

City of Hays
City Commission
Work Session Notes

Thursday, November 2, 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 19, 2023 Work Session Notes

There were no corrections or additions to the minutes of the work session held on October 19, 2023; the minutes stand approved as presented.

Rezoning Request from Agriculture District (A-L) to Public and Institutional District (P-I) and Light Industrial District (I-1) for Werth Development Group, LLC

Jesse Rohr, Director of Public Works, noted that the first three agenda items are in regard to the same property. An application has been submitted to request a change in zoning from Agriculture District (A-L) to Public and Institutional District (P-I) and Light Industrial District (I-1) for two tracts of land located just north of Interstate 70 on the west side of Hall Street. The size of the combined two tracts is 57.6 acres. The owners wish to rezone the properties and make them available for development. Staff, as well as the Hays Area Planning Commission, by a vote of 5-0, recommend approving this request as it is compatible with the Comprehensive Plan's objectives for transitioning property from agriculture to more specific land use.

The properties are not currently located within the city limits of Hays; however, annexation will be considered prior to development occurring. This is the proposed location for the new Army National Guard facility.

At the November 9, 2023 Commission meeting, Commissioners will be asked to adopt an ordinance approving the change in zoning from Agriculture

District (A-L) to Public and Institutional District (P-I) and Light Industrial District (I-1) for two tracts of land located just north of Interstate 70 along Hall Street.

WDG First Addition – Final Plat

Jesse Rohr, Director of Public Works, stated that in addition to the request for rezoning, an application has been submitted for the final plat of WDG First Addition. These properties are owned by Werth Development Group, LLC and located just north of Interstate 70 on the west side of Hall Street. The land has been in crop cultivation for many years. The proposed plat includes two lots. The size of lot one is 25 acres, and lot two is 29.3 acres. The final plat meets the requirements of the current subdivision regulations regarding lot size, setbacks, and specific utility requirements. Staff, as well as the Hays Area Planning Commission, by a vote of 5-0, recommend approving the final plat of the WDG First Addition.

Commissioners will be asked to approve a resolution accepting the WDG First Addition final plat at the November 9, 2023 Commission meeting.

Annexation of Werth Development Group, LLC Property

Jesse Rohr, Director of Public Works, stated the property owner, Werth Development Group, LLC, has also submitted a signed consent to annex application for these two tracts of land located just north of Interstate 70 along Hall Street, and desires to annex to allow for future development of the property. Staff recommends annexing this property due to it being contiguous to the City limits and is logical in terms of orderly development.

The north lot is being proposed for a new Army National Guard Hays Readiness Center. No current plans have been received for the south lot as of yet.

Mr. Rohr added that because of the Road Agreement that was approved in conjunction with Ellis County this summer, annexation of the Werth property will require the City to maintain Hall Street from its current maintenance terminus

responsibility, just south of the Hall Street Interstate 70 bridge, to the Werth's northern property line.

At the November 9, 2023 Commission meeting, Commissioners will be asked to adopt an ordinance annexing two tracts of land located just north of Interstate 70 along Hall Street as legally described within the adopting ordinance.

Proposed Unified Development Code (UDC) Amendments

Jesse Rohr, Director of Public Works, stated that staff has identified regulations within the Unified Development Code (UDC) for suggested changes. The goal is to make it easier to develop properties and clarify sections within the UDC. All the proposed changes are either reducing restrictive regulations or adding options for developers. Staff recommends changes to various sections of the UDC including allowing storage units in C-2 and I-2 zoning districts, reducing setbacks and minimum lot size in planned developments to allow for increased density, and allowing cul-de-sacs up to 650 feet in length.

A lengthy discussion was held regarding self-storage units. Current regulation only allows self-storage within the (I-1) Light Industrial Zoning District. Staff recommends allowing self-storage units as a limited use within a C-2 General Commercial District, with restrictions to existing buildings and interior-accessed units only, and as a limited use in I-2 Heavy Industrial Districts, with conditions the same as I-1.

Commissioner Barrick noted that limiting this to existing buildings would allow the extension of the life of older buildings by allowing them to become storage units as opposed to possibly building a new building and bringing in a new business.

Mr. Rohr agreed that the biggest downside to this recommendation is that it may prolong the life of a building that may be at the end of its life already. It could also delay redevelopment of the site.

Vice-Mayor Jacobs had concerns regarding the Vine Street Corridor. She stated that Vine Street is an entry to our community, and she is concerned about keeping it aesthetically pleasing.

Mayor Musil agreed and added that retailers want to be on Vine Street and if that area is taken up with storage units, we potentially lose that sales tax revenue.

Toby Dougherty, City Manager, stated that cities make an investment in infrastructure, with the expectation of a return on investment. That return on investment includes property taxes, sales taxes, and jobs. Unfortunately, storage units produce very little of those. They may be lucrative for property owners but are not lucrative for the City. He added that there are commercially zoned areas in Hays that are significantly underdeveloped, with a history of not being able to be developed. He asked if there is consideration in allowing these storage units in those areas with little or no development, but not including the Vine Street Corridor.

Chris Sook, Attorney with Jeter Law Firm, advocated for the policy change on behalf of his client Steve Pratt, whose office building just south of the corner of 13th and Canterbury Drive is less than half full, even with the Kansas Driver's License Examination Office in it. He stated that his client has tried many different iterations to try to keep that building full, and the reality is that's been a problem. They are considering converting about half of the building into indoor storage. He noted that they are not talking about changing the building significantly, in fact to the public it will appear seamless.

Commissioner Barrick pointed out that the locale could become a prime development site as the new high school and reconstructed middle school will open just east of that building in a couple of years.

It was the consensus of the Commission to allow self-storage units inside existing buildings within the additional zoning areas, with the exception of the Vine Street Corridor.

Staff also evaluated the UDC regulations regarding planned developments and recommend changes to allow more flexibility for the developer. The changes should provide for more density as well as a greater variety of different uses, such as community spaces or other acceptable commercial-type facilities within the development.

Staff, as well as the Hays Area Planning Commission, also recommend allowing the maximum length of a cul-de-sac to be 650 feet with justification due to special conditions of the proposed platted area.

At the November 9, 2023 Commission meeting, Commissioners will be asked to approve the various UDC amendments as presented and drafted in the adopting ordinance.

2024 Street Maintenance Program

Jesse Rohr, Director of Public Works, stated each year staff evaluates the condition of city streets and develops a maintenance program that is brought forward for Commission consideration. Staff utilizes traffic volumes, the latest pavement condition assessment, past maintenance treatments, public input, and available budget in developing the program.

Mr. Rohr reviewed the street maintenance performed in 2023 and presented a plan for street maintenance in 2024.

The 2024 Budget has \$1,130,515 in the Special Highway Fund for the 2024 Street Maintenance Program. Mr. Rohr reviewed the locations for various street maintenance activities proposed in 2024.

2024 Street Maintenance Program

• Micro-Surface	\$435,000
• Polypatch	\$50,000
• Chip Seal	\$35,700
• Curb and Brick Repair	\$50,000
• Concrete Alley Reconstruction	\$58,000
• Concrete Streets Major Rehab	\$394,000
• Main St. Bridge	\$300,000
• Pavement Markings	\$75,750
• Sidewalk	\$10,000
• In-house work (crack seal & pavement repairs)	<u>\$40,000</u>
TOTAL	\$1,448,450

Historically, street maintenance has been financed through the Special Highway Fund, which receives revenue from the State, mainly from fuel tax reimbursements, Connecting Link Maintenance funds, and Federal Exchange Program funds. In addition, \$200,000 is being transferred into Special Highway from the General Fund.

Available Funds in 2024

Special Highway

- State Gas Tax Refund (KDOT) \$ 561,290
- Connecting Link Maintenance (KDOT) \$ 74,500
- Transfer from General Fund \$ 200,000
- Federal Aid (Exchange Program) \$ 260,000
- Cash Carryover \$ 84,725
- Contingency (keep for unforeseen expenses) \$ -(50,000)

Total Available \$1,130,515

Staff will solicit bids for the various projects and will be brought back to the City Commission for final approval in early 2024.

10th and Walnut Moderate Income Housing Resolution of Support

Jarrod Kuckelman, Management Analyst, stated the City is in receipt of a request from Michael Graham of Michael D. Graham Rentals, LLC, to apply for \$650,000 in Moderate Income Housing (MIH) grant funding to construct a 48-unit multi-family housing project. The project would include two separate buildings, with 24 units in each building. It will consist of 36 1-bedroom units and 12 2-bedroom units. The developer estimates the cost of the project to be approximately \$5.8 million. The project is proposed to be constructed on property owned by the City, located at 10th and Walnut, more commonly known as the parking site for the old train depot. Michael Graham's other successful infill apartment projects include the 7th and Oak Street project and the current building project that is going on at 4th and Fort Street.

Mr. Kuckelman stated that earlier this year a resolution of support for an MIH-ARPA grant for this project came before the Commission. Unfortunately, the

MIH-ARPA grant was not awarded, so now a traditional MIH grant application is being submitted.

Only cities or counties with populations under 60,000 are eligible to apply for the MIH Grant Program, and grant applications must include a resolution from the governing body indicating community support for the project. Adopting the resolution would allow the developer to continue with the preparation and submission of an application for \$650,000 in MIH funding.

The MIH Grant would technically be between the City of Hays and the Kansas Housing Resources Corporation (KHRC), as cities and counties are required to be the official applicants. The grant requirements include monthly reports, reimbursement requests, and tracking of tenant income for five years. Because City Staff doesn't have the capacity to track this, the City Attorney has drafted an Assumption Agreement and Personal Guaranty to help with this. Under the Assumption Agreement the City unconditionally assigns all Grant Agreement rights and obligations to Mike Graham's LLC, with such LLC bound by all of the terms. Under the Personal Guaranty, Mike Graham personally, irrevocably, and unconditionally guarantees to the City prompt payment of all amounts due under the agreement, prompt performance of all Grantee/Assignee obligations as well as the City's fees and expenses of collection.

Commissioners will be asked to adopt a resolution in support of an MIH grant application at the November 9, 2023 Commission meeting.

10th and Walnut RHID – Resolution Making Certain Housing Needs Findings and Determinations

Kim Rupp, Director of Finance, stated Michael D. Graham Rentals, LLC, the Developer, submitted an application for a Rural Housing Incentive District (RHID) for a multi-family housing project. The Developer seeks to construct two structures containing an aggregate total of 48 apartment units to be located at 10th and Walnut Street, the old train depot parking lot property. The proposed project would be constructed on property currently owned by the City. The City

would transfer the property to the Developer upon approval of an improvement plan.

The first step in this process is adopting a resolution making certain housing needs findings and determinations advancing the statutory process for RHID creation. Following adoption and publication, the resolution will then be sent to the Kansas Secretary of Commerce for approval to move forward with the creation process.

Total cost of the project is estimated to be \$5.8M. Based on current project cost estimates, the Developer estimates that approximately \$572,500 of the total project costs are RHID-eligible expenses under State law and the City's economic development policy. Those costs eligible for reimbursement include engineering, design, site prep, and utility connections. Based on current plans, it is estimated that the RHID would generate approximately \$1,245,709 in incremental property tax revenues over the 25-year term of the RHID. Only eligible RHID reimbursable expenses will be made available to the developer. Developer expects to begin construction late in the first quarter of 2024 following all City approvals.

At the November 9, 2023 Commission meeting, Commissioners will be asked to approve a resolution making certain housing needs findings and determinations.

Other Items for Discussion

Commissioner Ruder encouraged everyone to vote in the local election.

Commissioner Cunningham stated that she is excited about the proposed developments and progress being made in Hays.

Commissioner Barrick thanked Michael Graham and all the developers in our community that are committed to Hays.

Vice-Mayor Jacobs stated her family was visiting Hays and they were amazed with everything going on and she congratulated the community.

Mayor Musil stated that he attended a FHSU alumni event with out-of-town guests and they were also impressed with Hays.

The work session was adjourned at 5:41 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk