

City of Hays  
City Commission  
Work Session Notes

Thursday, October 19, 2023 – 4:00 p.m.

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

**October 5, 2023 Work Session Notes**

There were no corrections or additions to the minutes of the work session held on October 5, 2023; the minutes stand approved as presented.

**Kansas State University Research Update**

Brian Olson, Department Head with Western Kansas Research-Extension Centers (WKREC), introduced himself and updated the Commissioners regarding a potential K-State Water Right Development Project. Mr. Olson explained that K-State plans to develop their water rights to irrigate as needed to assist in their research efforts. He noted the variable weather hinders crop stand establishment and decreases grain/forage yield.

Mr. Olson stated that they have a vested surface water right for irrigation from Big Creek and are authorized for irrigation use on 293 acres at an annual quantity of 180 acre-feet and 1,346 gallons per minute. He stated that in communication with the Division of Water Resources and the Stockton Field Office, where this information has been obtained, they are looking to potentially develop 40 to 60 acres with irrigation capacity at the Center. He added that they are trying to use the resources the state has given to them to the best of their ability.

Toby Dougherty, City Manager, stated that Mr. Olson mentioned that the water right was a vested water right. Mr. Dougherty explained that before the Water Appropriations Act was adopted in the 1950's, water rights were largely unregulated and the people that had water rights at the time were deemed

vested water rights. He added that this is obviously a long-established water right and they have every right to put it to use.

### **Add on Item**

Doug Williams, Executive Director of Grow Hays, announced that Grow Hays has been awarded a \$3.6M Capital Project Funds Grant from the Kansas Children's Cabinet and Trust Fund for the construction of The Grove Community Center in Hays. He thanked James Robben, Director of Business Development and Special Projects, for his hard work in obtaining this grant.

### **2024 Health Insurance for City of Hays Employees**

Erin Giebler, Director of Human Resources, stated that in 2017, the City switched to Blue Cross Blue Shield of Kansas and offered a triple option plan. The plan options were: High Deductible Health Plan (HDHP), Premium Plan, and Base Plan. Over the last six years, the City has made minor changes to the plans' designs and employee premiums in order to keep costs within budget. Ms. Giebler noted that utilization is the driving force for health insurance premiums. The employees of the City of Hays have done a great job keeping utilization down, with the HDHP being a huge factor in this.

The City of Hays received Blue Cross Blue Shield of Kansas' renewal rates for 2024. The renewal came in with a slight decrease. Staff recommends approving the 2024 health insurance renewal contract with Blue Cross Blue Shield. City Staff also recommends continuing to provide up to \$2,500 in employer match for employees' Health Savings Accounts (HSA). Both the health insurance and HSA recommendations are within the budgeted amount for 2024.

At the October 26, 2023 Commission meeting, Commissioners will be asked to authorize the City Manager to sign an agreement with Blue Cross Blue Shield of Kansas to provide employees with a triple-option health insurance plan and authorization to provide up to \$2,500 in employer match for employees' HSA, not to exceed \$1,958,000, to be funded out of the Employee Benefit Levy Fund.

The Commissioners thanked Ms. Giebler for her efforts to educate employees on their health care benefits and ways to keep utilization down.

### **Award of Bid for 10” Water Main Realignment – Exit 157**

Tom Howie, Project Manager, reported that bids for the U.S. 183 Bypass waterline relocation were opened on September 5, 2023. The waterline relocation along the proposed Fairground Road is needed due to the modifications by the Kansas Department of Transportation (KDOT) at the Interstate 70 and 230<sup>th</sup> Avenue interchange. The improvements include 2,226 linear feet of new 10” waterline along the future Fairground Road and 88 feet of 12” waterline just south of the U.S. 183 and Frontier Road intersection. In addition, this project includes the relocation of three existing fire hydrant settings and the installation of a new fire hydrant setting.

The staff budget estimate for this project was \$250,000, and the low bid of \$289,061 came from Nowak Construction of Goddard, Kansas. There is a proposed cost share proposal with KDOT resulting in KDOT paying 50% of the \$289,061 which will be received in a separate agreement.

At the October 26, 2023 Commission meeting, Commissioners will be asked to authorize the City Manager to enter a contract with Nowak Construction in the amount of \$289,061 for the construction of the U.S. 183 Bypass Waterline Relocation to be funded from Water Capital.

### **North Hays Multi-Use Path Alignment**

Tom Howie, Project Manager, stated that in April of 2023, the Commission approved a Resolution of Support for a multi-use path from 41<sup>st</sup> and Hall to the Sternberg Museum utilizing funding assistance from the KDOT Carbon Reduction Program. The City was successfully awarded funding from KDOT for the project, in the amount of \$1,548,000. Per the grant requirements, a minimum local match of 20% is required. The 2024 budget includes \$500,000 for this purpose.

The standard for multi-use path design is to provide uninterrupted and safe travel for all users. For this reason, specific alignment opportunities for the planned multi-use path from Hall Street to Sternberg Museum were reviewed by staff, with assistance from the project engineer, Cook, Flatt & Strobel, as well as a KDOT representative, to recommend a desired route. The alignment being recommended has been determined to be the safest and most uninterrupted route, and utilizes the North side of 41<sup>st</sup> Street, existing Vine Street crossing, KDOT on-ramp right-of-way and private easements along I-70 over to the Sternberg Museum.

Following discussion, it was the consensus of the Commission to move forward with the recommended alignment, allowing preliminary survey work to begin.

### **Public Hearing and Ordinance Establishing the Exit 157 24-7 Tax Increment Financing (TIF) District**

Kim Rupp, Director of Finance, reported that Triplett, Inc., the Developer, submitted an application for economic incentives relating to a commercial travel plaza project. The Developer is requesting tax increment financing (TIF), a community improvement district (CID), and industrial revenue bonds (IRBs) to construct a Travel Plaza at the 157, I-70 interchange. In September, the City Commission passed a resolution setting October 26, 2023 as the public hearing date regarding the creation of a TIF district. This public hearing and consideration of the ordinance are the next steps in the statutory process for TIF financing.

The Developer seeks incentives to develop a 7.3-acre site located at the southeast corner of 230<sup>th</sup> Avenue and 55<sup>th</sup> Street. They plan to construct a travel plaza and convenience store to be operated under the 24-7 Travel Store brand and consist of a 9,000 square foot full-service Travel Plaza and convenience store, including 12 gas fuel positions and 5 diesel, electric vehicle charging stations, a restaurant in the travel plaza, a dog park, and RV overnight camp sites. The Developer plans to begin construction in summer of 2024 and be open for business in the spring of 2025.

According to the City's economic development policy, this TIF district will capture the incremental taxes only, not the sales tax. Since this property has been annexed, all taxing authorities will receive the retailer sales tax generated by the property. The TIF is a 20-year term according to statute and will be on a pay as you go basis, which means the developer fronts all the financing of the development.

According to the summary of economic development incentives request received from the Developer, total construction cost of the Travel Plaza will be \$11.1M. It is estimated to create \$5M of annual retail sales and \$20M of annual gas/diesel sales. Over the 20-year life of the TIF, it is expected it would generate \$4.5M in ad valorem property tax revenue and the reimbursement of TIF eligible costs would be \$4.2M.

At the October 26, 2023 Commission meeting, after holding the public hearing, Commissioners will be asked to adopt the Ordinance establishing the TIF District.

### **Other Items for Discussion**

Commissioner Ruder stated he appreciates the election forum that allowed citizens the opportunity to learn about the candidates and their thoughts on important community issues.

Commissioner Cunningham congratulated Grow Hays for being awarded the grant for The Grove Community Center. She also thanked KDOT for the proposed cost share for the water main realignment project at Exit 157.

Commissioner Barrick stated that the upcoming elections are very important and encouraged everyone to vote.

Vice-Mayor Jacobs stated it is important to be involved in local government and encouraged everyone to be informed, learn about the candidates, and understand their positions.

Mayor Musil agreed and stated that the candidates did a great job at the election forum, and he encouraged everyone to do their research and get informed.

The work session was adjourned at 5:02 p.m.

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

Brenda Kitchen – City Clerk