

City of Hays  
City Commission  
Work Session Notes

Thursday, January 2, 2020 – 6:30 p.m.

Present: Shaun Musil, Sandy Jacobs, Ron Mellick, Eber Phelps, John T. Bird, Toby Dougherty, and Kim Rupp

Absent: Henry Schwaller, IV

**December 19, 2019 Work Session Notes**

There were no corrections or additions to the minutes of the work session held on December 19, 2019; the minutes stand approved as presented.

**Resolution Setting a Public Hearing for the Establishment of a TIF District (D & J Land Development LLC)**

Kim Rupp, Director of Finance, stated D & J Land Development LLC, (the developer) submitted an application for economic incentives and the required application fee relating to a multi-use commercial development located at the northwest corner of Exit 157 on Interstate 70. The developer is requesting tax increment financing (TIF), a community improvement district (CID), assignment of a grant made by the Kansas Department of Transportation (KDOT) to Ellis County, and the conveyance to developer of an approximately 4.611-acre tract currently owned by the City at no cost to the developer.

Mr. Rupp stated Phase I of this development is expected to consist of approximately 11 lots and include construction of all infrastructure necessary to serve the TIF district, including streets, waterlines, sanitary sewers, surface parking, and other related improvements. The developer will construct a travel plaza and truck wash on two of the lots. The travel plaza will consist of an approximately 10,000 square foot full-service travel plaza and convenience store, including approximately 14 fuel pumps, scales, restaurants inside the travel plaza, and personal hygiene amenities. The truck wash will consist of an

approximately 6,000 square foot building that will house approximately two bays for washing semitrailer trucks. The developer anticipates the remaining lots in Phase I will be sold or leased to other entities for potential development of hotels, restaurants, or other commercial uses.

The developer estimates that the project area of the proposed TIF district will generate approximately \$14.9M of revenue over the maximum 20 year term which would be made available to reimburse the developer for TIF eligible project costs.

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 with no bonds issued by the city.

Mr. Rupp stated according to the summary of the economic development incentives request received from the developer, this is some of the financial considerations they included. Total construction cost of the travel plaza and truck wash will be \$20.9M. Upon sale of all development lots and completion of the Phase I Development, the developer estimates that the appraised value of Phase I and all improvements will be \$40,800,000. The developer also estimates that the Phase I Development will, upon full completion, create \$38,700,000 of annual retail sales and \$3,000,000 of annual gas/diesel sales. Over the 20 year life of the TIF it is expected it would generate \$14.9M in ad valorem property tax revenue and the reimbursement of TIF eligible costs would be \$12.4M which excludes the \$1.5M KDOT Grant.

Adopting this Resolution, to call a public hearing on the establishment of a TIF district, would be the initial step in the statutory process for TIF financing. The public hearing and subsequent consideration of an Ordinance establishing the TIF district would be scheduled for February 13, 2020.

Vice-Mayor Musil stated we have a lot of work to do, but he is very excited about this development.

At the January 9, 2020 Commission meeting, Commissioners will be asked to adopt the resolution setting a public hearing of February 13, 2020 on the establishment of the TIF District.

**City Commission Rules of Procedure**

City Manager, Toby Dougherty, presented the current Hays City Commission Rules of Procedure for consideration. The Commissioners were asked to review the Rules of Procedure for any changes or modifications they may wish to make. This is an annual procedure which occurs following the reorganization of the City Commission.

At the January 9, 2020 Commission meeting, the Commissioners will be asked to approve a resolution adopting the City Commission Rules of Procedure.

**Other Items for Discussion**

Commissioner Phelps thanked his fellow Commissioners and stated it has been great serving on the City Commission and being able to represent the people of our community. He also thanked community volunteers and City staff for all the work they do.

Commissioner Mellick and Commissioner Jacobs thanked Commissioner Phelps for his years of service on the City Commission and for accepting the appointment to fill the open position on the Commission when needed.

Vice-Mayor Musil thanked Commissioner Phelps for the advice and encouragement he offered him as a Commissioner and wished him the best in the future.

The work session was adjourned at 6:39 p.m.

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

Brenda Kitchen – City Clerk