

## **CITY OF LANSING**

800 1<sup>st</sup> Terrace

Lansing, KS 66043

913-727-3233 Fax: 913-828-4579

[www.lansing.ks.us](http://www.lansing.ks.us)

## **WORK SESSION AGENDA**

January 28, 2016

Thursday

7:00 p.m.

Lansing City Hall

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### **Call To Order:**

- I. Kansas Regional Prison Museum Fund
  - II. Economic Development Policy
  - III. Adjournment
-

**TO:** Tim Vandall, City Administrator  
**FROM:** Sarah Bodensteiner, City Clerk  
**DATE:** January 21, 2016  
**SUBJECT:** Work Session Summary

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- I. Kansas Regional Prison Museum Fund**
    - Staff will be present to discuss the Kansas Region Prison Museum Fund and future of the current museum.
  - II. Economic Development Policy**
    - Staff will be present to discuss and receive feedback of the drafted policy.
  - III. Adjournment**
-

**TO:** Tim Vandall, City Administrator

**FROM:** Jennifer Myer, Museum Site Supervisor

**DATE:** January 22, 2016

**SUBJECT:** Kansas Regional Prison Museum Fund

The Kansas Regional Prison Museum fund was established to support the Kansas Regional Prisons Museum, which was to be a nationally recognized museum located on the current property of the Lansing Historical Museum. The Lansing Historical Society, private donors, and the City of Lansing have all invested a substantial amount of money and resources into the project, including the formation of a non-profit organization within the city to raise funds for the project.

All original board members to the Regional Prisons Museum project who are still present within the community have been invited to attend the work session. The attached power point presentation will be presented, after which the council will be invited to discuss the future of the Regional Prisons Museum project, its funds, and the future of the current museum.

KANSAS REGIONAL PRISONS  
MUSEUM



## BACKGROUND

- **1989:** Historical Society
- **1991:** Depot moved
- **April 2003:** Mike Neve presents info to erect building for gallows
- **May 2003-May 2004:** Ongoing meetings
- **June 23, 2004:** Ground breaking set
- **June 2004:** Ground breaking cancelled.

City started working with architect to expand the project.

- **August 2005: City Council Session**
  1. LHS gave museum to city.
    - Total Assets transferred: **\$102,378.13**
  2. Budget passed to hire site supervisor
  3. Regional Prisons Museum Board appointed



## BACKGROUND

### Kansas Regional Prison Museum Board

August 18, 2005-

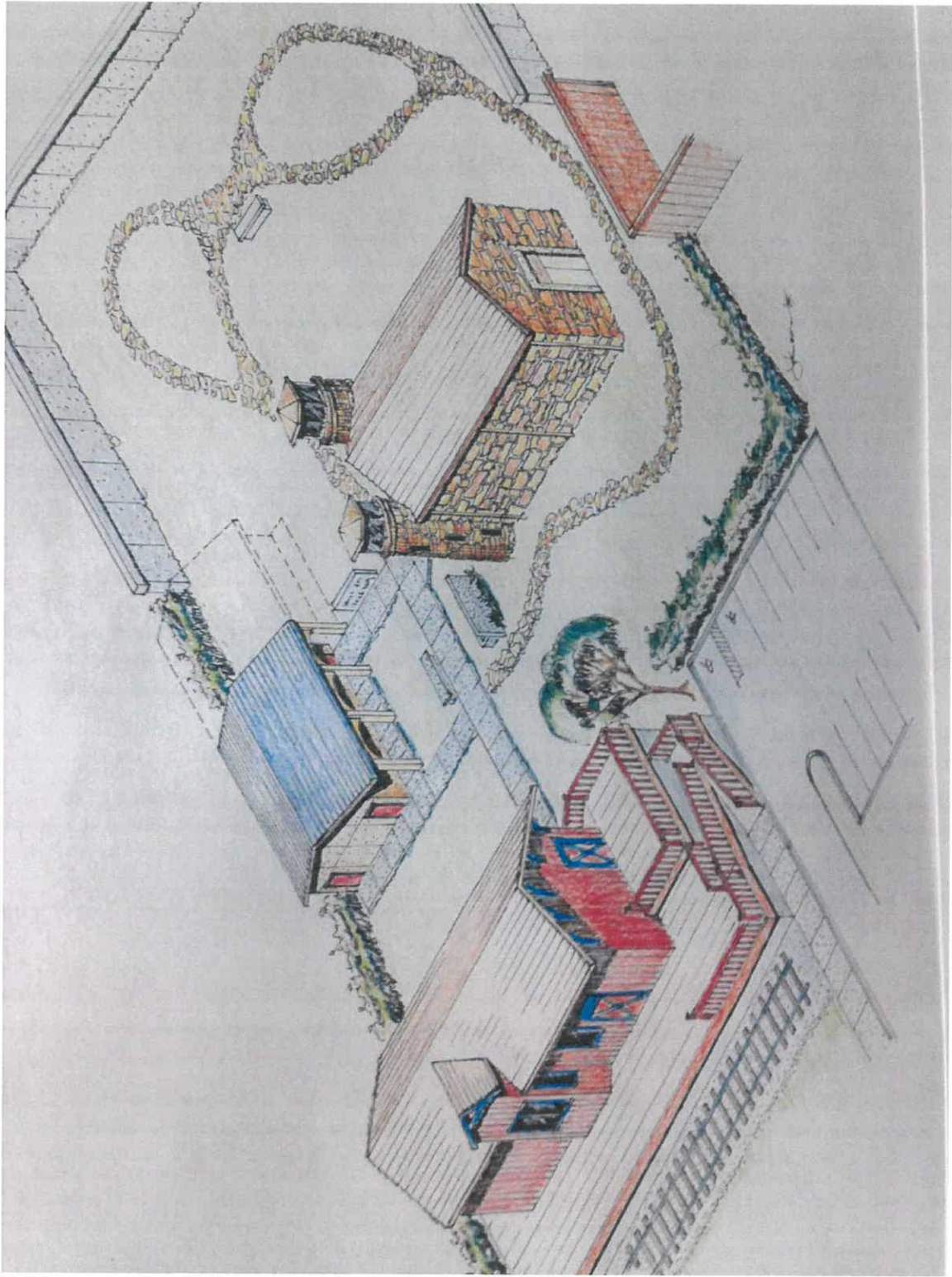
Kenneth Bernard, Robert Ulin, Leonard Lockwood,  
Sara Huffman, Bill Johnson, Kenny Wilk, Jerry Reilly,  
Harley Russell, Jeremy Greenamyre, Dave McKune,  
and Frederick Lawrence

August 2008-

Kansas Regional Prison Museum, INC, 501 c 3 established



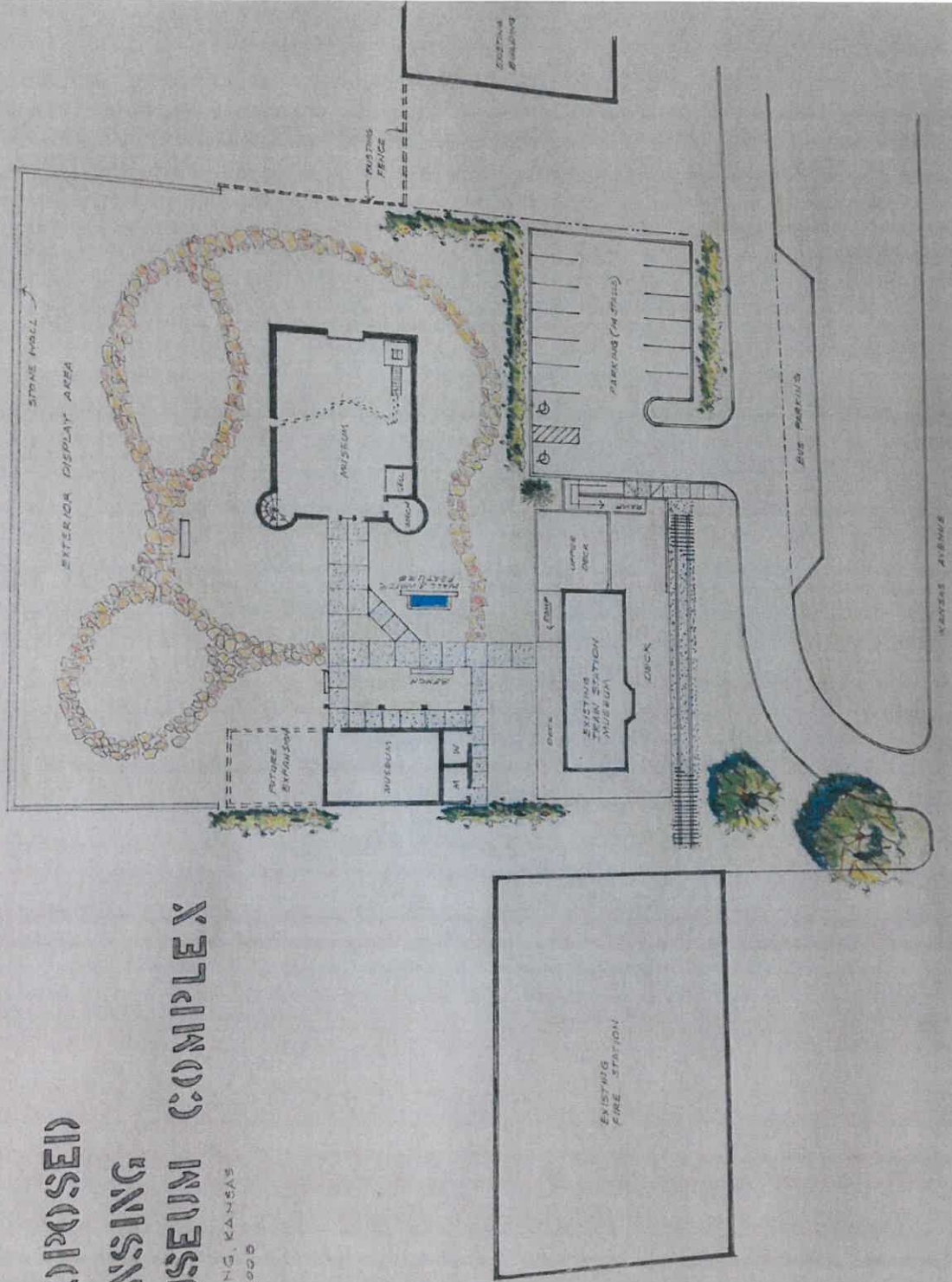


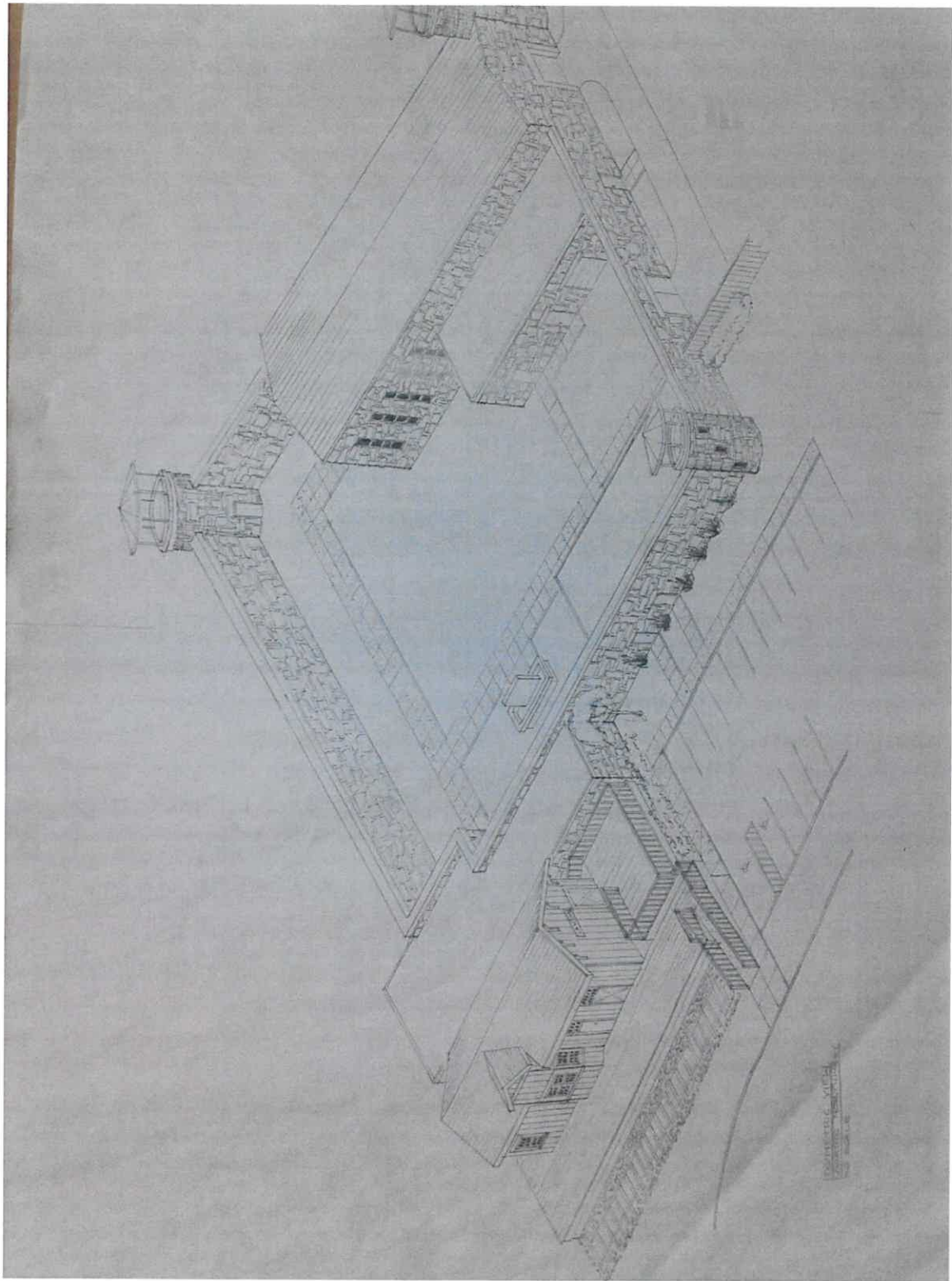


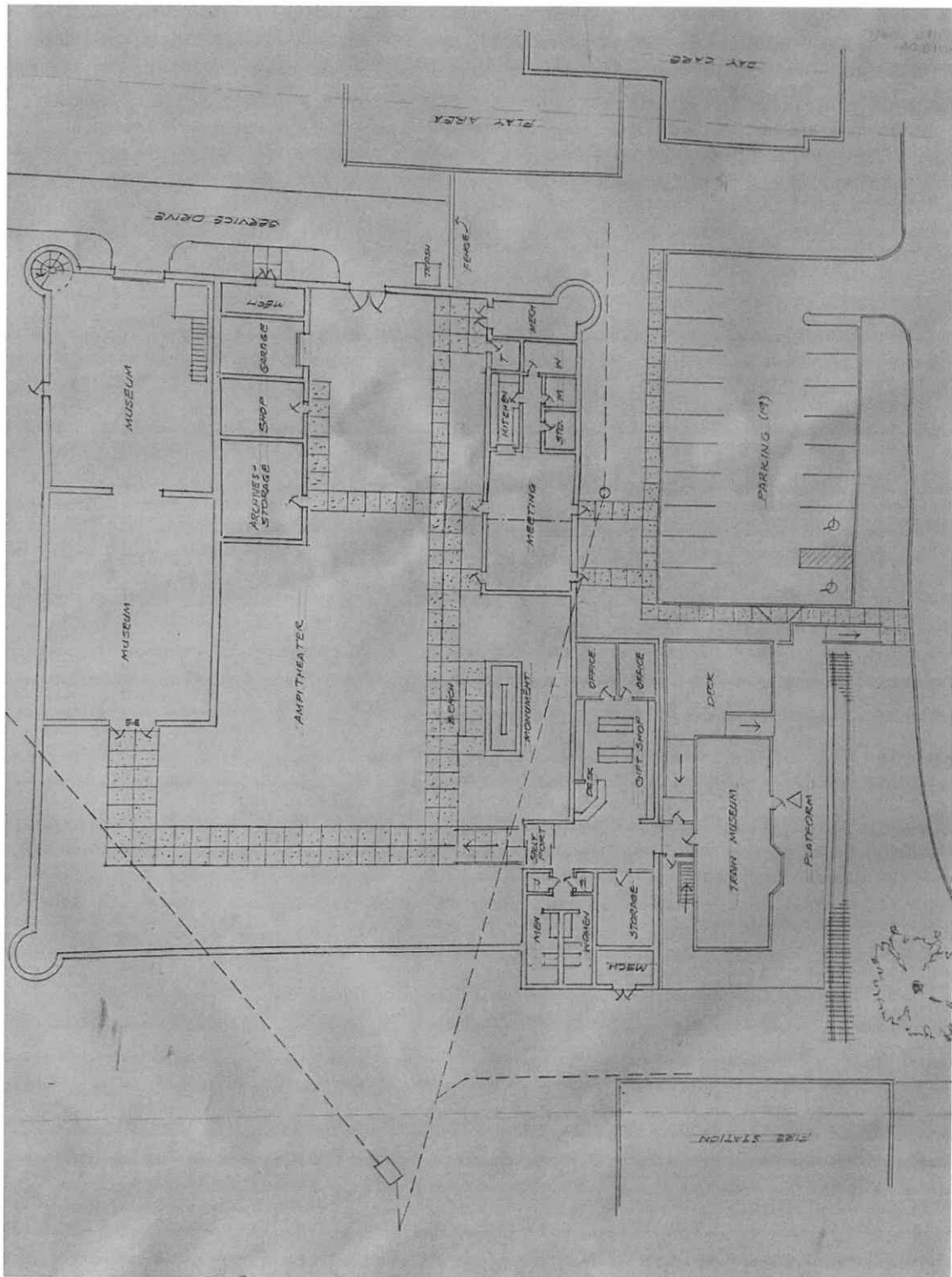


# PROPOSED LANSGING MUSEUM COMPLEX

LANSGING, KANSAS  
FEB. 2005









## BACKGROUND

As of 2014....

- Income: **\$182,746.77**
  - Donations by LHS: \$42,122.40
  - Other Donations: \$6,880.00
  - City of Lansing Fundraisers: \$133,744.37
- Expenses: **\$46,734.43**
  - Feasibility Study 2006: \$25,533.00 (paid by LHS)
  - Educational Assessment 2007: \$16,750.00 (paid by City)
  - Other (website, office supplies, etc.): \$4,451.43
- TOTAL Assets- **\$136,012.34**

## MOVING FORWARD

1. City continue to support Kansas Regional Prisons museum project?
2. Future of the Lansing Historical Museum?
3. Recommendations to the KRPM Inc?

## I. KANSAS REGIONAL PRISONS MUSEUM FUTURE

- Should the city continue to support this project?

Consider

- Economy
- Prison support/LCF support
- Feasibility studies dated



## 2. FUTURE OF CURRENT MUSEUM

### **Current look at MUSEUM**

#### Strengths:

Outreach programs

50-300 people reached monthly

Prison Story

Railroad

#### Weaknesses:

Limited space for programs/exhibitions

Limited access to storage and parking

Visibility

## 2. FUTURE OF CURRENT MUSEUM

Branding requires clear identity- Currently Museum not a major tourist destination but it does...

- function as an informal educational institution for the community
- preserve the city's history

### • Questions-

- What role does city want the museum to serve?
- Tourist attractions? Informal educational/cultural institution? local history preservation?
- How will the city support that role?

### 3. RECOMMENDATIONS FOR THE KRPM INC.

- Revise regional prison museum project
- Revise non-profit organization by-laws to support current museum
- Recommend Dissolution



### 3. RECOMMENDATIONS FOR THE KRPM INC.

#### **Revise prison museum project**

Revise old plans to make prisons museum

- Pros
  - Tourist destination (prison items are most popular to tourists)
- Cons
  - No longer have prison support for KRPM
  - May not be able to get gallows
  - Leased property

### **3. RECOMMENDATIONS FOR THE KRPM INC.**

**Revise non-profit organization by-laws to support current museum**

#### **Capitalize Strengths & Strengthen Weaknesses**

##### **Capitalizing Strengths**

- Outreach programs- continue to support
- Prison Story- build or find location to properly tell prison story- space
- Railroad- Add caboose, themed play area, etc.

## **Turning Weakness into Strengths**

- Space
  - Exhibitions- 800 square feet total exhibition space
  - medium size traveling exhibit. 1,800 square feet.
  - Special events- 400 square feet
  - Avg. classroom size: 900-1200 square feet.
  - Capacity: max 114 people
    - Suggestions: Add on Exhibition/Event room to rear of building
- Parking
  - UK recommended minimum 10 spaces per unit. 4 spaces.
  - ADA accessibility.
    - Lay parking lot on east side of building
- Storage Access
  - All storage require stairs. Safety issue, and resulting in use of prison labor as well storage of items outdoors
  - Elevator or main floor storage
- Visibility
  - Caboose in front, more visible signage.

## Support current museum by addressing space, storage and parking issues

Building room as rear addition onto building (1000 sq feet)

Classroom, educational space, exhibition space, special events/programs, etc..

Build room on rear of building for storage OR build elevator

Parking lot on east of building

Purchase historic caboose and/or railroad car outdoors

Outdoor park/play equipment or other


Endowment Fund

### 3. RECOMMENDATIONS FOR THE KRPM INC.

#### Recommend Board Dissolution

1. Assets given to City of Lansing
2. Assets given to another non-profit  
Lansing Historical Society- returning to primary supporting org outside of city



**TO:** Timothy Vandall, City Administrator   
**FROM:** Stefanie Leif, Economic Development/CVB Director  
**DATE:** January 21, 2016  
**SUBJECT:** Economic Development Policy

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In 2014, the City Council had reviewed a draft Economic Development Policy that would be a blueprint for the City's decision making on economic development incentives. Due to staffing changes in the Economic Development Department, the policy was placed on hold until the City Council work session scheduled for January 28, 2016.

Staff used the draft policy reviewed by the City Council in 2014 and made some additions and changes following the review of other model policies used by cities in Kansas. Staff would like feedback from the City Council on elements covered in the draft policy as well as suggestions for revisions or additions. Following the City Council's feedback, staff will amend the draft and bring it forward in a future work session or regular meeting.

Action: Discussion and feedback to staff.

WORKS-ON-THE-WORKS-ON-THE



**CITY OF LANSING**  
**ECONOMIC DEVELOPMENT POLICY**  
**DRAFT 1-28-16 City Council Work Session**

**Purpose**

The City of Lansing Economic Development Policy is intended to serve as the official policy for those interested in economic development incentives. This policy does not provide information on possible incentives from other economic development partners; including, but not limited to Leavenworth County, Leavenworth County Development Corporation, Leavenworth County Port Authority, Leavenworth-Lansing Chamber of Commerce, Kansas City Area Development Council, Kansas Small Business Development Center, and Kansas Department of Commerce. This policy outlines tax increment financing districts, transportation development districts, community improvement districts, industrial revenue bonds, infrastructure assistance, cash incentives, tax abatement, job bounty program, sales tax reimbursement, and the tourism and convention promotion facilities renovation fund. The City of Lansing is committed to the retention and expansion of current businesses, attraction of new businesses, and increasing the quality of life for the citizens of Lansing.

**Definitions:**

“City” shall mean the City of Lansing, Kansas.

“Economic Development Purposes” shall mean the establishment of a new business or the expansion of an existing business, which:

- A. is or will be primarily engaged in any one or more of the Kansas basic industries; or
- B. Is or will be primarily engaged in the development or production of goods or the provision of services for out-of-state sale; or
- C. Is or will be primarily engaged in the production of raw materials, ingredients or components for other enterprises which export the majority of their products; or
- D. Is a national or regional enterprise which is primarily engaged in interstate commerce; or
- E. Is or will be primarily engaged in the production of goods or the provision of services which will supplant goods or services which would be imported into the city; or
- F. Is the corporate or regional headquarters of an enterprise, which is primarily engaged in out-of-state business activities.

“Kansas basic industry” shall mean: Agriculture, mining, manufacturing, interstate transportation, wholesale trade, financial services, business services primarily engaged in providing such services to out-of-town markets, research and development of new products, processes or technologies; tourism activities which are primarily engaged in for the purpose of attracting out-of-state tourists

As used in these subsections, “primarily engaged” means engagement in an activity by an enterprise to the extent that not less than 51% of the gross income of the enterprise is derived from such engagement.

### **Eligibility Requirements**

The basic requirements for any economic development assistance request are as follows:

1. A demonstrated positive return on investment from the use of economic development assistance. All requests for local incentives will include the following prior to consideration by the City Council:
  - a. Economic Impact Analysis (EIA)
  - b. Return on Investment (ROI) calculation

A designated agent of the City will conduct the analyses and any fees associated with this application are the responsibility of the applicant. Analyzing the EIA and ROI will include projections on job creation and wages paid, increases to the tax base, population growth, and improved quality of life.

Any request for the use of a specific tool listed herein shall also conform to that tool’s specific policy requirements. Furthermore, the City may require the applicant to reimburse the City for any expenses incurred as a result of the application. The amount reimbursed shall be for actual expenses incurred by the City. These expense reimbursements are considered in addition to any fees that may be required by the economic development programs and are subject to statutory limitations of the tools selected.

All economic incentives will be formalized, in a written development agreement, between the City of Lansing and the recipient company. The recipient company will be required to meet all the performance criteria associated with the respective incentive. The City of Lansing reserves the right to audit a company to assure compliance with the Economic Development Agreement. The City Council may discontinue any ongoing incentives and require the incentives already received to be repaid in full or in part, as set forth in the development agreement, if agreed upon performance criteria are not met.



No elected or appointed officer, employee, contractor, committee, or other public or private body or individual shall be authorized to speak for and/or commit the City Council to the granting of an incentive.

#### **Types of Economic Development Tools Available \***

- Tax Increment Finance (TIF) (KSA 12-1770 et. seq.)
- Transportation Development District (TDD) (KSA 12-17,140 et seq.)
- Community Improvement District (CID) (KSA 74-115 et seq.)
- Industrial Revenue Bonds (IRB) (KSA 12-1740 et seq.)
- Infrastructure Development Assistance (KSA 12-6a01 et. seq.)
- Cash Incentives and Grant Programs (KSA 12-101)
- Tax exemptions and/or abatements (KSA 79-251, Kansas Constitution, Article 11, Section 13)
- Sales Tax Reimbursement
- Job Bounty Program
- Tourism and Convention Promotion Facilities Renovation Fund

*\*Note: All KSA will be verified prior to finalizing policy*

#### **Policy on Tax Increment Financing**

The City of Lansing, under the authority conferred by KSA 12-1770 et. seq., will consider the use of tax increment financing (TIF) to encourage and facilitate the development and/or redevelopment of areas within its corporate City limits or within its growth area. The first step required in the TIF process shall be the adoption of a resolution by the City Council.

This resolution shall provide for the following:

1. Notify the public that a hearing will be held to consider the establishment of a district. The notification shall fix the time and place of the hearing;
2. Describe the proposed boundaries of the district;
3. Describe the district plan and that such plan includes a map, both of which are available for inspection at a designated time and place (i.e. City Hall, M-F, 8-5);
4. State that the City Council will consider findings necessary for the establishment of a development district.

Upon the completion of the public hearing, the City Council may pass an ordinance which shall:

1. Make findings that the district proposed to be developed is an eligible area and the development or redevelopment of the area is necessary to promote the general and economic welfare of the City;

2. Contain the district plan as approved, which will identify all of the proposed development project areas and identify in general only, all of the buildings and facilities that are proposed to be constructed or improved;
3. Contain the legal description of the district, legally establish the district, and identify the boundaries of the district. No area shall be included within the boundaries of the final development district that were not included in the original, published notice. Under **KSA 12-1771(d)**, the City may not acquire any privately owned property subject to ad valorem taxes in the event either the school board or the county commission finds that the impact of the proposed TIF district will have an “adverse effect” on their respective governmental entities. In the event either the school board or the county commission adopts a resolution finding their entities will experience an adverse effect, the City Council shall adopt an ordinance within 30 days of receiving said resolution from either governing body terminating the TIF district. Provided that neither the school board nor the county commission finds an adverse effect of the proposed TIF district on their operations, the City will proceed to the development of the project plan. The project plan shall be delivered to the county commissioners and the school board.

The project plan shall include:

1. A summary of the feasibility study done as defined in **KSA 12-1770(a)**, and amendments thereto, which will be an open record;
2. A reference to the district plan established under **KSA 12-1771** that identifies the development project area that is set forth in the project plan being considered;
3. A description and map of the development area;
4. The relocation assistance plan required by **KSA 12-1777**;
5. A detailed description of the buildings and facilities proposed to be constructed or improved in such area;
6. Any other information the City Council deems necessary to advise the public of the intent of the project plan. The Lansing Planning Commission shall review the project plan to ensure it is consistent with the City’s comprehensive plan. Provided the project plan is consistent with the City’s comprehensive plan, the City Council shall adopt a resolution stating that the City is considering the adoption of the project plan.

This resolution shall:

1. Notify the public that a public hearing will be held to consider the adoption of the project plan and fix the time and place of the hearing;
2. Describe the boundaries of the development district, the date of the district’s establishment, and the project’s boundaries;



3. State the project plan, including a summary of the feasibility study, relocation assistance plan, and financial guarantees of the developer and a description and map of the area to be developed are available for inspection during regular office hours at City Hall;
4. Notify, if necessary, that the City intends to issue debt backed by the full faith and credit of the City.

The City may choose to issue special obligation bonds to pay for the improvements in the district, pledging a variety of revenue sources authorized by KSA 12-1774(a)(1). If the City Council elects not to issue full faith and credit bonds to finance the improvements in the district and instead elects to issue special obligation bonds, then such special obligation bonds shall not be general obligations of the City and shall not, in any event, give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties, other than those so pledged. The City may also issue industrial revenue bonds in accordance with 12-1740 et. seq. and amendments thereto, as well as the City of Lansing's Industrial Revenue Bond policy. IRB's may be used for the purchase, construction, reconstruction, equipping, maintenance and repair of buildings and facilities within a development district established under 12-1770 et. seq. Following this second public hearing, the City Council may adopt the project plan by ordinance. A two-thirds supermajority vote is required under KSA 12-1772(e). The project must be completed within 20 years from the adoption of this project plan. Once the project plan is adopted, the City may begin acquiring property and transfer, sell or lease this property to a developer in accordance with the development project plan and under such other conditions as may be agreed upon.

#### **Policy on Transportation Development Districts\***

A transportation development district (TDD, cited KSA 12-17,140 through 12-17,149) may be formed by the City Council for the purpose of constructing public infrastructure. The monies used to pay for this infrastructure are generated from a transportation development district sales tax which is in addition to any sales taxes authorized under KSA 12-187 through 12-197. Bonds issued in accordance with the TDD statutes are not general obligations of the City. The City Council may establish a transportation development district (TDD) upon the receipt of a petition containing information on:

1. The general nature of the proposed project;
2. The maximum cost of the project;
3. The proposed method of financing the project;

4. The proposed amount and method of assessment;
5. The proposed amount of TDD sales tax;
6. A map or boundary description of the proposed district.

This petition shall be signed by the owners of all of the land within the proposed district. Upon the receipt of this petition, the City Administrator will review the proposal in its entirety to ensure that the proposal is fiscally sound and meets all public infrastructure standards. Staff will then provide its recommendation to the City Council which shall approve or deny the proposal.

*\*Note: TDD's are used infrequently since the enabling legislation for CID's (see next paragraph)*

### **Policy on Community Improvement Districts**

The Kansas Legislature enacted the Community Improvement District Act (the "CID Act"), pursuant to which municipalities may create districts in which certain special taxes imposed and the revenue used to fund certain public and private improvements and the payment of certain ongoing operating costs within the geographic bounds of the specified district. The creation of a Community Improvement District ("CID") is a particularly useful tool of economic development in that it can help facilitate beneficial private development and redevelopment without negatively impacting the tax base of the approving municipality. It is the policy of the City of Lansing to utilize the provisions of the CID Act to assist private developers by providing financing for commercial, industrial and mixed-use projects that meet the local eligibility criteria outlined below, subject to certain special local policy limitations outlined below. A CID can exist for a maximum of 22 years.

#### *Local Eligibility Criteria*

It shall be the policy of the City to create a CID if, in the opinion of the City Council, the petition satisfies all statutory requirements of the CID Act and if creation of such CID would meet with the following criteria:

1. The CID will attract development which would enhance the economic climate of the City or otherwise benefit the City or its residents.
2. The CID will result in the construction or rehabilitation of public or private property improvements and infrastructure, or the provision of ongoing services, that would otherwise not be financially feasible.
3. The CID will promote development, redevelopment or rejuvenation of properties within the City which would otherwise be unlikely to happen.
4. The CID will be used to assist the development, redevelopment or rejuvenation of commercial, industrial and mixed-use projects.



5. The CID will not be used for projects that are incompatible or inconsistent with established local nuisance regulation, applicable land use regulations including the Main Street Overlay District and the overall character of development in the surrounding area.

#### *CID Petition Process*

A CID is formed by petition of the landowners within the proposed CID. A CID petition must contain:

1. The general nature of the proposed project;
2. The estimated cost of the proposed project;
3. The proposed method of financing the project including, if applicable, the issuance of full faith and credit bonds;
4. The proposed amount and method of assessment, if any;
5. The proposed amount of CID sales tax, if any;
6. A map of the proposed district;
7. The legal description of the boundaries of the proposed district;
8. A regional traffic impact study based on proposed land use; and
9. A statement acknowledging that (1) The names of the signers may not be withdrawn from the petitions by the signers thereof after the City Council commences consideration of the petitions or later than seven days after the filing of such petition with the clerk of the City, whichever occurs first; and (2) the signers consent to any assessments to the extent described therein without regard to benefits conferred by the project. All costs associated with the development and submission of a CID application and petition shall be borne by the petitioners.

#### *Sources of Funding for CID Improvements*

Petitioners seeking to form a CID may request to draw upon one of the following two revenue sources, or a combination of both, to fund eligible improvements:

1. Special property tax assessments on the property within the district AND/OR
2. A special sales tax of up to 2% on all taxable sales within the district.

Upon the creation of a CID by the City Council, revenue generated by these sources is available to pay for eligible improvements and costs. This can occur in one of two ways: a bond issuance or a pay-as-you-go dedicated account.

- Bond Issuance – In cases in which a bond issuance is requested, City staff will work with the landowners within the CID to calculate how much revenue will be raised from the CID revenues (the special assessments and/or special sales taxes levied within the CID) and the principal amount of bonds that can be issued based on the CID revenue

stream and a minimum 1.2 debt service coverage ratio. To assist in this process, petitioners will be required to submit all documents requested by City staff relating to the proposed project, which shall include an acceptable cost-benefit analysis of the project. Prior to approval, petitioners shall be required by the City to enter into a Development Agreement with the City. While the CID Act permits the issuance of either full-faith and credit general obligation bonds or special obligation bonds, payable solely from the CID revenue, it is the policy of the City of Lansing to issue only special obligation CID bonds.

- **Pay-As-You-Go Account** – As an alternative to a bond issuance, the landowners within the CID may request the establishment of a pay-as-you-go account. This account will be a dedicated account into which the CID revenues will be deposited and will be available to be used as funds accrue to pay eligible costs. Funds used to pay eligible CID costs, whether from bond proceeds or a pay-as-you-go account, will be held by the City or a third-party trustee, and disbursed to pay actual costs pursuant to a Development Agreement. Preference will be given to projects that use pay-as-you-go financing.

#### *Eligible CID Costs*

The CID Act provides an exclusive list of eligible improvements and costs that may be paid for with CID funding. CID funds may be used to acquire, plan, design, engineer, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip, extend or finance:

1. Buildings, structures, and facilities;
2. Site improvements, including without limit sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public right-of-way, and water mains and extensions;
3. Parking garages;
4. Streetscape, lighting, street light fixtures, street light connections, street light facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;
5. Parks, lawns, trees and other landscaping;
6. Communication and information booths, bus stops and other shelters, stations, terminals, hangars, rest rooms and kiosks;
7. Paintings, murals, display cases sculptures, fountains and other cultural amenities;
8. Airports, railroads, light rail and other mass transit facilities; and



9. Lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits.

The CID Act also permits the use of CID funds to pay ongoing operating expenses, including security, entertainment, public events, business promotion, employee training, and market studies; however, it is the policy of the City of Lansing that CID funds may only be used to pay eligible operating costs up to the maximum amount identified in the petition. CID funds may be used to reimburse capital costs incurred not earlier than one year prior to City Council action initiating the establishment of a CID, and City administrative costs and costs of issuance.

*Process for Creating a CID*

All CID projects will be subject to the statutorily-proscribed notice and hearing procedures found in K.S.A. 12-6a26 et seq. A summary of these procedures is set forth below.

1. Upon receipt of a valid petition, signed by the owners of all of the land area within the proposed district that is both (1) seeking financing only by special property tax assessments and

- (2) not seeking the issuance of full faith and credit bonds pursuant to the CID Act, the City

Council may consider whether to approve the creation of the requested CID. The City Council may proceed, with or without notice or a hearing, to make findings by ordinance as to the nature, advisability and estimated cost of the project, the boundaries of the district and the amount and method of assessment. Upon making such findings, the City Council by majority vote may authorize the project and the creation of the CID in accordance with such findings as to the advisability of the project. The ordinance shall be effective upon publication once in the official city newspaper and shall also be submitted for recording in the office of the Leavenworth County Register of Deeds.

2. Upon receipt of a petition, signed by the owners of at least 55% of the total land area and total assessed property value within the proposed district, to create a CID seeking financing in whole or in part by a proposed CID sales tax (see K.S.A. 12-6a31) or seeking the issuance of full faith and credit bonds (see K.S.A. 12-6a36), the City Council shall adopt a resolution giving notice of a public hearing to consider the advisability of creating the CID.

- (a) Such resolution shall be published once each week for two consecutive weeks in the

City's official newspaper and shall be sent by certified mail to all owners of property within the proposed district. All costs associated with these publications shall be borne by the Petitioner(s) requesting the creation of the district.



(b) The second publication of such resolution shall occur at least seven (7) days prior to the date of the hearing and the certified mailed notice shall be sent at least ten (10) days prior to the hearing.

(c) Such resolution shall contain the following information:

- i. Time and place of the hearing;
- ii. General nature of the proposed project;
- iii. Estimated cost of the project;
- iv. Proposed method of financing the project;
- v. The proposed amount of the CID sales tax, if any;
- vi. The proposed amount and method of assessment, if any;
- vii. A map of the proposed district; and
- viii. A legal description of the proposed district.

(d) Following the hearing described above, the City Council may, by majority vote, adopt an ordinance approving the requested CID. Such ordinance shall:

- i. Authorize the project;
- ii. Approve the estimated costs of the project;
- iii. Contain a legal description and map of the proposed district;
- iv. Levy the CID sales tax, if any;
- v. Approve the maximum amount and method of assessment, if any; and
- vi. Approve the method of financing.

(e) Upon adoption by the City Council, such ordinance shall become effective upon publication once in the official city newspaper and shall also be submitted for recording in the office of the Leavenworth County Register of Deeds.

#### *Preliminary Review Meeting*

Prior to consideration by the City Council, parties intending to request the creation of a CID must submit a draft version of the intended petition to the City Administrator and any other City Staff designated by the City Administrator. Such draft petition need not be signed by any landowners within the proposed district until such time as it is formally submitted for consideration by the City Council. Within ten (10) days after the submission of any such draft petition, the City Administrator and other City Staff designated by the City Administrator shall hold a pre-petition meeting with the party submitting such petition to evaluate the sufficiency thereof and gather information needed to determine the eligibility of the project.

#### *Notice and Hearing*

No incentive shall be granted by the City prior to a public hearing thereon. Notice of the public hearing shall be published at least seven days prior to the hearing in the official city newspaper, giving the time and place, and the hearing may be held at a regular or special meeting of the

City Council. The City Administrator or his/her designee shall thereupon notify the Leavenworth County Commission, USD 469, Leavenworth County Fire District #1, and any other taxing jurisdiction, excluding the State of Kansas, which derives or could derive property taxes from the affected business advising them of the scheduled public hearing and inviting their review and comment. Upon request, the City Administrator or his/her designee shall provide any such public agency with a copy of the application, which shall remain confidential unless released by the City Council.

#### *Development Agreement Required*

Concurrently with, or prior to, the creation of a CID by the City Council, the City and the petitioner shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed CID. The Development Agreement will include a site plan and elevation drawings or renderings of the CID project, and a Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used. Among all other provisions, the Development Agreement shall set forth the method and manner for disbursement of CID funds by the City, including the proceeds of bonds funded by CID funds, to pay for eligible project costs pursuant to acceptable documentation that such costs have been incurred. In addition, the agreement shall provide for rapid repayment of any bonds issued with CID sales taxes and/or assessments and for the termination of any and all CID taxes and assessments. City administrative fees and costs of issuance shall be paid from CID funds. For “pay-as-you-go” CID projects, the Development Agreement shall set forth the method and manner of disbursement of CID funds and shall include provisions for the termination of any and all CID taxes and assessments when all eligible costs incurred by the CID that are contemplated in the Development Agreement have been satisfied.

#### *“Gap” Financing Requirement*

CID projects financed with special obligation bonds will not be approved without a financial analysis that demonstrates that the project would not otherwise be possible without the use of CID funding (“gap” analysis). CID projects financed on a “pay-as-you-go” basis do not require a “gap” analysis. Any applicant requesting use of special obligation bonds will be required to provide, in addition to all other documents requested by City Staff, pro forma cash flow analyses 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. “Gap” financing, including CID and any other public financing, should not exceed 30% of the total project cost.



### *Background Check*

All CID petitioners and their project partners are required to consent to background checks as part of their submittal of a petition. Petitioners and project partners are required to pay all costs associated with and to furnish City Staff the personal and business information needed to carry out such background checks. Such information will be treated as confidential information to the maximum extent permitted under state and federal law.

### *Project Management and Development Fees*

CID funds may not be used to pay development fees or project management fees.

### *City Administrative Fees*

In addition to any other CID application and petition costs, the City shall be paid a nonrefundable application fee of \$5,000 with the formal submittal of any CID petition. For any approved CID, the City shall be paid an on-going administrative service fee in an amount equal to 5% of the total CID revenues received by the City.

### *Standard Design Guidelines Govern*

All property improvements commenced under an approved CID shall be subject to all City regulations, standards, and policies, including, but not limited to: zoning and subdivision regulations, building codes, the City code, Main Street Overlay District, and any other applicable design guidelines currently in place or hereafter approved. In addition, project plans and renderings shall be reviewed by the Community Development Superintendent and any suggestions provided thereby shall be incorporated into the design of the project.

### *Financial Reporting*

Developer will provide a certified annual accounting to the City on the amount and use of CID funds used to pay CID costs. City reserves the right to audit the use of CID financing at its discretion and expense.

### *Termination of CIDs*

Subject to provisions contained in development agreements, the City shall take appropriate action to terminate CIDs when all eligible project costs have been fully paid, including the principal and interest on any special obligation CID bonds, or, in the case of pay-as-you-go projects, the maximum CID funding amount provided in the petition.

## **Policy on Industrial Revenue Bonds**

The City Council's primary goal when considering the issuance of industrial revenue bonds (IRBs) shall be to encourage economic growth in the corporate City limits and the growth area of the City and fulfill the goals stated in the introduction to this Comprehensive Economic Development Policy. Industrial revenue bonds are not considered a debt of the City; rather, they are debts of the business/organization that utilizes the bond proceeds. The City is merely a conduit for the business/organization to obtain tax-exempt financing for its project. Industrial revenue bonds will not be utilized when it is determined that doing so would give the recipient an unfair advantage over a business or organization currently engaged in a similar venture within the City or its growth area.

When considering a request for IRBs, the City will evaluate the types of jobs proposed to be created, the amount of capital investment that will be made, and the ability of the business to meet a recognized need in Lansing's economic base. Upon review and consideration of these factors, the City Administrator will make a recommendation to the City Council, which shall approve or deny the request. In the event the City Council approves the request to issue IRBs, the City Administrator shall contact the City's bond counsel and begin the process of issuing the bonds. The applicant for the IRBs shall be responsible for any bond counsel, financial advisor, and any other fees incurred for the applicant that are associated with the issuance of the bonds.

#### **Policy on the Job Bounty program**

The Job Bounty program of the City is to encourage new and/or existing businesses to hire employees. To participate in the Job Bounty program, a prospective employer must agree to hire at least ten (10) full-time employees at an hourly wage of no less than \$10.00 per hour. For the purpose of this program, a full-time employee is one who works forty (40) hours per week or two thousand eighty (2080) hours per year. Anything below these levels will be considered part-time and will not be eligible for benefits under this program.

For those employers creating ten (10) or more full-time jobs paying no less than \$10.00/hour, the Job Bounty program, subject to the City's budgetary limitations, shall receive the following:

1. For each full-time position created paying no less than \$10.00/hour base salary, not including employee benefits, tips, commissions, bonuses, or other incentives, the City will pay to the employer \$1,000 per job provided that funds shall be paid in 20% increments over a five (5) year period. The employer will be required to provide, at the end of each year, in order to receive Job Bounty funds for that year, an audited payroll showing those ten (10) or more jobs were filled throughout the one year period.



2. For full-time jobs exceeding \$15.00 per hour base salary, not including employee benefits, tips, commissions, or other incentives, the City will be \$1,500 per job on the same basis as noted previously including creation of a minimum of ten (10) jobs per company per agreement.

No Job Bounty proceeds will be paid for the creation of jobs that do not meet established hour and wage requirements as outlined above. The Development Agreement shall stipulate a minimum number of jobs created to be eligible for the incentive. If this minimum is not met by the employer within a designated timeframe, no Job Bounty funds will be distributed. Job Bounty funding is allocated on a one-time occurrence per company.

### **Policy on Infrastructure Development**

The City of Lansing does not intend the use of benefit district financing for the construction of ordinary and typical public improvements in developments. This also includes typical extension of utilities to developments. The current version of the City of Lansing Benefit District by Petition Policy is hereby incorporated by reference.

Whenever the total costs of the public infrastructure can be tied to a fixed and known group of benefiting properties, special assessments may be levied and placed on the tax rolls for those properties. Infrastructure shall mean for the purposes of this policy: streets, sidewalks, sewers and sewer systems, water production and distribution systems and storm drainage and control systems. Expenses that may be assessed to benefiting properties under this policy include cost to prepare preliminary and final engineering plans/specifications, easement and right of way acquisition, supervision/inspection of the project, actual construction costs, and any administrative or finance costs the City shall incur as a result of the project, as permitted by law. Construction costs for improvements designed and constructed under this policy shall also include an administrative fee paid to the City in an amount equal to 5% of the special assessment bond principal issued.

An irrevocable letter of credit or assurance bond (in the amount of 125% of improvements) will be required from any developer requesting special assessment financing. The letter of credit (LOC) or bond will be in a form approved by the City, and name the City of Lansing as beneficiary. The LOC or bond will serve to protect the general taxpayers of Lansing from subsidizing the special assessment debt. The LOC or bond shall be filed prior to any debt being issued by the City for any of the expenses mentioned in the prior paragraph and be in an amount equal to 40% of these same costs. Provided there are no delinquent taxes owed by the developer, the LOC or bond will be released when the developer has completed construction



and sold 60% of the benefiting properties. The City Council may waive certain portions of this policy for special assessments issued to finance improvements to new infrastructures within the corporate City limits of Lansing at the request of the benefiting property owners.

### **Policy on Cash Incentives and Grant Programs**

The city of Lansing will not provide unrestricted cash incentives for any business to locate within the City. Furthermore, the City will not provide cash incentives to perform feasibility studies for proposed projects. These are deemed improper uses of tax dollars by the City Council and any request for such cash assistance will be rejected. The City will consider submitting or endorsing an application to any federal or state grant program for which a request for assistance is eligible. The applicant will be required to submit all information under the relevant grant program and meet all of the requirements of the respective grant program in the event the application for grant assistance is successful. The business will be responsible for providing information that is accurate and truthful and shall be fully responsible and liable in all regards to the grant program that is providing the business with assistance.

The City may consider the use of a “Conditional Economic Development Reimbursement Agreement.” A reimbursement agreement allows the City to pledge a prospective business’ City property tax payments to be returned to the taxpayer in return for certain conditions being met by the business. The business, upon providing evidence verified by the City Clerk that the conditions set forth in the contract have been met (i.e. number of jobs pledged are in fact created and at wages provided for in the contract) and upon providing a copy of its paid property tax receipt from the County Treasurer’s office, will receive a reimbursement from the City if they are compliant with the CEDRA. The amount of eligibility for a reimbursement agreement will vary based on the pledges made by the business and its ability to fulfill the City’s economic development goals.

### **Policy on Tourism and Convention Promotion Facilities Renovation Fund**

The City of Lansing established a Facilities Renovation Fund in 1998 for the purpose of renovation of such businesses, hotel, motel, and tourist court facilities who are subject to the Transient Guest Tax. After the first of February of each year, businesses subject to the tax may apply for revenue collected from the previous four quarters. This tax is levied upon businesses in the amount of seven percent (7%) (as of January 2016) of the gross rental receipts for lodging or sleeping accommodations. Funds requested by the business shall not exceed its actual remittances to the State of Kansas for half of the seven percent (7%) total transient guest tax levy, minus state administrative expenses. No business may claim remittances from another

business, and no new business may claim remittance which it has not paid to the State. Funds requested may be used for any of the following:

- a. Reimburse an expenditure for capital improvement
- b. Reimburse payments for retiring the debt on a capital improvement
- c. Reimburse payments for a lease/purchase of capital improvements
- d. Perform a capital improvement
- e. Reimburse a down payment on a lease agreement or reimburse a lease buyout
- f. Reimburse for new hotel related construction in the city of Lansing

Applications for this program are available at the City of Lansing. Eligible business may submit an application which will then be reviewed and approved by the City Administrator or his/her designee.

### **General Application Process**

When an economic development incentive request is made to the Lansing City Council various City staff members (including the City Administrator, Economic Development Director, Finance Director, Public Works Director, and the Community Development Superintendent) will be involved in reviewing the applicant's materials. All requests for assistance must include the application (Appendix A) as well as any specific requirements set forth in this policy. City staff will review the information and make a recommendation to the City Council as to the viability of the proposal.

If a recommendation is made to the City Council and should the City Council agree "in principle" with the City Administrator's recommendation, a development agreement will be drafted. The agreement will describe the obligations of both the applicant and the City. The Economic Development Agreement will also detail any performance measures for the applicant. Each development agreement will contain clawback provisions which are intended to indemnify the City in the event the recipient does not meet its obligations under the development agreement. Clawback provisions shall include, but are not be limited to, repayment of any incentive, letter of credit, performance bond, or title to any asset that the City economic development assistance was used to purchase and/or construct. These will be used based on the performance provision in the original agreement which may be based on capital investment, job creation, and sales tax projections.

### **Development Agreement**



Any incentive granted pursuant to this policy shall be accompanied by a Development Agreement between the applicant and the city. The Agreement shall include provisions governing the situation if an applicant fails to meet the wage, number of jobs, and/or capital investment projections set forth in the original application. Each incentive shall be reviewed annually by city staff, and in the case of failure to meet the terms of the Development Agreement, by the City Council.

### **Payment of Certain Costs and Administrative Fees**

The applicant, upon submission, will enter into a funding agreement with the City of Lansing. The agreement will include provisions for the applicant to pay for any expense in regards to the evaluation of the proposal including necessary outside consulting, attorney fees, financial advisers, and bond counsel.

### **Cost-Benefit Analysis**

In order to provide justification for economic development incentives, a cost-benefit analysis shall be conducted by the applicant and submitted with the application. The analysis may examine the following:

- A. Direct costs to the city: Any identified direct cost should be included in the analysis. Examples of these types of costs include installation and assumed annual liability of municipal infrastructure to the business site and costs of providing public services.
- B. Benefit to the city: Direct benefits include wages/salaries/benefits paid to employees, any taxes collected (property tax, sales tax, franchise fees), purchases of products from local vendors.
- C. Cost versus benefit: A desired benefit to cost ratio should be at least 1.25:1. Proposed economic development projects that achieve this benchmark traditionally employ a higher proportion of local labor, including management and executive positions, at an above-average hourly wage.
- D. Compliance with the City of Lansing Comprehensive Plan

### **Annual Review for Compliance**

All incentives granted shall be subject to an annual review to ensure that the ownership, use of property, and the economic performance of the business, including the capital investment, employment, and wages, are pursuant to requirements and criteria of this policy, the application, and the conditions of the granting of incentives. The review shall also include a

comprehensive review of the entire incentive period for the business (if applicable), including milestones and project phases for the business. The annual review shall provide an opportunity for the company receiving the incentive to describe their achievements and contributions to the community. An update on the annual review for compliance should be placed on a City Council agenda for review by the governing body.

Each business receiving an incentive shall be required to complete an annual report by March 1 for the prior year (January 1 – December 31).

If necessary, the City Council, following a duly noticed public hearing, may modify any development agreement if one or more of the following applies:

- A. The business no longer qualifies for the incentive pursuant to law or this policy; or
- B. The business substantially fails to meet the expectation set forth in the application for an incentive, including failure to meet employment, wage, or capital investment plans in the application; or
- C. The business substantially fails to meet the criteria or objectives of this policy.

#### **Transfer of Ownership or Use**

Incentives granted by the city may be transferred as a result of a change in majority ownership of the business. Any new owner shall file a new application, along with applicable fees, for an incentive. The city shall be notified by the business of any change in ownership and any substantive change in the use of a tax exempt property.

#### **Retroactive Granting of Incentives; “But For” Principle**

No incentives will be distributed on a retroactive funding basis. Incentives will be granted pursuant to the guidelines of this policy and effective on the date indicated and approved by the City Council.

Each application for incentives shall demonstrate that the incentive will make such a difference in determining the decision of the business to locate, expand or remain in the city that the business would not otherwise be established, expanded or retained without the availability of the incentive. The city may request additional documentation such as a business plan and/or financial statements to assist the city in determining these factors.

#### **Waiver of Policy Requirements**

The City Council reserves the right to grant or not to grant an incentive under circumstances beyond the scope of this policy, or to waive any procedural requirement. However, no such action or waiver shall be taken or made except upon a finding by the City Council that a

compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest.

### **Amendments**

The City Council retains the right to amend any portion of this policy as needed.

### **Tax Clearance Certification**

Any person, company, or entity receiving economic incentives under this policy must provide a Tax Clearance Certificate from the State of Kansas Department of Revenue on an annual basis prior to December 31. The Tax Clearance Certificate requirement will be in effect until such time that incentives are no longer being utilized.

### **Review of Policy**

This policy will be subject to a review by the City Council every three years.

END POLICY

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### **Notes:** *Other ideas discussion on Jan. 28*

- Incentives for new residential construction: waiver of building permit fees and/or water or sewer connection charges? How would this impact revenue?
- Matching grant up to \$5,000 (primarily for façade, signage) for a single business or \$15,000 for a multi-tenant commercial building. City would need to allocate funds each year to fund the match.
- Network Kansas e-community – zero interest “gap financing” loans to businesses. Currently working with the Leavenworth County Development Corporation and Network Kansas to see if the cities (except City of Leavenworth) in the county and unincorporated county can form an e-community to offer these loans. City of Leavenworth is an e-community administered by the First City Development Corporation.