



# City of Lawrence

## CITY MANAGER'S OFFICE

THOMAS M. MARKUS  
CITY MANAGER

City Offices  
PO Box 708 66044-0708  
[www.lawrenceks.org](http://www.lawrenceks.org)

6 East 6<sup>th</sup> St  
785-832-3000  
FAX 785-832-3405

### CITY COMMISSION

MAYOR  
LESLIE SODEN

COMMISSIONERS  
STUART BOLEY  
MATTHEW J. HERBERT  
LISA LARSEN  
MIKE AMYX

September 26, 2017

Shannon Kimball, USD 497 Board President  
Anna Stubblefield, USD 497 Interim Superintendent  
Lawrence Public Schools USD 497  
110 McDonald Drive  
Lawrence, KS 66044

Re: Your 09/18/17 letter requesting waiver of half of City permitting fees

Dear Shannon and Anna:

I am in receipt of your September 18, 2017, letter requesting that the City waive half of the permit fees for the \$87 million worth of bond construction projects in order (in your words) to maximize the bond issue dollars to improve public schools and support students. The City is excited to do our part in maximizing dollars to ensure that school projects are safely constructed and safe for future occupants. One way to do that is to provide excellent plan review and inspection services, which have direct costs for the City. I suspect you too place a high value on our outstanding inspection services and plan reviews.

Like USD 497, the City charges certain fees to offset or pay for the costs of providing services. The City reviews building plans for compliance with the City's Building Code and other codes and performs inspections during the construction of projects to ensure the highest level of safety for workers and eventual occupants of a building. Costs are recouped through building permit and other fees, which are calculated on the value of the project. The City's budget is constructed based on assumptions related to historical fees coming into the City.

I understand that there is a history related to a similar request granted in 2015 after the District and the City temporarily parted ways over issues related to the District's construction bond projects. Since those issues predate me, I have the following questions regarding the project before I can make a recommendation to the City Commission on your request:

1. While the City did waive fifty percent (50%) of the permit fees for the final six (6) projects of the 2013 bond issue, the fuller history indicates that the District has always paid the full cost of permit fees for other projects for the services rendered. Is there something unique about these projects versus other District projects?
2. Many elements must be considered to estimate the costs of projects to accurately inform voters when presenting a bond issue. Permit fees are a standard cost associated with all construction in the City of Lawrence. I am confident that inspection fees are an eligible expense of your bond proceeds. Were permit fees not contemplated when



- budgeting for the \$87 million worth of school projects? If so, were other costs not contemplated where discounts for services are being sought?
3. Is the District asking their consultants, vendors, contractors, and others associated with the bond projects to discount their fees?
  4. The City provides excellent plan review and inspection services to help ensure safety at job sites and for future occupants of buildings, but those services have hard costs associated with them. Are you seeking a reduction in these services since you are asking to pay only fifty percent (50%) of the service fees?
  5. If the City waives a portion of the building permit fee for the District, it may need to recoup those costs by increasing permit fees for others, raising the property tax rate, or increasing revenue in some other way. Have you discussed this with stakeholders that may see their fees/taxes increase to offset the waiving of fees for the District?
  6. The city applies its fee schedule to non-public schools as well. Are you advocating for a reduction in fees for all institutions of learning or just USD 497?
  7. The estimated property valuation for the entire District, which extends outside the City of Lawrence, is \$1,248,837,033. The estimated property valuation for the entire City is \$985,461,101. If we assume the City will need to recoup the waived fees through property taxes and just the City taxpayers pay a District-wide expense, then only seventy-nine percent (79%) of the District's tax base will be paying one hundred percent (100%) of the fees and twenty-one percent (21%) outside the city limits will share the cost of fifty percent (50%) of the fees. Given the request to waive fifty percent (50%) of the approximate \$180,000 fee, the increase to City taxpayers in the mill rate necessary to absorb \$90,000 and share in the cost to pay the remaining \$90,000 would be thirteen percent (13%), while twenty-one percent (21%) of the taxpayers outside the City, but within the District's boundaries, would pay fifty percent (50%) less than City taxpayers for just the remaining \$90,000. This represents a shift in burden to pay the District's permit fees from the entire District to just the City taxpayers. Are you requesting contribution from the jurisdictions included within your entire District boundary to offset the permit fees or just the City of Lawrence?
  8. The City understands that the District sold \$43,500,000 worth of bonds with a premium of \$4,167,862? A premium on the sale provided additional funds outside of the referendum limitation. Could those funds help pay the permit fees if they were not accounted for originally?

Again, we share your enthusiasm to maximize bond proceeds by doing our part to help you manage safe job sites and build safe structures for the city's youth. Upon learning more about your request, I am happy to schedule the request for a City Commission meeting.

Sincerely,



Thomas M. Markus  
City Manager

Shannon Kimball, USD 497 Board President  
Anna Stubblefield, USD 497 Interim Superintendent  
September 26, 2017  
Page 3 of 3

c: Mayor and City Commission  
Diane Stoddard, Assistant City Manager  
Casey Toomay, Assistant City Manager  
Brandon McGuire, Assistant to the City Manager  
Toni Wheeler, City Attorney  
Scott McCullough, Planning & Development Services Director  
Bryan Kidney, Finance Director