

City of Hays
City Commission
Work Session Notes

Thursday, September 15, 2022 – 6:30 p.m.

Present: Mason Ruder, Shaun Musil, Reese Barrick, Toby Dougherty, Kim Rupp, and Don F. Hoffman

Absent: Michael Berges and Sandy Jacobs

September 1, 2022 Work Session Notes

There were no corrections or additions to the minutes of the work session held on September 1, 2022; the minutes stand approved as presented.

Vehicle Abatement at 2708 Barclay Drive

Jesse Rohr, Director of Public Works, stated that the abandoned vehicle located in the front yard at 2708 Barclay Drive has no current legal tag and is not road worthy, therefore deeming it inoperable. Up to this point, all proper notification has been given to the owner of the property and no action has been taken. If the vehicle is removed by the City, all costs of abatement will be charged to the property owner.

At the September 22, 2022 Commission meeting, Commissioners will be asked to approve a resolution to abate the vehicle located on the property at 2708 Barclay Drive, ten days after the approval date.

Fort Hays Municipal Golf Course – Fee Increase

Jeff Boyle, Director of Parks, reported that fees at the Fort Hays Municipal Golf Course (FHMGC) have remained the same since 2014 and are below the state-average pricing for similar 18-hole golf courses. Overall costs to operate and maintain the golf course have increased dramatically, and staff is hoping to reduce the gap between revenue and expenditures by implementing some much-needed fee increases.

Recommended Rates

Rate Classification	Current Rate	Survey Avg.	Recommended Rate	Difference
Junior Golf	10.00	11.13	10.00	-
9-Hole	14.00	17.13	14.00	-
Weekday (18-Hole)	20.00	24.54	22.00	2.00
Weekend/Holiday (18-Hole)	23.00	29.14	25.00	2.00
Single Membership	465.00	977.74	535.00	70.00
Couple Membership	575.00	1,222.77	645.00	70.00
Family Membership	645.00	1,238.89	715.00	70.00
Trail Fee	105.00	218.00	200.00	95.00
Cart Shed - Electric	300.00	348.00	300.00	-
Cart Shed - Gas	275.00	348.00	275.00	-

Mr. Boyle stated the recommended rates carefully balance the need to increase revenue yet remain market competitive. It is suggested these new rates be implemented at the beginning of the 2023 golf season. If approved, staff would expect an annual increase in revenue of \$42,753. Additionally, the increased trail fees will allow the City to initiate a project to replace the front 9, hole 10, and hole 18 cart paths.

Commissioner Musil suggested that the fee for the 9-hole be increased as well. He also asked that the Commission consider increasing the fees for the next several years instead of a one-time increase.

The Commissioners asked that this item be placed on a future agenda to consider a rate increase for the 2023 golf season as well as fee increases for the next several years.

Hays Aquatic Park – Fee Increase Request

Jeff Boyle, Director of Parks, stated that fees at the Hays Aquatic Park (HAP) have remained the same since 2014 and are well below the state-average pricing for similar facilities. Overall costs to operate the facility have risen to the point where City staff and the Hays Recreation Commission are recommending a fee increase of \$1.00 for daily fees as well as an increase of \$10.00 for seasonal passes.

Recommended Aquatic Park Fees

Rate Classification	Current Rate	Survey Avg.	Recommended Rate	Difference
Daily Fee (3-17)	3.00	4.61	4.00	1.00
Daily Fee (18 & Up)	4.00	4.61	5.00	1.00
Season Passes	40.00	91.09	50.00	10.00

Mr. Boyle stated if approved, the overall increase in annual revenue is expected to be \$36,396 based on current attendance and sales.

Municipal pools derive most of their revenue from two sources, concessions and attendance. Attendance in 2021 was half of what it was 20 years ago and is projected to continually decline as the aquatic park ages. Hays maintains one of the most affordable aquatic facilities compared to similar communities.

Commissioner Musil stated he feels we need to see substantial increases and get closer to the rates of our peer cities.

Mayor Ruder stated that quality of life features are generally not there to make money, they are there to supply needed quality of life.

Commissioner Barrick added that he believes the rates could be higher and we wouldn't lose patrons because of the cost. He noted that it will never be a money-making proposition, but you want to cut down the amount of money that is lost without hurting the quality of life.

It was the consensus of the Commission to further discuss the rate increases at the FHMGC and the Hays Aquatic Park at a future meeting and to prepare a scheduled rate increase for them as well.

Resolution Approving the Assignment of the D & J Land and Development, LLC Development Agreement (Assignment Resolution)

Kim Rupp, Director of Finance, stated that the City of Hays and D & J Land and Development, LLC, whose principles are John E. Brown and Dan Hess, are parties to a Development Agreement dated May 14, 2020, as amended on February 25, 2021. This involves the project at 230th and Interstate

70 for a travel plaza and truck wash. D & J now wish to assign its rights and obligations under the Development Agreement to Hess Land, LLC controlled by Dan Hess. The agreement does allow the assignment per the proposed assignment resolution.

Pursuant to the Development Agreement, certain costs of the project will be paid through Tax Increment Financing (TIF) and the proceeds of a 2.00% Community Improvement District (CID) sales tax. The TIF and CID calendar will continue without interruption and will continue as originally agreed to. There are no additional incentives being requested and any out-of-pocket expenses will be paid by D & J and Hess Land. The City Attorney along with Special Counsel Gilmore & Bell, P.C. have reviewed all the documents and have found they comply with Kansas law and the City's Economic Development Policy. Given Dan Hess has been involved in this project from the beginning, City staff is comfortable with allowing Mr. Hess to assume responsibility under the Development Agreement.

The Development Agreement governs the rights and responsibilities of the City and the Developer regarding the development of approximately 45 acres generally located near the northwest corner of 230th Avenue and Interstate 70 with some or all of the following uses and improvements, without limitation: construction of a travel plaza, truck wash, one or more full-service hotels and other related hotel uses; restaurant uses; other general commercial development; associated public and private infrastructure; site work; utilities; storm water and drainage; landscaping; and parking facilities.

Chris Sook, Jeter Law Firm and Hess Land Attorney, stated Mr. Hess wanted to attend the meeting but was on a job site out of state. He added that this allows them to merge control of the project with the stakeholder that has the biggest financial interest in the project, Mr. Hess, and that makes a lot of sense going forward.

At the September 22, 2022 Commission meeting, Commissioners will be asked to adopt a resolution approving the D & J Land, LLC Development

Agreement assignment and authorizing the City to execute and approve the proposed assignment documentation.

Public Hearing and Resolution Evidencing an Intent to Issue Grow Hays Industrial Revenue Bonds (Resolution of Intent)

Kim Rupp, Director of Finance, stated that Grow Hays, Inc., a Kansas not for profit corporation, is proposing to construct a 30,000 square foot flexible manufacturing facility to help manufacturing startups to expand their business.

Grow Hays is requesting Industrial Revenue Bonds (IRBs) be issued to benefit the project. Utilization of the IRBs will allow the Developer to obtain a sales tax exemption for all purchases related to the construction of the project and obtain a real property tax abatement for the project for up to 10 years.

Mr. Rupp clarified that the City acts as a conduit issuer and payment obligations solely belong to the Developer. It does not affect the City's debt limit or bond rating. Total cost of the project is estimated to be \$3,781,000. That includes land acquisition, construction, as well as furniture, fixtures, and equipment. The property tax abatement over the 10 years is estimated to be \$828,186. The Developer will front all the costs and other than the IRB issue, there will not be any general obligation or special obligation bonds issued by the City.

Prior to approving an IRB granting a property tax abatement, a public hearing must be held. Notice of the public hearing has been published as required by statute and sent to USD 489 and Ellis County. Following the public hearing, adopting the Resolution of Intent would allow the Developer to request a sales tax exemption certificate from the State of Kansas for the Project and is a strong indication of the City's intent to issue the IRBs in the future to affect the property tax abatement.

All materials have been reviewed by the City's special legal counsel, Gilmore & Bell, P.C., and are found to meet all the requirements of Kansas law and the City's Economic Development Policy.

Doug Williams, Grow Hays Executive Director, stated a groundbreaking for this project will be held on October 13, 2022. Construction is planned to begin by the end of the year with completion by the end of 2023.

A public hearing will be held at the September 22, 2022 Commission meeting regarding the issuance of the Grow Hays IRBs and an exemption from ad valorem taxation of property constructed or purchased with the proceeds of such. The Commission will be asked to adopt a resolution evidencing an intent to issue Grow Hays Industrial Revenue Bonds.

Other Items for Discussion

Commissioner Musil stated he is thankful to serve on the City Commission and appreciates how well the Commission can work together, get things done, and do what is best for the community.

Mayor Ruder stated he attended the 9/11 Memorial Event and Stair Climb at Lewis Field. He added that he appreciates the strength and stamina the First Responders have that participated in the event in full gear.

The work session was adjourned at 7:15 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk