

Call To Order:

The regular meeting of the Lansing City Council was called to order by Mayor Mike Smith at 7:00 p.m.

Roll Call:

Mayor Mike Smith called the roll and indicated which councilmembers were in attendance.

Councilmembers Present:

Ward 1: Dave Trinkle and Gene Kirby

Ward 2: Andi Pawlowski and Don Studnicka

Ward 3: Jesse Garvey and Kerry Brungardt

Ward 4: Tony McNeill

Councilmembers Absent: Gregg Buehler

OLD BUSINESS:

Approval of Minutes: Councilmember Brungardt moved to approve the regular meeting minutes of August 3, 2017, as presented. Councilmember Garvey seconded the motion. The motion was unanimously approved.

Audience Participation: Mayor Smith called for audience participation and there was none.

Presentation

COUNCIL CONSIDERATION OF AGENDA ITEMS:

League of Kansas Municipalities Voting Delegates: Mayor Smith stated Tim I think you're going and I'm going to try to make it myself also, so is there anybody else that would like to make this conference, I know some have been a few time.

- Councilmember Garvey asked when is it.
 - City Administrator Tim Vandall replied September 16th through 18th.
- Councilmember McNeill stated I can't make it those dates.
 - Councilmember Pawlowski asked is Sarah going.
 - City Clerk Sarah Bodensteiner replied no.
- Mayor Smith asked Tim do you need a motion.
 - City Administrator Tim Vandall replied we need a motion.
 - Mayor Smith asked can I get a motion.

Councilmember Pawlowski moved to appoint Mayor Mike Smith and City Administrator Tim Vandall as voting delegates. Councilmember Kirby seconded the motion.

- Councilmember McNeill asked do we want to say a third member to be named, or do you only need two.
 - Mayor Smith replied you only need two or whatever you can get basically.
- Councilmember Garvey asked can we add the third one later.
 - Mayor Smith replied yes.

The motion was unanimously approved.

Resolution No. B-4-17 – Community Improvement District for 555 N. Main Street: City Administrator Tim Vandall stated we had talked about CID's a little bit at the last couple of meetings. We have Gina Riekhof here with Gilmore & Bell, and she'd be able to answer any questions the governing body has. With that I'll defer to you guys if you have any questions and Gina can step up to the mic.

- Councilmember Kirby stated I just want to be clear so everybody understands that this is only for stuff done at this one particular business, and we can't make it any clearer than that can we. So if you're across the street it doesn't matter.
 - City Administrator Tim Vandall replied correct.
- Councilmember Pawlowski asked the parameters of what the money can be used for is in the documents.
 - Gina Riekhof with Gilmore & Bell stated the petition that was submitted by the property owner has a request for certain items that can be paid for with the proceeds of the CID sales tax. The Resolution that you are considering this evening, would consider calling a public hearing that is required by statute before the CID would be able to be created and the sales tax imposed, at this one specific location. The companion agreement that we always recommend to our clients is approved at the same time, if you would chose to, to create this CID and allow imposition of the CID sales tax. We recommend that our clients enter into a development agreement with the entity that is going to spend the money on the site to set up all of the specific terms about how the money can be used, about when you're required to reimburse the property owner for eligible expenses that are permitted under the CID Act, and just all of the other terms and conditions that go along with the City using these funds for this purpose under the statute. So in the packet is a draft of the development agreement. It wouldn't be approved this evening with this resolution, but it's provided for your information just so you know where the parties stand at this point in terms of discussions. That development agreement, you

may feel like I was giving you a little bit of an aside here for the last moment or so, but the development agreement has some more specific terms about how the CID sales tax proceeds can be used, as compared to the very broad list of things that are permitted in the petition. By in large it is physical improvements to the property, real estate improvements, related fixtures and equipment that would be used all at this specific site.

- Councilmember Pawlowski stated we did one of these or something similar.
 - City Administrator Tim Vandall stated we did a TDD.
 - Councilmember Pawlowski stated a TDD, well at that point we were told that the amount of the TDD was x number of dollars and then whenever we reached that the sales tax would go away. Is that the same here? It can't go over the four million three hundred and twelve thousand?
 - Gina Riekhof with Gilmore & Bell replied yes, four million three hundred and twelve thousand plus the administration fee that the City would charge, yes. Once that amount has been paid in full to the property owner for eligible expenses then the sales tax would terminate.
- Councilmember Pawlowski asked if it should go for the total length and not ever reach that amount, then it goes away?
 - Gina Riekhof with Gilmore & Bell replied then the sales tax terminates at twenty-two years and there is not further obligation from the City to reimburse any costs.
 - Councilmember Pawlowski asked and it's all reimbursable money so we can't get stuck paying for something if money hasn't come in.
 - Gina Riekhof with Gilmore & Bell stated yeah, this is absolutely a pay as you go program and the development agreement sets this out. The property owner would incur costs and expenses, would have to present invoices and proof of payment to various vendors that they have actually spent money, expended money to their contractors and vendors for payment of eligible costs, the City has a period of time of which to review, the City reviews all of that documentation that is provided to make sure in fact that they are eligible costs and only then, after that's been certified and the sales tax revenue has come in from the State to the City's bank account is it then reimbursed back to the developer.
- Councilmember Pawlowski asked they can't go out and spend all this money at once and expect all of it now.
 - Gina Riekhof with Gilmore & Bell stated well they could go out and spend all the money now, but it's obviously going to come in as the sales taxes are collected, and I think we've provided for reimbursement at a quarterly basis.
- Mayor Smith asked does this stay with the property owner or the property itself. In other words, if Mr. Ladd would sell the property in five years is that still running?
 - Gina Riekhof with Gilmore & Bell replied the proposal on the table right now in the development agreement is that the reimbursement would go to Speedway Chrysler Dodge Jeep, but the reimbursement would be payable to Speedway and there is a provision in the draft development agreement currently that provides that if Speedway ceases operation for a period of more than sixty days on that site, then the development agreement would terminate and there would be no obligation to reimburse. Along with that is a requirement that there is basically a dealership agreement with a nationally recognized auto manufacturer.
 - Councilmember Trinkle asked that covers us in case he wants to sell, so the person whoever buys it has the option to keep going with it or are they forced to go with it?
 - Gina Riekhof with Gilmore & Bell replied no, the way the development agreement is currently written at that point if the operations on that particular site ceased the City would then adopt an ordinance that would terminate the CID and there would be no further sales tax on that particular site.
- Councilmember Pawlowski asked what if he were to sell it under a different name.
 - Councilmember Kirby asked if he sells it to somebody else does it continue on with the new owner.
 - Gina Riekhof with Gilmore & Bell replied yes, the agreement can be assigned to a new owner with the consent of the City. So we just all need to talk about it and get a consent for assignment. The idea is if it's sold to a new owner and operations are just continuing as normal that would just be a consent.
 - Councilmember Trinkle asked there's nothing that would be forced upon a new owner if they don't want to do it. They can come to the City to get it taken off, is that what you're saying.
 - Gina Riekhof with Gilmore & Bell stated you would need to make sure that the party to the development agreement, the Speedway Corporate Group, would be willing to terminate the CID. You would want to make sure that there was

not a breach of contract in that respect, but my guess is that there would be plenty of opportunity for discussions there and you may have a different situation with a covenant to operate.

- Councilmember McNeill asked the companion agreement you talked about is that in there.
 - Gina Riekhof with Gilmore & Bell replied the development agreement is in the packet, if you look after the exhibit.
 - Councilmember Pawlowski stated it says draft at the top.
 - Gina Riekhof with Gilmore & Bell stated it's the only pages that have the draft August 11, 2017 stamp on the top of the pages.
- City Attorney Gregory Robinson stated I reviewed this as the draft document, is there any kind of prohibitions, I don't foresee this as an issue, but I've seen other cities when a developer does this they may be a developer that has different entities, and then they are basically hiring their own companies to do the work, so they're basically double-dipping, paying themselves and they are getting the tax break for it. Is there a prohibition against that or is that something that's been looked at? For example if he is going to build a structure can he hire his own company to build that structure and then basically pay himself and then turn around and get reimbursed by the City, has that been discussed?
 - Gina Riekhof with Gilmore & Bell replied we haven't had any discussions about that, but certainly could and you and I can get together.
 - City Attorney Gregory Robinson stated and that's fine, I just didn't see it in there and thought I'd ask.
 - Gina Riekhof with Gilmore & Bell replied no it's not.

Councilmember Studnicka moved to adopt Resolution No. B-4-17. Councilmember McNeill seconded the motion. The motion was unanimously approved.

REPORTS:

Department Heads: Department Heads had nothing to report.

City Attorney: City Attorney had nothing to report.

City Engineer: City Engineer had nothing to report.

City Administrator: City Administrator Tim Vandall stated that if the City hasn't received all the properties for land acquisition for the DeSoto Road project, a resolution will be presented at the next Council Meeting regarding eminent domain and an ordinance to follow the meeting after that. There has been good return so far, but just wanted to make sure the governing body was aware. He mentioned that there were some playground equipment photos included in the Agenda Packet for equipment replacement at Willow Park. The price point was around thirteen thousand dollars and within staff budgetary authority and wanted to bring it up to make sure no one was vehemently opposed to that.

- Councilmember Pawlowski asked what was being removed.
 - Parks & Recreation Department Director Jason Crum advised that the swirly slide is cracking and the spring rockers need to be removed to make room for the new equipment.

Governing Body: Councilmember Trinkle joked that if Councilmember Pawlowski acquires the spring rockers from Willow Park that the City should send a camera crew to video tape the placement.

Councilmember Kirby mentioned that the 2nd annual Police and Family Appreciation luncheon will be held on Sunday, September 17th at the Community Center. He also mentioned that donations are welcome and they can be made to the Friends of Lansing non-profit group that was formed last year. If you have questions or want to help out, please contact Gene Kirby.

ADJOURNMENT: Councilmember Garvey moved to adjourn. Councilmember Brungardt seconded the motion. The motion was approved, with Councilmember Kirby voting against the motion. The meeting was adjourned at 7:16 p.m.

ATTEST:

Michael W. Smith, Mayor

Sarah Bodensteiner, City Clerk