

MINUTES OF A MEETING OF  
THE GOVERNING BODY OF THE  
CITY OF HAYS, KANSAS  
HELD ON NOVEMBER 8, 2001

**1. CALL TO ORDER BY CHAIRMAN:** The Governing Body of the City of Hays, Kansas met in regular session on Thursday, November 8, 2001 at 7:30 p.m.

Roll Call: Present: Henry Schwaller IV  
Larry Schmidt  
Troy Hickman  
Sunell Koerner  
Dick Bedard

Mayor Schwaller declared that a quorum was present and called the meeting to order.

**2. MINUTES:** Commissioner Schmidt corrected page 13 from the minutes of the October 25, 2001 meeting. The amount spent on hydrology for the South Russell Project should be \$70,000, not \$700,000.

Troy Hickman moved, Larry Schmidt seconded, that the minutes from the October 25, 2001 meeting, as corrected, be approved.

Vote: Ayes: Henry Schwaller IV  
Larry Schmidt  
Troy Hickman  
Sunell Koerner  
Dick Bedard

**3. CITIZEN COMMENTS:** Janelle Bedard, Tourism Coordinator for the Hays Convention and Business Bureau, and Sabrina Williams, Special Events Coordinator for the Hays Area Chamber of Commerce, invited the Commission and the viewing public to the festivities in downtown Hays on December 2, 2001, to kick off the holiday season. There will be a parade, a craft fair, a Christmas tree lighting ceremony, an art walk, Christmas caroling, and refreshments.

Jeanie Billinger, representing the Hays National Education Association and USD 489, informed the Commission that American Education Week would be November 11-17<sup>th</sup>. Events are planned to honor teachers, parents, support personnel, and the business community that contributes to the success of the students in our public schools.

John Watson, 509 West 12<sup>th</sup> Street, stated he would like to see Hall Street from 27<sup>th</sup> north, striped for three lanes, so that it stays consistent with Hall Street, south of 27<sup>th</sup> Street, and use the west lane for parking. He also stated his garage has become land-locked and he would like to have the City construct an alley.

Mayor Schwaller stated there has been some confusion. Mr. Watson and his neighbors would have some form of access to their property.

Tom and Lisa Wiesner, 3018 East 13<sup>th</sup> Street, requested the Commission reconsider the design of future water and sewer lines that will run near their property. They are concerned about sand problems and washouts that would harm their property.

City Attorney John Bird stated Kurt Hassler, City Engineer, should be consulted about any of the Wiesner's concerns. The project was redesigned to go around the Wiesner property because the Wiesners would not sell their property at the price the City wanted to pay. The lines are scheduled to be placed in the City right-of-way.

Mayor Schwaller stated this item could be placed on the November 20, 2001 agenda for more discussion.

Melanie Miller, Public Library Director, appeared before the Commission to answer any of the Commission's questions regarding the deed transferring the land south of the Hays Public Library from Ellis County to the City of Hays. This was tabled at the last Commission meeting and is not on this evening's agenda.

City Attorney John Bird recommended the Commission approve the transaction.

Mayor Schwaller stated that when the Library became a "Carneige Library", Ellis County donated the land. The deed has a virgin clause that indicates that if the City doesn't use the original structure as a library, the land

and building would revert back to Ellis County. A deed that was prepared in 1980's for sidewalk repair did not have the reversion clause in it. Since the Library is being added on to, the Library Board would like to have the reversion clause added back in.

Interim City Manager Dorothy Stites stated she is still researching the documents involved and has this item on the November 20<sup>th</sup> agenda.

**4. CONSENT ITEMS:** There were no consent items.

## **NEW BUSINESS**

**5. NATIONAL DEVELOPMENT COUNCIL (NDC) CONTRACT REVIEW (90 DAY REVIEW):** Hazim Rashed, Director of the National Development Council, addressed the Commission regarding an application the Downtown Hays Development Corporation (DHDC) made for \$1 million in economic development funds from the U.S. Department of Housing and Urban Development. The project failed to receive the grant.

Mr. Rashed stated the costs for this project are going to be about \$8 million. In a project of this scope, there are some issues that need to be addressed. This is high-risk/low return project. It is more expensive to renovate old buildings than to construct new buildings on large lots. Mr. Rashed asked who is going to assume risk to insure that this project actually comes to fruition. It didn't appear to him that there is a clear indication to move this project forward. An investment in this project may not show immediate return. The owners and developers of the property and the community have to assume part of that risk to make projects go forward.

Mr. Rashed projected that if this development were to happen, approximately \$136,000 to \$137,000 would be gained in additional sales tax revenue, using a worst case scenario. Bed tax revenue would be at about the same level as the sales tax revenue. Fifty additional jobs would be realized. Hays is a regional draw, but most people are drawn to Vine Street and around to other areas; they don't see the downtown as part of that draw. To make the

downtown attractive, it would be necessary to have a good mix of tenants and users.

Mr. Rashed stated it has been made extraordinarily clear to him that everyone expects someone else to pay for this project. There aren't a lot of incentives to move this project forward at this point. To make the project have a higher likelihood of success, the project could tap into some of the state programs, such as the Main Street Program. A possible tax increment financing vehicle for downtown could be explored. Without any incentives, the developer will be required to put up about \$3 million in cash equity, which is more than the developer has available at this point. There will have to be a large cash infusion that will have to come from somewhere to move this project forward.

There are ways that people can invest in the project and actually share in the return or allow DHDC to share in the return so that the community shares in the benefits of the project being a success and shares in the risk. If there is any downturn, that doesn't allow the project to be as great a success as it could be. Some sort of subsidy would be needed; bank loans need to be in place and investors need to come from this community as well as outside of the community. There seems to be about a \$2 million gap.

Mayor Schwaller stated he supports this project, but questioned why the developer can't do one building at a time, rather than renovate the buildings all at the same time.

Mr. Rashed stated that by doing it that way, you lose a market advantage. You must first create an atmosphere that generates a change in perception. It has to have enough mass to have people feel like there has been a change and it is not the same area.

Mayor Schwaller stated the general feeling is that this project is a little too ambitious; it is not spelled out very well.

Mr. Rashed stated he questioned why the developer would invest this much money into the project with such a low level of return. The developer loves the idea of what this project could be and was inspired by visits to other communities that had neglected downtown areas and transformed them. He was

enamoured by that concept before his bankers told him he could get no more money until this project made some financial sense.

The critical next step is to make this project sellable and find someone who has economic clout and can assume some of the risk. Once that is found, the project could move forward very quickly. How long that will take is hard for he as an outsider to determine.

Mayor Schwaller said he supported the project and favored exploring the possibility of creating a tax increment financing district. Such a district diverts part of the property taxes in an area in order to redevelop the specific area. City Attorney Bird explained that the return for creating a TIF District is that it creates a better economic climate in that area and generates more property tax and sales tax.

Commissioner Koerner said the City spends money developing other areas in the City, so why not downtown. She is in favor of moving ahead with the project.

Mr. Rashed said it is critical that any incentive program be open to everyone downtown. He suggested the City also explore other methods of financing such as state and federal funding.

Mr. Rashed said his contract has expired, but he would still be available on an informal basis for consultation. He believes the project has potential, and if more is needed from the National Development Council, the contract could be renewed.

The consensus of the Commission was for City staff to contact the City's financial advisors concerning various financing options. After the information is gathered, the commission wants to hold a study session to further discuss the options.

**6. 2001 POOL SEASON:** Hays Recreation Director Rick Claiborn and Joe Spangler , Aquatics Director, gave a report on the Hays Aquatic Park for the 2001 Season. Mr. Claiborn stated that the Aquatic Park suffered a \$97,475.16 loss for the season. Under their contract with the City, the Recreation Commission is obligated to absorb \$26,000 of the \$97,475.16. Mr. Clairborn

suggested raising fees or reducing the length of the season to help reduce the deficit. He stated that a \$.00 increase would generate an additional \$85,000 based on last season's attendance level. Increasing the price of season passes by \$10 could generate another \$12,000.

Assistant City Manager Dorothy Stites said she had recently toured the Aquatic Park and was not happy about the condition of the facility; it looks like it is ten years old. The stainless steel siding needs to be cleaned, the starburst is cracking, and the frog needs to be waxed. The facility was dirty, unorganized and repairs need to be made. Mr. Clairborn said those issues are being addressed, and new products will be used on the starburst and the frog to try and preserve the finish.

Commissioner Schmidt said he not opposed to a small rate increase at the Aquatic Park to offset the deficit. He pointed out that the golf course is being subsidized by \$114,000 for about 30 rounds of golf, whereas, the pool had 85,000 participants this year and needs a subsidy of \$71,000. The golf course needs to work on reducing their deficit also.

Troy Hickman moved, Dick Bedard seconded, that City staff be authorized to issue payment of \$71,475.16 to the Hays Recreation Commission to absorb the deficit at the Hays Aquatic Park, and that if legally possible, the funds should be paid out of pool sales tax funds.

Vote: Ayes: Henry Schwaller IV

Larry Schmidt

Troy Hickman

Sunell Koerner

Dick Bedard

No action was taken on options presented to reduce the deficit until after a joint meeting with the Hays Recreation Commission to discuss other pool issues.

**7. PUBLIC WORKS – METER TEST BENCH PURCHASE:** Assistant Public Works Director Brenda Cary said \$15,000 was allocated in the 2001 Budget for the purchase of a meter test bench. Two bids were received as follows:

Water Products Inc.	\$13,169.62
McPherson, KS	
Salina Supply Co.	\$13,901.83
Salina, Kansas	

Henry Schwaller moved, Larry Schmidt seconded, that the bid from Water Products, Inc., McPherson, Ks, totaling \$13,169.62, be accepted.

Vote: Ayes: Henry Schwaller IV

Larry Schmidt

Troy Hickman

Sunell Koerner

Dick Bedard

**8. ANNEXATION ORDINANCES – DOERFLER & BRAUN PROPERTIES:**

Community Development Director Laas said these two properties would actually become Doerfler property. Doerflers own the one property and have a contract to purchase the other property. The City Commission has endorsed the creation of a Special Assessment District for the extension of both public water and sewer to serve the developable area to be created with the improvement of 43<sup>rd</sup> Street to 45<sup>th</sup> Street. The proposed ordinances would annex land that will likely participate in a Special Assessment District for the extension of public water. This partial will not likely participate in the creation of a new Sewer District because it is adjacent to an existing Special Assessment District/Public Sewer. It is anticipated that they will petition the City to connect to the existing sewer for which a benefit fee will be collected and applied to the outstanding debt of that Special Assessment District.

Troy Hickman moved, Larry Schmidt, seconded that Ordinance No. 3571 and 3572, being ordinances annexing two partials of land north of I-70, east of North Vine Street, into the corporate limits of the City of Hays, be approved.

Vote: Ayes: Henry Schwaller IV  
Larry Schmidt  
Troy Hickman  
Sunell Koerner  
Dick Bedard

**9. ORDINANCE REZONING PROPERTY LOCATED ON THE SOUTHWEST CORNER OF 27<sup>TH</sup> & HALL – KAYS PROPERTY:**

Community Development Director Laas stated that the Planning Commission approved a request for a zoning change from “C-O” (Office Institutional) to “C-2” (General Commercial & Service District) for property generally located at the Southwest corner of 27<sup>th</sup> & Hall Street with the stipulation that a 6 foot fence or landscape screening be provided by the developer at the time the property is further improved. The purpose of the zoning request was to expand the property’s potential commercial uses and make the proposed zoning compatible with nearby property.

City Attorney Bird noted that the owner of the property understands and will commit to include a restrictive covenant that requires the screening to be in place when the development occurs.

Henry Schwaller IV moved, Troy Hickman, seconded, that Ordinance No. 3573, being an ordinance rezoning property located on the southwest corner of 27<sup>th</sup> & Hall, KAYS property, from “C-O” (Office & Institutional) to “C-2” (General Commercial & Service District), be approved.

Vote: Ayes: Henry Schwaller IV  
Larry Schmidt  
Troy Hickman  
Sunell Koerner  
Dick Bedard

A petition was presented by Elton Boucher protesting the proposed zoning change. Mr. Boucher was concerned that under the new zoning a convenience store or liquor store would be able to locate on that corner and could create more traffic.

**10. ORDINANCE REZONING PROPERTY LOCATED WITHIN THE 100 BLOCK OF EAST 5<sup>TH</sup> STREET:**

Community Development Coordinator Laas said the Planning Commission approved a request from Western Investment Inc. to rezone the 100 Block of East 5<sup>th</sup> Street from “R-4” (Multi Family Residential) to “C-2” (General Commercial and Service District). Mr. Laas noted that the property was north of the Aquatic Park. It was noted that this zoning change will give the whole piece of property uniform zoning; presently, part of the property is “C-2” and part is “R-4”.

Troy Hickman moved, Henry Schwaller IV seconded, that Ordinance No. 3575, being an Ordinance rezoning property located within the 100 Block of East 5<sup>th</sup> Street from “R-4”, (Multi-Family) to “C-2”, (General Commercial and Service District), be approved.

Vote: Ayes: Henry Schwaller IV  
Larry Schmidt  
Troy Hickman  
Sunell Koerner  
Dick Bedard

**11. COMMISSION INFORMATIONAL MEMORANDUM:** There were no items for discussion.

**12. ADD-ON ITEMS:** Attorney Bird said the property at 403 Oak is available for sale for \$24,500. The owners, Kansas State University Development Foundation, have agreed to accept an offer of \$23,000, subject to the property passing an inspection for environmental problems, especially asbestos. The owner has agreed to pay closing costs.

Dick Bedard moved, Sunell Koerner seconded, that the property located at 403 Oak be purchased for \$23,000 with one-half cent pool sales tax proceeds.

Vote: Ayes: Larry Schmidt  
Troy Hickman  
Sunell Koerner  
Dick Bedard  
No: Henry Schwaller IV

Commissioner Bedard asked how much money remains from pool sales tax collections. Assistant City Manager Stites said the balance of sales tax money is approximately \$775,000 with one more month's collections due. She noted that additional items remaining to be paid with sales tax funds include the property at 403 Oak, and the Colorado Timing System.

Commissioner Koerner asked that the stop sign at 13<sup>th</sup> and Ash be discussed again; it does not appear to be working out very well. The consensus of the Commission was to give the stop sign a little more time to see how it works out.

Mayor Schwaller asked City staff to report on encumbering funds for the golf cart paths.

Mayor Schwaller asked the Commission to revisit the stop light issue at 27<sup>th</sup> Street and Indian Trail. It is a very dangerous situation.

Henry Schwaller moved, Larry Schmidt seconded, that the Commission recess to 6:30 p.m. on Tuesday, November 20, 2001.

Vote: Ayes: Henry Schwaller IV

Larry Schmidt

Troy Hickman

Sunell Koerner

Dick Bedard

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

Clerk of the Board