansas. **A map showing the proposed benefit district is attached.** In November, the City passed a resolution authorizing the improvements with the cost to be assessed to property owners within the benefit district based on lineal footage fronting the alley to be paid off in 10 years. Also at that time, an Engineering Service Agreement was entered with Harvey Ruder for engineering services.

Discussion

Bids for this project were opened on June 30, 2015 with bids coming from two (2) bidders: APAC and J Corp. APAC submitted the low bid in the amount of **$61,261.90**.

Summary of Bids

	Engineer's Estimate	APAC	J Corp
TOTAL (Alley Pavement)	$66,346.50	**$61,261.90**	$62,859.80

A detailed tabulation of bids is attached.

The low bid price exceeding the original petition amount; however, the petitioners feel the project costs are representative of the current market conditions and wants to proceed with the project. Therefore, they have submitted a new petition with a total project cost that reflects the higher construction cost. The signed petition and a new resolution repealing Resolution 2014-025 are attached.

The low bid exceeded the original petition amount but did not exceed the engineer's estimate of cost. The original petition amount was based on an estimate the petitioner received from a local contractor. The scope of the project designed and bid varied somewhat from the original estimate in that the alley entrance needed reconstruction as well.

Legal Consideration

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

Financial Consideration

Estimated total Project Cost:

Engineering	$ 4,900.00
Construction	$61,261.90
Bond & Issuance	$ 3,500.00
Contingency	$ 338.10
TOTAL	$70,000.00

There is no City Share for any costs associated with this project.

The developer is financing the improvements through the creation of a special benefit district. The City's Development Policy allows 100% of the cost of this project to be assessed to adjacent property owners over a period of 10 years.

The estimated $70,000 to be special assessed would be bonded.

Options

Options include the following:

- Adopt and Approve a Resolution repealing Res. 2014-025 and authorizing the improvements with the updated project cost of $70,000.
- Provide alternate direction to staff
- Do nothing.

Recommendation

Staff recommends adopting and approving the Resolution.

Action Requested

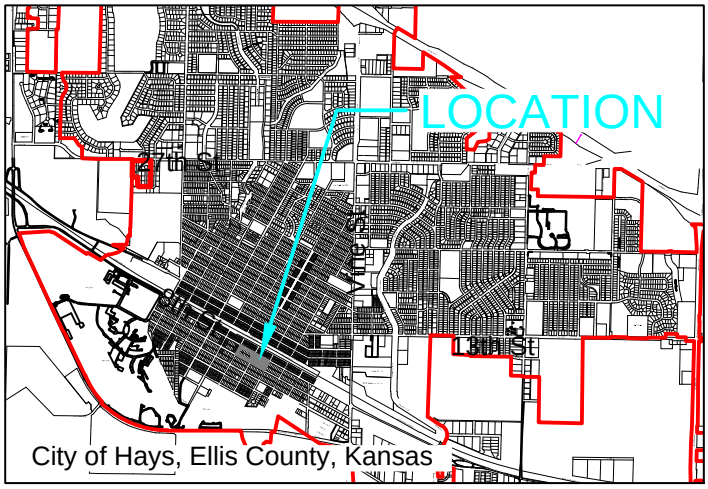
Approve Resolution authorizing the creation of a special benefit district for construction of alley pavement between 7th and 8th Street just west of Allen Street to be paid with a Special Benefit District.

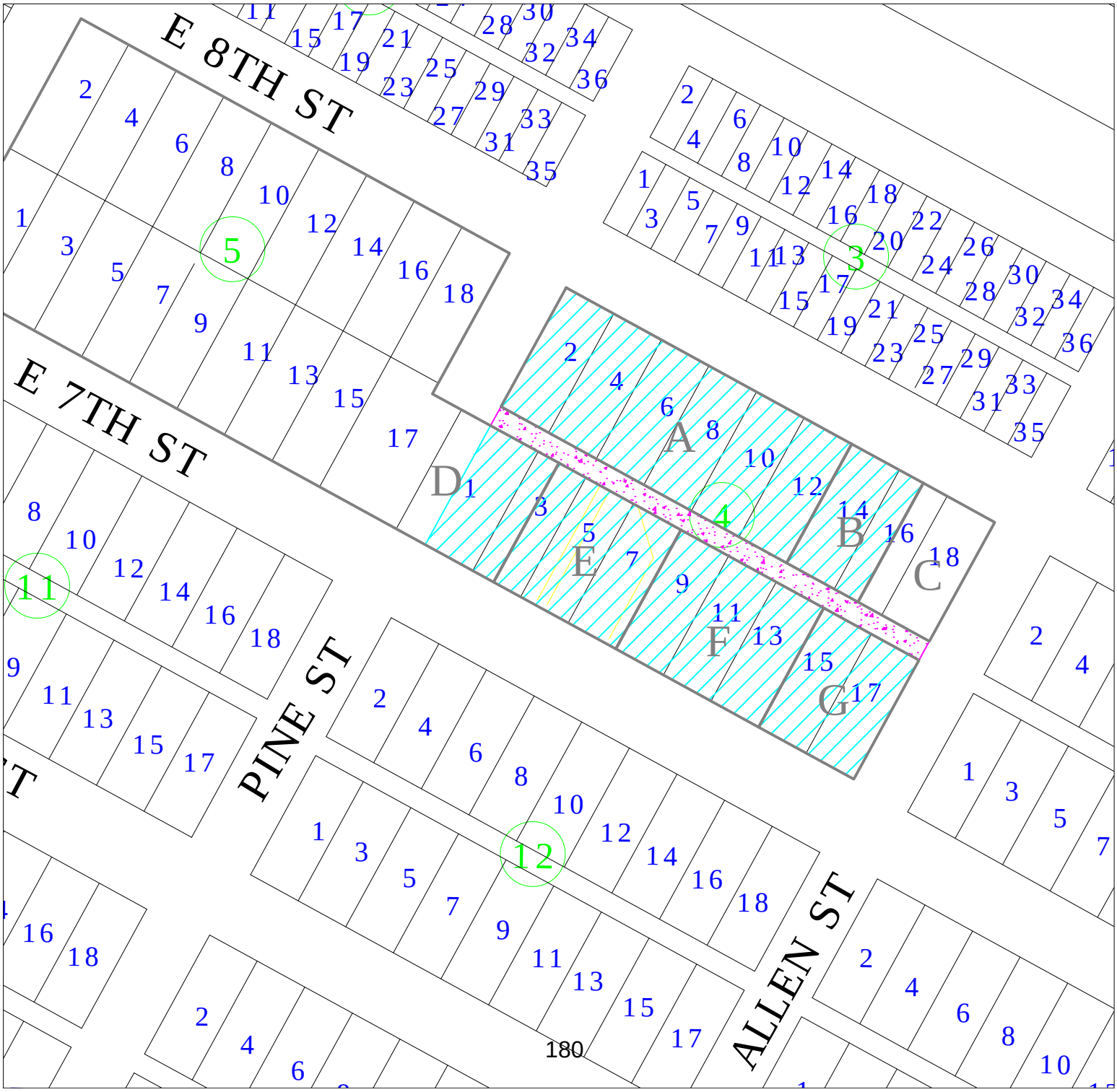
Supporting Documentation

Location Maps
Resolution
Signed Petition
Excerpt from November 25, 2014 City Commission Meeting Minutes

City of Hays, Public Works Dept
October 2014
HP Wilson Addition
Alley Pavement Benefit District

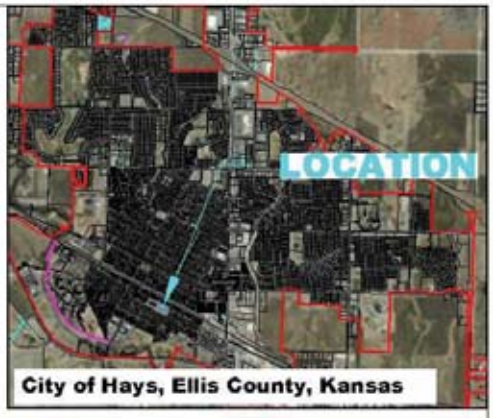
City Limit
Benefit District
Pavement





City of Hays, Public Works Dept.
October 2014
HP Wilson Addition
Alley Pavement Benefit District

City Limit
Benefit District
Pavement



S&W Alley Benefit District

Looking West

Looking East

City

PETITION

TO THE GOVERNING BODY OF THE CITY OF HAYS, KANSAS:

We, the undersigned, owner of record of property located within the City of Hays, Kansas (the "City") do hereby respectively request that the Governing Body of the City create and designate an improvement district for the purpose of making certain improvements in the manner provided by K.S.A. 12-6a01 *et seq.* and particularly K.S.A. 12-6a04(c).

1. **The general nature of the proposed improvements are as follows:**

   The paving and other necessary and appropriate improvements of an alley located to the west of Allen Street, between East 7th Street and East 8th Street

   (the "Improvements"), located generally as shown on the map attached hereto as ***Exhibit A***.

2. **The estimated or probable cost of the Improvements is:**

   Seventy thousand dollars ($70,000) plus costs of issuance and plus costs of interest on any temporary financing.

3. **The extent of the proposed improvement district to be assessed is:**

   Lots 2 to 15, Lot 17, the eastern 50 feet of Lot 1, and the western 25 feet of Lot 16, all in Block 4 of the HP Wilson Addition, City of Hays, Ellis County, Kansas

   (the "Improvement District").

4. **The proposed method of assessment shall be:**

   Equally per front foot for each lot in the Improvement District.

5. **The proposed apportionment of cost between the Improvement District and the City at large is:**

   One-hundred percent (100%) of the cost of the Improvements shall be paid by the Improvement District and no costs shall be paid by the City-at-large.

6. **The signers of this Petition hereby request that the Improvements be made without notice and hearing as required by K.S.A. 12-6a04(a).**

7. **The signers of this Petition are the owners of 100% of the property in the Improvement District, acknowledge that this Petition is submitted in accordance with K.S.A. 12-6a04(c), and further acknowledge that the proposed Improvement District does not include all properties which may be deemed to benefit from the proposed Improvement.**

NAMES MAY NOT BE WITHDRAWN FROM THE PETITION BY THE SIGNERS THEREOF AFTER THE GOVERNING BODY COMMENCES CONSIDERATION OF THE PETITION OR LATER THAN SEVEN (7) DAYS AFTER FILING OF THE PETITION WITH THE CITY CLERK, WHICHEVER OCCURS FIRST.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

DON G. BICKLE

Don G Bickle

LEGAL DESCRIPTION OF PROPERTY OWNED WITHIN THE PROPOSED IMPROVEMENT DISTRICT:

Lots 2, 4, 6, 8, 10, and 12, all in Block 4 of the HP Wilson Addition, City of Hays, Ellis County, Kansas.

STATE OF KANSAS)
)
ELLIS COUNTY)

I, the undersigned Notary Public, hereby certify that the signature appearing above is genuine and that this document was signed before me on this 15th day of July, 2015.

Wilfred Kreutzer
Notary Public

My appointment expires: July 31 2018

WILFRED KREUTZER
NOTARY PUBLIC
STATE OF KANSAS
MY APPT. EXPIRES 7-31-2018

BROTHERS PROPERTIES, LLC

BY: Don G. Buckle Jr

LEGAL DESCRIPTION OF PROPERTY OWNED WITHIN THE PROPOSED IMPROVEMENT DISTRICT:

Lots 14, 15, 17, and the western 25 feet of Lot 16, all in Block 4 of the HP Wilson Addition, City of Hays, Ellis County, Kansas.

STATE OF KANSAS)
)
ELLIS COUNTY)

I, the undersigned Notary Public, hereby certify that the signature appearing above is genuine and that this document was signed before me on this 15th day of July, 2015.

Wilfred Kreutzer
Notary Public

My appointment expires: July 31 - 2018

WILFRED KREUTZER
NOTARY PUBLIC
STATE OF KANSAS
MY APPT. EXPIRES 7-31-2018

HADLEY REDEVELOPMENT LLC

BY: Dave Van Doren

LEGAL DESCRIPTION OF PROPERTY OWNED WITHIN THE PROPOSED IMPROVEMENT DISTRICT:

Lots 9, 11, 13, the eastern 50 feet of Lot 1, and the western 21.2 feet of Lot, 3 all in Block 4 of the HP Wilson Addition, City of Hays, Ellis County, Kansas.

STATE OF KANSAS)
)
ELLIS COUNTY)

I, the undersigned Notary Public, hereby certify that the signature appearing above is genuine and that this document was signed before me on this 15 day of July, 2015.

Wilfred Kreutzer
Notary Public

My appointment expires: July 31 - 2018

WILFRED KREUTZER
NOTARY PUBLIC
STATE OF KANSAS
MY APPT. EXPIRES 7-31-2018

VAN DOREN FAMILY TRUST

BY: _____

LEGAL DESCRIPTION OF PROPERTY OWNED WITHIN THE PROPOSED IMPROVEMENT DISTRICT:

Lots 5, 7, and the eastern 28.8 feet of Lot 3, all in Block 4 of the HP Wilson Addition, City of Hays, Ellis County, Kansas.

STATE OF KANSAS)
)
ELLIS COUNTY)

I, the undersigned Notary Public, hereby certify that the signature appearing above is genuine and that this document was signed before me on this 15 day of July, 2015.

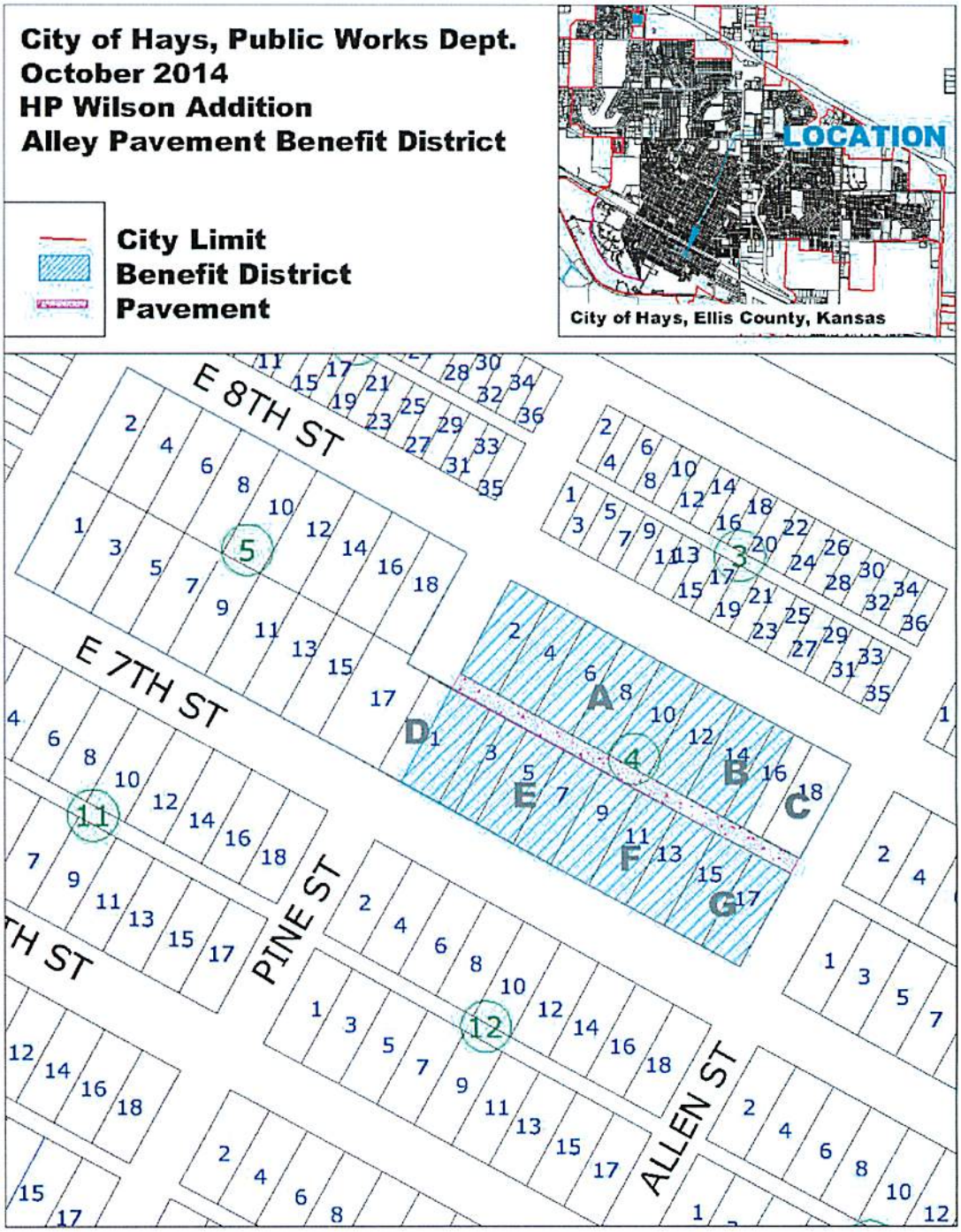
_____
Notary Public

My appointment expires: July 31 - 2018

WILFRED KREUTZER
NOTARY PUBLIC
STATE OF KANSAS
MY APPT. EXPIRES 7-31-2018

EXHIBIT A

MAP OF THE IMPROVEMENT DISTRICT



(Published in the ***HAYS DAILY NEWS*** on _____ ___, 2015)

RESOLUTION NO. _____

A RESOLUTION DETERMINING THE ADVISABILITY OF THE MAKING OF CERTAIN IMPROVEMENTS IN THE CITY OF HAYS, KANSAS, MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND AUTHORIZING AND PROVIDING FOR THE MAKING OF THE IMPROVEMENTS IN ACCORDANCE WITH SUCH FINDINGS.

WHEREAS, a petition was filed with the City Clerk for the City of Hays, Kansas (the "City") on _____ ___, 2015, proposing certain improvements pursuant to K.S.A. 12-6a01 *et seq.* and particularly K.S.A. 12-6a04(c) (the "Petition"); and

WHEREAS, the Petition sets forth: (a) the general nature of the proposed improvements; (b) the estimated or probable cost of the proposed improvements; (c) the extent of the proposed improvement district to be assessed for the cost of the proposed improvements; (d) the proposed method of assessment; (e) the proposed apportionment of the cost between the improvement district and the City at large; and (f) a request that such improvements be made without notice and hearing as required by K.S.A. 12-6a04(a); and

WHEREAS, the Governing Body of the City hereby finds and determines that said petition is sufficient.

NOW THEREFORE, BE IS RESOLVED BY THE GOVERNING BODY OF THE CITY OF HAYS, KANSAS, AS FOLLOWS:

Section 1. The Governing Body hereby finds determines that it is necessary and advisable to make the following improvements:

(a) The nature of the improvements are as follows:

The paving and other necessary and appropriate improvements of an alley located to the west of Allen Street, between East 7th Street and East 8th Street.

(the "Improvements").

(b) The estimated cost of the Improvements is:

Seventy thousand dollars ($70,000) plus costs of issuance and plus costs of interest on any temporary financing.

(c) The boundaries of the improvement district to be assessed are:

Lots 2 to 15, Lot 17, the eastern 50 feet of Lot 1, and the western 25 feet of Lot 16, all in Block 4 of the HP Wilson Addition, City of Hays, Ellis County, Kansas

(the "Improvement District").

(d) The method of assessment shall be:

Equally per front foot for each lot in the Improvement District.

(e) The apportionment of cost between the Improvement District and the City at large is:

One-hundred percent (100%) of the cost of the Improvements shall be assessed to the Improvement District and no costs shall be paid by the City-at-large.

Section 2. The Governing Body hereby declares that the Improvements described in this Resolution are necessary, and authorizes them to be made in accordance with the findings set forth in this Resolution, and further authorizes the levying of assessments and the issuance of bonds therefore, all in accordance with K.S.A. 12-6a01 *et seq.*

Section 3. The City expects to make capital expenditures from and after the date of this Resolution in connection with the Improvements described herein, and intends to reimburse itself for such expenditures with the proceeds of one or more series of general obligation bonds and temporary notes of the City in the maximum principal amount of $70,000, plus costs of issuance, and plus costs of interest on any temporary financing.

Section 4. The City Clerk shall file a certified copy of this Resolution with the Register of Deeds of Ellis County, Kansas.

Section 5. Resolution No. 2014-025, adopted by the City on November 25, 2014, is hereby repealed.

Section 6. This Resolution shall take effect after its passage and publication once in the official city newspaper.

ADOPTED AND APPROVED by the Governing Body of the City of Hays, on August 13, 2015.

_____
Mayor

(SEAL)

_____
City Clerk

EXCERPT OF MINUTES FROM NOV. 25, 2014

Vote: Ayes: Henry Schwaller IV
Eber Phelps
Shaun Musil
Ron Mellick
Kent Steward

8. RECYCLING TRUCK – AWARD OF BID: The existing recycling truck is reaching the end of its service life and needs to be replaced. City staff solicited bids from various truck and packer body manufacturers, and the low bid was from Lang Diesel of Hays for a 2015 single axle, two compartment, 16 cubic yard recycling truck in the amount of $172,849; which is less than the $193,250 identified on the fleet replacement in the 2014 budget for the purchase of a new recycling truck.

Shaun Musil moved, Ron Mellick seconded, to accept the bid from Lang Diesel for a single axle, two compartment recycling truck in the amount of $172,849 to be funded out of the Solid Waste Reserve.

Vote: Ayes: Henry Schwaller IV
Eber Phelps
Shaun Musil
Ron Mellick
Kent Steward

9. S & W ALLEY PAVEMENT – RESOLUTION TO ESTABLISH BENEFIT DISTRICT: Property owners have petitioned the City for the paving of the alley west of Allen Street between 7th and 8th Street in the HP Wilson Addition to the City of Hays. The engineers estimate for total construction cost is $60,000 to be financed 100% by special assessment over 10 years. There is no City share of cost for oversizing or otherwise.

Ron Mellick moved, Henry Schwaller IV seconded, to approve Resolution No. 2014-025 authorizing the creation of a special benefit district for alley pavement improvements in Block 4 of the HP Wilson Addition in the estimated amount of $60,000.

Vote: Ayes: Henry Schwaller IV
Eber Phelps
Shaun Musil
Ron Mellick
Kent Steward

10. S & W ALLEY PAVEMENT – ENGINEERING SERVICES AGREEMENT:

Property owners have petitioned the City for the paving of the alley west of Allen Street between 7th and 8th Street in the HP Wilson Addition to the City of Hays. Ruder Engineering and Surveying, LLC has prepared a contract for engineering services to include engineering design, contractor solicitation, construction engineering, and warranty inspection. The contract is for a not-to-exceed amount of $4,900.

Eber Phelps moved, Shaun Musil seconded, to authorize the Mayor to sign the Engineering Services Agreement with Ruder Engineering & Surveying, LLC for professional services related to alley pavement improvements in Block 4 of the HP Wilson Addition in an amount not to exceed $4,900.

Vote: Ayes: Henry Schwaller IV
Eber Phelps
Shaun Musil
Ron Mellick
Kent Steward

11. PROGRESS REPORT: Assistant City Manager Paul Briseno presented a monthly report of city-related activities, services, and programs.

12. REPORT OF THE CITY MANAGER: City Manager Toby Dougherty reported that Saturday November 29th, KSU Watershed Specialist Stacie Minson, Fort Hays State University Leadership 310 class, and the City of Hays will be sponsoring the FHSU basketball game and promoting water conservation.

13. COMMISSION INQUIRIES AND COMMENTS: Commissioner Mellick welcomed everyone to the State 1-A and 2-A football championship game Saturday November 29th.

Commission Work Session Agenda Memo

From: John Braun, Assistant Director of Public Works

Work Session: August 6, 2015

Subject: S&W Alley Pavement – Award of Bid

Person(s) Responsible: Toby Dougherty, City Manager
Greg Sund, Director of Public Works

Summary

The previous agenda item addressed the resubmission of a petition for improvements pave alley between 7th and 8th Street just west of Allen Street. Even though the lowest bid for construction was higher than the original petition amount, the petitioners (Don Bickle and Dave Van Doren) want to proceed with the project. Staff recommends awarding a contract to the low bidder (APAC) in the amount of $61,261.90 for construction of alley pavement to be assessed 100% to the benefit district and paid off in 10 years. There is no City-at-large share for oversizing.

Background

Don Bickle, Jr., owner of S&W supply contacted City staff about paving the alley between 7th and 8th Street just west of Allen Street adjacent to their place of business. Mr. Bickle coordinated with other property owners within the benefit district to gain their support. The Kansas Works Job Center is adjacent to the alley, but not included in the benefit district since that property is owned by the State of Kansas. **A map showing the proposed benefit district is attached.** In November, the City passed a resolution authorizing the improvements with the cost to be assessed to property owners within the benefit district based on lineal footage fronting the alley to be paid off in 10 years. Also at that time, an Engineering Service Agreement was entered with Harvey Ruder for engineering services.

Discussion

Bids for this project were opened on June 30, 2015 with bids coming from two (2) bidders: APAC and J Corp. APAC submitted the low bid in the amount of **$61,261.90**.

Summary of Bids

	Engineer's Estimate	APAC	J Corp
TOTAL (Alley Pavement)	$66,346.50	**$61,261.90**	$62,859.80

A detailed tabulation of bids is attached.

A separate agenda item addresses the issue of the low bid price exceeding the original petition amount by recommending the adoption of a new resolution authorizing the improvements as a result of a new petition from the benefit district owners at a higher total project cost.

The alley would be paved with 6" thick concrete.

Legal Consideration

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

Financial Consideration

Estimated total Project Cost:

Engineering	$ 4,900.00
Construction	$61,261.90
Bond & Issuance	$ 3,500.00
Contingency	$ 338.10
TOTAL	$70,000.00

There is no City Share for any costs associated with this project.

The developer is financing the improvements through the creation of a special benefit district. The City's Development Policy allows 100% of the cost of this project to be assessed to adjacent property owners over a period of 10 years.

The estimated $70,000 to be special assessed would be bonded.

Options

Options include the following:

- Award contract as recommended by city staff
- Provide alternate direction to staff
- Do nothing.

Recommendation

Staff recommends entering a contract with the low bidder as presented.

Action Requested

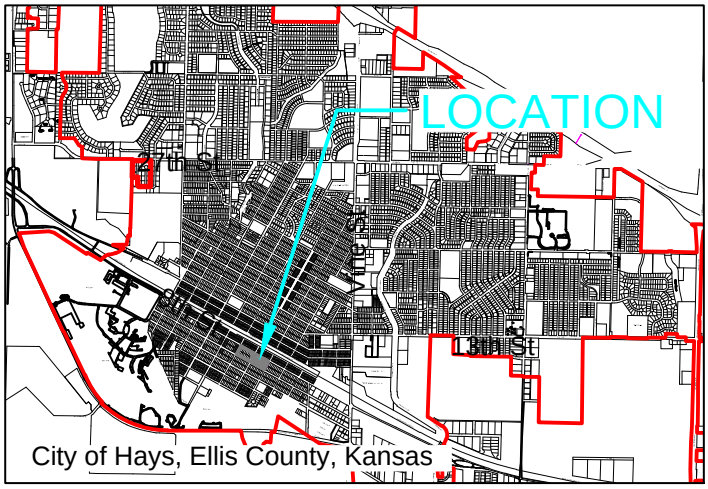
Authorize the City Manager to enter into a contract with APAC in the amount of **$61,261.90** for construction of alley pavement between 7th and 8th Street just west of Allen Street to be paid with a Special Benefit District.

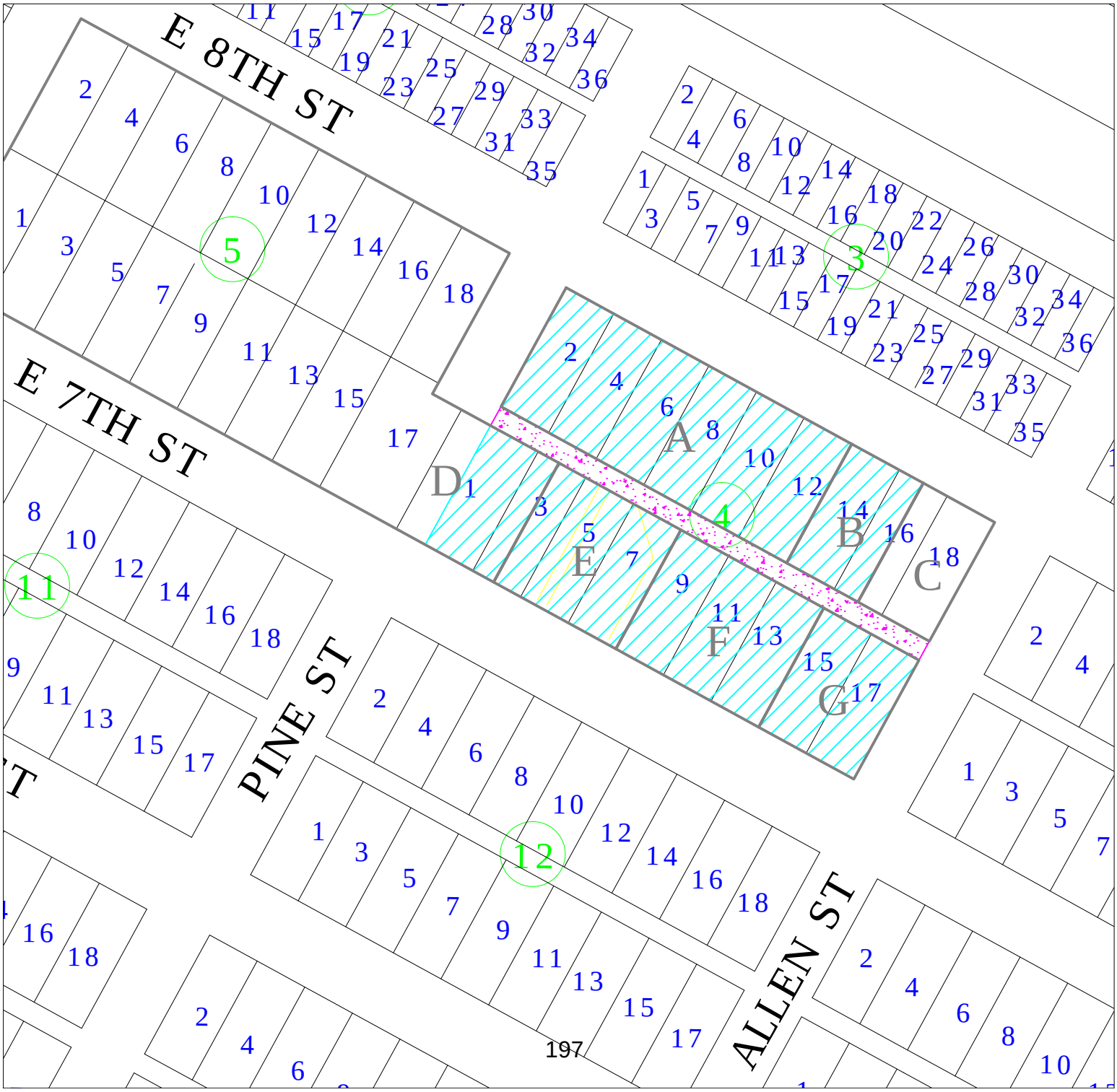
Supporting Documentation

Location Maps
Bid Tabulation

City of Hays, Public Works Dept
October 2014
HP Wilson Addition
Alley Pavement Benefit District

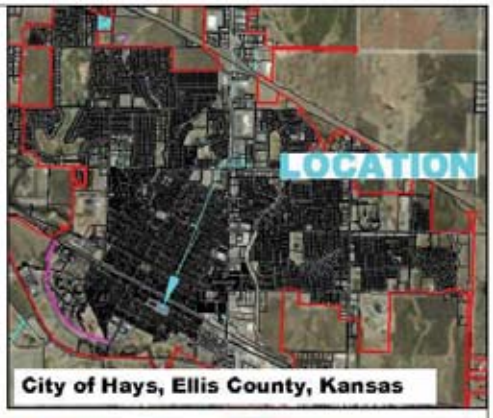
City Limit
Benefit District
Pavement





City of Hays, Public Works Dept.
October 2014
HP Wilson Addition
Alley Pavement Benefit District

City Limit
Benefit District
Pavement



S&W Alley Benefit District

Looking West

Looking East

BID TABULATION
CITY OF HAYS, KANSAS
S & W ALLEY PAVEMENT PROJECT
CITY OF HAYS PROJECT NO. 2014-18

BIDS RECEIVED June 30, 2015, AT 3:00 PM

DATE: 6-30-15

			ENGINEER'S ESTIMATE		APAC-KANSAS, INC. P.O. BOX 190 HAYS, KS 67601		J CORP 1707 E. 1OTH HAYS, KS 67601	
TEM NO.	DESCRIPTION	QUANTITY & UNIT	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
	SANITARY SEWER							
1	Mobilization	1.0 LS	$10,000.00	$10,000.00	$7,680.00	$7,680.00	$6,500.00	$6,500.00
2	Traffic Control	1.0 LS	$5,000.00	$5,000.00	$1,300.00	$1,300.00	$1,500.00	$1,500.00
3	Construction Staking	1.0 LS	$1,000.00	$1,000.00	$650.00	$650.00	$1,500.00	$1,500.00
4	Pavement Removal	83.8 SY	$25.00	$2,095.00	$12.00	$1,005.60	$35.00	$2,933.00
5	Saw Cut	15.0 LF	$20.00	$300.00	$8.00	$120.00	$7.00	$105.00
6	Common Excavation	150.0 CY	$20.00	$3,000.00	$25.00	$3,750.00	$22.00	$3,300.00
7	Embankment	5.0 CY	$20.00	$100.00	$30.00	$150.00	$20.00	$100.00
8	Alley Pavement, 6" (AE)	588.7 SY	$60.00	$35,322.00	$66.00	$38,854.20	$68.00	$40,031.60
9	Concrete Pavement, 6" (AE)	7.4 SY	$90.00	$666.00	$74.00	$547.60	$68.00	$503.20
10	Entrance Pavement, 7" (AE)	48.9 ST	$90.00	$4,401.00	$75.00	$3,667.50	$70.00	$3,423.00
11	Curb and Gutter	57.3 LF	$50.00	$2,865.00	$45.00	$2,578.50	$35.00	$2,005.50
12	Sidewalk, 6" (AE)	106.5 SF	$15.00	$1,597.50	$9.00	$958.50	$9.00	$958.50
	TOTAL ALLEY PAVEMENT.			$66,346.50		**$61,261.90**		$62,859.80

Commission Work Session Agenda Memo

From: John Braun, Assistant Director of Public Works

Work Session: August 6, 2015

Subject: Tallgrass Addition Phase 5 – Inspection

Person(s) Responsible: Toby Dougherty, City Manager
Greg Sund, Director of Public Works

Summary

In July, the City Commission approved a bid for the construction of Phase 5 of the Tallgrass addition. City Staff solicited proposals for Inspection and Testing Services, and recommends authorizing the City Manager to enter an agreement with Driggs Design Group in the amount of **$18,936.00** to be funded as part of the Special Benefit District.

Background

In February 2015, TG Investments, LLC petitioned the City for Street, Storm Sewer, Water, and Sanitary Sewer Improvements to an area containing 33 lots in the Tallgrass Addition within the City of Hays. The general nature of the proposed improvements is as follows:

- The construction of 17th Street from Copper Creek Court east to approximately 70 feet north of Limestone Court; the construction of Prairie Run Court, including a cul-de-sac; the construction of Rolling Hills from 17th Street, approximately 120 feet north; and all related curb, gutter and stormwater sewer improvements.

- The construction of approximately 1640 linear feet of 8" water line and 460 linear feet of 6" water line, fire hydrants, service connections and all other necessary and related water improvements.

- The construction of approximately 1245 linear feet of 10" sanitary sewer and approximately 370 linear feet of 8" sanitary sewer, manholes, sanitary sewer service connections and all other necessary and related sanitary sewer improvements.

Subsequently, a resolution establishing a benefit district and authorizing the improvements was approved by the City Commission on February 12, 2105. Also at that time, an Engineering Service Agreement was entered with Baughman Company for engineering design.

Bids for construction were opened on June 3rd with the low bid exceeding both the engineer's estimate and the original petition amount. The developer wanted to proceed with the project, so at the July 9th City Commission, a new resolution for the higher amount was approved and the low bid for construction was awarded.

Discussion

City Staff solicited proposals for the inspection and testing of construction activities by advertising in the Hays Daily News, posting on the City's website, and sending it to qualified firms in the local area. Three proposals were received, with a summary listed below:

Advanced Technical Professional Services	- declined
Alfred Benesch & Company	- declined
Baughman Company	- $46,200
Driggs Design Group	- $18,936
Kirkham-Michael	- declined
Penco Engineering	- $62,500
Ruder Engineering	- declined

The proposal from Driggs Design Group is attached.

Staff Recommends authorizing the City Manager to enter an agreement with Driggs Design Group in the amount of $18,936.00 for inspection and testing services for Phase 5 of the Tallgrass Addition.

Legal Consideration

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

Financial Consideration

Estimated total Project Cost:

	Total	City Share	Developer (30%)	Benefit District
Design	$ 58,000.00	$ 3,469.27	$ 16,359.22	$ 38,171.51
Construction	$1,011,458.00	$60,500.36	$285,287.29	$665,670.35
Inspection	**$ 18,936.00**	**$ 1,132.66**	**$ 5,341.00**	**$ 12,462.34**
Issuance & Admin	$ 55,000.00	$ 3,289.83	$ 15,513.05	$ 36,197.12
Totals	$1,143,394.00	$68,392.11	$322,500.57	$752,501.32

The project is being financed through the creation of a special benefit district, with the City paying for oversizing of sanitary sewer and street pavement, and the developer paying 30% of the costs.

The $18,936 cost for Inspection and testing is distributed proportionally between the City Share for oversizing, the developer cash payment up front, and the special benefit district.

Options

Options include the following:

- Enter agreement as recommended by city staff
- Provide alternate direction to staff
- Do nothing.

Recommendation

Staff recommends entering an agreement with Driggs Design Group in the amount of $18,936.00 for inspection and testing services for Phase 5 of the Tallgrass Addition.

Action Requested

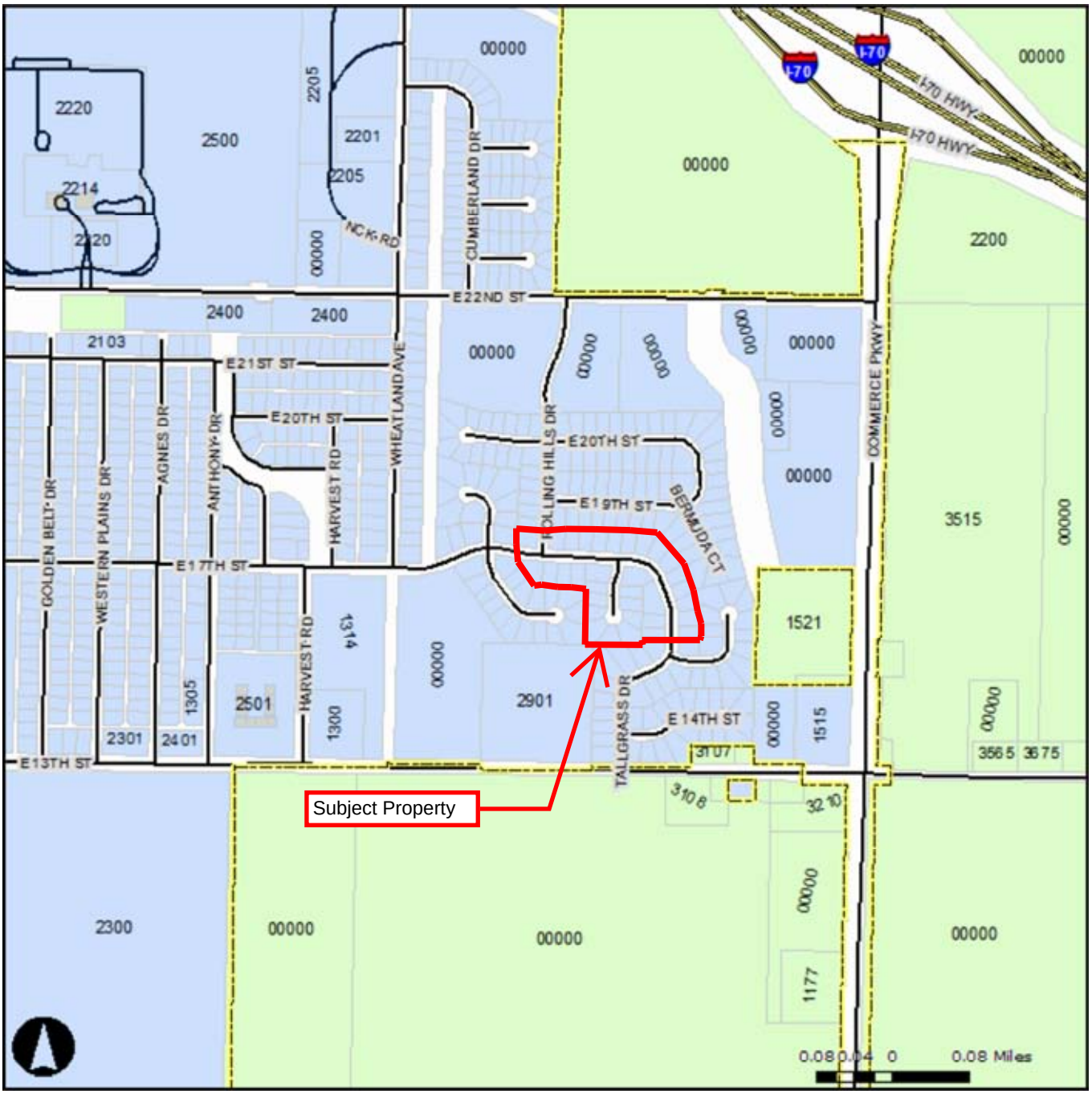
Authorize the City Manager to enter into an agreement with Driggs Design Group in the amount of $18,936.00 for inspection and testing services for Phase 5 of the Tallgrass Addition to be funded through the Special Benefit District

Supporting Documentation

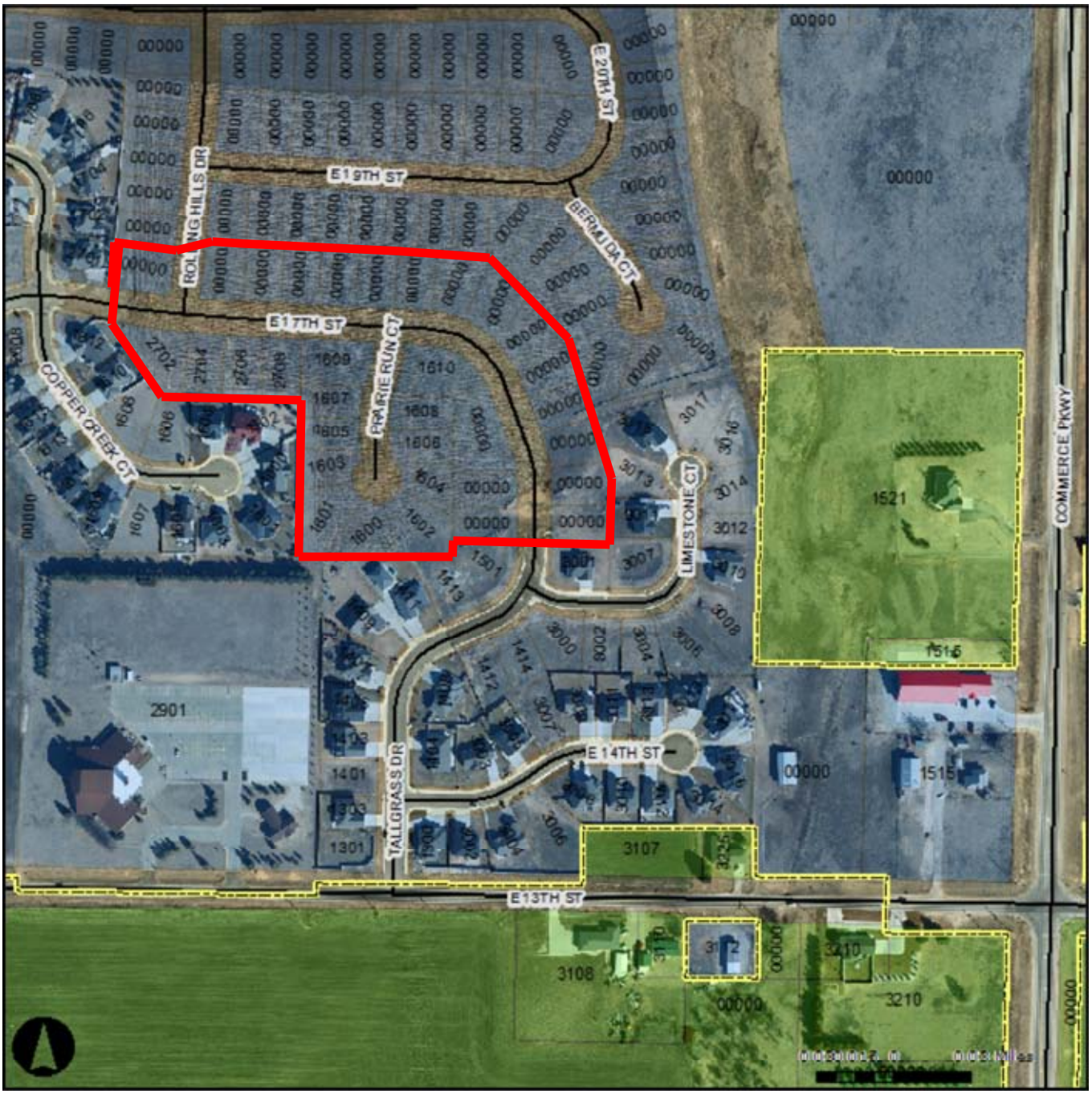
Location Maps
Request for Proposals
Driggs Proposals
Draft Agreement

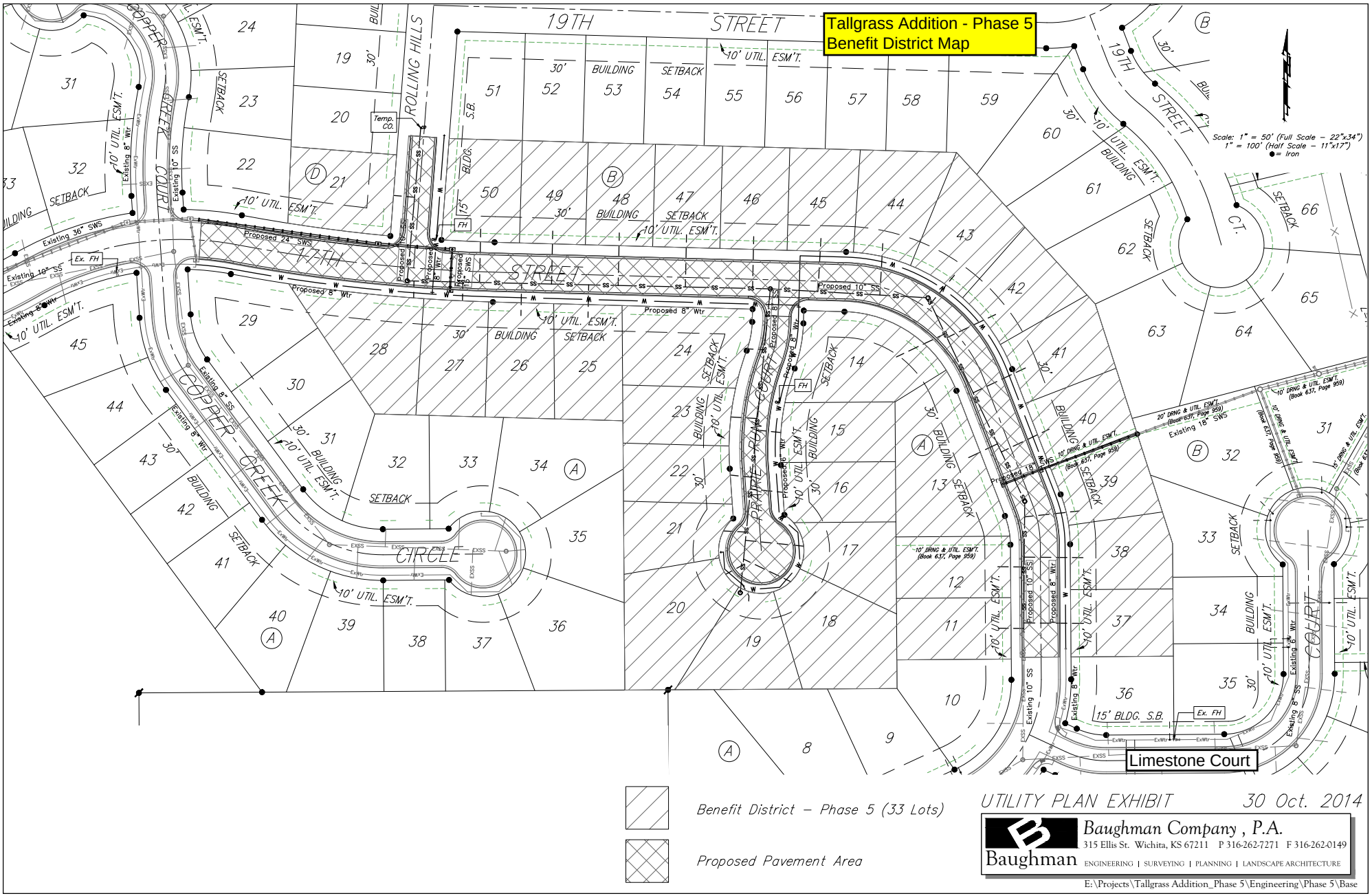
Tallgrass Addition, Phase 5

Tallgrass Addition - Phase 5



Tallgrass Addition - Phase 5




Tallgrass Addition - Phase 5
Benefit District Map
19TH STREET
ROLLING HILLS
COPPER CREEK COURT
COPPER CREEK CIRCLE
PRAIRIE PLUM COURT
Limestone Court
Scale: 1" = 50' (Full Scale - 22"x34")
1" = 100' (Half Scale - 11"x17")
Benefit District - Phase 5 (33 Lots)
Proposed Pavement Area
UTILITY PLAN EXHIBIT
30 Oct. 2014
Baughman Company, P.A.
315 Ellis St. Wichita, KS 67211 P 316-262-7271 F 316-262-0149
Baughman ENGINEERING | SURVEYING | PLANNING | LANDSCAPE ARCHITECTURE
E:\Projects\Tallgrass Addition_Phase 5\Engineering\Phase 5\Base

City of Hays
Request for Proposals

COH Project 2014-27
Tallgrass Addition – Phase V

Project Testing & Inspection

Date of Issue: July 2, 2015
Proposal Due Date: July 21, 2015

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As-bid Construction Plans - available upon request

1. Introduction

City of Hays invites your firm to submit a written proposal for Construction Phase Engineering Services related to the construction of COH Project 2014-27, Tallgrass Addition, Phase V. See Exhibit A for the Scope of Service.

COH Project No. 2014-27 is a project to construct improvements for a new residential subdivision in the eastern portion of Hays, Kansas. Improvements include sanitary sewer, water, storm sewer, grading, street construction, and associated work. Award of bid for construction is expected on or about July 9, 2015, and construction is anticipated to start on or about September 14, 2015. Once Notice to Proceed is issued, the contractor has 130 working days to complete work.

2. Rules of Preparation

The submitted proposals must follow the rules and the format established within this RFP. Adherence to these rules will ensure a fair and objective analysis of all proposals. Failure to comply with any portion of this request may result in rejection of a proposal.

3. Inquiries

The City of Hays has prepared this RFP and has designated John Braun as project manager. Please direct questions or comments concerning this RFP to:

John Braun, Assistant Director of Public Works
City of Hays Public Works Department
1002 Vine Street
Hays, Kansas 67601
(785) 628-7350
(785) 628-7352 (fax)
johnbraun@haysusa.com

To ensure a timely response, questions requiring a response should be faxed or e-mailed to the contact listed above.

4. Submission of Proposals

Please prepare and submit one (1) original plus (1) copy of the Proposal. Completed Proposals should be sealed and clearly marked "Proposal for Tallgrass-Phase 5 Inspection" and be submitted no later than 5:00 P.M. ***(July 21, 2015)***, to the City of Hays Public Works Department, 1002 Vine Street, Hays, Kansas 67601.

Proposals received after the above date and time will be considered late and will not be accepted. Any late Proposals will be returned unopened to the firm. Responses will be evaluated objectively based on the firm's responses to the RFP.

The City of Hays will not pay costs incurred in the proposal preparation including the costs for printing, demonstration, negotiation process, etc. All costs for the preparation of the proposal shall be borne by the proposing firm.

5. Notification of Withdrawal of Proposal

Proposals may be modified or withdrawn by an authorized representative of the firm or by formal written notice prior to the final due date and time specified for proposal submission. Submitted proposals will become the property of City of Hays after the proposal submission deadline.

6. Minimum Specifications/Scope of Services

Proposals should address all requested materials, testing, and services necessary to complete the project. Services required include, but may not be limited to the Scope of Services detailed in **Exhibit A**.

List in detail how you propose to provide the services along with a schedule of fees.

7. Contractual Obligations

The successful firm will be required to enter an Agreement for Services with the City of Hays in which the firm will undertake certain obligations. These obligations include, but are not limited to, the following:

Inclusion of Proposal - The proposal submitted in response to this RFP will be incorporated as part of the Agreement for Professional Services.

Indemnification and Insurance - The successful firm(s) shall indemnify and hold the City of Hays and its officers, agents, employees and assigns, harmless from any liability imposed for injury whether arising before or after completion of work hereunder, or in any manner directly or indirectly caused, occasioned or contributed to, or claimed to be caused, occasioned or contributed to, in whole or in part, by reason of any act or omission, including strict liability or negligence of firm, or of anyone acting under firm's direction or control or on its behalf, in connection with or incident to, or arising out of the performance of this contract. Successful firm shall maintain the following insurance requirements during the time of performance of these services and contract period. An insurance certificate must be on file with the City Clerk's office within four weeks of the signing of the contract by both parties.

a. General Liability Insurance, with a combined single limit of $1,000,000 for each occurrence and $1,000,000 in the aggregate

b. Automobile Liability Insurance, with a combined single limit of $1,000,000 for each person and $1,000,000 for each accident. .

c. Worker's Compensation insurance in accordance with statutory requirements and Employer's Liability Insurance, with a limit of $500,000 for each occurrence

d. Professional Liability Insurance, with a limit of $2,000,000 annual aggregate.

The successful firm shall require all of its subcontractors to maintain the same level of insurance listed above.

Costs - All costs are to be stated in exact amounts. All costs must be detailed specifically in the cost proposal section of the proposal; no additional charges (e.g. for sales tax, training, out-of-pocket expenses, etc.) will be allowed unless so specified in the proposal.

Selection - The final award is subject to the approval of the Hays City Commission.

8. Right of the City of Hays to Reject Proposals

The City of Hays reserves the right to reject any and all proposals or any part of any proposals, to waive minor defects or technicalities, or to solicit new proposals on the same project or on a modified project that may include portions of the originally proposed project as the City may deem necessary in its best interest. The City also reserves the right to negotiate with any firm, all or part of any proposal that is in the best interest of the City.

9. Evaluations

The City of Hays staff will review the proposals for compliance with the RFP and make a recommendation to the city commission for approval.

10. Non-limitations to RFP

The format of the RFP must be followed and all requested information must be submitted as indicated; however, the City of Hays is receptive to any additional suggestions pertaining to services development, additional related capabilities, and any alternative methods for providing related services. Any exceptions to the RFP terms and conditions must be included in writing in the proposal.

11. Interpretations and addenda

No interpretation made to any respondent as to the meaning of the RFP shall be binding on the City of Hays unless repeated in writing and distributed as an addendum by the City of Hays. Interpretations and/or clarification shall be requested in writing from the contact person listed in Section 3.

12. Projected Schedule of Events

Release of RFP Document	***July 2, 2015***
Last day to submit proposals for proposal opening	***July 21, 2015***
Request for Award to the City Commission for approval	***August 13, 2015***

13. Proposal Response Format

In order to facilitate the analysis of responses to this RFP, firms are required to prepare their proposal in accordance with the instructions outlined in section 4.

Proposals should be prepared as simply as possible and provide a straightforward, concise description of the firm's capabilities to satisfy the requirements of the RFP. Expensive bindings, promotional material, etc., are not necessary or desired.

Emphasis should be concentrated on accuracy, completeness, and clarity of content.

The proposal shall include, as a minimum:

1. Fee/Cost Proposal
2. Scope of Work
3. Qualifications/Experience: Provide a list of similar projects your company has completed and a list of references (3 minimum).
4. Certifications: All testing and inspection must be performed by or under the supervision of a certified individual.
5. Detailed explanation of any proposed variance from RFP.

14. Confidentiality of Documents

All responses to the RFP submitted by firms shall be deemed public documents at the time opened by the City of Hays. The RFP is intended to be worded in a manner so as not to elicit proprietary information from the firm. If proprietary information is submitted as part of the proposal, such information is to be labeled proprietary and be accompanied with a request that the information is to be returned by the City of Hays to the submitter. Any proposal that is submitted with a blanket statement or limitation that would prohibit or limit such public inspection shall be considered non-responsive and shall be rejected.

15. Legal Notice

Required Contractual Provisions

Unless specifically waived in its request for proposals or request for proposals, or included as alternate provisions to be proposal or proposed, The City of Hays, shall not award contracts nor let proposals to individuals or entities unless the vendor, contractor or individual agrees to indemnify and hold The City of Hays, harmless from any and all losses, damages or expenses of any kind arising out of any and all claims, demands, or causes of action initiated against The City of Hays, by competing entities bidding on the project which is the subject of the contract.

The selected contractor shall be bound by the conditions and provisions established in Part II, Chapter 2, Article XI of the City of Hays, Kansas Code of Ordinances. See the attached "City Contracts" flyer for more information. The city code is available through the City of Hays website at www.haysusa.com or by contacting the project manager.

The City of Hays expects a professional job, done commensurate with the standards and practices of the profession/or business.

The City of Hays has an affirmative action program. Any firm will be required to include the following statement in any contract with the City of Hays:

"Vendor shall not discriminate in the employment of persons engaged in the performance of this Agreement on account of race, color, national origin, ancestry, religion, sec, marital status, physical handicap, or medical condition, in violation of any federal or state law. Vendor shall comply with all requirements of the City of Hays pertaining to affirmative action with regard to employment while this Agreement is in effect."

Exhibit A SCOPE OF SERVICES

Construction Phase Engineering Services
Tallgrass Addition, Phase V

Construction is expected to occur during the 2015 construction season. Allowable time on the construction contract is 130 calendar days. The project includes: Installation of sanitary sewer, water lines, storm sewer, grading, paving and other related work. See attached Contract Documents for quantities and specifications.

Engineer shall provide for owner Professional Construction Administration Services to include serving as the owner's professional on-site construction administration representative, providing professional engineering consultation and advice during the "Construction Engineering" and "Warranty Inspection" phases in accordance with the City of Hays Guidelines and Expectations Policy to Develop Engineering Scope of Services for New Development effective date October 22, 2009.

Engineer is to provide certified personnel and all supplies and equipment necessary to conduct material and acceptance tests in accordance with the requirements and frequencies stated in the City's standard specifications. Testing shall be in a manner that meets professional standards for this type of work and meets or exceeds all applicable safety requirements.

List in detail how you propose to provide the services along with a schedule of fees. While all options will be considered, for ease of comparison the proposer may submit a lump sum fee not to exceed including all significant assumptions.

In addition to the services detailed in the City of Hays Guidelines and Expectations Policy to Develop Engineering Scope of Services for New Development effective date October 22, 2009, the Engineer shall participate in erosion control device inspections per the KDHE stormwater permit.

Sanitary Sewer construction is at depth up to 22' deep. Compaction testing of sanitary sewer trench fill must be accomplished in accordance with applicable safety requirements.

All personnel must comply with the high visibility apparel requirements of the KDOT Safety Manual, Chapter 4, Section 8, Fluorescent Vests.

SUBJECT	ISSUED BY	EFFECTIVE DATE	**REVISION DATE**
GUIDELINES AND EXPECTATIONS POLICY TO DEVELOP ENGINEERING SCOPE OF SERVICES FOR NEW DEVELOPMENT	City Manager	1-19-99	**11-29-06**

POLICY STATEMENT:

The purpose of this policy is to create continuity between various engineering firms performing engineering services for developers and the City of Hays.

When engineering firms want to do business for the City of Hays, they must obtain these guidelines and adhere to the expectations listed. This policy is intended to compliment the City's existing Subdivision Regulations and Standard Details and Specifications.

The following guidelines are for all engineering companies to use as a standard policy for creating a Scope of Services for new development within the city limits of Hays.

Procedures:

I. GENERAL COMMENTS:

The ENGINEER shall provide CITY with professional engineering services in all phases of the Project to which this agreement applies as hereinafter provided. These services will include serving as CITY's professional engineering representative for the Project, providing professional engineering consultation and advice and furnishing customary civil engineering services. The ENGINEER shall look after the best interest of the CITY during the course of the Project.

These guidelines and expectations are intended to be used for ENGINEER to generate a Scope of Services for subdivision development, which includes engineering for water lines, sewer lines, streets and storm sewer improvements.

The ENGINEER is expected to represent the City and Developer, if party to the contract, in all aspects of project management from the conceptual design phase through the warranty phase. ENGINEER will coordinate Contractor activities and communicate between all parties (City, Developer, Contractor, Utility Companies, general public, media, etc.)

All professionals who contract for services with the City of Hays should be ready to agree:

1. There will be no limitation of liability to the City or the public for negligent performance or breach of contract.

2. There will be established levels of insurance coverage to be provided.

3. The City will own all intellectual product created during performance of services. Under most circumstances, the professional will retain a license to use the product, but may not sell or assign it.

II. PRELIMINARY DESIGN AND STUDY PHASE:

The ENGINEER shall consult with CITY to clarify and define CITY's requirements for the project and review available data.

ENGINEER shall identify and analyze requirements of governmental authorities having jurisdiction to approve the design of the Project and participate in consultations with such authorities.

ENGINEER shall prepare schematic layouts, sketches, and conceptual design criteria with appropriate exhibits to indicate clearly the considerations involved (including applicable requirements of governmental agencies and authorities having jurisdiction as aforesaid) and the alternative solutions available to CITY.

ENGINEER shall be familiar with City of Hays Development Policy, Subdivision Regulations and other City Standards.

ENGINEER shall be available to meet with applicable Review Committees (i.e., Planning Commission, Utility Advisory Commission, etc.) and the public including organizing and conducting public meetings as needed.

The ENGINEER will develop a time line for preliminary design and study phase activities.

The ENGINEER will provide weekly reports to City staff of project progress throughout the project.

At the conclusion of the Preliminary Design and Study Phase, ENGINEER shall prepare and submit an estimate of construction costs to the CITY for review before a Notice to Proceed will be issued by CITY for the remainder of the engineering contract.

III. ENGINEERING DESIGN PHASE:

- Provide two (2) copies of plans and specifications to Public Works for review.
- Generate third party agreement, if applicable.
- Develop time line for engineering and construction of project.
- Provide weekly reports to City staff of project progress from preliminary design through the final design phase.
- Perform field surveys to collect pertinent topographic and engineering data necessary to complete the design of the project.
  a. Property surveys
  b. Centerline and section line data
  c. Contact DIGSAFE and research maps, etc. for city utilities.
  d. Look at all available survey information in the project area.
  e. Determine right-of-way, easement and ownership research as required.
  f. Review city limit descriptions for additional pertinent information and write necessary legal descriptions for legal staff.
  g. Review plats for additional pertinent information.
- Prepare plans and specifications for the project according to City of Hays construction standards.
  a. Prepare front-end documents, including construction contracts and bid bond requirements.
  b. Project specific section specifications.
  c. Plans
     1. Title sheet
     2. Location map
     3. Quantity tabulation with bid items listed according to the pay items listed in the City's standard specifications.
     4. Plan and profile sheets with bid item call-outs, elevations to mean sea level datum and all information needed to stake the project.
     5. Details

6. Traffic control (MUTCD)
7. Earthwork cross sections

- Review construction documents, project budget and perform a field check of the project with City staff.

  a. Liquidated damage language.
  b. Review Warranty language

- Revise plans and specifications according to field check review.

- Complete bid, engineer's estimate and construction documents in sufficient detail to allow competitive bids to be received.

  a. Two (2) review copies of final check plans and specifications to City for review and approval. (Public Works Administration and P.I.E.)
  b. Provide Engineer's Estimate for construction costs before City approval of plans and specifications.
  c. Time frame for review of bid documents and plans and specifications will be approximately 14 days prior to contractor solicitation.
  d. Submit to KDHE or other state agencies and get approval information to the City. Copies of all submittals need to be provided for City (Public Works).
  e. Prepare and submit various permits as required for KDOT, Union Pacific Railroad and other related agencies.

- If necessary, write descriptions for rights-of-way and/or easements as required for the project.

IV. CONTRACTOR SOLICITATION PHASE:

- Assist the City in soliciting interest from contractors by:

  a. Preparing a Notice to Contractors, this can be published by City Clerk (at the City's expense) in appropriate newspapers. (Coordinate activities with City Clerk)
  b. Mailing of Notice to Contractors to qualified contractors.
  c. Notifying appropriate plan rooms and provide updates as needed.

- Provide bid documents to interested contractors and plan rooms.

- Address contractor questions and issue appropriate addenda during the bid preparation period.

- Conduct a pre-bid conference.

- Coordinate with City Clerk, City Manager's Office and Public Works to conduct the bid opening, tabulate the submitted bids, analyze the bids and make recommendations to the City regarding award of the construction contracts in a timely manner. Submit a copy of all bids to Public Works within five (5) working days.

- Attend City Commission meeting to present Award of Bid recommendation, if required.

- Prepare five (5) contract documents and distribute for execution.

  a. Public Works
  b. City Hall
  c. Contractor
  d. Engineer
  e. Developer

- Send back bonds of unsuccessful bidders.

V. CONSTRUCTION ENGINEERING PHASE:

- Conduct a pre-construction conference.

  a. Send notices to all appropriate parties including utilities and emergency services.
  b. Reserve meeting room.
  c. Send copy of pre-construction minutes and attendance list to Public Works.
  d. Collect fully executed documents and distribute to the appropriate parties (Public Works, City Clerk, Developer, Contractor, and Engineer).
  e. Facilitate and direct successful Contractor to stay on schedule, and begin and complete the project in a timely manner.
  f. Require listing of all sub-contractors from prime contractor.

- Copy of Notice to Proceed to Public Works as soon as Contractor has signed.

- Review all shop drawings and submittals.

- Review and evaluate contractor schedules and make comments to the City on the contract schedule.

  a. Notify City and review.
  b. Liquidated damage control.
  c. Coordinate construction activities to coincide with other community related activities.
- Daily logs, list of items.

a. Keep record of tests taken that day.
b. Conduct material and acceptance tests in accordance with the requirements and frequencies stated in the City's standard specifications and keep records of all tests done.
c. Recap the work completed on bid item log sheets.
d. Record contractor foreman name and crew size.
e. Record weather information and identify potential bad weather days.

- Provide daily on-site inspection to verify compliance with the construction and contract documents. The City reserves the right to use City Inspectors on any or all projects.

- Take calls from local citizens and notify media of project schedules.

- Oversee notification of local residents, emergency medical services, etc. of situations that may affect them (i.e., road closings, disruptions in utility services, etc.)

- Answer questions from City staff.

- Review and submit periodic Contractor pay estimates to the City for payment which shall include the following:

  a. List of materials on hand.
  b. Recap of contract days.
  c. Quantities completed to date as recorded on daily log sheets.
  d. Identify percent retained.
  e. Identify bad weather days (non-working days) on each pay estimate.

- Prepare Change Orders as necessary for review and approval by the City.

- Review liquidated damages and make recommendations to the City.

- Conduct a final inspection with the City staff prior to acceptance of the project. Generate and submit a Notice of Substantial Completion for execution by Engineer and City along with the Engineer's certification that all work has been completed in accordance with plans and specifications on the project.

- When project is substantially complete, reduce retainage to 1% and warranty begins.

- At the time of substantial completion, supply the City with shop drawings and all test reports on completion of project with certification that improvement is ready for the City's use.

- Prepare one (1) set of record drawings and submit to the City (Public Works Department) Provide record drawings on hard copy and disk (1).

- Complete surety company questionnaires. Notify KDHE when water/sewer projects are completed.

VI. WARRANTY INSPECTION:

- Conduct an 11-month warranty inspection. Inspector will review project prior to review with the City. All punch list items identified on the 11-month warranty inspection shall be completed by the contractor by the one-year warranty date. Penalties will be imposed on the contractor for delay in finalizing the project. Prepare written recommendation to the City for acceptable repair, if any, or recommend acceptance.

- Complete final pay estimate.
  a. Release bond, etc.
  b. Prepare final paperwork.
  c. Submit final pay estimate.

VII. MISCELLANEOUS PROVISIONS:

- Engineer shall provide a time schedule and compensation (Not-to-Exceed) schedule for each of the following items as well as other applicable areas:

  a. Water Line
     1. Preliminary Design and Study Phase
     2. Engineering Design Phase
     3. Contractor Solicitation Phase
     4. Construction Engineering/Warranty Phase

  b. Sewer Line:
     1. Preliminary Design and Study Phase
     2. Engineering Design Phase
     3. Contractor Solicitation Phase
     4. Construction Engineering/Warranty Phase

  c. Streets:
     1. Preliminary Design and Study Phase
     2. Engineering Design Phase
     3. Contractor Solicitation Phase
     4. Construction Engineering/Warranty Phase

  d. Storm Sewer:
     1. Preliminary Design and Study Phase

2. Engineering Design Phase
3. Contractor Solicitation Phase
4. Construction Engineering/Warranty Phase

- Insurance

  a. General Liability Insurance, with a combined single limit of $1,000,000 for each occurrence and $1,000,000 in the aggregate.
  b. Automobile Liability Insurance, with a combined single limit of $1,000,000 for each person and $1,000,000 for each accident.
  c. Workers' Compensation Insurance in accordance with statutory requirements and Employers' Liability Insurance, with a limit of $500,000 for each occurrence.
  d. Professional Liability Insurance, with a limit of $2,000,000 annual aggregate.

- In projects where the City is not party to the engineering and/or construction contracts, final acceptance of the project will not take place until after the one-year warranty period has expired. At that time, the Engineer must certify that the project has been completed and built per plans and specifications. The Developer will be responsible for all aspects of the project during construction and the one-year warranty period.

- Other Miscellaneous Provisions per Standard Scope of Services.

HAYS OFFICE

205 E. 7th Street
Hays, Kansas 67601
P: (785) 313-1346
E: bdriggs@driggsdesign.com

July 21, 2015

John Braun, Assistant Director of Public Works
City of Hays Public Works Department
1002 Vine Street
Hays, Kansas 67601

RE: Tallgrass Addition – Phase V (Project Testing & Inspection)

Dear Mr. Braun,

The Driggs Design Group, PA is pleased to submit our proposal to provide the City of Hays with Construction Observation and Materials Testing services on the Tallgrass Addition – Phase V Project. The proposed project involves the construction of a new residential subdivision and includes the construction of new water, sanitary sewer, storm sewer and street infrastructure. The proposed infrastructure shall be built per the plans and specifications prepared by the Baughman Company of Wichita. In addition, construction shall follow the requirements of the City of Hays Standard Details and Specifications for Public Works Projects. The project was recently bid and J-Corp of Hays, Kansas was the successful low bidder. The anticipated start date for the project is mid-September and the project has a 130 working days specified within the bid documents.

The following information has been developed by the Driggs Design Group, PA from the guidelines set forth in the Request for Proposal distributed by the City of Hays for the project.

ENGINEERING FEE PROPOSAL

The Driggs Design Group, PA met with John Braun, Assistant Director of Public Works, on July 16th, 2015 to further discuss the details of the project in addition to reviewing the Request for Proposal distributed by the City of Hays. Based on this information, Driggs Design Group, PA has provided a lump sum price for the City to consider for its construction observation and materials testing needs. These items include a lump sum price for providing both the desired construction observation and materials testing to the City of Hays for the above referenced project. The scope of work to be completed for this lump sum option is provided in the next section of this proposal.

OPTION#1 (LUMP SUM) – For this option, the Driggs Design Group, has assumed that a representative from the Driggs Design Group, PA will be on site an average of 12.5 hours per week during construction. The estimated was based on construction occurring 26 weeks or the 130 working days. The required materials testing associated with the project will be completed during the allotted hours provided above. This estimate includes the anticipated lab testing that will be required for the soils and concrete for the construction of the project. A breakdown of the lump sum pricing is provided in Appendix A.

LUMP SUM (CONSTRUCTION OBSERVATION AND MATERIALS TESTING) $18,936.00

The Driggs Design Group, PA will staff this project from the Hays Office, therefore no travel time, travel expenses or excess mileage will be incurred on the project. The Driggs Design Group, PA will use Terracon Consultants Inc. for its soil proctors and concrete cylinder breaks.

If the lump sum option assumptions vary from the desired expectation of the City of Hays, the following unit rates were used to develop the above lump sum price. These unit prices can be utilized by the City of Hays to modify the desired time commitment associated with the desired on-call testing and inspection for the project.

DRIGGS DESIGN GROUP UNIT RATES			
LABOR RATES		EXPENSES	
Project Manager	$85.00/Hr.	Proctors	$160.00 Each
Project Engineer	$65.00/Hr.	Beam Breaks	$50.00 Each
Engineering Tech.	$54.00/Hr.	Sieve Analysis	$150.00 Each
		Cylinder Breaks	$20.00 Each

SCOPE OF WORK

The scope of work has been detailed in the Scope of Services distributed by the City of Hays within the formal Request for Proposal dated July 2, 2015. From our discussion with City Staff, one of the primary needs of the project will be the need to perform the required materials testing for the project. This work will be completed in conjunction with the construction observation.

The Driggs Design Group, PA intends to create a Google Drive folder for the project and provide access to as-needed city staff throughout the duration of the project. This folder will contain the project diaries for the time personnel was on site, test reports, plans, project specifications, pay estimates and other important project information relating to the project.

Regular communication will be held with the city project manager to ensure the desired inspection and materials' testing meets or exceeds the expectation of the City.

TEAM QUALIFICATIONS

The Driggs Design Team has significant knowledge of common construction engineering practices and experience in providing construction engineering services to community infrastructure projects. The Driggs Design Group, PA is currently providing materials testing on a wide variety of projects throughout the Hays Area including but not limited to the 13th Street Improvements, Buckeye Wind Farm and the Heart of America Industrial Park. We have also been performing this work on other residential and commercial sites for local contractors. As has been the case on our recent Hays area projects, the Driggs Design Group, PA will utilize Terracon, Inc. on all laboratory testing needs. A more detailed description of our team's key staff and their associated expertise is provided below:

Buck Driggs, PE – Project Manager - Mr. Driggs will be your project manager and oversee all inspection and testing activities completed by the Driggs Design personnel. Buck has over a decade of construction engineering and materials testing experience having worked on a wide variety of projects that includes transportation infrastructure, water and wastewater treatment facilities and airports. His construction engineering experience began in 1995, working for both the Phillipsburg and Hays KDOT offices performing construction engineering services throughout District 3 as a civil engineering intern. Buck will serve as your Project Manager and will provide general project oversight in addition to as-needed construction observation and materials testing.

Kurt Tschanz – Engineering Technician – Mr. Tschanz is the newest addition to the Driggs Design Group, PA, joining the firm in May of 2015. Kurt provides additional full time staffing to our Hays Office. Kurt has provided construction materials testing on both Manhattan and Hays projects. He is currently performing the construction materials testing on the 13th Street Improvement Project, Buckeye Windfarm and the Heart of America Industrial Park. His past experience as a surveyor and residential contractor provides him with a great understanding of engineering plans and specifications. *Kurt will serve as the primary engineering technician assigned to the project.*

James Meis, PS – Survey Manager – Mr. Meis joined the Driggs Design Group, PA in January 2015 and is a member of our Hays Office. James is a licensed surveyor in the state of Kansas and has worked on numerous construction projects throughout his tenure. James is very familiar with the City of Hays and has been providing surveying services within the Hays Area for over 13 years. Since joining the Driggs Design Group, James has been providing materials testing (soils and concrete) on projects in Manhattan and Hays, Kansas. These projects include the Merion Addition and Interlachen Addition in Manhattan, Kansas as well as the Heart of America Industrial Park Grading Improvements, 13th Street Improvements and the Buckeye Wind Operations and Maintenance Facility in the Hays Area. *James will provide as needed assistance to the project throughout construction.*

Zack Ewing – Engineering Technician – Zack joined the Driggs Design Group in January 2014 and provides engineering and field support for both the Manhattan and Hays office. Zack has performed construction materials testing on several residential development projects in the Manhattan Area. Zack will be available to assist on the project on an as-needed basis.

Doug Driggs - **Senior Technician** – Doug retired from KDOT in March 2010 after spending 37 years with the organization. During his career at KDOT he served as the District 3, Area 3 Maintenance Supervisor overseeing all maintenance operations on State Highways in Philips, Rooks, Osborne, Smith, and Norton Counties. Throughout his career he worked on a wide range of roadway improvement projects. Doug will be used on this project on an as needed, on-call basis to assist with the construction materials testing and construction observation.

PERSONNEL ROLES

The following chart identifies the roles that each team member will provide to the project throughout the duration of the project.

Team Member	Personnel Role		
	Project Manager	Materials Testing	Construction Observation
Buck Driggs	●	●	●
Kurt Tschanz		●	●
James Meis, PS		●	●
Zack Ewing		●	●
Doug Driggs (On-Call)			●

PAST PROJECT EXPERIENCE

13th Street Improvements (Main Street to Milner Street)
Hays, Kansas

The Driggs Design Group, PA is currently providing the construction materials testing for the 13th Street Improvement Project from Main Street to Milner Street. The Driggs Design Group, PA is contracted by APAC Shears Inc. of Hays, Kansas to perform these materials testing services. This project involves the reconstruction of the existing street section, including the adjacent parking areas and sidewalks. As part of the improvements, storm sewer upgrades were implemented into the project. The estimated cost of this project is approximately $2.0M

Alan Moore
APAC – Project Manager
P: (785) 623-0905
E: Alan.Moore@apac.com

Curtis Webber
Hays Public Works Inspector
P: (785) 628-7310
E: cweber@haysusa.com

Vine Street Reconstruction, Hays, KS

This project was completed in 2013. Driggs Design Group, PA assisted the City of Hays with construction engineering services including construction materials testing and on-call construction observation. The project was funded through the Kansas Department of Transportation KLINK program and was constructed according to KDOT specifications. As a part of the construction materials testing, the Driggs Design Group, PA completed aggregate gradations, density and moisture testing of in-situ soil and the aggregate base and provide field and lab testing for the poured in place concrete. The estimated cost of the improvements was approximately $1.0M.

References:

John Braun
Assistant Director of Public Works
P: (785) 628-7350
E: johnbraun@haysusa.com

Curtis Webber
Public Works Inspector
P: (785) 628-7310
E: cweber@haysusa.com

Buckeye Wind Farm (Operations & Maintenance Facility)

This project includes the construction materials testing for the Buckeye Wind Farm Operations and Maintenance Facility located northwest of Hays, Kansas. The project included the construction of a new 7,000 square foot facility. The Driggs Design Group, PA performed the soils testing for the footing, building pad and parking areas. In addition, the Driggs Design Group, PA completed all concrete testing associated with the project including building footings, interior slab, light pole bases, parking lot and sidewalks associated with the new construction. The Driggs Design Group, PA also completed grout testing on the masonry block walls that were being installed as part of the project.

References:

Bob Cook
Project Manager – RDH Electric
P: (785) 625-3833

City of Manhattan Residential Subdivision Materials Testing

Since the Driggs Design Group, PA was established in early 2013, we have been providing soils and concrete testing on residential subdivision construction within the City of Manhattan. This work has been contracted through the successful low bidder, however is supervised by the City of Manhattan Public Works Inspection Staff. The following is a list of residential subdivisions that the Driggs Design Group, PA has completed the QC/QA materials testing as part of the construction process.

- Merion Addition
- Interlachen Addition
- Lee Mill Heights Addition
- Northlake Addition, Unit 1
- Scenic Meadows Addition
- Stone Ledge Addition
- Grand Bluffs Addition
- Northlake Addition, Unit 2
- Enclave Addition
- Grand Luxe Addition
- Stone Valley Addition, Unit 2
- Turnberry Addition

References:

Brian Johnson
City Engineer
P: (785) 587-2415
E: johnsonb@cityofmhk.com

US-56 Business Concrete Overlay, Herington, KS*

This project involved improvements to Trapp Street/US-56 Business in the City of Herington from the Lime Creek Bridge to the south city limits. The project involved a concrete overlay of an existing asphalt street in a light industrial and residential section of Herington. The existing asphalt pavement was in poor condition and received funding from the American Recovery and Reinvestment Act of 2009. The project team worked closely with the City of Herington and the Kansas Department of Transportation to develop this innovative infrastructure project. The initial surface was profile milled and a six inch concrete pavement section was placed on the existing asphalt. The original millings were stockpiled and used as shouldering material for the new roadway. This 1,800 feet section of pavement was open to traffic after 19 days of closure. The estimated cost of construction was $300,000.

References:

Leo Schlesner
Street Superintendent
P: (785) 258-2542

Joe Palic, PE
KDOT Area Engineer
P: (620) 382-3717
E: palilc@ksdot.org

**Buck Driggs served as the Project Manager on the above reference projects as a member of another consulting engineering firm.*

CERTIFICATIONS

The following information is a list of KDOT Certifications held by key members of the Driggs Design Team. Additional certifications will be obtained by the Driggs Design Staff later this fall. Early enrollments for these classes begin in September 2015.

KDOT CERTIFICATIONS	BUCK DRIGGS	JAMES MEIS	KURT TSCHANZ	ZACK EWING
CERTIFICATION EXPIRATION DATES				
Aggregate Field (AGF)	*			
Aggregate Lab (AGL)	*			
Profilograph				
Asphalt Paving Inspection (API)	1/25/2017	*	*	
Concrete Paving Inspection (CPI)	1/26/2017	*	*	
Basic Inspection (BI)	1/23/2017	*	*	
Structures (STR)	1/24/2017	*	*	
Soils Field				
Pile Driving Inspection (PDI)				
ACI Concrete Field Tester (CF)	11/20/2020	*	*	
ACI Concrete Strength Tester (SC)	*			
Statistics	9/2/2050			
Nuclear Gauge (NUC)	*	*	*	
QC/QA Asphalt				
QC/QA Concrete				
Drilled Shaft Inspection (DSI)				
QC/QA Concrete Base (QCB)				

(*) Expected Enrollment in September 2015

In addition to the above certifications, each of the individuals listed above have completed the Troxler Nuclear Gauge Training as well as the required Level I HAZ-MAT Training. A copy of these certifications is provided in Appendix B.

RFP VARIANCES

The Driggs Design Group, PA finds this proposal to be sufficient to provide the City of Hays with a lump sum price to provide materials testing and construction observation services for the Tallgrass Addition, Phase V Project. We look forward to working with you and your staff to complete the project.

The Driggs Design Group, PA looks forward to the opportunity to work with you on this project. If you have any questions regarding our firm or our proposal, please do not hesitate to contact me at (785) 313-1346.

Sincerely,

Buck Driggs, PE
Project Manager

APPENDIX A

Detailed Cost Estimate

ENGINEERING FEE ESTIMATE

Driggs Design Group
Consulting Engineering Planning

Tallgrass Addition, Phase V

Project Testing & Inspection

City of Hays, KS

July 19, 2015

Construction Materials Testing / Items of Work	Labor Costs: Project Manager $85.00	Project Engineer $65.00	Liscensed Surveyor $80.00	Sr. Eng Tech $54.00	Eng Tech $45.00	Lab Testing: Proctors $160.00	Cylinder Breaks $20.00	Beam Breaks $50.00	Sieve Anal. $150.00	Expenses: Subconsultant	Milleage	Other	Task Total
ELLIS WATERLINE IMPROVEMENTS													
1. Construction Administration Services													
A. Conduct Pre-Construction Conference				2									$108.00
B. Issue Notice to Proceed (NTP)				2									$108.00
C. Review Shop Drawings				3									$162.00
D. Review Contractors Schedule				1									$54.00
E. Prepare Daily Reports				5									$270.00
F. Provide On-Site Construction Observation	5			54									$3,341.00
G. Construction Materials Testing				160		4	45		20				$11,640.00
H. Provide Stakeholder Notification				1									$54.00
I. Respond to City Staff Questions				3									$162.00
J. Prepare Periodic Pay Estimates				4									$216.00
K. Prepare Project Change Orders				5									$270.00
L. Review Contractor Requests				2									$108.00
M. Conduct Final Inspection				1									$54.00
N. Final Paper work & Documentation				2									$108.00
Sub Total Hours	5	0	0	245	0	4	45	0	20	$ -	$ -	$ -	$16,655.00
Subtotal Costs	$ 425.00	$ -	$ -	$ 13,230.00	$ -	$ 640.00	$ 900.00	$ -	$ 3,000.00	$ -	$ -	$ -	$ 18,195.00
2. Warranty Inspection													
A. Final Walk Thru	2			4									$386.00
B. Final Documentation	1			5									$355.00
													$0.00
													$0.00
Sub Total Hours	3	0	0	9	0	0	0	0	0	$ -	$ -	$ -	$741.00
Subtotal Costs	$ 255.00	$ -	$ -	$ 486.00	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ 741.00
Total Hours	8	0	0	254	0	4	45	0	20	0	0	0	$ 18,936.00
Total Costs	$680.00	$0.00	$0.00	$13,716.00	$0.00	$640.00	$900.00	$0.00	$3,000.00	$ -	$ -	$ -	**$18,936.00**

APPENDIX B

Team Certifications

KANSAS DEPARTMENT OF TRANSPORTATION
CERTIFIED INSPECTOR TRAINING PROGRAM

Buck A Driggs
Name

This person is certified to perform construction inspection or testing on projects under Kansas Department of Transportation Standard Specification.

Indentification Number 1694

Course	Exp. Date	Course	Exp. Date	Course	Exp. Date
AGF		SF		MSA	
AGL		SD		NUC	
PO		SOF			
CMC		PDI		QCA	
API	01/25/2017	CF			
CPI	01/26/2017	CST		QCC	
BI	01/23/2017	Statistics	09/02/2050	DSI	
AMI		TCI		QCB	
STR	01/24/2017	CMA		HCP	
ICS		CMB		PMA	
UFT		402		CMF	
PM		BLC		OD	

AMERICAN CONCRETE INSTITUTE

This is to certify that

BUCK A DRIGGS

has demonstrated knowledge and ability by successfully completing the ACI Certification requirements and is hereby recognized as an

ACI Concrete Field Testing Technician - Grade I

Certified Date: 10/06/2014 **Expires: 10/06/2019**

Examiner of Record: Joe Hug

ACI Managing Director of Certification

The Authenticity of this certification can be verified at www. ACICertification .org/verify

Nuclear Gauge Safety Certification

This certifies that

Buck A Driggs

has successfully completed training on radiation safety and regulatory requirements for the use of portable nuclear gauges on this date.

February 19, 2013

This certificate is not valid until signed by the licensee RSO.

I attest that the person named above, and no other, has completed the online course and tests. I certify that the individual has completed practical skills training for setting up and making measurements, routine maintenance, packaging and transport, storage, and emergency procedures for portable nuclear gauges.

Licensee RSO Buck A. Driggs (print name) Signature 2/19/2013 Date

Troxler Online Training meets the requirements in Chapter 64E, Part XIII, Florida Administrative Code.

TROXLER® The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
P.O. Box 12057 - 3008 E. Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax: (919) 549-0761 - www.troxlerlabs.com

Course: Nuclear Gauge Safety - OL Tracking Code: 6I7K7L8H7C7M9MF_36670

HAZMAT CERTIFICATION

as required by U.S. DOT and IATA

This certifies that

Buck A Driggs

has been trained and tested in accordance with the U.S. Department of Transportation and International Air Transport Association (IATA) hazardous material requirements for general awareness/familiarization, function-specific, safety, and security awareness training as related to the transportation of nuclear gauges. A description of the training course materials is available from Troxler Electronic Laboratories, Inc. This certificate expires three years from the training date shown below.

February 19, 2013

EMPLOYER CERTIFICATION

I certify that the hazmat employee identified on this certificate has been trained and tested as required by U.S. DOT Hazardous Material Regulations (49 CFR 172 Subpart H).

Signature _____ Title Radiation Safety officer

TROXLER®
The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
PO Box 12057-3008 Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax (919) 549-0761 - www.troxlerlabs.com

Course: Hazmat

Tracking Code: 6I7K7L8H7C7M9MF_36669

Nuclear Gauge Safety Certification

This certifies that

Zackary Ewing

has successfully completed training on radiation safety and regulatory requirements for the use of portable nuclear gauges on this date.

September 15, 2014

This certificate is not valid until signed by the licensee RSO.

I attest that the person named above, and no other, has completed the online course and tests. I certify that the individual has completed practical skills training for setting up and making measurements, routine maintenance, packaging and transport, storage, and emergency procedures for portable nuclear gauges.

Licensee RSO Buck Driggs (print name) Signature 9/15/2014 Date

Troxler Online Training meets the requirements in Chapter 64E, Part XIII, Florida Administrative Code.

TROXLER® The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
P.O. Box 12057 - 3008 E. Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax: (919) 549-0761 - www.troxlerlabs.com

Course: Nuclear Gauge Safety - OL Tracking Code: LB8666C9ILJ9HHJ_64446

HAZMAT CERTIFICATION

as required by U.S. DOT and IATA

This certifies that

Zackary Ewing

has been trained and tested in accordance with the U.S. Department of Transportation and International Air Transport Association (IATA) hazardous material requirements for general awareness/familiarization, function-specific, safety, and security awareness training as related to the transportation of nuclear gauges. A description of the training course materials is available from Troxler Electronic Laboratories, Inc. This certificate expires three years from the training date shown below.

September 15, 2014

EMPLOYER CERTIFCATION

I certify that the hazmat employee identified on this certifcate has been trained and tested as required by U.S. DOT Hazardous Material Regulations (49 CFR 172 Subpart H).

Signature _____ Title RSO Officier

TROXLER®
The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
PO Box 12057-3008 Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax (919) 549-0761 - www.troxlerlabs.com

Course: Hazmat

Tracking Code: LB8666C9ILJ9HHJ_64445

Nuclear Gauge Safety Certification

This certifies that

Kurt Tschanz

has successfully completed training on radiation safety and regulatory requirements for the use of portable nuclear gauges on this date.

May 28, 2015

This certificate is not valid until signed by the licensee RSO.

I attest that the person named above, and no other, has completed the online course and tests. I certify that the individual has completed practical skills training for setting up and making measurements, routine maintenance, packaging and transport, storage, and emergency procedures for portable nuclear gauges.

Licensee RSO _____ _____ _____

(print name) Signature Date

Troxler Online Training meets the requirements in Chapter 64E, Part XIII, Florida Administrative Code.

TROXLER®
The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
P.O. Box 12057 - 3008 E. Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax: (919) 549-0761 - www.troxlerlabs.com

Course: Nuclear Gauge Safety - OL Tracking Code: 6JBKD7KJ58LAGH8_76414

HAZMAT CERTIFICATION

as required by U.S. DOT and IATA

This certifies that

Kurt Tschanz

has been trained and tested in accordance with the U.S. Department of Transportation and International Air Transport Association (IATA) hazardous material requirements for general awareness/familiarization, function-specific, safety, and security awareness training as related to the transportation of nuclear gauges. A description of the training course materials is available from Troxler Electronic Laboratories, Inc. This certificate expires three years from the training date shown below.

May 28, 2015

EMPLOYER CERTIFCATION

I certify that the hazmat employee identified on this certifcate has been trained and tested as required by U.S. DOT Hazardous Material Regulations (49 CFR 172 Subpart H).

Signature _____ Title _____

TROXLER®
The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
PO Box 12057-3008 Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax (919) 549-0761 - www.troxlerlabs.com

Course: Hazmat

Tracking Code: 6JBKD7KJ58LAGH8_76413

HAZMAT CERTIFICATION

as required by U.S. DOT and IATA

This certifies that

James Meis

has been trained and tested in accordance with the U.S. Department of Transportation and International Air Transport Association (IATA) hazardous material requirements for general awareness/familiarization, function-specific, safety, and security awareness training as related to the transportation of nuclear gauges. A description of the training course materials is available from Troxler Electronic Laboratories, Inc. This certificate expires three years from the training date shown below.

May 31, 2015

EMPLOYER CERTIFCATION

I certify that the hazmat employee identified on this certifcate has been trained and tested as required by U.S. DOT Hazardous Material Regulations (49 CFR 172 Subpart H).

Signature _____ Title _____

TROXLER®
The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
PO Box 12057-3008 Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax (919) 549-0761 - www.troxlerlabs.com

Course: Hazmat

Tracking Code: M8JC996F968J5GF_76636

Nuclear Gauge Safety Certification

This certifies that

James Meis

has successfully completed training on radiation safety and regulatory requirements for the use of portable nuclear gauges on this date.

May 31, 2015

This certificate is not valid until signed by the licensee RSO.

I attest that the person named above, and no other, has completed the online course and tests. I certify that the individual has completed practical skills training for setting up and making measurements, routine maintenance, packaging and transport, storage, and emergency procedures for portable nuclear gauges.

Licensee RSO _____ _____ _____

(print name) Signature Date

Troxler Online Training meets the requirements in Chapter 64E, Part XIII, Florida Administrative Code.

TROXLER®
The Leader in Construction Testing Equipment

Troxler Electronic Laboratories, Inc.
P.O. Box 12057 - 3008 E. Cornwallis Road - Research Triangle Park, NC 27709
Phone: (919) 549-8661 - Fax: (919) 549-0761 - www.troxlerlabs.com

Course: Nuclear Gauge Safety - OL Tracking Code: M8JC996F968J5GF_76637

AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES

This Agreement is hereby entered into this _____ day of _____ , 2015 , by and between the City of Hays Kansas, a municipal corporation (hereinafter "City"), and Driggs Design Group, PA, a Professional Corporation, (hereinafter "Consultant").

WHEREAS, the City desires to obtain professional engineering services, in connection with the

Tallgrass Addition, Phase V (Project Testing & Inspection)

(hereinafter "Project"); and,

WHEREAS, Consultant is a professional corporation, with local offices located at 203 E. 7th Street, Suite D, Hays, KS 67601, licensed to provide professional engineering services in the state of Kansas; and,

WHEREAS, Consultant is qualified, capable and prepared to perform the necessary professional engineering services in connection with the Project as described in this Agreement; and,

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. **PROFESSIONAL SERVICES**

   A. The term "Services" when used in this Agreement shall mean any and all professional engineering services provided by Consultant in accordance with this Agreement.

   B. City agrees to retain Consultant and Consultant agrees to perform and complete the following Services for the Project:

      These Services are described in detail in the Request for Proposal distributed by the City of Hays, incorporated herein by reference, and the Proposal submitted on behalf of the Driggs Design Group, PA incorporated herein by reference. The City reserves the right to direct revision of the Services at the City's discretion.

   C. Consultant shall advise the City of additional costs and time delays, if any, in performing the revision, before Consultant performs the revised services. If revisions of the Services are necessary due to Consultant's error or omission, Consultant shall provide the services and materials associated with such revisions, at no additional cost to the City.

   D. Consultant shall provide Services under this Agreement only upon written request of the City, and only to the extent defined and required by the City. Consultant shall not provide any services or materials not described by this Agreement unless Consultant obtains prior written consent from the City. If the City gives prior written consent for Supplemental Services, the City shall compensate Consultant with a fee mutually agreed upon by the parties prior to performance of the Supplemental Services. Any Supplemental services or materials provided by Consultant without the City's prior

written consent shall be at Consultant's own risk, cost, and expense, and Consultant shall not make a claim for compensation from the City for such work.

2. STANDARD OF CARE

A. Consultant shall exercise the same degree of care, skill, and diligence in the performance of all Services to the City that is ordinarily possessed and exercised by reasonable, prudent, and experienced professional engineer under similar circumstances. At the City's request, Consultant shall re-perform the Services, which fail to satisfy this standard of care. If Consultant fails to possess and exercise such care, skill, and diligence in providing all Services, Consultant shall be responsible to the City for any resulting loss or damages.

B. Consultant represents it has all other necessary licenses, permits, and certifications required to perform the Services described herein.

C. Consultant shall comply with, and cause its sub-consultants to comply with, applicable federal, state, and local laws, orders, rules, and regulations relating to the performance of the Services.

D. Neither Consultant nor Consultant's agents or employees shall discriminate against any employee or applicant for employment in the performance of this Agreement with respect to hiring, tenure, terms, conditions, or privileges of employment, because of race, color, religion, sex, or national origin.

3. COMPENSATION & AUDIT BY CITY

A. As consideration for providing the Services, the City shall pay Consultant a lump sum fee of $18,936.00 as defined below. Consultant acknowledges and agrees that the total cost to complete the Project shall not, in any way, exceed the listed amount per project without prior written approval by the City.

i. Construction Observation & Materials Testing $ 18,936.00

B. Consultant shall submit an invoice to the City on the first of each month that details the percentage of each task that was completed in the month immediately prior. The invoice shall also indicate the percentage total of each task that has been completed for the Project. City agrees to pay the balance of an approved invoice, or undisputed portions of a disputed invoice, within 30 days of the date of receipt by the City. In the event of a dispute, and prior to the invoice's due date, City shall pay the undisputed portion of the invoice and notify Consultant of the nature of the dispute regarding the balance.

C. At the City's request, Consultant shall permit the City, or any authorized representative of the City, at all reasonable times, to access and examine all records, books, papers or documents related to Consultant's performance under this Agreement, including, but not limited to, expenses for sub-consultants, agents or assistants, direct and indirect charges, and detailed documentation for all such work performed.

4. SCHEDULE & DELAY

A. Unless otherwise directed by the City, Consultant shall commence performance of the Services upon execution of this Agreement.

B. Consultant shall provide Services pursuant to the agreed-upon schedule, which shall be:

i. Services shall be provided for 130 Working Day beginning on or around September 14, 2015.

C. Neither the City nor the Consultant shall be in default of the Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party, including, but not limited to, unusually severe weather conditions, floods, tornadoes, earthquakes, fires, and epidemics; wars, riots and other civil disturbances; strikes, lockouts, and other labor disturbances; or judicial restraint. Should such a circumstance occur, the non-performing party shall, within a reasonable time, give the other party written notice describing the circumstances and the anticipated date to resume performance of the Agreement.

D. If Consultant's performance is delayed due to delays caused by the City, Consultant shall have no claim against the City for damages or payment adjustment other than an extension of time to perform the Services.

5. LIABILITY & IDEMNIFICATION

A. Consultant shall indemnify and hold harmless the City, and its departments, elected officials, officers, employees and agents, from and against all liability, suits, actions, proceedings, judgments, claims, losses, liens, damages, and injuries, (including attorneys' fees and other expenses of litigation, arbitration, mediation or appeal), which in whole or in part arise out of or have been connected with, Consultant's negligence, error, omission, recklessness, or wrongful or criminal conduct in the performance of Services, including performance by Consultant's employees, agents and subcontractors.

B. Consultant's obligation to indemnify and hold harmless shall remain in effect and shall be binding on Consultant whether such injury shall accrue, or may be discovered, before or after termination of this Agreement.

6. INSURANCE

A. Consultant shall purchase and maintain, at its expense, insurance coverage as required in this Section for the term of this Agreement. The failure to purchase and maintain the minimum insurance required herein shall constitute a material breach of this Agreement upon which the City may immediately terminate or suspend this Agreement. Compliance with the insurance requirements set forth in this Section to purchase and maintain insurance shall not in any manner limit or qualify the liability and obligations otherwise assumed by the Consultant in the written contract/agreement. Consultant shall furnish any or all insurance certificates to the City, as requested by the City. Insurance Companies must be rated a minimum "A-" by the Best's Key Rating Guide's latest edition.

B. The consultant shall purchase and maintain insurance of the following types of coverage and limits of liability:

i. Commercial General Liability (CGL) with limits of insurance of not less than $1,000,000 each occurrence and $1,000,000 Annual Aggregate.

1. If the CGL coverage contains a General Aggregate Limit, such General Aggregate shall apply separately to each project.

2. CGL coverage shall be written on ISO Occurrence form CG00 01 1096 or a substitute form providing equivalent coverage and shall cover liability arising from premises, operations, independent consultants, products-completed operations, and personal and advertising injury.

3. City of Hays, Kansas and all other parties required by the contract shall be included as additional insured's on the CGL. This insurance for the additional insured shall be as broad as the insurance for the named insured Consultant. It shall apply as Primary and non-contributory insurance before any other insurance or self-insurance, including any deductible, maintained by, or provided to, the additional insured.

4. Consultant shall maintain CGL coverage for itself and all additional insured's for the duration of the project and maintain Completed Operations coverage for itself and each additional insured for at least 3 years after completion of work.

ii. Automobile Liability with limits of at least $1,000,000 each accident.

1. Business Auto coverage must include coverage for liability arising out of all owned, leased, hired and non-owned automobiles.

2. Owner shall be included as insured on the auto liability policy.

iii. Workers Compensation and Employers Liability limit of at least $500,000 each accident, $500,000 for bodily injury by accident, and $500,000 each employee for injury by disease.

1. Where applicable, US Longshore and Harborworkers Compensation Act Endorsement shall be attached to the policy.

2. Where applicable, the Maritime Coverage Endorsement shall be attached to the policy.

iv. Professional Liability Insurance: Consultant shall purchase and maintain insurance with a limit of $1,000,000 for each claim and in the aggregate.

C. Consultant shall provide, prior to the commencement of the project, a certificate of insurance illustrating compliance with the insurance requirements outlined above. This certificate and the insurance policies required shall contain a provision that coverage afforded under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the City of Hays, Kansas, Attn: City Clerk, PO Box 490, Hays KS 67601.

7. ASSIGNMENT OF AND RESPONSIBILITY FOR PERSONNEL

A. Consultant's assignment of personnel to perform the Services shall be subject to the City's oversight and general guidance.

B. While upon City premises or property under the City's control, the Consultant's employees, agents, and subconsultants shall be subject to the City's rules and regulations respecting its property and the conduct of its employees thereon.

8. OWNERSHIP & REUSE OF DOCUMENTS

A. All drawings, specifications, test reports, and other materials and work products which are prepared or furnished by the City prior to this Agreement, or for the performance thereof, shall remain the City's sole property. The City shall make available to Consultant the copies of such materials as necessary for Consultant to perform the Services.

B. All drawings, specifications, test reports, and other materials and work products, including computer aided drawings, designs, and other data filed on electronic media which will be prepared or furnished by Consultant (and Consultant's independent professional associates and subconsultants) under this Agreement, are instruments of service in respect to the Project and such information and documents prepared by Consultant shall become the sole property of the City. At the City's request, Consultant

shall give the City all materials obtained or produced in the course of the Services. The City makes no warranty as to the compatibility of computer data files with computer software or software releases other than that used by Consultant in performing services herein. Consultant shall maintain complete Services records for five (5) years after completion of the Services.

C. The City understands that the reuse of any document prepared or furnished by Consultant without written verification or adaptation by Consultant for the specific purpose intended by the City shall be at the City's sole risk and without liability or legal exposure to Consultant.

9. CONSULTANT'S PERSONNEL AT PROJECT SITE

A. The presence of Consultant's personnel at a construction site is for the purpose of providing the City a greater degree of confidence that the completed work will generally conform to the Scope of Work and related Project documents, and that the integrity of the design concept as reflected in the Project documents have been implemented and preserved by the contractor(s).

B. Consultant has no authority to exercise control over any construction contractor. Consultant neither guarantees the performance of the contractor(s), nor assumes the responsibility for the contractor's failure to perform their work in accordance with the Project documents.

10. RELATIONSHIP OF THE PARTIES

A. The City and Consultant agree that the Consultant shall be and remain an independent contractor in the performance of the Services. Consultant's employees, agents, or subconsultants shall not be considered employees of or subject to the direction and control of the City.

B. Consultant shall be solely responsible for the supervision and performance of all subconsultants to perform under this Agreement.

11. NOTICES

A. All notices required by this Agreement shall be in writing, and unless otherwise directed by this Agreement, shall be sent to the addresses as set forth in this Section.

B. Notices sent by the Consultant to the City shall be sent to:

John Braun
Assistant Director of Public Works
1002 Vine St
Hays, KS 67601

C. Notices sent by the City to the Consultant shall be sent to:

Buck Driggs, PE
Driggs Design Group, PA
203 E 7th Street, Suite D
Hays, KS 67601

12. TERM & TERMINATION

A. The effective date of this Agreement shall be the date of execution, when the Agreement is signed by both parties. This Agreement shall terminate upon completion of all Services to the satisfaction of the City, and upon final payment by the City.

B. Notwithstanding Paragraph 12-A, the City reserves the right and may elect to terminate this Agreement at any time, with or without cause. The City shall compensate Consultant for the Services that have been completed to the City's satisfaction as of the date of termination. Consultant shall perform no activities other than reasonable wrap-up activities after receipt of notice of termination.

13. MISCELLANEOUS PROVISIONS

A. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Kansas.

B. Venue and Jurisdiction. The parties agree any legal action arising out of this Agreement shall be filed solely in the Ellis County, Kansas, District Court, or the U.S. District Court of Kansas, as appropriate.

C. Entire Agreement. This Agreement, including attachments incorporated herein by reference, represents the entire Agreement and understanding between the parties, and this Agreement supersedes any prior negotiations, proposals or agreements. Unless otherwise provided in this Agreement, any amendment to this Agreement shall be in writing and shall be signed by the City and Consultant, and attached hereto.

D. Severability. If any part, term or provision of this Agreement, or any attachments or amendments hereto, is declared invalid, void, or enforceable, all remaining parts, terms and provisions shall remain in full force and effect.

E. Waiver. The failure of either party to require performance of this Agreement shall not affect such party's right to enforce the same. A waiver by either party of any provision or breach of this Agreement shall be in writing. A written waiver shall not affect the waiving party's rights with respect to any other provision or breach.

F. Assignment. Nothing in this Agreement shall be construed to give any rights or benefits to any party other than the City and Consultant. Consultant shall not assign any interest in this Agreement without the City's prior written consent. If Consultant assigns an interest in this Agreement without the City's prior written consent, such assignment shall be void, and City may immediately terminate or suspend this Agreement.

G. Successors and Assigns. Subject to Paragraph 13-F, this Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

H. Third Parties. The Services to be performed by Consultant are intended solely for the benefit of the City. Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any person or entity not a signatory to this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year above written.

CONSULTANT:	CITY:
_____	_____
(Signature)	*(Signature)*
Buck A. Driggs	_____
(Printed Name)	*(Printed Name)*
President/CEO	_____
(Title)	*(Title)*

Commission Work Session Agenda Memo

From: Kim Rupp, Director of Finance

Work Session: August 6, 2015

Subject: Sewer Rate Study/Adjustment

Person(s) Responsible: Kim Rupp, Director of Finance

Summary

Environmental restrictions at the City Sewer treatment facility, aging infrastructure and lack of funding for annual sewer capital maintenance repairs and rehabilitation and the insufficient user rates to fund such requirements prompted the need for a Sewer Rate Study. Springsted Inc was contracted to conduct a comprehensive study to determine the rate increases needed to support the above needs. Patty Kettles, VP with Springsted Inc made a presentation at the July 16th work session outlining the study and its recommendation. Springsted recommended the monthly sewer base and volumetric user rates should be increased 17% August 1, 2015, 15.5% annually 2016-2020 and 12.0% in 2021. The Commission asked that more options be brought forward at a future work session. Based on another round of research, City staff is presenting four options and is recommending option 2 with the monthly sewer base and volumetric user rates increasing 15% September 1, 2015, 15% annually 2016-2020 and 12% in 2021.

Background

Current environmental restrictions from the Kanas Department of Health and Environment (KDHE) have caused the need for the reconstruction of the city's waste water treatment facility. The owner representative for the project, HDR, is providing consulting services, integrated project delivery, wastewater treatment engineering and construction monitoring. Their preliminary estimates have reached $30M. The KDHE permitting process requires that the new facility be operational by January 1, 2018 and fully implemented by July 1, 2018.

Additionally, through an extensive research project using the Stong Towns initiative, city staff has discovered that the current waste water collection infrastructure is grossly underfunded. It was determined that the city should be spending approximately $1M per year for annual sewer capital maintenance and repairs as well as manhole rehabilitation and collection system repairs.

The current base and volumetric charges for the sewer utility is one of the lowest in the state and is insufficient to fund the needed reconstruction and maintenance as outlined above. Therefore, city staff contracted with and a sewer rate study was conducted by Springsted Inc.

Discussion

Springsted Inc has become a top municipal advisor in Kansas. They have served Kansas communities for over 25 years including Wichita, Sedgwick County, Johnson County, Lawrence, Manhattan, Pittsburg, Newton and Baldwin City. Their approach in the rate study included: 1) An understanding of the utility's cash flow requirements over the course of the fiscal year; 2) Establishing adequate levels of cash reserves; 3) Integration of projected new utility debt into the City's overall debt management plan; and 4) Effectively communicating a level of financial management to the credit rating agencies.

Legal Consideration

There are no known legal obstacles to moving forward as staff has recommended.

Financial Consideration

This study was undertaken to review and analyze the City's sewer utility to determine the appropriate rate structure needed to pay for anticipated operating expenditures, to provide for anticipated capital improvements, to provide operating cash flow, and to ensure an adequate level of cash reserves.

The following conclusions were determined as a result of this study and the financial projections prepared:

1. Operating income in the sewer fund has been positive the last three years, but has decreased since 2012.
2. The minimum cash position in any given year should be $500,000 once the water and sewer funds are split.
3. Monthly sewer user rates should be increased 15% September 1, 2015, 15% annually 2016-2020 and 12% in 2021.

These rate increases are needed to fund anticipated cash needs including:

*operating and maintenance expenses
*current and proposed debt service requirements
*capital improvements
*cash reserves for future operations and capital improvements

Attached is a chart illustrating the projected average residential bill for the four options over the period of increases as well as a comparison to cities in Kansas. In the second column labeled 2021 or last increase, the chart does assume a 4% increase for each comparison city.

Review of the sufficiency of the rates on an annual basis concurrent with the development of each year's budget will be conducted based upon actual performance and on the final construction costs of the anticipated capital improvements.

Options

The City Commission has the following options:

Option 1 – Original Springsted Recommendation
17% September 1, 15.5% annually 2016-2020 and 12% in 2021
SRF Loan level debt service with normal 20 year amortization

Total Cumulative rate increase = 169%
Total debt service $37,744,495

Option 2 – 15% September 1, 15% annually 2016-2020 and 12% in 2021
SRF Loan level debt service with normal 20 year amortization
Total Cumulative rate increase = 159%
Total debt service $37,744,495

Option 3 – 8.5% September 1, 8.5% annually 2016-2029
SRF Loan debt service delayed until 2025 when the 2009A revenue bond is retired
Total cumulative rate increase = 240%
Total debt service $39,835,283

Option 4 – 9.5% September 1, 9.5% 2016-2026, then 5% 2027-2029
SRF Loan debt service wrapped around the 2009A revenue bond debt service
The SRF debt service is lowered by the amount of the 2009A payments and then ramped back up to normal amortization when the 2009A issue is retired
Total cumulative rate increase = 244%
Total debt service $38,000,169

Illustrations of each option are attached.

Recommendation

City staff recommends option 2, the monthly sewer base and volumetric user rates should be increased 15% September 1, 2015, 15% annually 2016-2020 and 12.0% in 2021.

Action Requested

Approve the resolution increasing monthly sewer base and volumetric user rates 15% on September 1, 2015, 15% annually 2016-2020 and 12.0% in 2021 with the option to resolution out of the foregoing schedule for some other rate schedule determined at that time.

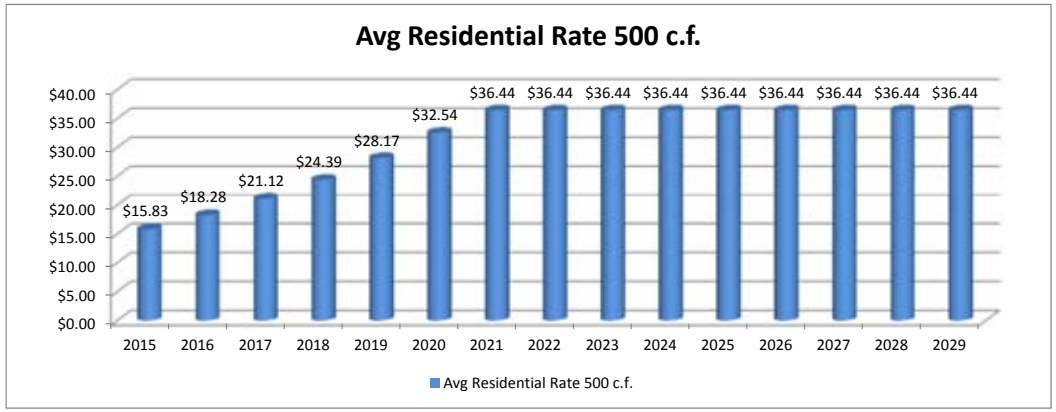
Supporting Documentation

Sewer rate option illustrations
Sewer rate comparison chart
Resolution

OPTION 1 - Projected Rate Adjustments and Cash Analysis - Original Springsted recommendation

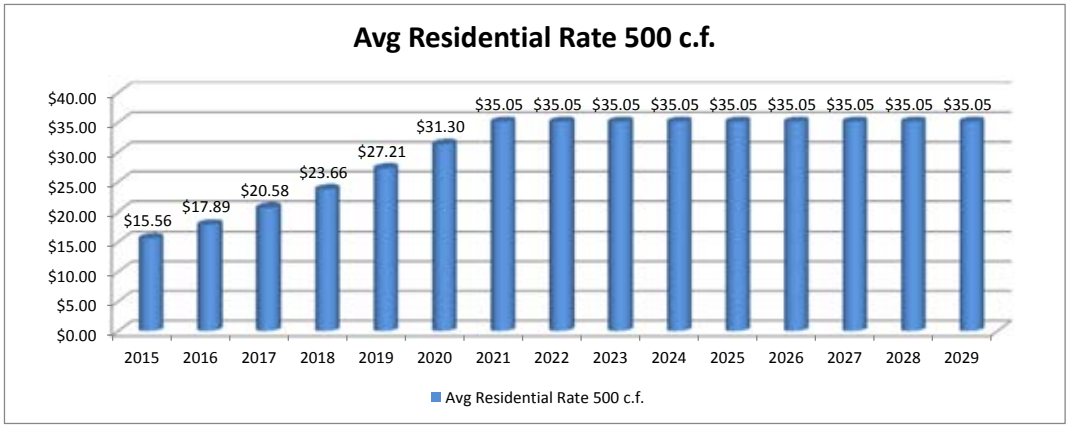
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
% Increase	17.0%	15.5%	15.5%	15.5%	15.5%	15.5%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Avg Residential Rate 500 c.f.	$15.83	$18.28	$21.12	$24.39	$28.17	$32.54	$36.44	$36.44	$36.44	$36.44	$36.44	$36.44	$36.44	$36.44	$36.44
Ending Cash including reserves	$2,061,755	$2,266,454	$2,838,012	$1,467,026	$582,075	**$269,355**	$465,221	$617,769	$724,240	$784,827	$945,096	$1,051,637	$1,102,554	$1,095,886	$1,029,612

Level debt service - normal 20 year amotization	
New debt service payment	**$1,887,224**
Total Debt service	**$37,744,495**
Cumulative rate increase	**269%**



OPTION 2 - Projected Rate Adjustments and Cash Analysis - 15% to 2020 then 12% in 2021

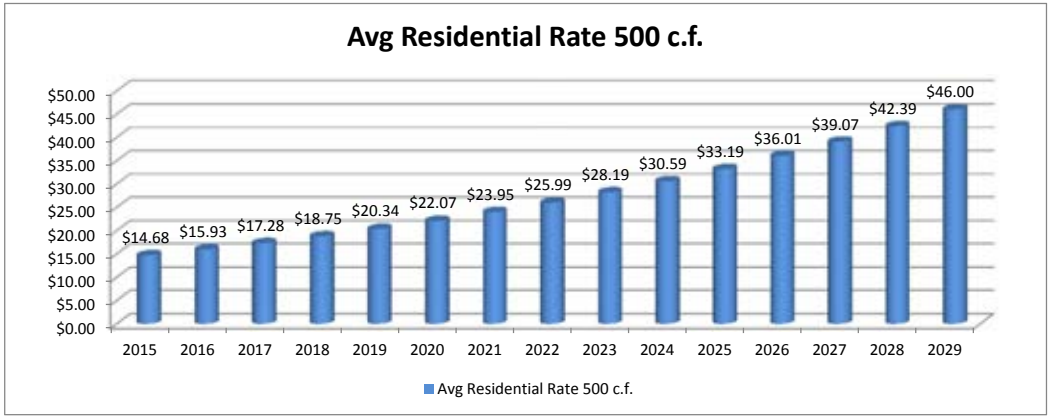
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
% Increase	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Avg Residential Rate 500 c.f.	$15.56	$17.89	$20.58	$23.66	$27.21	$31.30	$35.05	$35.05	$35.05	$35.05	$35.05	$35.05	$35.05	$35.05	$35.05
Ending Cash including reserves	$2,077,637	$2,244,603	$2,760,369	$1,384,035	$470,393	**$96,398**	$212,609	$281,261	$301,239	$271,388	$337,429	$346,714	$297,779	$189,122	**$19,205**



Level debt service - normal 20 year amortization	
New debt service payment	**$1,887,224**
Total Debt service	**$37,744,495**
Cumulative rate increase	**259%**

OPTION 3 - Projected Rate Adjustments and Cash Analysis - 8.5% to 2029 - delayed payments

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
% Increase	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Avg Residential Rate 500 c.f.	$14.68	$15.93	$17.28	$18.75	$20.34	$22.07	$23.95	$25.99	$28.19	$30.59	$33.19	$36.01	$39.07	$42.39	$46.00
Ending Cash including reserves	$2,031,754	$2,004,405	$2,143,128	$1,373,492	$798,763	$439,970	$316,220	$450,164	$866,426	$1,591,781	$784,485	$337,414	**$284,646**	$663,241	$1,513,502



Delayed debt service to 2025	
New debt service payment	**$2,697,542**
Total Debt service	**$39,835,283**
Cumulative rate increase	**340%**

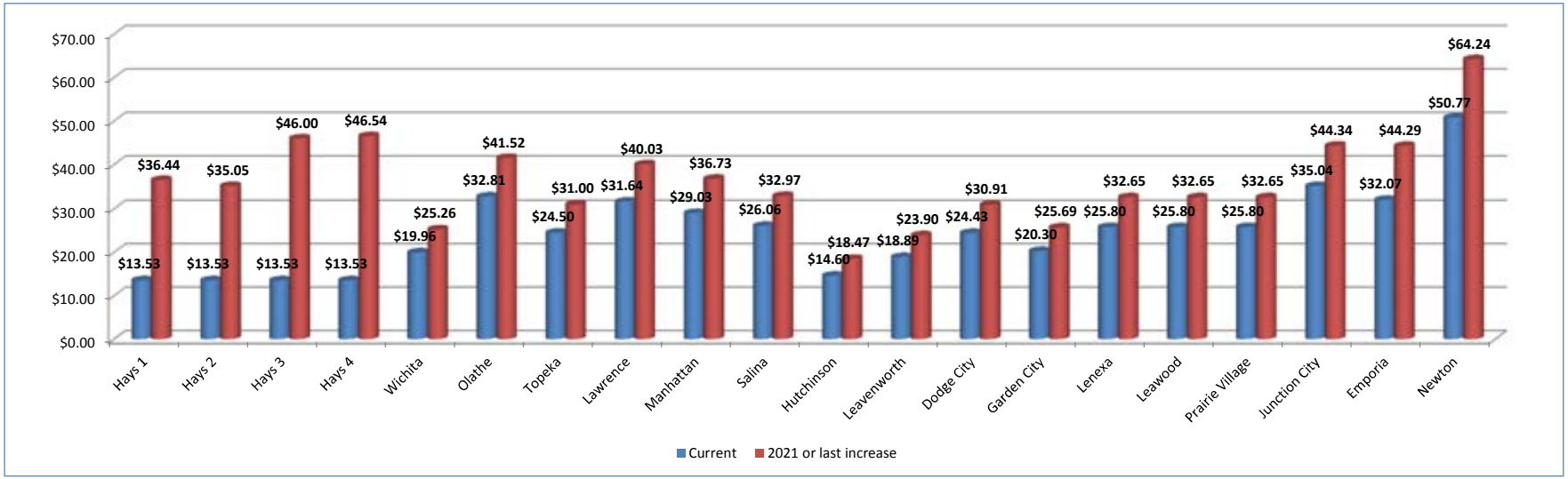
OPTION 4 - Projected Rate Adjustments and Cash Analysis - 9.5% to 2026 then 5% to 2029 - wrap around debt service

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
% Increase	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	5.0%	5.0%	5.0%
Avg Residential Rate 500 c.f.	$14.82	$16.22	$17.76	$19.45	$21.30	$23.32	$25.54	$27.96	$30.62	$33.53	$36.72	$40.20	$42.21	$44.32	$46.54
Ending Cash including reserves	$2,008,813	$2,010,970	$2,205,631	$463,540	-$1,050,252	-$2,308,983	-$3,287,068	-$3,954,539	-$4,278,516	-$4,222,923	-$3,848,025	-$3,259,357	-$2,444,848	-$1,391,794	-$86,816

Wrap around debt service to 2025	
New debt service payment	**$1,739,724**
	$1,986,316
Total Debt Service	**$38,000,169**
Cumuluative Rate Increase	**344%**

Average Residential Monthly Charges - 500 c.f.

City	Current	2021 or last increase
Hays 1	$13.53	$36.44
Hays 2	$13.53	$35.05
Hays 3	$13.53	$46.00
Hays 4	$13.53	$46.54
Wichita	$19.96	$25.26
Olathe	$32.81	$41.52
Topeka	$24.50	$31.00
Lawrence	$31.64	$40.03
Manhattan	$29.03	$36.73
Salina	$26.06	$32.97
Hutchinson	$14.60	$18.47
Leavenworth	$18.89	$23.90
Dodge City	$24.43	$30.91
Garden City	$20.30	$25.69
Lenexa	$25.80	$32.65
Leawood	$25.80	$32.65
Prairie Village	$25.80	$32.65
Junction City	$35.04	$44.34
Emporia	$32.07	$44.29
Newton	$50.77	$64.24



RESOLUTION NO. _____

A RESOLUTION MODIFYING THE SEWER RATES FOR RESIDENTIAL AND BUSINESS CUSTOMERS WITHIN THE CITY OF HAYS, KANSAS.

WHEREAS, the Governing Body of the City of Hays, Kansas, pursuant to Ordinance No. 3747, as passed on May 22, 2008, is to set a fee for sewer rates for residential and business customers within the City of Hays, by resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HAYS, KANSAS, that it is necessary to modify sewer rates for residential and business customers within the City of Hays; and the City hereby sets those rates, commencing with billings generated on or after August 1, 2015, as follows:

a. Minimum Service Charge.

Meter Size (inches)	Inside City Limits (per month, in dollars)	Outside City Limits (per month, in dollars)
5/8		
¾		
1		
1½		
2		
3		
4		
6		

b. *Residential Users with No City Water Service*. All monthly sewer charges for residential users with no city water service shall be $_____ per month. Outside city limits rate shall be $_____.

c. Sewer Service Charges for Residential.

Cubic Feet of Water Usage	Inside City Limits (per 100 cubic feet, in dollars)	Outside City Limits (per 100 cubic feet, in dollars)
First 100	Included in minimum	Included in minimum
Any additional usage		

d. Sewer Service Charges for Business.

Cubic Feet of Water Usage	Inside City Limits (per 100 cubic feet, in dollars)	Outside City Limits (per 100 cubic feet, in dollars)

First 100	Included in minimum	Included in minimum
Any additional usage		

e. Extra Strength Surcharge, Unit Charge.

Cost Parameter	User Charge Portion ($/lb)	Inside the City Limits ($/lb)	Outside the City Limits ($/lb)
BOD			
Suspended solids			

These rates shall be modified by increasing them by _____ of the rate then existing, rounded up to the nearest whole cent, each successive year on January 1st, beginning January 1, 2016 and continuing through January 1, 2020, and by increasing them by _____% of the rate then existing in 2021, unless the Governing Body, by resolution, determines otherwise.

This resolution shall be effective upon its passage.

Adopted by the Commission on the _____ day of _____, 2015.

_____
EBER PHELPS
Mayor

ATTEST:

_____
BRENDA KITCHEN
City Clerk

(SEAL)