



# City of Lawrence

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**CITY COMMISSION**

**MAYOR**  
MICHAEL DEVER

**COMMISSIONERS**  
MIKE AMYX  
JEREMY FARMER  
DR. TERRY RIORDAN  
ROBERT J. SCHUMM

September 17, 2013

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 Dever presiding and members Amyx, Farmer, Riordan and Schumm present.

**A. RECOGNITION/PROCLAMATION/PRESENTATION:**

1. Recognized sister cities program relationship between the University of Kansas and Kanagawa University.
2. Proclaimed the week of September 17 – 23, 2013 as Constitution Week.
3. Proclaimed Thursday, September 19, 2013 to be No Texting While driving – It Can Wait Day.

**B. CONSENT AGENDA**

**It was moved by Schumm, seconded by Amyx, to approve the consent agenda as below. Motion carried unanimously.**

1. Approved City Commission meeting minutes from 08/27/13.
2. Received minutes from various boards and commissions:  
  
Board of Zoning Appeals meetings of 05/02/13 and 07/11/13  
Cultural District Task Force meetings of 08/13/13 and 08/27/13  
Historic Resource Commission meetings of 05/16/13, 06/20/13, and 07/18/13  
Homeless Issues Advisory Committee meeting of 08/13/13  
Hospital Board meeting of 06/19/13
3. Approved claims to 411 vendors in the amount of \$2,270,652.66.
4. Approved Cereal Malt Beverage licenses for Miller Mart Phillips 66, 3300 W. 6<sup>th</sup> St. and 8 Flavors, 2210 Iowa St; and a Taxicab License for Paul's Airport Shuttle Service, 9411 Switzer.



5. Bid and purchase items:
  - a) Awarded Bid No. B1327 for the City / KU Fiber Project to install fiber in the Verizon conduit and complete the eight alternate projects as bid in Project No. PW1326, to K&W Underground, for a total amount of \$276,131.50 (net cost to the City of Lawrence is \$123,491.65).
6. Adopted on first reading, Ordinance No. 8913, establishing an All Way Stop at 7<sup>th</sup> Street and Alabama Street.
7. Adopted on second and final reading, the following ordinances:
  - a) Ordinance No. 8903, to rezone (Z-13-00251) approximately 4.712 acres from UR (Urban Reserve) District to RS7 (Single-Dwelling Residential) District, located north of Bob Billings Pkwy and east of K-10. (PC Item 1A; approved 8-0-1 on 8/26/13)
  - b) Ordinance No. 8904, to rezone (Z-13-00252) approximately 2.674 acres from UR (Urban Reserve) District to RS5 (Single-Dwelling Residential) District, located north of Bob Billings Pkwy and east of K-10. (PC Item 1B; approved 8-0-1 on 8/26/13)
  - c) Ordinance No. 8905, to rezone (Z-13-00253) approximately 3.195 acres from UR (Urban Reserve) District to RM12D (Multi-Dwelling Residential) District, located north of Bob Billings Pkwy and east of K-10. Submitted by Landplan Engineering PA, for Alvamar Inc., property owner of record. (PC Item 1C; approved 8-0-1 on 8/26/13)
  - d) Ordinance No. 8906, to rezone (Z-13-00254) approximately 3.349 acres from UR (Urban Reserve) District to RM12 (Multi-Dwelling Residential) District, located north of Bob Billings Pkwy and east of K-10. Submitted by Landplan Engineering PA, for Alvamar Inc., property owner of record. (PC Item 1D; approved 8-0-1 on 8/26/13)
  - e) Ordinance No. 8907, to rezone (Z-13-00255) approximately 4.182 acres from UR (Urban Reserve) District and PCD (Planned Commercial Development) District to OS (Open Space) District located north of Bob Billings Pkwy and east of K-10. (PC Item 1E; approved 8-0-1 on 8/26/13)
  - f) Ordinance No. 8908, to rezone (Z-13-00256) approximately 16.619 acres from UR (Urban Reserve District), PCD (Planned Commercial Development) District, and RS10 (Single-Dwelling Residential) District to CN2 (Neighborhood Commercial Center) District located north of Bob Billings Pkwy and east of K-10. (PC Item 1F; approved 8-0-1 on 8/26/13)
  - g) Ordinance No. 8909, to annex (A-13-00296) approximately 25.23 acres located southeast of Mary's Lake between Haskell Avenue and O'Connell Road for the construction of the extension of E 31<sup>st</sup> Street to tie into N 1300 Road east of the E 1600 Road/O'Connell Road intersection. (PC Item 2; approved 9-0 on 8/26/13)

8. Approved Special Event, SE-13-00385, for a Free Concert to be held in the private parking lot south of The Granada on September 20, 2013; a Free Movie on Massachusetts Street in the 1000 block coupled with a Beer Garden and Food Court/Concession Stand in the private parking lot south of The Granada on September 26, 2013; and, a Final Friday Event for local artists with food concessions on September 27, 2013. Submitted by Mike Logan, owner of The Granada, with permission from Allen Press Inc., property owner of record. *[The September 26 Special Event is on the same day and adjacent to the event to be considered in Regular Agenda Item #2, but the events' approvals are not contingent upon one another.]*
9. Authorized the Mayor to execute the wholesale water agreement with Douglas County Rural Water District No. 4.
10. Authorized the City Manager to execute an agreement for capital and operating assistance funds from the State of Kansas FY2014 Comprehensive Transportation Program, in the amount of \$500,000 for capital expenses and \$558,296 for operating expenses, for the Lawrence Transit System.
11. Authorized the Mayor to sign Releases of Mortgage for Tammie Sue Powers, 1069 Home Circle, and Yana R. Reid, 630 Locust Street.

**C. CITY MANAGER'S REPORT:**

David Corliss, City Manager, presented the report.

Farmer said the monthly video news segment on the City's Website was fantastic and wanted to commend David Corliss, Megan Gilliland, Communications Manager, and video production interns, Mark Sidener, and Kole Britton. He said the videos highlighted city projects, services, and program which might have gone unseen. He said this was a great next step to help with community outreach for this city.

Riordan agreed. He said in running for City Commission he talked to a lot of people and once they received the information, they were more pleased than not. He said as a City Commissioner he was amazed at the number of good things staff did. If people realized that more often, then they would understand the quality of things that were happening in this city.

Corliss said he was pleased with the screen presence of a lot of city employees.

Dever said agreed and also thought the report on sidewalks was excellent. He said there was good work done on 23<sup>rd</sup> Street.

**D. REGULAR AGENDA ITEMS:**

**1. Conduct public hearing to consider the vacation of a public right-of-way easement at 1800 Naismith Drive as requested by property owner Bromley Naismith, LLC.**

Chuck Soules, Public Works Director, presented the staff report.

Schumm said there was no change in what was happening in the past.

Soules said it was site planned as one tract and was something that was missed.

**Moved by Amyx, seconded by Schumm,** to open the public hearing. Motion carried unanimously.

After receiving no public comment, **it was moved by Schumm, seconded by Farmer,** to close the public hearing. Motion carried unanimously.

**Moved by Amyx, seconded by Schumm,** to approve the vacation of a public right-of way easement at 1800 Naismith Drive. Motion carried unanimously.

**2. Consider approving a Temporary Use of Public Right-of-Way Permit for the Granada, allowing the closure of the 1000 block of Massachusetts Street on Thursday, 9/26/13, from 4:00 p.m. – 11:00 p.m. for a free movie showing.**

Jonathan Douglass, City Clerk/Assistant to the City Manager, presented the staff report.

Mike Logan, Granada, said he asked to close the street for a period of seven hours to celebrate a number of milestones for the Granada. He had owned the Granada for 10 years and the Granada had hosted live events for 20 years. The Granada had been a fixture as an entertainment venue in the community for 80 years. He said he would like to recognize that he processed this request a bit later than special permits of this type would normally be requested and thanked the City Clerk's Office, Planning Department, Fire and Police in being absolutely thorough in expediting a request to the agenda.

Farmer asked about the Granada's economic impact to this community.

Logan said on an average month 15 to 20 thousand patrons came through the Granada's doors to view his shows. He said from an economic impact standpoint there

was the sales and excise tax, but the Granada spent several thousand dollars a month, marketing outside of Douglas County, bringing in those dollars. Half of their ticket sales were sold outside of Douglas County which surprised many people. Additionally, they would hand bands a per diem or buyout catering budget and in the month of September that totaled \$13,000. Those bands shop and eat downtown.

Mayor Dever called for public comment.

KT Walsh said she was proud to serve with Amyx and Schumm on the Cultural District Task Force. She said one of the things they discussed consistently was more cultural activities and this event was exactly the type of thing they've been talking about. It was family friendly, taking the place of the movies that were at 9<sup>th</sup> and New Hampshire and celebrating a long-term music venue. She was in favor of this event.

Schumm said in the agenda packet it stated correspondence, but all he saw was a letter from Mark Logan.

Douglass said if Schumm refreshed his screen he would more than likely see more letters. He said during one of the updates the link went to the wrong item and should be corrected now.

Dever asked if there were any negative responses to this item.

Douglass said he saw one negative response by email. He said one other person called and he thought she was going to send a negative response, but he never received anything.

Dever asked if the email from Carolyn Richmond was the negative comment.

Douglass said yes.

Dever said the City Commission received a couple of emails at the end of the day today that weren't included in the packet.

Douglass said he saw one from Downtown Lawrence.

Amyx said there had been a lot of discussion for the last couple of years about when it was appropriate to close this street for special celebrations. Logan did a good job of limiting the time and used it as an opportunity for a family type gathering. He said several people mentioned that making it hard to do business downtown was not a good idea, but to make sure to promote downtown. He said this event could be a positive, but the Cultural District Task Force should discuss policy on what should be taken into consideration when closing Massachusetts Street.

Schumm said the City had done a good job at creating a bona fide, market driven downtown which was unique and now more and more people wanted to hold activities, but some of those activities did conflict with commerce at times. He said there were times that they could hold events downtown, but minimize the amount of closure on Massachusetts Street was for the best advantage of everyone. He said for the most part they were able to limit closure. He said one person was boldly against the event and another person was jumping up and down in favor of the event. The only concern was the parking, but there was a new garage that was open and some of those people park at that location.

Riordan said the fact that the owners of businesses on this block were very much in favor was a very important aspect. The fact that this was a one-time event was important. He agreed with Amyx in that they should have some type of criteria, but it might be difficult. He said when having a large number of people and could celebrate the downtown in a safe way, they should encourage it.

Farmer said he agreed with all of those comments. He said when he was in high school they had their project graduation party at the Granada. He said Logan had done a great job at making that venue positive and has done so many charitable things for this community with the Granada as well as Abe and Jakes. He said this was a celebration of 20 years of holding different events and venues. He said this was a cause for celebration and the economic impact was positive. He had asked that question because if you were

ever downtown where the Granada had a show, there were a lot of people. He said to him there was no way that everyone would fit in that side lot and this was something he was proud to support. He thanked Logan for his work and making the Granada something they were proud of in this community and he was looking forward to attending the event. If the City Commission received a number of comments that were not in favor of this event, it would give him pause to approve this event.

Dever said if this was just about showing a movie he might be driven to move the event off to a side street, but this was celebrating an icon downtown and its new generation as a music venue something which Lawrence was rich in and they needed to make sure everyone knew about this venue, young and old. He said he was in favor of moving forward with this event.

**Moved by Schumm, seconded by Riordan,** to approve a Temporary Use of Public Right-of-Way Permit for the Granada, allowing the closure of the 1000 block of Massachusetts Street on Thursday, 9/26/13, from 4:00 p.m. – 11:00 p.m. for a free movie showing. Motion carried unanimously.

**3. Consider a request to establish a crosswalk with a pedestrian hybrid beacon on 11<sup>th</sup> Street at Delaware Street. (TSC Item#3; denied 7-2 on 8/5/13)**

David Woosley, Transportation/Traffic Engineer, presented the staff report.

Amyx asked about the condition of the sidewalks on both sides of 11<sup>th</sup> Street.

Woosley said he wasn't sure, but to his knowledge those sidewalks were in good shape.

Amyx said they were two and a half blocks from the beacon to the west. As long as the sidewalks were in good shape children could get safety across the street.

Farmer asked if staff had data on how much usage the other two beacons along 11<sup>th</sup> Street as far as how many times the button was pushed and the usage.

Woosley said staff didn't have that data.

Farmer asked if there was a way to get that data.

Woosley said the controllers at those locations could track how often the button was pushed and how long it cycled. Staff could investigate that type of data. He said staff would need to program the controllers and ask it to save that information.

Farmer said that information would be helpful.

Mayor Dever called for public comment.

KT Walsh, East Lawrence Neighborhood Association, said she had indicated to the City Commission that she would bring this issue up at their meeting, but unfortunately they had a huge agenda and could not get to all of those issues. However, the PTO at New York School had discussed this item and they felt that it was a park issue and the person that submitted the proposal talked about it as a way to get kids over to Hobbs Park, much more so than getting kids to New York School, Central Junior High School or wherever they were heading. She said perhaps it would be better to look at a crossing at the Burroughs Creek Trail once it extended further towards the river. If the kids crossed at 11<sup>th</sup> and Delaware heading north, those kids would still need to cross Delaware to get over to New York School. Delaware has become a dangerous street to cross because of all the new traffic and was now a de facto truck route. The walking School Bus at New York Elementary took all the kids west on 11<sup>th</sup> Street to the existing beacon and that was where they crossed right now. The conclusion from a few people, but not official, was to table this item and allow the Traffic Subcommittee at East Lawrence discuss it and go back to the PTO and make contact with the person who submitted the request to see if there was a real need.

Dever said staff could program the existing beacons to keep track how many times the button was pushed. There was already a beacon at Burroughs Creek Trail.

Farmer said there was another beacon at between New York and New Jersey Street. He said he drove that route to work every day and didn't seem to get a significant

amount of usage, but he had heard that a lot of people used those beacons. If those beacons were going to keep people safe, than obviously it was worth it. He said with two beacons already on the street he asked if another beacon was needed if not getting hundreds of uses, which was the reason that the data would be helpful.

Schumm asked about the traffic count on that street.

Woosley said in July when staff did a count, it was 7800 vehicles during that 24 hour period.

Schumm asked if that was average for a collector street.

Woosley said that count was typical, but might be a little low as during the summer when there wasn't as much traffic in town. During the school year there might be a little bit higher traffic count, perhaps around 10,000.

Schumm asked about the cost of a beacon.

Woosley said based upon the prices for the beacon at 10<sup>th</sup> and Connecticut Street was just under \$50,000.

Schumm asked about the cost for a stop sign.

Woosley said a stop sign was approximately \$100 including installation.

Schumm asked if the Commission was requesting information from staff.

Amyx said yes as well as information from Walsh and other information.

**Moved by Amyx, seconded by Farmer,** to table indefinitely the request to establish a crosswalk with a pedestrian hybrid beacon on 11th Street at Delaware Street. Motion carried unanimously.

**4. Consider draft agreement with Lawrence Community Shelter regarding a loan of \$725,000. Consider authorizing publication of an amendment to the 2013 Budget and set October 8, 2013 as a public hearing date.**

David Corliss, City Manager, presented the staff report.

Loring Henderson, Lawrence Community Shelter, said under the different program areas this year, in the first 7 or 8 months of the year in the housing area, they had housed

147 people which was a tremendous number with a lot of those numbers were families. He said there were 39 people in their family program and 17 were children ranging from new born babies to a student in high school. He said they received calls every day for families seeking shelter. In the employment area, they had gotten 61 people in permanent jobs. He said they had a new second full-time person working on employment and jobs for people at the shelter. He said they were working on a thing called LMAP which was Lawrence Moving Ahead Program which was a model taken from Boston and Topeka. He said it was a 13 week program to take classes in the areas of building self-esteem and preparing folks going into the job market. Half of the classes were in-house and the other half was internships in businesses around the community. He said being in the Shelter, having the elbow room, having a place to put some of their ideas into operation was exciting. Under benefits, 29 people had applied for disability, under intervention 18 people had gone to detox or rehab, 50 people had gone to mental health treatment and they had given 609 prescription assistance forms to help get prescriptions filled. One of the telling numbers, and Chief Khatib was on their Board of Directors but there was connection to what he was going to say, was that the number of police calls to the Shelter this year in the first 8 months was 11, versus last year in their old location, the number for the first 8 months was 64 police calls. He said he was asked how many people would move when the Shelter moved to its current location and the answer was almost everybody. He said they were busy and full almost every night, but they were doing well because it was a good building and a facility that worked.

Joe Baker, Lawrence Community Shelter, said the objective of the Shelter was not to warehouse or house homeless people, but was to provide a way for those people to get out of homelessness. He said Henderson and the staff had done a magnificent job in moving people who were homeless in this community into jobs, permanent housing, and a better way of life. He said they purchased a building and received estimates on what it

would cost to rehab that building into a homeless shelter. They raised a substantial amount of money which they thought was an amount adequate to accomplish this goal. It turned out to be inadequate. In addition, they found that there were some structural repairs that were needed, that the roof needed to be repaired and they had obtained multiple quotes and estimates on those costs. One of the side effects of putting the new roof on the building besides stopping the leaks that were leaking into the areas where people were trying to live was that it would improve from a financial standpoint what it cost to heat and cool the building. He said it was very large metal building which was a warehouse originally and had very insulation. The building had insulation now, but the new roof would help considerably in lowering those heating and cooling issues. He said they currently had a loan with People's Bank, but the loan was on a short-term basis. The pay-off balance on that loan as of October 11, 2013 was \$627,704 with interest running at \$87 per day. They had a fixed contract to repair the roof of \$98,311 that was where the number had come from in that request for the \$725,000. On a 15 year amortization schedule, at 2% interest, that made the monthly payment by the Shelter to the City of \$1,850. This fit into the Shelter's budget to move forward, but would give the Shelter a challenge to meet the balloon payment in 15 years, but the Board and people interested in the Shelter believe that was a very doable situation to meet. He said in their original discussions, it was not intended to put a mortgage on the building. The Board felt that if that was something that was important, they really didn't have any objections. He said they planned on being there and didn't see that a mortgage would cause them any problem whatsoever. He said he didn't think the City wanted to take over and run the Shelter in the event they did default but there was an asset.

Schumm thanked Baker and Henderson for what they did for the Shelter. He said he was not interested in the City taking a mortgage on the building and everyone hoped for the best for everything to work out, but if at some point something happened and it

didn't work, someone would need to run a Shelter in this City either the Shelter, a new group or the City or some combination of all those people. He said even though they didn't take a mortgage on the building, he asked if it was advisable to not have anyone put a mortgage on the building because in the worse-case scenario at least there was a building that wasn't encumbered by any kind of legal situation where it was sold and was not used as a Shelter in the future.

Baker said he didn't have any legal background to say how that could work, but he would see no reason why it couldn't be in the documents to put a mortgage on the building. The Shelter and the Board had to have permission to do so from the city. He said there might be a reason in the future that something would come along such as an addition on the building, the need for more capacity to build on the additional land. He said he would not see any reason that the City shouldn't make a requirement that if the Shelter wanted to do that, they had to have City approval.

Schumm asked if Baker saw his point.

Baker said absolutely.

Schumm said the City at that point, if things fell apart, probably would have not been repaid in its entirety and if it was encumbered with an instrument that took it out of the Shelter business then they wouldn't have a loan that was paid off and they would have to find something else to take its place. He said he wanted to try and keep that as the Shelter into the future and recognizing it might very well need to be expanded.

Baker said at this point they had no intent of coming back to the City for a future loan, but again, he was not sure that anyone knew what the future would hold.

Dever asked about the current appraised value of the building and the property.

Baker said he was not sure he knew that answer but was thinking it was somewhere around 2 million.

David Corliss, City Manager, said he thought it was in the neighborhood of 2 million. He said there were 4 acres and the building square footage was 25,000.

Baker said the building was sitting on less than half of the acreage. He said they paid approximately 1.7 million for the building prior to the rehab.

Dever asked if they had 25,000 square feet under roof and approximately 4 acres of land.

Baker said correct. He said 10,000 square feet was warehouse space. They had initially intended to find a tenant for that space, but it didn't work out and they had expanded into storage and usage of that space, but still was a space they could rent if they found a good tenant.

Farmer said the land was appraised at \$178,950 and the improvements were at 1.782 million for a total of 1.961 million. He asked Baker that if anything they did with this wouldn't inhibit renting out the other side of that facility to any tenants.

Baker said not that he could see. He said all they would be doing was re-roofing the entire building, paying off the mortgage at People's Bank at a considerably higher interest rate and on a short-term basis. He said if anything it would probably make it more rentable because it did have roof leaks.

Dever said the Shelter originally anticipated using 10,000 square feet of the building for lease purposes and occupy 15,000 and use the other portion for rental income. He asked if that was part of the shortfalls. He asked Baker to explain how they got from not being able to cash flow this to where they were at right now.

Baker said it was actually cash flowing as long as all they were doing was paying interest to People's Bank. He said he didn't know how much of the historical information the Mayor wanted, but after they had rough estimates on what it would cost to rehab the building and they purchased the building and those estimates were greatly understated. He said they had 8 bids to do the rehab and all 8 of the bids came in way over the amount

that they had raised. They relooked at the entire structure and were able to get the rehabilitation of the building about half of where the original bids came in and when it was all said and done that still left the Shelter with \$600,000 shortage in what they had raised with what they thought originally going to pay for the building and the rehab.

Dever said Baker stated that the Board and the organization itself did not object to the City having some sort of security interest in the property in the event that there was an inability to pay or for whatever reason, the Shelter failed to exist in the future.

Baker said sure, but again he couldn't really speak for the Board but they had a meeting Monday evening and thought that was the consensus that if the City felt that was important to protect its interest, the Shelter had no objections to that. He said he also liked the situation of signing an agreement that the Shelter couldn't mortgage the property without coming back to the City Commission. He said whatever gave the City comfort. He said what they wanted to do at this point was to get themselves into a position where they could manage their budget, continue to raise approximately 50% of their total budget for non-governmental entities and go forward serving the homeless community in Lawrence. He said the payment worked into the budget for the Shelter. Paying the \$600,000 to Peoples Bank on a short-term basis did not work into it. Truthfully, if the City Commission turned this down, he wasn't sure exactly what the Shelter would do.

Dever asked if People's Bank offered to roll this note into a longer term note.

Baker said no. The \$250,000 that was in the agreement that the Shelter would pay by October 11, 2013, that would be paid by current outstanding pledges.

Riordan said he visited with Henderson and was amazed from what they had gone from to what they had gone to. He too had no big interest in having a mortgage but to have some type criteria that the Shelter would need permission to receive a mortgage and was important to protect the citizens. He asked if the Shelter was presently current with the current loan.

Baker said yes. He said they owed the bank \$673 of interest which would be paid in the next few days and had not paid the last two interest payment that were due on August 16<sup>th</sup> and September 16<sup>th</sup> which was with permission of the bank.

Riordan said when calculating, it looked like the Shelter would save \$3600 a month or \$100 day that the Shelter could put towards people and their needs. He said he was in favor of this request. He said there might be some difficulties, but the benefits far outweigh the difficulties.

Amyx asked if the entire site was 4 acres.

Baker said correct.

Amyx asked how much land was the building sitting on.

Henderson said 25,000 square feet.

Amyx asked if it was one lot.

Baker said it was one lot, but never had that question asked. He said there was considerable space behind the building.

Amyx said he didn't know if it was divided in one acre lots or one single lot.

Baker said it was one single lot.

Amyx said he would be in favor of asking for the mortgage to be placed on the property and be divided in such a way that \$178,000 on the land and the balance remaining on the building. Again, Baker said the first 225,000 that would be paid off a year from now that was with the pledges that would be made over the next year.

Baker said there were pledges that had been made, but the payment had not been made. Many of the pledges were 3 year pledges and this was the third year. He said when they talked to People's Bank originally, they gave the Shelter a number that they thought would collect 80% of those pledges when they looked what was coming in.

Farmer asked if this amount would cover the Shelter being able to put ceilings in.

Baker said no. The amount of dollars that it would take to go in and put a ceiling inside was a gigantic number due to the sprinkler system. He said it would save some money on utilities, but at the same time it was an astronomical number.

Farmer asked even with drop ceilings.

Baker said yes because of the sprinkler system and the way it was arranged as well as the heating.

Farmer said he did the math at \$87 per day and over the course of 15 years that was approximately \$380,000. He asked Baker to speak to what having that money in the Shelter's operating budget would mean that they could do for people in this community.

Baker said he would have to have Henderson speak to that. He said it would be easier to answer how would they pay that \$87 a day going forward and he was not sure that was in the operating budget. He said what it would allow the Shelter to do was by taking that out of their budget, continue to serve the homeless community and expand to help the homeless become more self-sufficient. He said he didn't know what they would do with the \$87 because it was not money coming in, but money they owed that they really didn't have at this point.

Farmer said from leading a non-profit himself that when starting to take money that they were paying out, if they were able to roll that back into their operating budget. He said that money didn't go to pay bills, but to programs that empowered people to have more jobs and become housed. He said it was an important piece of this conversation because right now because they were paying that interest, it seemed that money was tied up with doing that and were not able to do all the other stuff that should be done.

Baker said there was a plan to add additional counselors to help people with job counseling, but at this point it wasn't in their budget to fund. They did have a separate committee working very hard to figure out how to expand their income figures and add those people to the staff to improve on more and more people self-sufficient. He said if

they had \$87 a day coming in, he was sure Henderson could come up with really good ways to spend it. He said what the city had done so far was wonderful and hopefully what the city did next would be wonderful.

Mayor Dever called for public comment.

Greg Robinson said he was asking the City Commission to table this matter until they received more information. It seemed like every question asked of this entity was that they didn't know or didn't have that information available. He said before this Commission made a decision which quite frankly had already been made by the comments received, the City Commission owed the taxpayers the information so they could at least see what the Commission was doing as a body when approving this in the coming weeks. The comments that were the most discouraging was the fact that there were already 2 Commission members not interested in placing a mortgage on this property. He asked why not. If the city was going to become a bank, act like a bank. It didn't mean they needed to be an evil malicious bank but simply meant that the City was protecting the taxpayer's interest. If this place was worth 1.9 million dollars and the City was going to give the Shelter money, be protected. He said Baker had mentioned many times that they misjudged and didn't work out and asked how they would know if it was going to work out in 15 years when that lump sum payment was due. He said according to Schumm and Riordan, they didn't want any protection. He said what would stop this entity from encumbering that facility to 80 or 90% of the value, and then it went under and the tax payer was left holding the bag again as always. He said he wasn't against those gentlemen and what they were trying to do, but what he was against was that the Commission didn't act like a professional entity. Again, if the city was going to act like a bank, be a bank. The other issue was that the agenda stated it was 5% construction loan, but construction loans were a little bit higher. He said Dever asked whether or not there had been any offer by the bank to make it a permanent loan, but he didn't think it was the

banks job to ask if they wanted a permanent loan. It was the entities job to ask for a permanent loan and apply for that loan for permanent financing. The question should have been had the Shelter asked for that financing. He said permanent loans tended to be lower. The tax payer needed to know it wasn't 5%, it might be 3%, but it was told to the public it was 5%. He said it was 5% because it was a construction loan. He said regarding the agreement on page 2, provision 5, it stated: "In the event Shelter shall fail to fully and timely make any payment of principal or interest when due by the terms hereof, City shall have the right to withhold said amount of any allocations of public funding money made or to be made by City for the benefit of Shelter." He said this provision should not be in the agreement. He said the City Commission should table this matter until they received the information that set forth all of the parameters. Some of the questions asked were good, but the Commission wasn't following up by demanding that information be provided. He asked why he was the only speaker that was being clocked and had a time limit for discussion.

Dever said the people who were commenting had the clock and people who presented the items did not have a clock. He said Robinson was the first public commenter. He said they had questions that were raised by Robinson specifically the technical term for "bank" was an offer in that a request was made by the borrowing entity and the agency provided an offer for that loan. He said it was a bona fide offer by the bank to lend money on the property. Secondly, Schumm and Riordan made a comment about whether or not they made up their mind and didn't know if that was the case. He said regarding not wanting to be a heavy credit on the real estate itself, he suggested that needed to be clarified. The rest of the concerns were conjecture regarding whether they made up their minds.

Schumm said he kept going back to the question of who owned this social situation. He said he firmly believed it was the people of Douglas County that owned the

social situation and need to take care of it. He said for their well-being and for the best of Lawrence and Douglas County, they found a group of people who was providing the service for this community that the community would provide if the Shelter wasn't providing that service. He said Robinson talked about the City being a bank and good business people which he agreed, but in this case if the Shelter wasn't here in this City, the City would be providing shelter in a municipal building and the city would be using their municipal bonding authority to underwrite the purchase and construction of that site and operations. He said it would cost the City a lot more money, if the city had to staff and operate a shelter as opposed to a volunteer organization. He said on one hand he didn't have any problem in committing City funds at the rate of 2% for which the city borrowed for other municipal projects because this was a situation that the City and County would own if this group stated that they were done. He said as far as taking a mortgage on that property, that could be done, but he didn't see that as a big deal. He said if the Shelter didn't pay the city, was the city going to throw the homeless people out and sell the building and state that the city and county didn't own the problem? This city and county did own the problem. It was a social issue that the citizens of Douglas County own. It didn't matter whether they took a mortgage or not, but he would rather leave it with an agreement if they wanted to place a mortgage on that property in order to expand then the city could address that and agree to it. He said he wanted to preserve the fact that that asset was maintained into the future as "The Shelter" for Douglas County. He said he couldn't see the City throwing Shelter occupants out on the street to reclaim a loan because at that point, the City was going to own the issue anyway.

Amyx said Schumm was probably right, but they were looking at a document that had a 15 year life. He hoped the agreement would stand up for the next 15 years. He said it was prudent to protect the tax payer money for this building by a mortgage.

Schumm said if the majority of the City Commission wanted to go with the mortgage and in 5 years the Shelter needed more capital to build out additional space. He said the asset was encumbered by the City's mortgage and precluded the Shelter from using the equity in that asset to secure a loan to move forward.

Amyx asked if the City Commission had the opportunity to renegotiate at any time.

Schumm said it was a new proposal anyway.

Corliss said yes, the city could renegotiate. He said what a likely scenario was that if the Shelter needed financing for any type of future improvements, outside of their fundraising, the Shelter would probably talk with the city, if the City had an instrument on that property.

Amyx said one of the reasons he suggested looking at the land separate was that if it was divided, they could look at the land separate from the building improvements. He said part of that property could be released as the pay down happened a year from now.

Schumm said he thought the Shelter would need to go through a lot split.

Amyx said at this point he didn't realize it was just one lot.

Riordan said even if there were several lots there was not enough equity in the land to do anything. He said Robinson brought up some good points. He said as a new Commissioner they sometimes said things or did things that they shouldn't. He said his thought was that he was in favor of having some benefit financially to this group because the Shelter provided a great service and saved the city a lot of money. Mainly, he said he had difficulty with a mortgage because of the encumbrance and the difficulty in the future, but also it could cause difficulties for the City that were financially much greater in the future if they had a loan in that way. The Shelter had made their payments, but couldn't continue to make those payments. He said when looking at all the aspects it was very unusual and in general, he made an error in that he should have waited afterward. He said he was in favor, but always took into account what people say at the meetings when

there was public comment. He said no final decisions were made until the issue was voted upon.

Farmer said there was a lot to be said about the investment that the City and County Commission had made in a homeless shelter in helping to get it relocated out to a space that was more usable. It was real easy to say they shouldn't do this if they didn't know what the Lawrence Community Shelter did and if you didn't interact on a daily basis with people that were in need, you wouldn't know. This wasn't about whether or not the city was protecting the taxpayers, but to him it was how well they were collaborating with a non-profit, private entity that was doing things a whole lot more inexpensively than what the City could do it. He said Schumm was right on in that if they were to make it a city building paying pensions for the director and other costs, it would be significant. He said there was value in recognizing that it was best when a governmental entity partnered with a non-profit or private organization that did their own fundraising and programming. He said this was an opportunity for the city to partner with an organization that had done a tremendous job. He said this was not handout money. The City was investing in an organization that defined its success not by just being packed every night and making sure there weren't homeless people on the street, but recognizing that the Shelter's success was when people get jobs and housed. Those were things that made him feel good about making an investment in such a great organization because those were the right metrics by which they should be measuring things. He said he loved what Lyndon Baines Johnson essentially said in his State of the Union Address in 1964 that if they were going to successfully defeat poverty and its effects on people, it was going to take a cooperation from every federal, state, and local government from the courthouse to the white house and ensuring those problems were addressed and identified. He said he understood what \$87 a day placed back into a budget could do when you could invest that money in programming to help people get jobs. He said it was a big deal and what couldn't be

calculated was the inherent return on investment from those \$87 in helping people get jobs who would be paying taxes, shopping and filling up their cars with gas in Lawrence. He said to him this was a very smart investment for the City to make. He asked what the City Commission's role was as a governmental body. He said the City would be managing a shelter, but he didn't think the city wanted to get into the homeless shelter business for the food bank business, or domestic violence rescue business. He said the City had to empower organizations in this community that were doing that type of service. He said regarding the mortgage situation, the City could tie the hands of the Shelter by requiring that the city had mortgage on the property that if things were to tank, the city would have some way to recover the city's assets by selling that building to recoup what the city had invested in it. He said they weren't going to sell the building. The community had a responsibility to take care of people. If they didn't sell the building, the city would be out whatever wasn't paid, plus what it would cost to staff. He asked why they should encumber the Shelter further. He said the City wasn't a bank and wasn't necessarily acting like a bank, but making an investment in an organization that wasn't asking for a grant, but asking for a loan. He said this was a very smart thing for the City Commission to consider. He thanked the Shelter for their tremendous work in this community.

Corliss said this agenda item was structured not to approve a final document, but for the City Commission to authorize staff to have the public hearing date to make the expenditure authority change in the special alcohol fund. He said if the City Commission authorized the public hearing staff could also work on the language, language that would prohibit a mortgage or a transfer of the property without the City's permission and work on language that would place a mortgage on the property and follow up the Vice Mayor's suggestion about some of the division of the different portions of the property. He said they had some time to accomplish so of this, but might not be able to work all that out. The City Commission could decide what they wanted to do with the instrument, but could

also direct staff to work on that language for all of those different alternatives and then on October 8<sup>th</sup> or even after that date, the City Commission could decide what the actual language would be in the agreement.

Dever said he had a couple of questions that wouldn't allow him to move forward with making a commitment. He said he wanted an understanding as to what the total balloon payment was at the end of the process. It wasn't laid out and the Commissioner's needed to understand what some of money would be owed the City at the end of this.

Farmer said the money owed at the end was \$167,360.

Dever said he would like that amount laid out in an official document from the City identifying what the balloon payment would be to the City assuming that they paid the \$225,000 that was due October 31<sup>st</sup> and assuming they didn't pay and that amount as rolled into and/or continue accruing interest from that date. He said he wanted to know what the investment was because it wasn't clear.

Amyx asked if the Mayor wanted the amortization schedule.

Dever said that would be great. He said he wanted those calculations in the document and highlighted. He said the understanding was to have some sort of security interest in the property. He had asked several members of the board and continued to get their response. He said he didn't think asking for security interest in the property was a negative thing and was a good thing. He said he had two reasons why: 1) if he was involved in this process and this was his money, he would expect that and would treat the City of Lawrence taxpayers dollars like it was his money and would want some sort of guarantee that in the event that things didn't go well that the city had some sort of protection from unforeseen forces that occurred in real estate transactions. He said he dealt with real estate transactions all the time and this was one of those deals that he couldn't get past for himself and was the reason he talked to the board. He said none of the board objected and didn't feel like it was an encumbrance or a negative. He said he

could be persuaded otherwise, he personally did think it was a huge deal. He said the second scenario would be that if they had some sort of interest in the property, remembering they were only using a portion of that building the shelter, the other portion in the event that some other entity was to operate out of that building, they could still generate revenue to pay for the money the City of Lawrence loaned to this group which was a viable source of income and the City would be in line to receive that revenue. If the whole building wasn't being used and if there was a source of revenue to help pay for that building, he didn't think the city would be left holding the bag, but left holding an opportunity to generate income to pay the loan down. He said the city would have the opportunity to take control of a portion of that building to make sure it was rented out and there was some sort of revenue generated. He said for him, it was a business deal because a portion of that operation wasn't being used by the Shelter and it was reasonable to say in the future the City could use that. He said he was in favor of moving forward with trying to come up with a reasonable way for the city to help this happen and to reduce the burden of interest. He said the board did not plan on having the loan and a quarter of the property value being requested at this point. He said he wanted to move forward with the loan and would like to move forward with a complete comfort and understanding that he would treat his own business and his own money with.

Schumm asked if the city could ask Henderson and Baker if they could furnish the City Commission with a statement from the board as to their preference of a mortgage or no mortgage or whatever they felt most comfortable with working. He said he agreed with the Mayor and if it was his money and was doing something with a third party he would want a mortgage until he was paid because that was the way to do business. He said crazy things could happen with properties. He said this case was so unique and so different that he couldn't see what that would do for the city other than the city becoming operators of the Shelter.

Dever said the City could operate the building on the other side where it wasn't being used. He said that was one reason he wanted the interest.

Schumm said if the City Commission were to ask Henderson and Baker to come back with the board's preference and if they talked to a number of board members that didn't care then they didn't care and the city could go ahead and move on it. He said the concern he had was there seemed to be a level of independence with which the Shelter was operating and a spirit of "can do" and he didn't want to diminish that in anyway. He said to put a mortgage on that property and restrict the Shelter in anyway might diminish that and might also speak to the many people who give money to the Shelter and if the City was in charge, those people would just let the city handle it. He said he didn't want to diminish the spirit of people contributing money to bona fide independent agents. He said he did want to protect the taxpayers, but he didn't see that this building being used for anything but a shelter in the future no matter who was operating it.

Amyx asked if staff would prepare a draft showing with and without mortgage plus the other information the Mayor asked for.

Dever said yes, the business case so that everyone could understand exactly what portion they were talking about and he didn't think it was clear to the public. He said the last reason he brought this up was because of Amyx's statement that this was a long-term agreement, everyone would be gone, and someone would need to understand what it was the City Commission was trying to achieve. He said in general he was in favor of the loan because it was clear that it was the community's responsibility for all the reasons everyone spoke of earlier. He said he wanted to make sure this was done in a proper business transaction if at all possible.

Riordan said the only other question he would ask staff if there would be an alternative to an official mortgage that would in some way protect the City's assets in giving the Shelter that money. He said perhaps an agreement with the entity that owned

the building that would allow the city to recoup those losses if it were sold for some reason without having an official mortgage on that property. He said it would be of interest to him to see if staff could come up with some agreement that wouldn't encumber the Shelter, but still protect the citizens. He said Robinson made a good point in that the citizens of Lawrence needed to be protected but at the same time, if the City didn't do anything, someone would need to do something with some type of financial support because the Shelter didn't have the money to continue to pay 8%.

Dever asked if Henderson or Baker had any comments to the City Commission's discussions.

Henderson said since the City Commission was going to refer this back to staff he asked if they could participate in those discussions. He said he wanted to clarify that the 10,000 square foot space that was mentioned was not just for rental forever. He said they talked about renting it for the first couple of years to help with cash flow if they could find a tenant. They had a tenant when they first moved in and the tenant moved out because the roof leaked and was damaging the product they were storing. He said if they found a tenant that was what they were going to do, but in the long-term they discussed utilizing that space for jobs and programs. He said he didn't want there to be a misunderstanding that that was going to be forever a rental space.

Dever said he understood. He said he just thought for whatever period of time it would be viable that that would be a way for the city to be paid in the event that there was any kind of problem and the Shelter was still operating.

Baker said Schumm's comment about coming back to the board he thought he could clearly speak for the board that they would prefer not to have a mortgage because of the unknowns going forward. Secondly, the board preferred that an agreement be structured that stated the Shelter could not sell or encumber the property without the City's

permission and thirdly if it came down to the City Commission saying the Shelter had to have a mortgage, he was sure the board would be in agreement.

Dever asked if Baker could get back from the Board why they preferred not to have a mortgage on 25% of the property when in reality if the Shelter needed to get a second mortgage to help with whatever they needed to do. He said he wanted to have clarification as to why the board would prefer not to have a mortgage on the property.

Baker said the appraised value the City was looking at was not the appraised value that the property was actually worth at this point because that would be the appraised value before they did the actual improvements. He said that was last years appraised value.

Amyx said it was the value of January 1, 2013.

Baker said most of the construction was done since then when they spent roughly a million dollars. He said the board would respond to the City Commission as to the board's feeling on the mortgage.

Dever said he tried to get an answer and couldn't.

Baker said he wasn't sure there was a strong feeling other than going forward as a partnership with the city, it seemed like it would be less of a hassle not to have a mortgage. He said he didn't know any of the legalities of having a mortgage or an agreement and was something Corliss and staff would have to tell the Shelter.

Schumm said he would move to continue this item and direct staff to prepare the information as indicted.

Amyx asked if they would rather have a motion that would authorize the publication of the amendment.

Corliss said the right process, if it met City Commission approval, was to direct staff to authorize the amendment of the budget for setting the public hearing on October 8<sup>th</sup> and that would authorize staff to do the publication. That wouldn't mean that the City

Commission approved that budget amendment or any agreement, but allowed staff to start that clock on statutory hearing. Staff had a number of different items that staff needed to provide to the City Commission as far as language. He said this was the City Commission's first discussion about the terms and conditions of this proposal. The City Commission talked about moving money and raising taxes for this proposal, but hadn't talked about the structure of their relationship. He said the City Commission's discussions had been helpful and staff would come back with language. He said staff would be talking to Henderson and Baker about getting some additional information. He said staff had good information about mortgage or no mortgage, transfer, prohibition and all those types of things and would have that information to look at on October 8<sup>th</sup>, but it didn't mean the City Commission had to approve it then.

**Moved by Schumm, seconded by Riordan, to** authorize publication of an amendment to the 2013 Budget and set October 8, 2013 as a public hearing date. Motion carried unanimously.

**E. PUBLIC COMMENT:**

Mike Meyers said he was the chair of Live Well Lawrence Healthy Built Environment work group. He said they were engaged in trying to improve public health through access to healthy active living type things. He said regarding the City Manager's Report and on behalf of the Live Well Lawrence Leadership Team, they wanted to publicly acknowledge and commend the great work that was done by the Public Works Department and Public Works Director Soules on all the great sidewalk connectivity projects on 23<sup>rd</sup> Street, Tennessee Street, and the 9<sup>th</sup> Street bike lanes.

**F. FUTURE AGENDA ITEMS:**

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

**G: COMMISSION ITEMS:**

Schumm said the City Commission would be attending a conference tomorrow on local food production and wanted to distribute some home grown tomatoes to staff and the public after the meeting.

Amyx said he wanted to thank Clenece Hills for recognizing the City's 159<sup>th</sup> Birthday.

**H: CALENDAR:**

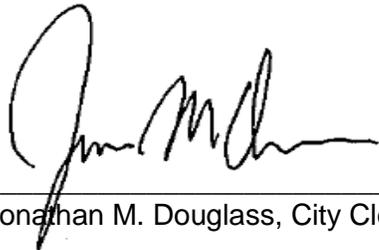
David Corliss, City Manager, reviewed calendar items

**I: CURRENT VACANCIES – BOARDS/COMMISSIONS:**

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

**Moved by Farmer, seconded by Riordan,** to adjourn at 8:31p.m. Motion carried unanimously.

**MINUTES APPROVED BY THE CITY COMMISSION ON OCTOBER 8, 2013.**



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Jonathan M. Douglass, City Clerk