



City of Lawrence

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CITY COMMISSION

MAYOR
ROBERT J. SCHUMM

COMMISSIONERS
MICHAEL DEVER
HUGH CARTER
MIKE AMYX
ARON E. CROMWELL

July 24, 2012

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 Schumm presiding and members Amyx, Carter, and Dever present. Commissioner Cromwell was absent.

A. RECOGNITION/PROCLAMATION/PRESENTATION

1. Proclaimed July 26, 2012 to be the City of Lawrence, Kansas Celebration of the 22nd Anniversary of the Americans with Disabilities Act.
2. Recognized Dimitra Pitsikou as an Honorary Citizen of Lawrence, Kansas.

B. CONSENT AGENDA

Candice Davis requested that item number 4, appointments, specifically the appointment to the Historic Resources Commission, be pulled from the consent agenda for separate discussion.

It was moved by Amyx, seconded by Dever to approve the consent agenda as below, minus item 4. Motion carried unanimously.

1. Approved City Commission meeting minutes from 07/10/12.
2. Received minutes from the following boards:

Sustainability Advisory Board meetings of 04/11/12 and 06/13/12
Public Health Board meeting of 05/21/12
Bicycle Advisory Committee meeting of 06/19/12
3. Approved claims to 343 vendors in the amount of \$2,085,055.92
4. THIS ITEM WAS PULLED FROM CONSENT FOR SEPARATE DISCUSSION.
Approved appointments as recommended by the Mayor.

Reappointed Truman “Bud” Waugh to the Douglas County Emergency Management Board to an additional term that expires 07/01/13.

Appointed Stan Rasmussen to the Historic Resources Commission to a position that expires 03/01/15.

Appointed David Hamby to the Lawrence-Douglas County Bicycle Advisory Committee to a position that expires 12/31/13.

Appointed Marcus Tetwiler to the Public Transit Advisory Committee to the position designated for the KU on Wheels Transportation Coordinator, with an expiration date of 12/31/13.

5. Bid and purchase items:

- a) Applied local purchasing preference policy and awarded bid for eight police patrol vehicles for the Police Department to Laird Noller Automotive for \$201,016.
- b) Authorized the renewal of the City’s annual agreement for Microsoft software maintenance for the period of July 1, 2012 – June 30, 2013 to Software House International for \$69,049.
- c) Awarded Bid #B1240 for Contractor Services to Complete Emergency Sanitary Sewer, Force Main, and Air Relief Valve Repairs to Vito’s Plumbing and authorized the City Manager to execute a contract agreement.
- d) Authorized the purchase of a 2013 Chevrolet Tahoe for the Fire/Medical Department in the amount of \$15,950. The cost is split between the City and the County. Douglas County is purchasing the vehicle off the Kansas City Metro contract and the City will reimburse the County \$15,950.

6. Adopted on second and final reading the following ordinances:

- a) Ordinance No. 8766, allowing the possession and consumption of alcohol on the public right-of-way (Vermont Street from 7th Street to the Park Lot 13 entrance) during the Lawrence Public Library Last Bash of Summer event on Thursday, August 2, 2012 from 3:00 – 9:00 p.m.
- b) Ordinance No. 8765, allowing the possession and consumption of alcohol on the public right-of-way on the 100 block of E 8th Street during the Lawrence Busker Fest on August 24 – 26, 2012.

7. Adopted Resolution No. 6982, authorizing the Mayor to sign the application for the 2012 Emergency Solutions Grant (formerly known as Emergency Shelter Grant) from the State of Kansas. 50/50 match funds are provided by partner donations and in-kind contributions.

8. Received and referred to staff for review an annexation request for two separate properties totaling approximately 24 acres, plus adjacent public right-of-way, located in the southwest quadrant of the intersection of W. 6th St/Hwy 40 & Kansas Hwy 10 (K-10).

9. Approved a Special Event Permit, SE-12-00073, for overflow parking at 1846 Massachusetts Street for the Massachusetts Street Dillon's grand opening from August 12th through August 26th, 2012. Submitted by the Dillon Companies, Inc.

Regarding item number 4, Mayor Schumm said appointments were his responsibility as Mayor and he tried to balance community interests in appointments to boards.

Candice Davis said she lived in a house that could have been demolished and replaced with an ugly fourplex. She asked if it was necessary to have a lawyer for an appointment or just a suggestion. Regarding historic preservation, she said it was important to have people who are passionate about historic preservation. They had a narrow mission to protect historic structures and apply state laws. HRC decisions and recommendations are guided by preservation of our history. Not all cities have an HRC review board. It is part of what is called a certified local government. This board allows Lawrence to access state and federal funds. The Oread Neighborhood would not have gotten various grants without the city having that designation. Many boards are influenced by political and special interests. This board should be exempt from any partisan politics.

Scott McCullough, Planning and Development Services Director, said there was not a code requirement that the position be filled by an attorney, but there is value to having a legal professional on the board. There are criteria in the code regarding demonstrated knowledge and training. Tonight's appointment addresses knowledge in planning and law.

Schumm called for public comment.

Gary Rexroad said he happens to know the candidate for the board. He had found Mr. Rasmussen well studied and knowledgeable. He strongly supported the appointment.

Schumm said he honored history as much as anyone. He had voted twice in the minority to protect the Old English Lutheran Church. He said he had been bewildered by some of the HRC's recent decisions. The whole downtown fell in some historic environs. Four projects downtown along New Hampshire had been voted down by HRC – Borders, the Arts Center,

Hobbs Taylor and now the 9th and New Hampshire hotel. Three of those buildings stand today and they are good additions to downtown. When HRC was founded, he had said that he hoped HRC was not obstructionist but would advocate for protecting our history. He said he was looking for people with a little broader view.

Amyx said he had made similar appointments and he protected the responsibility of the mayor to find good individuals to serve on these boards. He had never not supported an appointment by a mayor because he knew a lot of time went into finding someone to serve the community on a board. He supported the appointment.

Carter said he had served with Stan and found him to be very open minded. He had walked the neighborhood to know the issues. He has an appreciation of Lawrence and its history. For the HRC it may be time to look at the qualifications. They had a pretty narrow focus and heavily relied on staff. He said he was not sure how specific the qualifications needed to be, and he also didn't know if we had enough people on the board. On two occasions we had to wait because we didn't have a quorum. He supported the appointment.

Dever said he supported the recommendation. Stan had served on two boards. These unpaid positions require a lot of effort. Stan would provide a reasonable conclusion based on the facts. He had been a citizen of Lawrence for 20 years. Dever said he supported the appointment.

Moved by Dever, seconded by Amyx, to approve appointments as recommended by the Mayor. Motion carried unanimously.

C. CITY MANAGER'S REPORT:

David Corliss, City Manager, presented the report.

D. REGULAR AGENDA ITEMS:

1. **Conduct public hearing to consider the vacation of the right-of-way located on the northwest corner of lot 142 on Kentucky Street (commonly known as 1234 Kentucky Street) as requested by property owner St. John Catholic Church.**

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

Schumm asked how many decades it had been like this.

Soules said it had been a long time.

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

No public comment was received.

Moved by Dever, seconded by Amyx, to close the public hearing. Motion carried unanimously.

Moved by Dever, seconded by Carter, to approve vacation of the right-of-way located on the northwest corner of Lot 142 on Kentucky Street (1234 Kentucky Street). Motion carried unanimously. Motion carried unanimously.

2. Conduct public hearing to consider the vacation of the right-of-way located in McConnell Addition, Lot 1 (commonly known as 1111 E. 23rd Street - McConnell Machinery Co., Inc.) as requested by property owner Doris McConnell.

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

Amyx said several years ago we talked about possibly wanting to widen 23rd St.

Soules said if we did we would have to buy a lot of right-of-way, and possibly even buildings.

Amyx said he didn't know if there was any reason not to do this because of that possibility.

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

No public comment was received.

Moved by Dever, seconded by Amyx, to close the public hearing. Motion carried unanimously.

Moved by Amyx, seconded by Carter, to approve vacation of the right-of-way located in McConnell Addition, Lot 1 (1111 E. 23rd Street – McConnell Machinery Co., Inc.). Motion carried unanimously.

3. **Consider the following items related to 785 Maple Street:**

- a) **Conduct public hearing for the dilapidated structure located at 785 Maple Street and consider adopting Resolution No. 6980, declaring the structures unsafe and dangerous and ordering the owner to repair or remove the structure within a specified period of time. Should the property owner fail to comply, the City would contract for the removal of structure.**
- b) **Conduct public hearing for the exterior yard conditions at 785 Maple Street and consider adopting Resolution No. 6981, declaring the exterior yard conditions to be in violation of the City's Environmental Code and ordering the property owner to remove all violations within a specified period of time. Should the owner fail to comply, the City would contract for the removal of the exterior yard violations.**

Brian Jimenez, Code Enforcement Manager, presented the staff report.

Edward Flint, property owner, said he was sorry we all had to be here on his account. He felt like he had been doing a fair job. There had been many improvements. It hadn't been going as fast as he would like but he was doing all the work himself. He said he needed more time to work out situations.

Amyx asked if anyone was living in the house.

Flint said no.

Amyx said all that food in the photos was left from the fire.

Flint said he had nowhere to put stuff. He had a shop previously but let that go. He still had a few things left that he could do.

Amyx said he noticed that there were electrical cords hooking up a television and other items.

Flint said that had all been removed.

Schumm asked when the photos in the staff report were taken.

Jimenez said there were five photos taken last week, and there were earlier photos from May. He said he was in the house last week and didn't see any significant changes. Every time he goes to the property Mr. Flint is there and says he is working, but based on the items there, food, and dogs, he could only include that people are living there. These didn't get much worse

than this. There were thousands of dollars of repairs needed. There is no egress in the basement. The problems are substantial.

Amyx asked if there was insurance settlement on the property following the fire.

Flint said yes.

Amyx asked if there were insurance proceeds available for the house.

Flint said he had sent it all in as payments on the house.

Amyx said he paid down the loan rather than repairing the house.

Flint said yes. He had done quite a bit to the house. It was just getting it put in and done on top of cleaning the property. He had been overwhelmed by multiple things.

Cory Warner said he was here to help defend this case. We have taken pictures the day of the fire. We took pictures this evening to show how far we had come since then. We also wrote up a little petition stating our case and requesting that commissioners allow him an extension to rebuild the home. We got several lifelong Lawrence residents and several neighbors to sign it.

Schumm said he could show them his pictures.

Warner displayed his laptop computer and explained the photos.

Flint said there were no open rafters, there were now floors throughout the house.

Carter said that the photos taken by staff were taken last week.

Jimenez said yes.

Carter said the photos showed the interior and were recent. He asked Jimenez to bring up the photos on the projector.

Jimenez said he didn't take a lot of interior photos because the condition was so similar to the last time, but there were some. He explained each photo. He said he has concerns about the structural integrity of the home. They needed a licensed contractor.

Flint said all that Jimenez was pointing out was existing before the fire.

The public hearing was opened.

Toni Flint said her dad was a one man team. All the cleanup, they had got done all of that. She said she had grown up in that house and she would love a continuance. There were some things that may have to do with her dad being stubborn. A lot had gone down this year. They had thirteen dogs, it was a commercial thing, now they had three.

Carla Dowden had asked the city for help. She knew there were grants and they said we were not eligible. What should we do? If somehow we could get the \$25,000 grant from the city we could do it.

Brett Sloan urged the commission to consider actions instead of pleas. Is he capable of doing the work. He has an ongoing salvage operation. It would be almost clean one day and then a lot more stuff the next. Sloan said he had to put up a fence to keep the stuff from encroaching onto his property. There was mention of a theft of utilities. There had been a theft before. Whoever it was put a lot of effort. If he can't afford utilities how can he afford the repairs. Someone had seen Flint hop over the fence and hook up to Sloan's water. He was getting tired of the stench. You knew Flint was living there and he has no utilities.

The public hearing was closed.

Carter said the property was condemned for good reason. It is a shame but the house needs to come down. It is a safety issue.

Schumm asked what amount of time would be appropriate for the resolutions.

Jimenez said August 15 was the date in the resolutions.

Schumm asked about the claims of a salvage operation.

Jimenez said he couldn't come to a different conclusion. There had been a race car, motors, other vehicles and junk. The photos clearly demonstrate it is in bad condition. He said that Mr. Flint was obviously apologetic but he didn't see the big picture of what needed to happen.

Amyx said Flint made reference to \$11,000 given to the city. What was that for?

Jimenez said state statute mandated that those funds be held until a building permit is issued or the building is taken down. That money had been given to Flint.

Amyx said if they walk in with licensed individuals and pull a building permit, are repair and demolition both options.

Jimenez thought we would give them that opportunity and see what they could do. We like to give property owners the chance to make one last effort. If we gave them to August 15 to pull a permit that was an option.

Amyx said he wanted to make sure we were clear if that was what we wanted to do.

Dever said they had done a lot on the outside but not much on the inside. It appeared people were living inside. He was in favor of repairing rather than demolishing, but we hadn't had much luck with that in the past. He supported approving the resolution.

Amyx said he agreed. It was unfair to neighbors to have to live by this for 14 months. He appreciated Flint's efforts, but the responsibility is to bring this up to code as soon as we can. He has to show he has licensed people come in and do it. He would suggest that Flint has to get the permits pulled to get this done. We approve the resolution and if it isn't done to staff's satisfaction by the 15th we take it down.

Schumm said if they come in and demonstrate the financial wherewithal and pull the permits we give them a chance to do it. He asked about the other resolution regarding the exterior conditions.

Jimenez said it all needs to get done by the deadline.

Dowden said we did get everything out of the front yard but a boat, motor and race car. Everything else is all cleaned.

Schumm asked what the race car does.

Dowden said she it is a working race car and they had someone interested in buying it.

Moved by Dever, seconded by Amyx, to adopt Resolution No. 6980, declaring the structures at 785 Maple Street unsafe and dangerous and ordering the owner to repair or remove the structure within a specified period of time. Motion carried unanimously.

Moved by Dever, seconded by Amyx, to adopt Resolution No. 6981, declaring the exterior yard conditions at 785 Maple Street to be in violation of the City's Environmental Code and ordering the property owner to remove all violations within a specified period of time. Motion carried unanimously.

4. Receive update on 1106 Rhode Island Street regarding exterior yard and structure code violations.

Brian Jimenez, Code Enforcement Manager, presented the staff report.

Mayor Schumm called for public comment.

Brian Barland said they had two auctions. The yard was basically cleared out. The structures had been cleared out and sorted. The warehouse is still full of some items. That is basically what remains. Now we have some room to work and make the repairs. It would still be an ongoing process to get rid of the Packard parts. You can't see all of that work from the street. Now we are moving on to the next phase. We haven't done much since the second sale over the last three weekends, but we will continue to make some, but not a lot, of progress every week. The structure needs paint and other repairs. The warehouse needs a roof. The reason we requested deferral of this meeting is that we are under contractual agreement with Hernly Associates to see what we can do under city codes. There are a number of structures that could come down. He said he had talked with Lynne Zollner about that. You don't want to process a partial demolition request for minor buildings if you are going to want to do the bigger buildings also, and we have hired professionals to try to figure out what we want to do. We have no doubt that we are going to stay and move forward. We would ask deferral tonight.

Schumm said last time we were here there we were told there were would be two auctions and then you would bring back a plan. Where's the plan?

Barland said he could have that in two weeks.

Schumm asked if they had the financial wherewithal and will to accomplish this.

Barland said yes.

Schumm said we often have people say that but then nothing gets done. We want you to get it done because they are interesting properties. You are suggesting that in two weeks you'll have a plan of action.

Barland said yes and he hoped they had some credibility after getting the auctions done.

Dever said we could adhere to the requirements and deadlines and if they aren't met we move forward with the appropriate action. You seem to be doing things except for having the plan by July 17.

Carter said his thought was to go ahead and initiate the demolition, and then if the repairs don't happen we don't have to do anything else, but we can still put a stay on it if progress is made.

Amyx asked if this requires a resolution.

McCullough said the resolution has been adopted and we had direction to bring this back this month. We are asking for direction to move forward with the resolution.

Amyx said the contract with Hernly just proceeded in the last week.

Schumm recommended that we give them three weeks, until the August 14 meeting, and we have them back with a detailed plan in hand.

Barland said on the face of it, it seems simple but it is more complicated which is why we have hired Hernly.

Dever asked why they waited until a week ago to hire Hernly.

Barland said they had been focused on the auctions and took a short rest after that. After the auction it takes about ten days before you know what the proceeds are.

Leslie Soden said she spoke last time about this and selling it was an option at that time. She didn't hear that option discussed today. She would like to hear if that is still an option.

Jimenez said that Barland had said that was still an option. They were going to look to Hernly and get some cost analysis, and if it doesn't work for them financially then selling it is still an option. He didn't believe they had ruled out that option.

Barland said the sale option was something under consideration. They were looking at that information. He said the LPA's first offer was only for land value. Their second offer was up 40%. They are not the white knights coming in to save us. He understood they wanted to save the property, but dollars made sense.

Carter said we would initiate submitting the documents to HRC after the three weeks. If we initiate that and he hears from Hernly and we want to stop it we still can.

Schumm said he guessed there was too much value to tear it down. He would be more inclined to see what plan he comes back in three weeks.

Dever said he agreed in part because they got two massive tasks done, but he thought they could have gotten done simultaneously. Because the work of Hernly was underway he could see putting this off for three weeks.

Moved by Amyx, seconded by Dever, to defer for three weeks, until August 14 for Barland to bring back a plan of action, and consider at that time whether to initiate HRC actions on the property. Motion carried unanimously.

5. **Consider adoption of proposed Findings of Facts and Conclusions of Law concerning the application for design review of 9-10 LC (9th and New Hampshire project).**

Randy Larkin, Assistant City Attorney, presented the staff report. He said he has revised 22(J) and 32(G) regarding mechanical systems since the agenda had been posted.

Mayor Schumm called for public comment.

None was received.

Moved by Dever, seconded by Carter, to adopt Findings of Facts and Conclusions of Law with revisions noted by the Assistant City Attorney. Motion carried unanimously.

6. **Consider the following items regarding the proposed establishment of a Tax Increment Financing (TIF) district for the 9th and New Hampshire project:**

- a) **Conduct public hearing;**
- b) **Consider adopting on first reading, Ordinance No. 8768, creating the redevelopment district;**
- c) **Consider adopting on second and final reading, Ordinance No. 8728, removing the property on the east side of the 900 block of New Hampshire from the current Downtown 2000 redevelopment (TIF) district; and**
- d) **Consider adopting Resolution No. 6983, a Resolution of Intent to issue Industrial Revenue Bonds for the project.**

Diane Stoddard, Assistant City Manager, presented a staff report.

Britt Crum-Cano, Economic Development Coordinator, presented a staff report.

Gary Anderson, Gilmore and Bell, presented information on the IRBs and the process for approving the TIF.

Carter said on IRBs, the primary reason was the tax savings, but wasn't there also significant interest savings.

Anderson said not in this circumstance. We sometimes call this buy your own bonds. In effect it just takes part of the developer's private loan proceeds through the bond process and then gets the sales tax exemption.

Moved by Carter, seconded by Dever, to open the public hearing. Motion carried unanimously.

Bill Fleming said they had been working on the project for some time. From a big picture standpoint people had to recognize a few things. Downtown there are very small, tight sites, which meant parking had to go downtown. Developers don't have to provide parking by code, but they do as a practical matter. Because we are going underground it is expensive and we need some incentives to make it feasible. The actual tax dollars aren't coming out of the existing city funds, it is coming out of the project and providing a public benefit. We would to support downtown development and density but these projects need some assistance to make them

feasible. He showed renderings of the project. The actual project costs have to be eligible costs associated with the parking and site improvements. It is a pay as you go TIF and the developer puts the money up front, takes the risk. We only get paid back if the project generates revenues. It is only the increase in property taxes. The IRB would give us the sales tax exemption. The north project would have a drive through banking facility, an office use, and apartments. We don't have a lot of retail use so there won't be much sales tax generated. Most of the increment is the real estate taxes. It will probably pay back about half, so we won't have 100% recovery of costs. There will be a benefit to the city as well because we will split the proceeds. We are also doing some improvements to the Social Service League building as a benefit to the community.

Amyx said someone talked to him about staying in a hotel downtown and found out that the parking space they parked in had a \$15 charge. Was that considered here?

Fleming said part of the problem with hotel rates in Lawrence was that we had a large number of "average" hotel rooms, so it is difficult to raise rates and keep occupancy up. We will probably charge something for parking but probably not much. There is an expectation of free or low cost parking in Lawrence.

Carter asked for elaboration on getting back only half the costs on the north project.

Fleming said the two sites were almost the same size lots. The south project, because it is a hotel, generates more sales tax. On the north project, there are existing structures so the increment is much smaller. Then we don't have a lot of retail uses in the building. The other issue is that residential units are valued for taxes at half the rate as commercial.

Kirk McClure said you are being asked to be loan officers on an eleven million dollar loan. The first step is to conduct a market analysis. If you build it will they come? You need 20,000 room stays to make the project viable, and you don't have any evidence that those are possible. He said other hotels are operating at below 60% occupancy. This will likely cause problems for other hotels in town. Your own staff has the ability to perform this analysis. You have access to data that private consultants can't access. You have not created a climate

where staff can give you good straight and honest answers. This is not a good way to operate. We are making decisions based on hunches rather than data. Consider Riverfront Mall and Downtown 2000. Our hunches were wrong. 4950 Research Parkway. We had a hunch that we would have 89% occupancy. I drive by and see only three cars in the parking lot. We need more and better market analysis. People say we did the Springsted Report. That speaks to feasibility but not market analysis. The consultant has said it doesn't work without the TIF or with the TIF. It is a bad deal. Don't fall into the trap of approving every TIF deal that comes in.

Carter asked for clarification of the statements of not working with or without the TIF.

McClure said what they said is without the TIF it earns 3% and with the TIF it only gets 8%. That is still below the threshold a loan underwriter would accept.

Jim Mullins, Americans for Prosperity, handed out information to the Commissioners. He said in the report was an appendix for the City of Wichita.

Dever asked if they were pay as you go districts.

Mullins said it was a mix. The only difference between reports for Wichita and Lawrence is that we don't have an appendix for Lawrence. It shows some things we need for transparency. We need to know before we do any more TIFs, we need to do these kind of reports. We need more performance reviews. We need to know if they are performing, in order to determine if they pay for themselves. There are a couple of studies you could read. What you will find is that industrial TIFs mostly do pay for themselves, but retail TIFs don't. The other thing is that all of the increments are rebated back to the developer. If you are going to do this project, make sure there are some performances here to make sure the tax payers aren't hurt.

Amyx said the pay as you go TIF doesn't require tax payers to pay a penny on this.

Coriss said the Downtown 2000 project has a number of goals, the redevelopment of the block, the relocation of the Arts Center, and providing a parking garage that would serve all of downtown. We issued GO debt for the garage. We forecast that development would occur more quickly than it did. The parking garage and the Arts Center have both been successful for

downtown. In that instance we did not do a pay as you go. That contrasts with this project. We will not issue any debt but the IRBs, which debt is solely owned by the developers. Only if the project is successful do they get any revenue. They are also requesting a 1% TDD, specific to that site. We will get the first \$850,000 of the TDD revenue which will go to the bond and interest fund which pays for the garage. This is very similar to how we did the Oread Hotel project. There are only future tax increment dollars going to the project, no initial city dollars. Only money that is generated by the project.

Dever said it is potential future tax dollars, because without the project proceeding those dollars won't exist. He asked if there is any actual loan going on?

Corliss said he didn't think that was an appropriate analogy.

Joshua Montgomery said he brought the city a check for second quarter franchise fees, which he didn't think any other telecommunication firm in the entire state paid. He said that was an economic development project. He said the one thing he did want to bring up was that in the public there is a lot of frustration that economic development projects that happen seem only to have property and sales tax incentives involved. Those all have large sales or property tax impacts, but there is no money available for smaller economic development projects. An idea is to have a percentage of any TIF tapped for economic development projects that don't necessarily generate sales tax. An egalitarian way to make economic development money available for the City Commission's discretion to give incentives for other entrepreneurial projects. It may be able to keep startup companies in Lawrence rather than having them go to Silicon Valley.

Laura Routh said she was pleasantly surprised to agree with Jim Mullins. TIF and TDD funding is not magic math. Every TIF and TDD project represents a diversion of public revenue, taxes that could be used for needed community projects. The projects represent lost revenue for the community. These are not incentives, they are welfare. We are creating something that is in direct competition with other hotels. The Downtown 2000 project analysis was done by

Springsted and it had failed. This incentive represents a real loss of revenue. For the cost of the TIF and TDD we could have rental inspection, community recycling, repair the water intakes on the river. These incentives generate a lot of resentment in the community and they won't create benefits to the community. Do not assume that school districts are going to be able to make up the funds with state aid. School budgets will be negatively affected. She said she had quarrel with the IRB request. Exempting the project for sales tax diverts revenue. Do you even know how much they would be spending? She said she was frustrated and tired of subsidizing the development community.

Leslie Soden said she was concerned about charging for parking. If people have to pay to park there it will push traffic back onto the streets. How about instead of building private underground parking build more public parking. She said in every organization she works with she has discussed this project. The thing most people talk about is the height and size of the building, and the second most discussed thing was corporate welfare for the development. It was shifting the tax base onto the homeowners. These are speculative future dollars we are treating as real dollars. We have millions of public financing with Oread Hotel, and we are now subsidizing direct competition. We are looking at projects that are identical to Hobbs Taylor and Oread. This is a project that will damage the historic district, gentrify downtown, and lower property values. Votes like these are not working for the public good.

Gary Rexroad said he supported the creation of the district. This is a way to enable creation of new tax dollars. This is a pay as you go project. From what I have seen that is a great way to help fund this. The benefits from this go way beyond the property taxes – jobs, bed tax, out of town dollars that come to Lawrence. These far exceed the reimbursed TIF dollars.

Katherine Harris read a letter from Townsend Peterson, because he could not be there. The letter said Peterson had been closely involved with the project. He had attended 4 public meetings. He had postponed a Sabbatical to try to be available for the meeting but was not able to. These projects are feasible without public financing. My proposal was very profitable at a

considerably smaller size. The “but for” clause does not hold in this case. That the same developers are proposing the south project now also have enough money for the north project suggests that they have enough money to do it without subsidies. Lawrence needs to grow intelligently. Lawrence doesn’t need the massive new space. Lawrence is overextending itself. Something that would bring in a new market would be beneficial. If the office space fills it will be at the expense of office space elsewhere. Lawrence needs to assess the need for this infrastructure. Please vote against this.

Susan Tate, Lawrence Arts Center, said the Center is the result of a 37 year old public private partnership. Our current building is a result of such a partnership and she wanted to say thank you for seeking a creative way of expanding our work to the south. Our mission is to provide the best art education and exhibit space and performing arts that we can. The possibilities that we have been discussing mean we can allow children to play outside, art and performances outside, the possibility of drawing more people downtown. We are committed to making our own investments, making a robust neighborhood. Other partners have provided space for our artists. She read from a letter she received from a NEA official who had visited Lawrence. We had talked about expanding our space to the south. He said what we had in Lawrence was a model for creative place making that needs to be replicated.

Hank Booth, Lawrence Chamber of Commerce, said he also represented people who had lived in Lawrence for many years. Looking across the street at the empty lot on the east side, and the striking new building on the west side that was creating business, homes and enterprise in downtown, it hit him that half of his adult life that lot has been empty and devoid of anything that creates anything at all. Unused and an eyesore. This is something that will create new jobs, new homes in downtown, another place to stay downtown. It is an opportunity to build an energy efficient building for their neighbors, the Social Service League. The numbers don’t show that the developer will reap some huge profits out of line with national numbers, but with an opportunity to create a centerpiece for downtown.

Matt Hoy said he was a downtown business owner next door to the 901 building. It was an exciting addition to our downtown. He had the opportunity to host some out of town friends and they were impressed. They did discuss some of the other development projects and they were amazed at the consternation in the some parts of the community for a local person making tens of millions of dollars of investment. He urged support for the TIF.

Brain Iverson said we were lucky that we had people willing to make these investments. This process had worked. This was a pay as you go issue, and out of that the city was getting money, the arts center and the social service league were getting helped.

KT Walsh said the neighborhood met with the developer last night. The parking lot off to the side was also shown and they planned to build some townhomes in the future. Are we considering that aspect of the TIF this evening?

Dan Dannenberg said the scariest phrases in local government are “in the discretion of the governing body” and “future tax dollars”. According to the Convention and Visitors Bureau there were about 1000 hotel/motel rooms in Lawrence and that number was not mentioned in any of the materials. Is that number too many or too few? It is my understanding that Marriot hotels would be involved in the project. Does the TIF constitute a subsidy to that corporation? Could they afford to fund the parking garage in its entirety? The matter of jobs created, he hadn't heard any information about how many jobs would be created by this project and what would their wages be. We don't have transparency here. We don't have record of the agreement between Marriot and the owners. We don't have a disclosure of First Management's finances. He would say that this doesn't look to be a good deal, and sentiment about vacant lots. The nice building on the other side of the street is apartments and not hotel. He said at some point taxpayers would probably pay for this.

Alex Delany read a quote by Henry Ford. “Failure is the opportunity to begin again more intelligently.” There has been talk of the other TIF district. He said he works downtown. We need more parking there. Even if this project fails the city is not on the hook, the developer is.

Brian Sultana said we should not be giving tax breaks to millionaire developers for their own agendas. The points made in support of this development are somewhat odd. It has been said time and time again that it is the developers own money, but we are here for a reason. They are pleading for reimbursements. It is odd that a case is being made that money is going to help the community but the use of public funds is on the table. Something like future tax dollars means a diversion of tax funds that could go elsewhere. That is tax cuts right there. It goes back into the developers' hands. They say they are taking the risks, but here we are asking for public money. He thought this project was a step in the wrong direction. Anyone can see the numbers don't pan out. They say they'll have a reasonable rate of return, but you set up a district like this and you set up a culture of tax breaks for large developers and that is what you get. You go downtown and there is a split between what is there, what is vacated, and what is coming in its place. Treanor's headquarters are being built downtown and there is a reason for that. This is a step toward a new idea for Lawrence. It is not what is makes Lawrence unique.

Adam Richey said he supported the development. He lived on Rhode Island and had a business downtown.

Frank Jensen said at one time there were houses on the block, then a gas station, then a tobacco store. East Lawrence has a dream that this be a public park.

Moved by Dever, seconded by Carter, to close the public hearing. Motion carried unanimously.

Corliss said if you look at the draft ordinance creating the district you see that there is a map of the project area. It does include New Hampshire Street, the Black Hills Building, and the parking lot that Walsh was talking about. It is our understanding that it is owned by the development group.

Amyx asked for confirmation of the numbers in the various districts. He asked if that is just the principal amount.

Stoddard said yes. They did have it broken down by the north and south projects.

Crum-Cano said the south project was estimated at 3.4 million. 1.2 million for TDD. North TIF was 3.4 million, TIF sales tax was nothing and TDD was nothing. The total for both over 20 years was 7.8 million. Total TIF sales tax was 2.8. Total revenues of 11.8 million.

Amyx said the future tax dollars were only if the projects were built.

Crum-Cano said yes.

Amyx said one of the things that concerned him with public incentives was that he had a real feeling that we should support local subcontractors. What kind of assurance can he give that local subs can bid.

Fleming said he was not the construction manager on this. First Management was that party. The 901 project was the best example. They used a number of local subcontractors. He said he was not aware of any non-local sub except for the drywall contractor which was a non-union sub and he thought they were from the KC area.

Amyx asked if materials would be bought locally.

Fleming said as far as he knows.

Schumm said the first order of business is to remove the existing TIF from the project, and that would be ordinance 8728.

Dever said that TIF had underperformed. This ordinance would allow us to remove it from that district and place it in one that is more viable. He was in favor of that.

Schumm said that follows conversations with the developer that they are obligated to pay toward the existing garage, and that amount was \$850,000. The second TIF was paying back the bond and interest fund that amount.

Corliss said the mechanism for that was the TDD.

Amyx said when those payments rested on the taxpayer, he had tried to figure out ways to reduce that obligation. There had been economic changes that had happened. This is a small

way of being able to help pay the indebtedness from the original district. He agreed with Corliss's comments on the successfulness of the garage.

Carter said he agreed. An earlier speaker had said this former TIF was built on a hunch. It was an effort to stimulate development and it was a good amenity and benefited downtown. It's a good compromise to pull \$850,000 of the new TIF

Moved by Carter, seconded by Dever, to adopt on second reading and final reading, Ordinance No. 8728. Motion carried unanimously.

Regarding Resolution 6983 Schumm said he supported it.

Dever said IRBs for the Holidome had been effective.

Corliss said they were used at Eldridge also.

Moved by Carter, seconded by Amyx to adopt Resolution No. 6983. Motion carried unanimously.

Regarding Ordinance 8768 Schumm said he didn't believe this was a loan as stated by McClure. That was how the first TIF was done. This situation is different as a pay as you go. If they are successful they will get reimbursed. Because it is in the downtown district they have no obligation to provide parking. Because of that they can build a hotel and people would park in the neighborhoods. He regarded it as a pure benefit for downtown and the neighborhood. The other argument that we are giving away future tax dollars, but if there is no development there are not future tax dollars, so it is a circular argument.

Carter said downtown sustainability and creating jobs were important. This would add a lot of density downtown. The hotel rooms would take reservations from other hotels to some extent but would also bring new stays into the community based on the Marriott name. We probably have a lot of poor quality hotel rooms and at some point some would probably fail. To get any kind of real volume you need a major flag and reservation system. He agreed with Routh that he would rather spend the \$12 million on something else, but it is a chicken and egg situation. There is no \$12 million without this project. There is no project without the TIF. It's not

a question of whether the developer can come up with the money it's whether it makes sense financially. While we wait for the TIF to be paid, the density brought to downtown will be the difference between downtown surviving and downtown thriving.

Dever said he travelled a lot and he never spent any nights in extended stay hotels, but the product here is unique and does not exist in Lawrence. There may be some cannibalism, but he believed in the brand name, and as a user of hotels he knew this was a needed product. It can draw people into Lawrence. He said the lot had been vacant for over 30 years. We were "gambling" with tax dollars now by letting the lot sit vacant and not contribute to the parking garage TIF. He wished that someone would come buy it and turn it into a park. The problem is that no one has done that. He said he wants to take control of our future downtown. We have a duty to the citizens to generate tax dollars. When someone comes in and negotiates in good faith with the neighbors, wants to invest in our community, and has a good project, we should support it. I see this as bringing in tax dollars. It is difficult, but he said we are properly spending our potential future tax dollars by investing in this.

Amyx said he remembered this lot as well as anyone back to the days of Snappy Gas. One of the things that is important to say is that our downtown is extremely important to our community. We are trying to blend two powerful parts of our community, East Lawrence and Downtown. The job he has it to make sure when he votes that he is comfortable that he has done the best he could. Every decision we make is about future tax dollars. He had been involved in East Hills Business Park. That was about job creation today and future tax dollars. It was important to him that local contractors are involved in this project. This is a strong project for our community and downtown. We have said that downtown is the heart of our community. That is the centerpiece and regional shopping area in our community. This is another way to keep downtown strong. He believed this is the best project we had for this project and it helps pay its part for future projects and needs we have.

Moved by Carter, seconded by Amyx, to adopt on first reading, Ordinance No. 8768.

Motion carried unanimously.

E. PUBLIC COMMENT:

Steve Birchfield, Dillons, asked if the item on Dillons had passed.

Corliss said yes.

Schumm asked when the opening was.

Birchfield said August sometime.

F. FUTURE AGENDA ITEMS:

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

G: COMMISSION ITEMS:

None.

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 Amyx, seconded by Dever, to adjourn at 10:31p.m. Motion carried unanimously.

APPROVED:

Robert J. Schumm, Mayor

ATTEST:

Jonathan M. Douglass, City Clerk