



City of Lawrence

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CITY COMMISSION

MAYOR
ARON E. CROMWELL

COMMISSIONERS
ROBERT J. SCHUMM
MICHAEL DEVER
HUGH CARTER
MIKE AMYX

September 20, 2011

The Board of Commissioners of the City of Lawrence met in regular session at 6:35 p.m., in the City Commission Chambers in City Hall with Mayor Cromwell presiding and members Amyx, Carter, Dever and Schumm present.

A. RECOGNITION/PROCLAMATION/PRESENTATION

1. None

B. CONSENT AGENDA

Commissioner Amyx requested item number 9 of the Consent Agenda be removed for discussion.

It was then moved by Amyx, seconded by Carter to approve the consent agenda as below, with the exception of item number 9. Motion carried unanimously.

1. Approved City Commission meeting minutes from 09/06/11.
2. Received minutes from various boards and commissions:
 - Public Incentives Review Committee meeting of 06/30/11
 - Aviation Advisory Board meeting of 06/30/11
 - Solid Waste Task Force meeting of 08/25/11
 - Community Commission on Homelessness meeting of 08/09/11
 - Community Development Advisory Committee meeting of 05/26/11
 - Sister Cities Advisory Committee meeting of 08/10/11
3. Approved claims to 216 vendors in the amount of \$1,060,732.54.



4. Approved licenses as recommended by the City Clerk's Office.
Drinking Establishment Licenses for Noodles & Company, 8 West 8 th Street, Jade Garden Restaurant, 1410 Kasold Ste: 13, Alvamar Country Club, 1809 Crossgate Drive and Bullwinkles, 1344 Tennessee.
5. Approved appointments as recommended by the Mayor.
Aviation Advisory Board: Appointed Daniel Born (865.4134) and Rick Cole (843.9096) to positions that will expire 05/31/14.
Human Relations Commission: Reappointed Michael Allen to an additional term that will expire 09/30/14.
6. Bid and purchase items:
 - a) Approved sale of surplus vehicles.
 - b) Authorized the purchase of asphalt, not to exceed \$21,000, for resurfacing the parking lots and roads at Broken Arrow Park.
 - c) Awarded Bid #B1139 for 2011 Electrical Preventive Maintenance for the Utilities Department to Lynn Electric for \$20,973.
7. Adopted on second and final reading, Joint City Ordinance No. 8667/County Resolution No. ____, for Comprehensive Plan Amendment (CPA-3-1-11) to Horizon 2020 – Chapter 14 to include the Inverness District Park Plan
8. Approved Comprehensive Plan Amendment, CPA-10-8-10, to Chapter 14 – Southeast Area Plan, to reference and reflect the accepted Preliminary Alignment Study for 31st Street and to update the plan to reflect changes since adoption. Adopted on first reading, Ordinance No. 8670, for Comprehensive Plan Amendment, (CPA-10-8-10), to Chapter 14 – Southeast Area Plan, to reference and reflect the accepted Preliminary Alignment Study for 31st Street and to update the plan to reflect changes since adoption. (PC Item 7; approved 8-0 on 8/24/11).

9. THIS ITEM WAS PULLED FROM CONSENT FOR SEPARATE DISCUSSION.

Received letter from Kansas Cosmosphere and Space Center, Hutchinson, requesting donation of the Polaris submarine-launched ballistic missile (SLBM) currently on display in the City's Centennial Park; denied the request for donation of the SLBM at this time and directed staff to send a letter of appreciation to the Cosmosphere and Space Center.

10. Authorized the Mayor to execute a License Agreement permitting Luke Oehlert to use a portion of the City's 23rd Street Right of Way as a parking lot in accordance with the terms of that Agreement.
11. Authorized the Mayor to sign a Release of Mortgage for John Shepard, 842 Locust Street.
12. Approved as "signs of community interest", a request from Friends of the Public Library, to place signs in the right-of-way between 6th and 9th Streets and between Massachusetts and Tennessee Streets. The signs would be placed on October 7, 2011 and removed on October 11, 2011.
13. Approved as "signs of community interest", a request from the Lawrence Home Builders Association, to place directional signs in various rights-of-way throughout the City of Lawrence for the Fall Parade of Homes. The signs will be placed September 24 – October 2, 2011.
14. Authorized the Mayor to sign a letter of support for Depot Redux's application to the Douglas County Heritage Conservation Council's Natural and Cultural Heritage Grant Program. The application requests funding for the roof replacement for the Santa Fe Station.

Commissioner Amyx said regarding the request for donation of the City's Polaris submarine-launched ballistic missile currently displayed in Centennial Park, he thought the missile should remain in the park and suggested that staff send a letter of appreciation for their

interest. He said if the City decided to donate this missile in the future, the Kansas Cosmosphere and Space Center would be contacted by staff.

Mayor Cromwell concurred and called for public comment.

After receiving no public comment, **it was moved by Amyx, seconded by Carter**, to deny the request for donation of the SLBM at this time and direct staff to send a letter of appreciation to the Cosmosphere and Space Center in Hutchinson. Motion carried unanimously.

C. CITY MANAGER'S REPORT:

David Corliss, City Manager, presented the City Manager's Report.

D. REGULAR AGENDA ITEMS:

1. Receive presentation from City Auditor regarding the City Auditor's external peer review and introduction of the review team.

Michael Eglinski, City Auditor, presented the staff report. He said this review helped in determining whether his office had Internal Quality Control Systems that was suitably designed and operated effectively to provide reasonable assurance of complying with government auditing standards.

David Givans, County Internal Auditor, Deschutes County, Oregon, said this process added value to the City of Lawrence auditing processes and a report would be provided to the City Commission regarding strengthening internal controls and procedures which could be reviewed by the public.

The City Commission received the presentation.

2. Conduct a public hearing regarding a request for a sixty-five percent (65%) partial property tax abatement from 3840 Greenway Circle, LLC/Grandstand Sportswear and Glassware, regarding property at 3840 Greenway Circle and the issuance of up to \$5 million in Industrial Revenue Bonds for the project.

Commissioner Dever recused himself from the discussion and vote on Resolution No. 6947 and left the room at approximately 6:45 p.m.

Mayor Cromwell opened the public hearing.

Cris Pipper, President of Grandstand Sportswear and Glassware, said his custom screen printing company had been in business since 1988 and currently had many customers throughout the United States and in many areas of the world, due to rapid growth.

Grandstand entered into a contract to purchase the Sauer-Danfoss property in East Hills Business Park. He said purchasing and repairs to the property and building included re-roofing, remodeling, repairs to heating/cooling units, driveways and repaving the parking lot which would exceed \$5,000,000.

Grandstand provided jobs for an important sector of this community providing training, health care, paying 94% of single coverage health premium, allowing internal job growth, and wages that were at a high end of this market.

Britt Crum-Cano, Economic Development Coordinator, presented the staff report. She said Grandstand met all criteria and was eligible for consideration of 65% tax abatement over a 10 year period; and, would be required to enter into a performance agreement with the City of Lawrence for an annual review of capital investment, job creation, wages and health benefits.

She said this property tax abatement could be considered in conjunction with Industrial Revenue Bonds (IRB) for this project. The IRB's were a conduit financing mechanism where the company would be fully responsible for the principal and interest on the bonds.

David Corliss, City Manager, said with IRB financing, the City took nominal title to the property. The revenue to pay the debt came from the industry. The City's bond counsel made it very clear in the bond documents and covenants that there was no City of Lawrence tax exposure or any type of legal obligation to pay the revenue for this project.

Commissioner Carter said regarding IRB's in general, if there was a scenario where a company was not able to pay, he asked if there would be no effect on the City's credit rating.

Corliss said most municipal bond observers did not think there was any direct implication on the City's credit. He said he did not know if there had ever been an IRB that had not been worked out.

Gary Anderson, Gilmore and Bell, concurred with Corliss. He said with respect to IRB's, those bonds were strictly payable from the revenue stream under the lease agreement where the company made the lease payment. If there was a default, the bond holder would have an indirect mortgage on the property. The City would have no responsibility to make any payment.

Corliss said the City had a good track record regarding IRB's and was they were very valuable incentives for the community.

Mayor Cromwell called for public comment.

Hank Booth, Lawrence Chamber of Commerce, said reports from the Edward Low Foundation and Dun & Bradstreet indicated that job growth occurred with existing businesses such as Grandstand Sportswear and Glassware. He said Grandstand would be offering great incentives to its employees as well as to the community.

Moved by Amyx, seconded by Schumm, to close public hearing.

Moved by Schumm, seconded by Amyx, to adopt Resolution No. 6947, authorizing the issuance of up to \$5 million in Industrial Revenue Bond financing for 3840 Greenway Circle, LLC for the property located at 3840 Greenway Circle and the approval of a sixty-five percent (65%) net property tax abatement to support the expansion of Grandstand Sportswear and Glassware. Aye: Amyx, Carter, Cromwell and Schumm. Nay: None. Abstain: Dever. Motion carried.

Commissioner Dever returned to the room.

3. Conduct a public hearing regarding a request from Consolidated Properties, Inc., to establish a Neighborhood Revitalization Area at 1001 Massachusetts Street for the purpose of renovating the Masonic Temple.

Mayor Cromwell opened the public hearing

Paul Werner, Paul Werner Architects, said many uses were considered for the Masonic Temple, but he thought Maceli's, a Drinking Establishment/Catering Business that was currently located on New Hampshire, expansion was a great opportunity. Many upgrades along with the addition of a sprinkler system and elevators were needed for this building. He requested that the City Commission concur with the Public Incentive Review Committee's (PIRC) recommendation which would help make this a viable project.

Steve Maceli, owner of Maceli's, gave a brief history of the Masonic Temple uses. He said First Management purchased the building which had sat empty for the past 8 years. He believed his business could operate in this building while still maintaining its historic character.

Britt Crum-Cano, Economic Development Coordinator, presented the staff report regarding Neighborhood Revitalization Area request for 1001 Massachusetts.

Commissioner Amyx said regarding the Public Incentive Review Committee's recommendation under Scenario 1 which was 95% declining over 10 years, he asked if the decline was for incremental improvements on property value.

Crum-Cano said correct.

Mayor Cromwell opened the public hearing.

Hank Booth, Lawrence Chamber of Commerce, said this was a great project and hoped the City Commission would support the project.

Moved by Schumm, seconded by Amyx, to close public hearing. Motion carried unanimously.

Commissioner Amyx asked if the incentive portion of this project ran with the owner of the building or with the tenant.

David Corliss, City Manager, said the incentive portion ran with the owner. One of the recommendations from staff was to make it clear that the use would be for a catering/dining

facility, unless the owner made a request for a different use, and the City Commission could continue this process under a different use, if appropriate.

Amyx said what happened if the tenant needed more space and wanted to extend the building.

Corliss said that would be up to the owner. The owner would have expended a lot of money to rehabilitate the facility. He said he was not talking about the tenant or the owner, but there were some uses in a community that the community would not necessarily want to provide a tax rebate for and staff wanted to make sure those uses would not be a problem at any facility that received a tax rebate.

Commissioner Carter asked if the organ was functional and if using the organ was part of Maceli's plan.

Maceli said the organ was not functional.

Vice Mayor Shumm said he had a concern that there had been no meaningful discussion about what was appropriate or not for that location which was discussed before the review panel. He said the Masonic Temple would be eligible for a State Historical Tax Credit which was equal to 25% of the amount of investment as a direct rebate in terms of off-setting taxes and those tax credits were marketable as well. He said there was additional money involved, but he was happy the building would be restored to the standards of the National Park Service which was that much more benefit to the City to have a totally restored historic building. He said this was a rich gesture on the City's part and could see this project completed with a lesser amount of money. He said he wanted to be frugal with the tax-payers money and wondered what the City would receive in terms of tax revenues in the future. He said the City just went through a budget period which the City was short of revenues and would like the City to come out as well as the applicant on this project. He said there were 5 scenarios that were demonstrated at the PIRC meeting, but he favored either the 75% declining over 10 years which

yielded \$221,743 or the 50% declining over 10 years of \$243,868 to the developer. He was not inclined to go with the 95% declining over 10 years.

Commissioner Amyx said the project might or might not be completed with less money and the building could sit the next 10 or 12 years and the City would be collecting the same amount for those years. He said he and Vice Mayor Shumm shared the importance of bringing that building back to life and that investment would be shared by the community over time.

Commissioner Carter said he agreed with Shumm regarding eliminating uncertainty regarding the City's policy, however, he was not in favor of holding up this project. He said the benefit to cost ratio was very strong for this project and was in support of moving this project forward.

Commissioner Dever asked about the current tax rate for this building.

Diane Stoddard, Assistant City Manager, said the 2011 appraised value with land and building totaled \$400,100.

Commissioner Dever asked about the 2011 tax amount.

Stoddard said the tax amount was \$12,359.10.

Commissioner Dever said there was an increase of that value based on the improvements made.

Stoddard said the estimated value of the new construction was \$800,000 and with the appraised value, the total would be approximately 1.2 million.

Vice Mayor Shumm said he was not implying that he wanted to hold this project up to have that discussion regarding policy and that he was ready to move forward with this project.

Commissioner Dever said other determining factors were the City's investment in a valuable piece of historical real estate; job creation; property value would be somewhat doubled; and, the City's ability to recover taxes at the full rate of value.

He said he agreed that the policy needed to be discussed, but was eager to see this project proceed with a ten year scenario.

He said he was not in favor of having discussion about the sprinkler system at this time, but would like to discuss the ancillary incentives with the \$48,000 that would be foregoing over time.

Mayor Cromwell agreed with the 10 year scenario. There was no standardization so the City Commission was left to take these projects on a case-by-case basis. The tax incentive was generous, but it was warranted by being a historic building in a district of historic buildings. An NRA was a perfect conduit because the City was not losing anything that the City was not currently receiving. He said if the Commission wanted that ancillary discussion at this time, he thought it was appropriate as well.

Commissioner Dever said the ancillary incentive discussions involved where that money came from; how the City proposed to achieve the ADA compliance; and, how the money was budgeted.

Crum-Cano said the former Economic Development Coordinator accounted for the \$12,000 in the ADA retrofit for the sidewalk in the first year and then divided out the \$36,000 in the sprinkler system improvements over the 10 year period which was \$3600 a year.

Commissioner Dever asked where the money came from.

Corliss said, in the past, on the Sprinkler Incentive Program, it was funded out of the Utility Department that had a lot to do with the water tap work, but would probably fund it out of the general fund at that 10 year increment.

Commissioner Dever said he saw \$70,000 worth of total incentives in tap fees, water meter and sprinkler systems, but saw that number change.

Crum-Cano said the original sprinkler system had a formula for calculating the amount of eligible funds which was based on the street frontage as well as the number of levels and based on that it was eligible for \$36,000. The applicant asked for \$70,000, but the calculation only accounted for \$36,000.

Commissioner Dever asked if the tap fees and water meter were not waived.

Corliss said the City waived those fees now for downtown businesses and would continue to waive the fees in this instance.

Commissioner Dever asked Corliss if those fees were generated in the past.

Corliss said in the past the City funded the Sprinkler System Program in 2006, 2007 and 2008 out of the Utility Department budget, but there were budget challenges and that program was stopped. He said in analyzing this sprinkler incentive request staff used the same type of formula to look at the Masonic Temple Building like staff had done in the past.

Commissioner Dever said it was consistent with the City's historical process.

Commissioner Amyx asked about the challenges regarding the Water Sprinkler Program in the past.

Corliss said the challenges were the infrastructure needs in the utility department and it was inappropriate to not concentrate on those challenges rather than projects that had a stronger economic development orientation, but in this case, historic preservation orientation. He said he thought it was appropriate to fund the sprinkler system out of the general fund.

He said he would like to find a means to fund a Water Sprinkler Program because the façade on the structure downtown were part of this City's identity as well as owner and firefighter safety.

Commissioner Carter said PIRC recommended Scenario 1 over a 10 year period and asked about the compelling reasons for a 15 versus 10 year period.

Werner said it would be a benefit stretching those payments out longer, but 10 years was a reasonable amount of time. He said they were happy with PIRC's recommendation and liked the 95% declining over 10 years.

Moved by Amyx, seconded by Carter, to adopt the 1001 Massachusetts Street Neighborhood Revitalization Plan; adopt on first reading, Ordinance No. 8671, establishing a Neighborhood Revitalization Area at 1000 Massachusetts Street; to authorize the City Manager to execute an agreement with Douglas County and USD 497 concerning administration of the

Neighborhood Revitalization Area; and to authorize the City Manager to execute a performance agreement with Consolidated Properties, Inc. Aye: Amyx, Carter, Cromwell and Dever. Nay: Shumm. Motion carried.

E. PUBLIC COMMENT:

Adam Dorssom, speaking on behalf of the Lawrence Skaters Association, said regarding the funding for the skate park, he would like the City to work and keep their association informed of the City's decision making. He said their association was looking into fundraising events and wanted to know if there would be legal issues concerning this fundraising.

Josh Johnson said he would like Lawrence to have the cutting edge skate board facility in this community.

F. FUTURE AGENDA ITEMS:

David Corliss, City Manager, outlined potential future agenda items.

G: COMMISSION ITEMS: None

H: CALENDAR:

David Corliss, City Manager, reviewed calendar items.

I: CURRENT VACANCIES – BOARDS/COMMISSIONS:

Existing and upcoming vacancies on City of Lawrence Boards and Commissions were listed on the agenda.

Moved by Amyx, seconded by Shumm, to adjourn at 8:02 p.m. Motion carried unanimously.

APPROVED:

Aron E. Cromwell, Mayor

ATTEST:

Jonathan M. Douglass, City Clerk