

RESOLUTION NO. ~~6953XXXX~~

**A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE,
KANSAS RELATING TO COMMUNITY IMPROVEMENT DISTRICTS.**

WHEREAS, the City of Lawrence, Kansas (the "City") is committed to the high quality and balanced growth and development of the community while preserving the City's unique character and broadening and diversifying the tax base; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, and the creation of quality jobs; and

WHEREAS, quality redevelopment and infill projects are highly desired within the City; and

WHEREAS, community improvement districts are an economic development tool established by K.S.A. 12-6a26 et seq. (the "Act") which can assist with economic development and the promotion of tourism and cultural activities by providing a means to finance certain public and private improvements through the levy of special assessments and/or the imposition of a community improvement district sales tax; and

WHEREAS, community improvement districts can provide public benefits to the community without diverting existing tax revenues; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of petitions that may be presented to the City by applicants requesting the establishment of a Community Improvement District ("CID").

**NOW, THEREFORE, THE GOVERNING BODY OF THE CITY OF LAWRENCE,
KANSAS DOES HEREBY RESOLVE:**

SECTION ONE: POLICY STATEMENT

1. It is the policy of the City to consider the establishment of CIDs in order to promote economic development and tourism within the City for redevelopment or infill projects. In considering the establishment of a CID, the Governing Body shall consider the criteria outlined in Section Two.
2. CID revenue shall only be used for redevelopment or infill projects and shall only be used to fund public improvements, with the exception of certain private external building or site improvements which can be shown to benefit the City and are beyond what would normally be required by the City. A CID may finance all or a portion of the public improvements associated with a project. In general, the CID will only finance a portion of private external or site improvements, limited to those improvements above and beyond the City's requirements. Examples include enhanced landscaping or exterior building improvements. The City may consider full

financing of cultural amenities and facilities that support culture and tourism, even if they are private improvements.

3. CIDs shall only be used in situations where the applicant proposes to install all of the improvements at no cost to the City and later be reimbursed for such costs on a pay-as-you-go basis from special assessments levied within the CID or CID sales tax revenues generated within the CID; or in situations where the City installs all or a portion of the improvements by the City's issuance of special obligation CID revenue bonds.

SECTION TWO: **CRITERIA**

It shall be the policy of the City to create a CID, if, in the opinion of the Governing Body:

1. it is in the best interest of the City to do so, and;
2. the CID proposal meets the Policy Statement outlined in Section One, and;
3. the CID proposal would meet a majority of the following:
 - a) Attract unique commercial, office, industrial, and/or mixed use development which will enhance the economic climate of the City and diversify the economic base.
 - b) Encourage retail projects that enhance the retail base by either attracting new sales or capturing sales that are leaking to other markets.
 - c) Create facilities which promote the cultural, historical, or artistic elements of the region and enhance tourism and the quality of life.
 - d) Assist in the building of infrastructure or new real property beyond what the City can require to be built or would otherwise be built.

Affordable Housing:

Projects having four (4) or more residential units seeking a CID shall only be considered if a portion of those units are set aside for households making 80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

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<u>Affordable Housing Parameters</u>			
<u># Residential</u>	<u>% of Residential Units Set Aside</u>	<u>Income Parameters</u>	<u>Rent Parameters</u>

<u>Units</u>	<u>for Affordable Housing</u>		
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

SECTION THREE: METHOD OF FINANCING

Community improvement district proposals may be financed in one of the following forms:

1. Pay-as-you-go financing based either on a special assessment within the CID or a CID sales tax within the district,
2. Special Obligation bond financing payable wholly through special assessments within the CID;
3. Special Obligation bond financing payable in part through special assessments within the CID and in part through a CID sales tax; or
4. A combination of the foregoing methods.

Any special CID sales tax within the district must comply with the requirements set forth in the Act. The City will not provide credit enhancements for special obligation bonds; however, credit enhancement provided by the applicant on any bonds will be viewed favorably. Private financing of improvements will be encouraged by the City and viewed more favorably. The City shall not issue general obligation bonds for CID eligible costs, however, the City may consider issuance of general obligation bonds for city-approved public improvements if it deems it appropriate. The proposed method of financing will be clearly shown in the petition requesting creation of a CID. The City has sole determination of the method of financing.

SECTION FOUR: PROCESS FOR CONSIDERING ESTABLISHMENT OF A CID

1. An applicant wishing to request the City to create a CID in the City of Lawrence shall first submit a petition to the City, and any other required documents or analysis, such as that required under Section Five. In addition to the information required by the Act, applicants seeking the issuance of special obligation bonds shall provide evidence in a form satisfactory to the City of the applicant's financial ability to complete the project as proposed. Such applicants shall also provide information disclosing the amount of financial commitment the applicant proposes to contribute to the proposed project.

2. An applicant seeking to finance all or a portion of the CID-eligible expenses with a special sales tax or special assessment must obtain the signatures of one hundred percent (100%) of the property owners within the District.
3. The petition must meet all of the requirements of the Act and this policy, and must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's site plans, and to analyze the merits of the proposed CID in the context of existing economic development and infrastructure projects, and review the applicant's financial submittals.
4. The applicant shall furnish such additional information as requested by the City in order to clarify the petition or to assist staff or the Governing Body with the evaluation of the petition.
5. The applicant and the Governing Body shall then follow the appropriate process set forth in the Community Improvement District Act, for consideration of the petition to create a CID. The City's process for considering the request to create a CID will emphasize transparency, while balancing the potential need for some applicant information to remain confidential. Further, the City's process for considering the request for the creation of a CID shall encourage public participation and comment.
6. The merits of the proposal under this policy shall guide the decision on the application without regard to the applicant.

SECTION FIVE: APPLICANT REQUIREMENTS

1. ~~For projects unrelated to primary job creation or affordable housing, the, t~~The applicant shall provide a "but for" analysis to the City demonstrating the need for the CID and the purpose for which the CID revenue will be used. The analysis should support that "but for" the CID, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.
2. The applicant shall provide evidence in a form acceptable to the City, that the applicant has the financial ability to complete the proposed project in a timely manner, and successfully market the bonds, if applicable.
3. For applicants seeking the issuance of special obligation bonds, projects with equity or private financing contributions from the applicant in excess of fifteen percent (15%) of the total CID-eligible expenses will be viewed more favorably.

In conjunction with an ordinance passed to create a CID under this resolution, a development or redevelopment agreement with the applicant shall also be considered.

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"The agreement will outline the obligations of the parties involved, specify performance targets, and contain audit language based on the parameters of the project."

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~~Such agreement will outline the responsibilities of the City and the applicant.~~

4.

SECTION SIX: MAXIMUM CID REVENUE, CID TERM AND PERCENTAGE OF CID SALES TAX

1. When a CID is established, a cap shall be set on the maximum dollar amount of revenue that can be reimbursed to the project. The maximum amount will relate to the funding gap identified in the "but for" analysis provided by the applicant. Once the maximum amount of revenue is received, the CID sales tax shall cease, regardless of its term.
2. The term and the percentage of the CID sales tax may vary from project to project. However, the term and percentage shall not exceed the revenue necessary as specified in the "but for" analysis.

SECTION SEVEN: SIGNAGE REQUIREMENT FOR CID SALES TAX

Upon establishment of a CID utilizing sales tax as the source of CID revenue, each business shall have a sign prominently displayed at each public entrance for the duration of time that the CID sales tax is collected. The sign shall be a minimum size of 8.5 inches by 11 inches with a font size of at least 30. The sign shall at a minimum contain the following:

"This project made possible by Community Improvement District Financing. Additional Community Improvement District sales tax of ____% collected here."

SECTION EIGHT: FEES

The applicant shall provide, along with the petition, an application fee of \$2,500 to cover City expenses associated with reviewing and processing a CID request.

The City may also require the applicant to enter into a funding agreement to finance costs incurred by the City for additional legal, financial and/or planning consultants, or for direct out-of pocket expenses and other costs relating to services rendered to the City to review, evaluate, process and consider the petition for a CID.

For projects seeking only pay-as-you-go financing through a special sales tax, an annual administrative fee may be negotiated between the City and the applicant.

For all other projects, the applicant shall pay 0.5% of the taxes reimbursed to the applicant or the applicant's successor each year for the life of the CID to cover administrative fees associated with monitoring the District.

All fees paid by the applicant may be deemed costs of the project, to the extent permitted by the Act and subject to approval of the City Commission.

SECTION NINE: AUTHORITY OF GOVERNING BODY

The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in this Resolution or any other procedural requirements of state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any petition for creation of a CID at any time in the review process when it considers such action to be in the best interests of the City.

SECTION TEN: REPEAL OF RESOLUTION 6887

Resolution ~~6887-6953~~ is hereby repealed.

SECTION ELEVEN: EFFECTIVE DATE

This Resolution shall take effect upon adoption by the Governing Body.

ADOPTED by the Governing Body this ____ day of ____, 201~~6~~¹.

~~Aron E. Cromwell~~Mike Amyx, Mayor

ATTEST:

~~Jonathan M. Douglass~~Brandon McGuire, Acting City Clerk