

City of Hays
City Commission
Work Session Notes
Thursday, February 6, 2020 – 6:30 p.m.

Present: Shaun Musil, Sandy Jacobs, Mason Ruder, Michael Berges, Ron Mellick, John T. Bird, Toby Dougherty, and Kim Rupp

January 16, 2020 Work Session Notes

There were no corrections or additions to the minutes of the work session held on January 16, 2020; the minutes stand approved as presented.

Update on Oktoberfest Activities

Philip Kuhn, President of the Oktoberfest Committee, spoke about the success of adding a second day to the annual Oktoberfest. He stated it was a way to add more culture, more family activities, and strengthen the partnership with Fort Hays State University (FHSU). He stated it worked well integrating it with the FHSU Parade and Homecoming activities.

Mr. Kuhn stated an economic impact study done by FHSU showed that for that weekend, almost a quarter of a million dollars were spent, from what they can actually track, which is the people staying at hotels. He added that figure is probably lower than what actually flowed into the local economy. It is not counting all of the people that are coming back and staying with their families or friends.

Mr. Kuhn noted that organizers are making plans for Oktoberfest's 50th anniversary celebration that is coming up in 2022, while getting ready for next year's event too. He thanked the Commission for all their support and welcomed any ideas or comments they wanted to share.

Mayor Musil thanked the board and stated it was a great day for downtown. He noted that he had many customers at his business, Paisley Pair

Wine Bar, Bistro & Market, say how organized the event was and how much they enjoyed it.

Vice-Mayor Jacobs stated she heard comments on how easy it was to get from the FHSU Homecoming Parade to the Oktoberfest.

Commissioner Berges stated he and his family took advantage of the second day and thought it was fantastic.

Mr. Kuhn stated they want people to enjoy themselves, but want them to understand our German heritage with more food offerings, games, and entertainment that is conducive to our German heritage.

John Moeder, Vice President of the Oktoberfest Committee, thanked the Commission for their support and added that the Parks Department and Public Works Department have been tremendous and he thanked them for all of their help over the years.

Request from Ellis County Commission

City Manager, Toby Dougherty, stated Ellis County utilized a general sales tax to remodel the Law Enforcement Center, the Courthouse, the Ellis County Jail, and create the Ellis County Rural Fire EMS facility. That tax was in effect from 2013 through 2018. As part of the planning for those projects the Ellis County Commission and the Hays City Commission entered into an inter-local agreement in which the City obligated our portion of the sales taxes to Ellis County for those projects in order to pay them off more quickly. When the completion of these projects was in sight, the State was notified to stop collecting the sales tax. There is a period before it actually gets shut off and those revenues come in; this left an overage of sales tax monies. Last year the City received a check for approximately \$325,000 as part of our share of the remaining proceeds. At this time Ellis County has performed their final tally on the projects and the City has a remaining balance of \$284,000 that is not allocated for any of the projects. The Ellis County Commission has submitted a letter of request to the Hays City Commission asking if they can retain that

\$284,000 to offset any shortfall on the Northwest Business Corridor Project that they are currently pursuing.

Commissioner Ruder recused himself from the discussion as he is an employee of Ellis County.

Commissioner Jacobs stated she will be voting to approve this and have the County retain these dollars. She added that she knows we have projects that we could utilize it for in Hays, but this is not going to have an immediate impact on our budget in any way. She considers this a windfall, and when she looks at windfall dollars she looks for opportunity and she thinks this is a huge opportunity. She stated turning the money over to the County is a statement of good faith. She added that the City is going to be one of the biggest benefactors of this project and she is happy to support this.

Commissioner Mellick stated this is money that we hadn't budgeted for and if we can help the County out in this situation, he would be in favor of it.

Commissioner Berges echoed those comments and stated he sees this project as beneficial to the City of Hays in both the short and the long run.

Mayor Musil stated this is going to be huge for the City of Hays. He added that the County, as most of us know, does a lot of in-kind work for the City. He stated taxpayer money, whether City or County funds, should be used to better our community and our County.

John T. Bird, City Attorney, will prepare a resolution to authorize the use of these funds to be used by Ellis County for the Northwest Business Corridor Project.

Vine Street Reconstruction, 13th to Bypass – Design Agreement

John Braun, Project Manager, reported that in July 2019, the City of Hays received a \$1,000,000 KDOT City Connecting Link Improvement Program (CCLIP) Grant for the reconstruction of Vine Street from 350 feet south of 13th Street to the intersection of the US-183 By-pass (south City Limit). The project is estimated to cost nearly \$4M and is scheduled for construction during the 2022 construction season.

The project includes the replacement of the concrete pavement, select areas of curb and gutter, sidewalk ramps, pedestrian signals at 8th Street, storm sewer inlet tops, and pavement markings.

In December, City staff solicited proposals for design engineering services necessary to produce construction documents for KDOT to put out to bid. On January 6, 2020, the City received proposals from six firms. The lowest cost proposal came from Kaw Valley Engineers out of Junction City, Kansas. Mr. Braun noted that Kaw Valley is the design engineer for the I-70 Waterline Crossing and Booster Pump Station Project currently under construction.

At the February 13, 2020 Commission meeting, Commissioners will be asked to authorize the City Manager to enter an agreement with Kaw Valley Engineers in the amount of \$86,745 for engineering services related to the design of the reconstruction of Vine Street from 350 feet south of 13th Street to the south city limit to be funded from Commission Capital Reserves.

North Vine Street Corridor Project – BUILD Grant Agreement

John Braun, Project Manager, stated in December 2018, the City of Hays received a \$6M BUILD Grant for the reconstruction of Vine Street from 32nd Street to 41st/Mopar to include four roundabouts. The project is estimated to cost approximately \$9.3M and is scheduled for construction during the 2020 and 2021 construction seasons. The CIP within the 2020 budget includes \$3.3M for the City share of project costs.

The Governing Body is asked to authorize the City Manager to enter a three-party agreement setting forth terms and provisions to accomplishing the project. This three-party agreement will be between the City of Hays, the US Department of Transportation (USDOT), and the Kansas Department of Transportation (KDOT).

Mr. Braun reviewed the key elements of the BUILD Grant Agreement:

- The amount of the award is for \$6,057,827 of fiscal year 2018 BUILD Transportation Discretionary Grant funds.

- Construction must begin by July 31, 2020 and all costs must be incurred by May 15, 2022.

- The estimated total construction cost is \$8,750,223.
- The City must submit quarterly and project closeout reports to USDOT.
- The City must submit annual performance reports to USDOT in the form of auto crash rates and intersection delay for three years following the completion of the project.

- KDOT is the pass-through agency, which means KDOT will advertise, open bids, and administer the project.

At the February 13, 2020 Commission meeting, Commissioners will be asked to authorize the City Manager to enter the FHWA FY 2018 BUILD Grant with USDOT to construct the North Vine Street Corridor Project.

North Vine Street Corridor Project – KDOT Agreement

John Braun, Project Manager, stated to formalize the responsibilities of both the City of Hays and the Kansas Department of Transportation for the North Vine Street Corridor Project, KDOT has provided an agreement to be executed by the Mayor and the Secretary of Transportation.

Mr. Braun also reviewed the KDOT City/State Agreement:

- KDOT will be a limited agent of the City for the purposes of assisting in the receipt and disbursement of \$6,057,827 of federal BUILD Grant funds for this project.

- This will be a KDOT Let Project. KDOT will advertise, open bids, and administer the project.

- Within 50 days after the bid letting, the City shall pay to KDOT the City's share, which is the amount of the project cost exceeding the \$6,057,827 of BUILD Grant funds.

- Inspection shall be accomplished by certified inspectors under direction of a licensed engineer. City/KDOT will hire a consultant to perform construction engineering services from KDOT's list of pre-approved construction engineering firms.

- Following an audit of final project costs after construction is complete, the City and KDOT will reconcile any additional funds due to KDOT, or reimbursement of overpayment by the City.

At the February 13, 2020 Commission meeting, Commissioners will be asked to authorize the Mayor to enter Agreement No. 245-19, with the Kansas Department of Transportation for the North Vine Street Corridor Project.

Rezoning of 2909 Roosevelt Avenue from Public and Institutional District (P-I) to Residential General District (R-G)

Jesse Rohr, Director of Public Works, stated an application has been submitted to request a change in zoning for 2909 Roosevelt Avenue from “P-I” Public and Institutional District to “R-G” Residential General District. The property owner recently split this lot from the 1605 East 29th Street parcel. The adjacent neighborhood is zoned “NC.2” Single Family and it is logical for this area to continue residential uses. “P-I” zoning districts do not allow residential uses; therefore, the reason for the rezoning request. A public hearing was conducted on January 27, 2020 at the regular meeting of the Planning Commission and a vote of 6-0 in favor of the request was passed.

Mr. Rohr stated city water is available, but city sewer will have to be extended from the north to allow connection. The cost of that will be borne by the lot owner. He added that the rezoning request does conform with the residential character of the neighborhood surrounding the property.

Commissioners will be asked to approve an ordinance rezoning 2909 Roosevelt Avenue from “P-I” Public and Institutional District to “R-G” Residential General District, at the February 13, 2020 Commission meeting.

Nuisance Abatement at 1723 Agnes Drive

Jesse Rohr, Director of Public Works, reported that the property at 1723 Agnes Drive has general nuisance items on the property in violation of City Ordinance. The property owner resides in Kansas City and has not responded to written notifications. All proper notification has been given to the owner of the

property. To date, no action has been taken by the owner of the property or resident. If all of the nuisance items are removed by the city, all costs of abatement will be charged to the owner of the property.

At the February 13, 2020 Commission meeting, Commissioners will be asked to approve the resolution to abate the nuisance items located on the property at 1723 Agnes Drive, 10 days after the approval date.

Vehicle and Nuisance Abatement at 520 West 17th Street

Jesse Rohr, Director of Public Works, reported that the property owner of 520 West 17th Street has an abandoned vehicle located in the driveway that has no current and legal tags; therefore, deeming it inoperable. The property owner also has general nuisance items in violation of City ordinance. All proper notification has been given to the owner of the property. To date, no action has been taken by the owner of the property. If the vehicle and all nuisance items are removed by the city, all costs of abatement will be charged to the owner of the property.

Mayor Musil asked how it is determined that items in a back yard are considered a nuisance. Mr. Rohr stated you can have items in your back yard and screen them from view. Lumber or other items can be organized or neatly stacked. Mayor Musil asked if this property had a fence would it not have been an issue. Mr. Rohr stated if it is viewable from the street or alley public right-of-way and meets the definition of a nuisance then they treat it as such. Mr. Rohr stated they average between 1,200 and 1,400 nuisance cases a year and at most only half a dozen are brought to the Commission so most people are responsive and take care of the problem.

At the February 13, 2020 Commission meeting, Commissioners will be asked to approve the resolutions to abate the vehicle and nuisance items located on the property at 520 West 17th Street ten days after the approval date.

Public Hearing and Ordinance Establishing a Tax Increment Financing (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 project. The Developer is requesting tax increment financing (TIF), a community improvement district (CID) sales tax, 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.

On January 9, 2020, the City Commission passed Resolution 2020-002 setting Feb 13, 2020 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 to develop the site located at the northwest corner of 230th Avenue and 55th Street. Phase I 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 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 two bays for washing semitrailer trucks. The Developer anticipates the remaining lots in Phase I will be sold or leased to other end users for potential development of hotels, restaurants, or other commercial uses.

Mr. Rupp stated the primary effect of passing the Ordinance is locking in the base year assessed valuation of the project site. After the Ordinance becomes effective, any future increase in property tax generated within the TIF district boundaries will accrue to the TIF fund, with the exception of certain State and school district mill levies that are exempt from TIF. The TIF fund will be held

separately by the City for the purpose of reimbursing the Developer for eligible project costs on a pay-as-you-go basis pursuant to the Development Agreement to be entered into by the City and Developer.

According to the City's economic development policy, this TIF district will capture the incremental taxes only; not the sales tax. Since this 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.

According to the summary of 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 \$40.8M. The Developer also estimates that the Phase I Development will, upon full completion, create \$38.7M of annual retail sales and \$3M of monthly 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.

Commissioner Mellick asked if in 10 years they decide to sell the truck stop, does that TIF district move on to the new owners. Mr. Rupp stated it does continue. Commissioner Mellick asked in the worst case scenario, down the road should they go bankrupt does the City have any liabilities with the TIF. Mr. Rupp stated there are no liabilities because there are no bonds issued; the Developer is reimbursing themselves for costs so the liability is on them. Should it close, the new owner would inherit that same process for the TIF reimbursement.

At the February 13, 2020 Commission meeting, following the public hearing, the Commission will be asked to adopt an Ordinance establishing a TIF district.

Other Items for discussion

Commissioner Ruder thanked FHSU President, Tisa Mason, for inviting City and County staff to discuss the economic impact the college has on the City of Hays and the surrounding region. He stated it was eye opening to see just how big of an impact they have.

Vice-Mayor Jacobs stated this evening we have talked about four major things going on in this community and it is really exciting and the future is bright.

Mayor Musil stated he appreciates the first responders and the community support following a recent emergency situation.

Executive Session

Ron Mellick moved, Sandy Jacobs seconded, that the Governing Body recess to executive session at 7:22 p.m. for a period not to exceed 30 minutes for consultation with attorneys and discussing matters of litigation. The executive session included the City Commission, City Attorney, City Manager, and Assistant City Manager. K.S.A. 75-4319 authorizes the use of executive session to discuss the topics stated in the motion.

Vote: Ayes: Shaun Musil
Sandy Jacobs
Mason Ruder
Mike Berges
Ron Mellick

No action was taken during the executive session.

The work session was adjourned at 7:52 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk