

MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON MAY 14, 2020

1. CALL TO ORDER BY CHAIRMAN: The Governing Body of the City of Hays, Kansas met in regular session on Thursday, May 14, 2020 at 6:30 p.m.

Roll Call: Present: Shaun Musil
Sandy Jacobs
Mason Ruder
Michael Berges
Ron Mellick

Mayor Musil declared a quorum was present and called the meeting to order.

City Attorney, John T. Bird, joined the meeting by phone.

2. MINUTES: There were no corrections or additions to the minutes of the regular meeting held on April 23, 2020; the minutes stand approved as presented.

3. CITIZEN COMMENTS: There were no comments.

4. CONSENT AGENDA: There were no items on the Consent Agenda for consideration.

NEW BUSINESS

5. RESOLUTION SETTING A PUBLIC HEARING FOR THE ESTABLISHMENT OF THE TALLGRASS SECOND ADDITION RURAL HOUSING INCENTIVE DISTRICT: Kim Rupp, Director of Finance, reported that Heart of America Corporation, a Kansas not for profit corporation, submitted an application for economic incentives and the required application fee relating to a residential project and related infrastructure.

The Developer seeks to develop the street and infrastructure to serve approximately 75 residential housing lots generally located at the northeast corner of 22nd Street and Wheatland Avenue, with expected home values ranging from \$175,000 to \$225,000. The Developer is requesting rural housing incentive district (RHID) financing and estimates the RHID will generate approximately \$3,227,355 of revenue over the maximum 25-year term; which would be made available to reimburse the Developer for RHID-eligible project costs on a pay-as-you-go basis. Total cost of the project is estimated to be \$3,210,600 with all of that eligible for RHID reimbursement.

Adopting this resolution to call a public hearing on the establishment of an RHID would be the next step in the statutory process for RHID financing. The public hearing and subsequent consideration of an Ordinance establishing the RHID would be scheduled for June 25, 2020.

A proposed Development Plan has been created to describe the housing development, and a Development Agreement would be entered into upon creation of the RHID to govern the rights and responsibilities of the City and the Developer.

Ron Mellick moved, Mason Ruder seconded, to approve Resolution No. 2020-011 setting a public hearing for the establishment of the Tallgrass Second Addition Rural Housing Incentive District and adoption of a Development Plan.

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

6. NORTH VINE STREET CORRIDOR PROJECT – ORDINANCE DESIGNATING CERTAIN STREETS WITHIN THE CITY OF HAYS, KANSAS,

AS MAIN TRAFFICWAYS: Kim Rupp, Director of Finance, stated since 2015 City staff has been working on this project to improve Vine Street from 32nd Street to 41st/Mopar intersection. The project will improve pavement, curb, gutter, sidewalk, drainage, signage, street lighting, installation of roundabouts, and other

related improvements along an approximately 3,400 foot section of Vine Street. The project also includes the construction or reconstruction of West Frontage Road, connection of West 37th Street to Skyline Drive, connection of Skyline Drive to West 41st Street, installation of a shared-use path along the west side of Vine Street, and upgrading pedestrian crossings.

Bids for the construction of the North Vine Street Corridor Project were opened by the Kansas Department of Transportation (KDOT) on March 25, 2020. The low bid was from Smoky Hill, LLC of Salina, Kansas and the City previously authorized KDOT to move forward with awarding the bid to Smoky Hill, LLC. The City's share of the project costs will be primarily financed with general obligation (GO) bonds to be issued in the future. This ordinance designating certain City streets as main trafficways is the first step in authorizing this project for GO bond financing under Kansas law.

Sandy Jacobs moved, Ron Mellick seconded, to approve Ordinance No. 3982 designating certain streets within the City of Hays, Kansas as main trafficways for the purpose of general obligation bond financing.

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

7. PUBLIC HEARING TO CONSIDER THE ADOPTION OF THE D & J LAND AND DEVELOPMENT MIXED USE PROJECT REDEVELOPMENT DISTRICT – TAX INCREMENT FINANCING REDEVELOPMENT PROJECT PLAN:

Mayor Musil opened a public hearing to hear comments and consider adoption of the D & J Land and Development Mixed Use Project Redevelopment District Tax Increment Financing (TIF) Redevelopment Project Plan.

Kim Rupp, Director of Finance, reported that D & J Land and Development, LLC, submitted an application for economic incentives and the required application fee relating to a multi-use commercial project and related infrastructure. The Developer is requesting tax increment financing on a pay-as-

you-go basis, the establishment of a community improvement district for the levy of a special sales tax, and conveyance of a 4.611 acre property from the City to the Developer. The Developer estimates the TIF will generate approximately \$14.95M of revenue over the maximum 20 year term, which would be made available to reimburse Developer for TIF eligible project costs.

Following the public hearing, the Commission will consider an Ordinance adopting the plan, authorizing the conveyance of the property, and approving the development agreement between the City and the Developer.

Mr. Rupp reviewed the Project Plan. The plan provides that the project encompasses approximately 45 acres generally located at the northwest corner of 230th Avenue and Interstate 70. A portion of the project consists of land acquisition, the construction of the travel plaza and truck wash, site grading, and related infrastructure improvements; including extension of water, sewer, street, utilities, and pedestrian improvements to serve the project. The balance of the project consists of development of the approximately nine outparcel pad sites in the Redevelopment District for restaurant, retail, hotel, or other commercial uses. The Developer improvements are expected to begin very soon in 2020 and take approximately 18 months to complete. The other private improvements are tentatively planned to complete construction and commence operations beginning in 2022, but that ultimately depends on timing of purchase and construction by end users.

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

Total construction cost of the travel plaza and truck wash is estimated to be \$22.4M. 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 \$50.7M. The Developer also estimates that upon full

completion, the Phase I Development will 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.

Collin Bielser, Assistant City Manager, reviewed the provisions of the Development Agreement, which establishes the expectations and responsibilities of each party.

There were no comments from the public.

Sandy Jacobs moved, Ron Mellick seconded, to close the public hearing.

Vote: Ayes: Shaun Musil

Sandy Jacobs

Mason Ruder

Michael Berges

Ron Mellick

8. ORDINANCE ADOPTING THE D & J LAND AND DEVELOPMENT TAX INCREMENT FINANCING DISTRICT PROJECT PLAN, PROVIDING FOR THE CONVEYANCE OF CERTAIN PROPERTY, AND APPROVING A DEVELOPMENT AGREEMENT:

Mason Ruder moved, Michael Berges seconded, to approve Ordinance No. 3983 adopting the D & J Land and Development Tax Increment Financing District Project Plan, providing for the conveyance of certain property, and approving a Development Agreement.

Commissioner Mellick asked if the projected revenues are tied to the development of the Northwest Business Corridor Project. Mr. Rupp stated when the application was received; the Northwest Business Corridor Project was not a reality, so those projected revenues would not be dependent on that project.

Vice-Mayor Jacobs stated we are excited to have this development as part of our community.

Mayor Musil added that when you look 10 to 20 years down the road, what's going to be out there on that exit is going to be huge, and he is proud to be a part of this.

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

9. PUBLIC HEARING TO CONSIDER THE CREATION OF THE D & J LAND AND DEVELOPMENT COMMUNITY IMPROVEMENT DISTRICT:

Mayor Musil opened a public hearing to consider the creation of the D & J Land and Development Community Improvement District (CID).

Kim Rupp, Director of Finance, stated D & J Land and Development LLC, has submitted a petition to create a Community Improvement District with plans to develop the site generally located at the northwest corner of 230th Avenue and 55th Street for various commercial uses. The Developer wishes to establish a 2.00% CID sales tax on a portion of the project site in order to fund certain project expenditures.

The CID petition was submitted by the current property owner, Hess Land, LLC, at the request of the Developer. The Developer is under contract to acquire the property from the petitioner following the City's approval of all incentives requested by the Developer.

The proposed CID encompasses the travel plaza and truck wash previously mentioned. The proposed improvements include the installation of buildings, landscaping, lighting, infrastructure, utilities, and sidewalks; installation of parking lots and methods of ingress and egress; all consistent with the development of commercial property within the authorized zoning for the property.

Total estimated project costs for the travel plaza and truck wash are at \$6M with \$4.3M of that eligible for CID reimbursement. The Developer has projected that the 2% CID on the district will generate \$2.92M over the 22 year life of the CID. This is a pay-as-you-go scenario so the City will not issue bonds for the project costs. Those will be privately funded up front by the Developer.

There were no comments from the public.

Sandy Jacobs moved, Mason Ruder seconded, to close the public hearing.

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

10. ORDINANCE ESTABLISHING THE D & J LAND AND DEVELOPMENT COMMUNITY IMPROVEMENT DISTRICT: Michael Berges moved, Ron Mellick seconded, to approve Ordinance No. 3984 establishing the D & J Land and Development CID and levying the CID Sales Tax.

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

11. COMMISSION INQUIRIES AND COMMENTS: Commissioner Berges stated even with the Covid-19 pandemic, the City has accomplished many projects throughout the community and he is proud of all of the work that has been done. He is also proud of how our community has handled the stay at home orders and kept the coronavirus cases to a minimum.

Commissioner Ruder stated he had the opportunity to tour the R-9 Ranch and it is good to see this project coming to fruition and to get a sustained water source for the City of Hays. He also noted the Proclamation that was presented before the Commission meeting, proclaiming Police Week as May 10, 2020 to May 16, 2020 and Peace Officers Memorial Day as May 15, 2020. He thanked all of the Police Officers and their families for their service.

Vice-Mayor Jacobs noted that the City of Hays has had nine new home permits issued since January 1, 2020, and the same time last year we had three. She agreed with Commissioner Berges that there is a lot going on in Hays. She also thanked all of the First Responders, Police Officers, and their families.

Mayor Musil stated it is very exciting to be part of the many projects that were approved and are moving forward after tonight. He also thanked the Police Officers and First Responders for everything they do for our community.

The meeting was adjourned at 6:56 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk