

November 13, 2001

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 Rundle presiding and members Dunfield, Hack, Henry, and Kennedy present.

With Commission approval Mayor Rundle announced the recognition of City Service Awards to City employees and retirees.

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to approve the City Commission meeting minutes of November 6, 2001. Motion carried unanimously.

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to approve the Aviation Advisory Board meeting minutes of October 11, 2001; and, the Mental Health Board meeting minutes of May 22, 2001, June 26, 2001, August 14, 2001, and September 25, 2001. Motion carried unanimously.

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to approve claims to 325 vendors in the amount of \$3,307,009.49. Motion carried unanimously.

Moved by Kennedy, seconded by Dunfield, to concur with the recommendation of the Mayor and appoint Dr. Mark Praeger and Scott Bailey to the Lawrence Memorial Hospital Board of Trustees. Motion carried unanimously.

The City Commission reviewed the bids for nine (9) Crown Victoria police cars for the Police Department. The bids were:

BIDDER	BID AMOUNT
Laird Noller Automotive	\$178,821.90
Extreme Ford	\$179,910.00
Shawnee Mission Ford	\$180,774.00

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to award the bid to Laird Noller Automotive, in the amount of \$178,821.90. Motion carried unanimously. **(1)**

The City Commission reviewed the bids for three (3) Crown Victoria detective cars for the Police Department. The bids were:

BIDDER	BID AMOUNT
Laird Noller Automotive	\$59,850.30
Laird Noller Automotive, Alternate	\$60,174.30
Shawnee Mission Ford	\$60,828.00
Extreme Ford	\$61,854.00

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to award the bid to Laird Noller Automotive, in the amount of \$60,174.30. Motion carried unanimously. **(2)**

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to place on first reading Ordinance No. 7444, annexing approximately 2.95 acres, located north of West 15th Street, west of Research Park Drive. Motion carried unanimously. **(3)**

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to concur with the Planning Commission’s recommendations to adopt the findings of fact and approve the request for rezoning (Z-06-24-01) of approximately 14.226 acres from M-1 (Research Industrial District) to RM-D (Residence-Duplex District), located north of 15th Street and west of Wakarusa Drive; and, direct staff to prepare the appropriate ordinance. Motion carried unanimously. **(4)**

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to concur with the Planning Commission’s recommendations to adopt the findings of fact and approve the request for rezoning (Z-06-25-01) of approximately 17.195 acres from RS-E (Single-

Family Residence Estate District) to RM-D (Residence-Duplex District), located north of 15th Street and west of Wakarusa Drive; and, direct staff to prepare the appropriate ordinance. Motion carried unanimously. (5)

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to concur with the Planning Commission's recommendations to adopt the findings of fact and approve the request for rezoning (Z-06-26-01) of approximately 3.00 acres from A (Agricultural District) to RM-D (Residence-Duplex District), located north of 15th Street and west of Wakarusa Drive; and, direct staff to prepare the appropriate ordinance. Motion carried unanimously. (6)

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to approve a sub-lease with YSI, Inc. allowing for the expansion of approximately 24 acres for additional soccer fields at the YSI Complex. Motion carried unanimously. (7)

As part of the consent agenda, **it was moved by Kennedy, seconded by Hack**, to authorize the City Manager to execute an agreement with Randy McGrath for full time Municipal Judge in 2002. Motion carried unanimously. (8)

Mayor Rundle pulled from the consent agenda the approval for the selection of GUT Works L.L.C. as a prospective tenant for a City facility at 2550 North 7th Street for discussion. The prospective tenant asked that the City Commission give more specific direction to staff as to the terms of the lease.

Ron Renz, a principal in GUT Works L.L.C., said GUT Works was a new company to Lawrence that was started in August of this year and had acquired the manufacturing rights to an exciting experimental home built airplane. He said it was a WWII vintage P-51 Mustang that was originally designed by a company out of Idaho in the late 1990's. He said they had invested a significant amount of time and money in the program and would be bringing approximately \$2,500,000 to \$3,500,000 worth of additional capital investment in the company to Lawrence. Some of this money would be local dollars and some from outside of Lawrence. By acquiring this program, they would be bringing the manufacture of the airplane and significant people to

Lawrence and also would be employing a fairly large employment in the community. The employment figures in the last year would be approximately twenty employees, by the second year, approximately sixty employees, and by the third year between sixty and one hundred employees.

The wages would be an upper level of manufacturing employees which would be paid \$12.50 an hour, plus benefits on average and corporate and management level employees would be paid approximately \$40,000 a year. He presented the City Commission with graphs of projected sales and the number of employees they would hire and their income over the next three years. He said they could move into the hangar without any renovations. He said from a tenant standpoint, they were not asking for leasehold improvements at this time.

In their proposal to the City, they proposed a number of lease options for twenty years. In option B, the proposal asked for no rent payments for the first six months, a base rent payment for the next six months and then a rent payment based on the number of employees which allowed the City to share in their success for the remainder of the lease period. He said GUT Works L.L.C., was asking the City Commission to accelerate the rent negotiation and give City staff more specific direction on the negotiation of option B.

Mayor Rundle asked Renz what the maximum monthly rent would be at their highest projected employment.

Renz said it was approximately \$2,200 per month. He said the facility was capable of supporting approximately forty employees. In their presentation of the graph for the number of employees, it was significantly higher, but believed in their third year they would need a larger facility. The existing building would be appropriate through the end of the second and by year three they would know how the project was doing and what their cash flow and profits were and at that time, invest in a larger facility.

Rundle asked if the term of the lease was twenty years.

Renz said “yes.” They proposed a twenty-year lease because they looked at being in Lawrence long-term.

Rundle asked if they would be building additional facilities in the future.

Renz said “yes.”

Mike Wildgen, City Manager, said since Dreamwings left, the City had negotiated with Kansas Innovation Corporation (KIC), one of the major investors to pay half the amount of rent of the former Dreamwings, to store the proprietary material in that building. He asked Renz what would happen to this negotiation.

Renz said he was not sure although KIC was a partner in GUT Works. There was law - suits going on because of the bankruptcy. KIC has an interest to preserve these materials. They were going to ask KIC to move these materials or charge them rent.

Debi Moore, Senior Vice President of Economic Development for the Chamber of Commerce, said the Aviation Advisory Board, City Staff, and the City Commission as well as previous commissions upgraded and enhanced Lawrence Municipal Airport. She thought previous commissions had made it clear that they would like the Lawrence Municipal Airport to have aviation related companies. She said the Aviation Advisory Board had asked the City Commission to make a consideration for a creative lease arrangement for GUT Works for this facility. She said this new company might need some upfront help and needed creative incentives to get them started and help them succeed. She asked that the City Commission take into consideration the request from the Aviation Advisory Board concerning a creative lease for GUT Works.

Dale Willey, member of the Airport Advisory Board, said he would like to report to the City Commission that they had a 100% attendance at their last meeting. They had discussed this issue and a number of options were looked at. After a lengthy discussion and some in depth questions it was a unanimous decision to rent this facility to GUT Works for its project.

Rundle said in looking over staff's options, the idea was to look out after recouping the City's investment in that facility. It seemed the City could arrive at that goal roughly in the time period of approximately fifteen to twenty years. He said it was great that they were not requesting any additional renovations. He said this seemed like a solid venture and was in favor of the creative option B for the lease agreement.

Commissioner Kennedy said it seemed the City would get a payback in approximately fifteen years plus money paid back by the gradual increase in rent by employment of additional people. He was in favor of option B for the lease agreement.

Hack concurred with Kennedy. She said this venture would be exciting for Lawrence and the airport.

Henry said in the letter from the Aviation Advisory Board, it was recommended to look at this proposal creatively and enter into lease arrangements. He was in favor of startup companies being successful and favored the option B proposal.

Moved by Dunfield, seconded by Hack, to approve selection of GUT Works, L.L.C. as prospective tenant for a City facility at 2550 North 7th Street, and to authorize Staff to negotiate lease agreement on the basis of option B, for a future City Commission approval. Motion carried unanimously. **(9)**

Commissioner Kennedy asked to remove the Mayor's recommended appointments from the consent agenda for additional discussion. He asked Mayor Rundle to clarify the process for recommendations for appointment to the Lawrence Memorial Hospital Board of Trustees.

Mayor Rundle said four citizens sent a letter of interest for appointment to the Lawrence Memorial Hospital Board of Trustees. He said he interviewed each applicant and was impressed with those who expressed interest but the appointments he recommended were in the best interest of the community.

Kennedy said the remainder of the City Commission had received a phone call concerning the appointment to the Board of Trustees from Scott Bailey and felt he was interested in serving on the Board and they all looked forward to having him on the Board.

Moved by Kennedy, seconded by Dunfield, to concur with the recommendation of the Mayor and to appoint Dr. Mark Praeger and Scott Bailey to the Lawrence Memorial Hospital Board of Trustees. Motion carried unanimously. **(10)**

Ed Mullins, Finance Director, presented a summary of the City's Financial Report for the City of Lawrence. The report covered the first (9) months of 2001. He said unfortunately this report was not as good as the City's Financial Report in the past. It was a good first three quarters of the year in terms of revenue and expenditures, but there were some exceptions. He said the City was seeing a drop in interest income because of recent cuts in interest rates. Even though they did have more revenue than we had budgeted, it was less than what the City had the prior year primarily because of the lower rates.

Sales tax was good for the first nine months, a 6% increase in the City sales tax and less than that on the County side. In terms of budget, the City was 77% of what the City budgeted and on the County side was 82%. It appeared the City should exceed budget in both of those areas although the growth would be less this fourth quarter. In terms of other revenue sources were approximately 75%. In terms of property taxes, they were under a half a million which was a result of higher valuation. Last year was a cold winter which increased the Gas Franchise Fee which was approximately \$300,000. Building permits were approximately \$50,000 and service charges were approximately \$80,000. Mullins said one concern on the revenue side was the recreation fund. The Indoor Aquatic Center was a new revenue source, but it appeared it would be \$370,000 less than budgeted. As a result, Parks and Recreation would attempt to reduce their expenditures by approximately \$200,000 this year. Guest Tax and Golf Course Fund was also down in terms of revenue. The Enterprise Fund was good, while Water Revenue was 90% of budget. Sewer charges were increased by 6%, but have seen a growth of revenue of 8.5%.

On the Sanitation side, there was a 3% increase and was 82% of budget. Stormwater revenue was 82% of budget. Enterprises Expenditures were below 75% of the budget except Central Maintenance and the Golf Course. On the investment side, there was \$73,000,000 in cash and investments. Currently, it was 62% in federal agencies which was the key investment because rates had dropped dramatically.

Henry asked if the Aquatic Center was budgeted for the entire year.

Mike Wildgen, City Manager, said the City budgeted for longer than it has been open. Wildgen said the September sales tax numbers would be available in early December and those numbers would tell much about where the City was headed. **(11)**

Mike Wildgen reported to the City Commission that the Burlington Northern Santa Fe Railroad was getting ready to abandon the Baldwin spur. The City has submitted a Notice of Intent for Trail Use. He wanted the record to reflect whether he had authority to continue the process with the Surface Transportation Board in Washington D.C. It was a long process and needed to be on the agenda for fifty days up to four months, then there was the time for negotiation.

Rundle asked if this process kept the right-of-way from dissolving.

Wildgen said "yes." The rail had been cut on the north side of 12th Street and this week the ties would be taken out to salvage.

Moved by Rundle, seconded by Dunfield, to authorize the City Manager to proceed with the Surface Transportation Board process of securing the property for trail use. Motion carried unanimously. **(12)**

Dan Sabatini, representing the Arts Commission, presented the report concerning the approval of the Percent for Art Project for Fire Station No. 2, located at 2128 Harper Street. It was a unanimous decision by the Lawrence Arts Commission to approve the proposal for the art piece "Halcyon Screen" by artist Dan Rockhill. The call for art entries went out the end of June and entries were received mid August. The project was a \$30,000 project. The overall budget

allocated was \$4,000 for overtures or additional coordination with the construction. The construction of the Fire Station was anticipated to be completed by mid January and it was hoped that Rockhill's piece would coordinate with the opening of the Fire Station if the project was approved.

Dan Rockhill, artist for the proposed project, presented a picture and gave an explanation of the art piece to the City Commission.

Rundle said he normally liked a piece to speak for itself, but asked whether there would be an explanation of the art piece.

Rockhill said "yes." The committee would provide copies for the explanation of the art piece to the Fire Station.

Bill Carswell, Chair, Lawrence Arts Commission, said the Percent for Art process was a citizen-based process. The Lawrence Arts Commission had the confidence that good citizens chosen by this process which was defined by the City was asked to make a decision in good faith about the art piece. In reviewing this project, there was a surprising diversity in art projects in the City of Lawrence.

Moved by Henry, seconded by Hack, to approve the Percent for Art Project for Fire Station No. 2; and, authorize the City Manager to execute an agreement with the artist. Motion carried unanimously. **(13)**

Allen Blair, Co-President, Old West Lawrence Neighborhood Association, presented a request seeking initiation of rezoning of certain property from RM-D (Duplex) to RS-2 (Single-Family). Property owners within the RM-D Area were 69% in favor of the rezoning to RS-2. 91% were residents and 42% being landlords. The association also asked the City Commission to place a moratorium on any further demolition of property within this area until the matter has gone before the Planning Commission. The association said there would be no duplexes demolished and every duplex would be grandfathered. Large homes, now duplexes, would remain. Everyone's rental home would be safe and no landlord would be required to reconfigure

their building or change its uses. No student housing would be lost and affordable housing would be saved. The goal was to discourage demolition of historic housing stock. He said they would like to bring the zoning into conformance with the actual use of the neighborhood so the resident property owners felt safe about their investments in preserving their historic homes.

Mayor Rundle asked if this issue would go before the Planning Commission in January 2002.

Linda Finger, Planning Director, said she believed this issue might go before the Planning Commission on January 23, 2002; however, because of semester changes for student representation, it might not be discussed until February. It would be a public hearing item.

Julia Gilmore-Gaughan, K.U. Student Senate, said she would like further clarification from City staff if this area was rezoned RS-2, whether students within this area be subject to the 3 unrelated individuals in single-family homes requirement. She also asked that this issue be placed on the Planning Commission's agenda in February.

Jim Slough, property owner in the Old West Lawrence area, said one of the reasons he decided to purchase this property was because of the RM-D zoning. He said he fully expected when he built a certain equity in the property, he would be able to use the property with the zoning it had at the time of purchase. He had a concern about changing the zoning of people that already owned property that was zoned RM-D. He said it might be a good idea that after these properties change hands, at least people would know what they were getting. Present owners should have the right to use their property in the manner it was zoned when they purchased the property effectively grandfathering present owners. He did not feel eliminating RM-D was the only solution.

Arley Allen, Centennial Neighborhood area, said he was in favor of the efforts to rezone these properties to RS-2. There had been previous discussion of the importance of neighborhoods in the central City, in particular, single-family neighborhoods and the lack of affordable housing in many of these areas. He said the Centennial Neighborhood applauded the

efforts of Old West Lawrence to establish single-family zoning, preserve the housing stock, and improve the quality of life in their neighborhood.

Burdett Loomis, Treasurer, Old West Lawrence Association, said he was in favor of the rezoning to RS-2. There was an overwhelming favor of this rezoning change. He wanted to be assured that the single-family balance remained strong in this area.

Rundle said if the City Commission approved the initiation of rezoning, there would be opportunity for public comment. He asked if the City would mail a notice to all property owners affected.

Linda Finger, Planning Director, said “yes.” This process might take a while to mail notices to all the affected property owners plus those within 200 feet of the affected property.

Henry asked if there would be any advantage in hearing from one of the Assistant City Manager in regard to “grandfathering.”

Rundle also wanted to ask the Assistant City Manager, if they approved the RS-2 zoning, would it need to follow the new single-family zoning regulations.

David Corliss, Assistant City Manager, Legal Services Director, said Kansas law provided that when a property was an existing legal use and the law changed that existing legal uses that were legal at the time of change then became legal non-conforming uses. It was referred to in the vernacular as “grandfathering in.”

The question would be with this RM-D property, what would its status be if it were successfully rezoned to RS-2. He said the issue would be what was its use at that time of the change. There would be mixed fact patterns on each property. If there was a duplex in the RM-D zone that was legal at that time, then it should be legal in an RS-2 zone and it would be allowed to continue as a legal non-conforming use. If there was a single-family residence in an RM-D zone, it would be allowed, because they were in an RM-D zone, to have four unrelated individuals since the City did not change the rules for RM-D zoned property only for RS-2 zoned property. If there was a fact situation of a single-family residence that was not complying with

the current single-family rules, then for that particular property, they would not be able to claim that they were a legal non-conforming use because of the status of their property.

Corliss also stated one concern the Planning Commission and staff might struggle with was, do they want to register the non-conforming uses on this property like when the family definition was changed.

Hack asked if the non-conforming use for four unrelated individuals would change once the tenants changed or does the use stay with the home.

Corliss said the issue would be what was the use at the time of that change. If the use involved four unrelated individuals, then they would be able to claim that use was continued. If they abandon that use, then the City would need to take a look at those rules because those rules were different for commercial than they were for residential property.

Rundle stated with residential property this was unlike other non-residential zoning categories because whenever a structure was damaged by more than 50%, then the legal non-conforming use could not be brought back. In this case a duplex even if it was 100% destroyed, it could still be brought back to that legal non-conforming use.

Corliss said "that was correct." One of the challenges was if the setback rules change. If you go from a burnt out structure to rebuilding on that structure, did they get to go back to that original setback and the answer was usually "no."

Finger said it was permissible to build back as long as you meet existing parking and setback requirements. Many of those structures today might be in non-compliance in that they did not meet those setbacks. To build back on the existing foundation might be difficult without going through the Board of Zoning Appeals variance process.

Corliss said to continue an affirmative stance for the use, that would be allowed and as far as the use of number of unrelated individuals that would be, but the structure itself, the rules would be different.

Rundle said, with 91% of the resident owners signing on and the majority of the property owners at 69% in favor, this was positive and felt comfortable in moving to the next step.

Hack said when she met with Ann and Mike Goans, members of the Old West Lawrence Rezoning Task Force, she indicated that this was a “fragile” neighborhood. She said what she meant by “fragile” was the area needed to be protected and needed to have the zoning conform with the use. She was supportive of both requests which were to place this before the Planning Commission and ask for a moratorium.

Corliss said concerning a moratorium, his recommendation would be to come back with an Ordinance. A moratorium would be on building permits to go to a duplex structure and demolition.

Rundle said he would like to defer this issue to the February agenda to the Planning Commission.

Finger said this would be helpful for staff to allow them to get notices in order.

Moved by Hack, seconded by Kennedy, to authorize the initiation of rezoning a western portion of Old West Lawrence from RM-D (duplex) to RS-2 (single family) and direct staff to draft an ordinance on a moratorium on demolition permits and building permits for new duplex construction until the rezoning could be implemented. Motion carried unanimously. **(14)**

Mayor Rundle presented the issue of reconsidering the approval of the Preliminary Development Plan for a Home Improvement Store, located at 31st Street and Ousdahl Road. On November 6, 2001, the City Commission established reconsideration of the PDP for the November 13, 2001 agenda. He said he would like to limit the discussion to this specific issue.

Commissioner Henry said he specifically requested this issue be revisited by the City Commission to again discuss the condition of the removal of the cross-access easement with the view of returning that condition back to the Preliminary Development Plan and have an improved cross-access easement to the frontage road.

Corliss said the City Commission's action would be to approve or disapprove the Preliminary Development Plan with whatever conditions they determined.

Henry said City staff had proposed language to approve the Preliminary Development Plan (PDP-07-06-01) with the revised condition requiring the developer to establish cross-access easements and necessary improvements with the properties to the west of the development to include an improved connection to the Iowa Street frontage road.

Dale Willey, representing his car dealership company, located at 2840 Iowa, said he was in favor of the commercial development with the Home Depot and other related businesses. His concern was access to his business. He said they had been following this process for a number of months and at various times he had come down to the Planning Department to ask how this increase in traffic would be handled. He had never been presented with an east/west access to the frontage road from the proposed Home Depot property. If he had known about this proposed access, he would have been involved earlier in the process. He said he was aware the south end of the frontage road at 31st Street would be closed off and 27th Street with the median down the middle of 27th Street, people exiting the frontage road north would need to make a right turn into the Indian Hills neighborhood. People coming on to the frontage must come from the west making a right turn, there was no left turn permitted. The only access in and out to that frontage road and the businesses along that area was the access point in front of his dealership. He said his concern was that if an access road was positioned going out to the frontage road, south of his dealership, people would take a shortcut through the access in front of his dealership, south down the frontage road turning left through the access road to access that new retail development. Originally, he thought the access road could be extended out to Iowa Street, US 59 and make a right turn out and a right turn in only with a stop light in front of his access point which would benefit both sides of the street, but talking with KDOT, they were opposed by both of those options. There would be a problem getting in and out of his business if the City allowed an east/west access to the frontage road from the Home Depot project. He asked the City

Commission to give strong consideration to going back to the original approval which did not include the east/west access. He said if an east/west access were put into the frontage road, his business would be adversely affected.

Kennedy asked Willey if he had seen an increase in the last few years on major accidents that occurred on the frontage road access.

Willey said most accidents happened in the summer. He said traffic was congested in this area. He suggested that a stoplight was needed at that location.

Rundle said the cross access easement was an original condition of City staff.

Finger said staff stood by this condition and believed it was necessary to have east/west access to connect the Home Depot project to the Iowa Street frontage road, particularly as those lots along Iowa redevelop. The City needed to bring the entire development up to the intersection. As talked about at the City and Planning Commission levels, they were looking at doing a small area plan for the remainder of what would be the mobile home park and finding a way to connect Ousdahl back to Iowa Street at some point.

Rundle asked if there was a need to send this issue back to the Planning Commission based on the public discussions.

Finger said the Planning Commission would see this at the Final Development Plan stage. It was important for the City Commission to make sure the Planning Commission clearly understands what their interests were as they would be representing the City. If the City Commission wanted additional details as the City gets closer to the construction plan stage, it was important the Planning Commission understood.

Dunfield said he had difficulty having been in the minority concerning this issue. He said Commissioner Henry brought this back to the City Commission to limit the discussion to the cross-access easement and asked Henry if it was fair to say that his decision to bring this back to the City Commission was based on questions raised about the future of that property.

Henry said that was the entire reason because he had visited with staff after the last City Commission meeting and there was a great deal of concern about removing that condition and it would affect the ability to plan that property.

Dunfield said in light of this reason, as staff looked at this issue originally, there was a certain set of assumptions that were made concerning that property immediately west of Gas Light Village property. He asked if those assumptions had changed enough that staff felt the City needed to revisit the planning of that strip of property between the Gas Light Village and Iowa Street in terms of the development plan and cross-access agreement.

Finger said it was fairly unclear to staff and perhaps the two parties involved exactly what the contract stated and how it stipulated whether the property developer for Home Depot would in fact be the purchaser of the lots along the east frontage of Iowa. There appeared to be some areas of discrepancy. Staff's interest was in tying these two projects together.

Dunfield asked Finger, given the uncertainty of the purchase contract, was she comfortable this change would satisfy the Planning Staff.

Finger said it was unclear whether the purchase would occur and she did not believe there was control of the land by the developers of the Home Depot site.

Kennedy asked Finger when the City Commission received future developments for the remainder of the development (mobile home park), would the City have an access plan in place for Ousdahl and would this be part of the requirement for this development so the City could have the continuation of flow without disturbing the rest of the frontage road and increasing the traffic flow.

Finger said she did not know the timing of the lots along the east side of Iowa, but she did know the Planning Commission would like to hold a public hearing on the initiation of those lots to plan commercial development and allow them to blend into this development at some future redevelopment stage. Staff was currently in the process of working on a small area plan. She

said this process was a time factor and once they had a couple of concepts in mind, staff needed to involve property owners.

Rundle said the applicant concurred with staff's recommendations, but might ask the City to use condemnation if they were unable to negotiate. The applicant would pay the cost and the City would exercise the authority.

Moved by Henry, seconded by Kennedy, to approve the preliminary development plan for the home improvement store at 31st & Ousdahl (PDP-07-06-01) with the revised condition, "provide cross access easements for properties to the west as shown on the development plan." Aye: Hack, Henry and Kennedy. Nay: Dunfield and Rundle. Motion carried. **(14)**

Dunfield said he appreciated Commissioner Henry and the other Commissioner's willingness to revisit this issue. Adding the condition back to the preliminary development improved the nature of the plan. He said this did not satisfy all of his concerns about the project, but appreciated the City Commission's willingness to revisit this issue.

Chris Stewart, Assistant Director of Utilities, presented the staff report concerning City water rights. He said the Utility Department was requesting to submit an application to the Kansas Department of Agriculture, Division of Water Resources, to allow for an increase of water rights out of the Kansas River. They thought this was a good opportunity to give the City Commission history on Lawrence's water rights, and make the Commission aware of what they were applying for.

Lawrence obtained water from the Clinton Reservoir and the Kansas River. The water from the Clinton Reservoir came through contracts with the Kansas Water Office. Currently, the City paid approximately \$200,000.00 a year for the water rights from the reservoir. Water rights were obtained from the Kansas River through the appropriation process from the Division of Water Resources. Last year, the City had approximately 57% of available water rights in combination with the Clinton and Kaw rights. The City has perfected the Kansas River rights and it was time to send in another application to the Division of Water Resources. This time period

was a twenty-year perfection period. Additional changes in the law allowed, at the end of the twenty years, to apply for an extension to the application beyond a twenty-year period. The Utility Department has looked at the current water demand for the City and had increased the water rights the City needed at 3% a year which was slightly more than what the typical growth rate was in Lawrence and was projected over a twenty-year period. The net impact was approximately an additional five billion gallons of water per year that the City would need at the end of twenty years. He said this did not include the contracted rights that we have from the Clinton Reservoir. The reason why they applied was if there was a reduction in contract rights through the Water Office, they would be able to perfect the water rights out of the Kansas River.

Rundle said he appreciated the Utilities Department for staying ahead of these water rights to assure the City never had a loss of water needs.

Dunfield asked for clarification of the term “perfected” as it applied to the Kansas River rights.

Stewart said the term “perfected” meant if the City applied for five billions gallons of water for a twenty year period, then the City needed to show that they could use this amount of water. The Kansas Department of Agriculture looked at all sources available this was Clinton Reservoir and the Kansas River. At the end of twenty years, if the City was only using six billion gallons a year, then the City perfected six billion gallons a year. If the application was for eight billion gallons, the extra two billion falls away and the City would need to reapply for this for the next twenty-year period.

Moved by Henry, seconded by Hack, to approve application for additional water rights.
Motion carried unanimously. **(15)**

Michael Young, Intern Transportation Planner, presented the staff report concerning bicycle parking improvements for downtown Lawrence. He said no members of the Bicycle Advisory Committee could be present, so they asked him to relay some of their concerns. Approximately two months ago the City Commissioner asked the Bicycle Advisory Committee, in

association with the Downtown Lawrence, Inc., to take up this bicycle parking issue and examine several different options coordinated with downtown parking. Staff and the Bicycle Advisory Committee examined cities such as Iowa City, Iowa; Manhattan, Kansas; Madison, Wisconsin; Boulder Colorado and also communities that excel in bicycle planning and parking. When evaluating national standards they found that the National Highway Institutes advised four main goals for bicycle parking which were convenience, visibility, activity, and conflict avoidance. The American Association of State Highway and Transportation Officials, the Institute for Traffic Engineers and the National Highway Institute had published guidelines for bicycle parking facilities which included the following:

1. That a distinction should be made between short-term and long-term bicycle facilities. Short-term facilities should provide convenience and security to cyclist, and be able to accommodate most types of locks. Long-term facilities should also provide convenience and security, but also provide some degree of shelter from the elements and some barrier from theft, such as gate, locker or other type of deterrence;
2. That bicycle parking facilities should not impede any other mode of transportation, especially vehicular and pedestrian movement;
3. Facilities should be accessible, highly visible and as close to business entrances as possible; and,
4. Bicycle-parking facilities should be designed and created on a case-by-case basis.

The K.U. Transportation Center found that there were twenty individual locations for bike racks in the downtown area currently ranging from holding one to two bicycles per rack and up to eight or nine depending on how the bicycles were configured. Secondly, the majority of the racks were City maintained and were located at mid and end block locations and at the River Front Mall and City Hall. There were a few private bike racks off of Massachusetts Street. Third,

the majority of bike racks did not meet the National Standards. The Bicycle Advisory Committee recommended the following:

1. The City of Lawrence develop new policies specifying the type, make, proper location of, and design of bicycle parking facilities Citywide. In addition, specific guidelines should be developed for bicycle parking in Downtown Lawrence;
2. The City of Lawrence should adopt wherever possible a standard which located bicycle parking within 50' of entrances of businesses and public facilities. This standard should be applied to Downtown Lawrence when spaces allowed such parking; and,
3. The City of Lawrence should create a feedback mechanism for cyclist who wish to comment on bicycle issues and or register complaints.

He said the City did have a feed back mechanism on the Planning website that bicyclist across the community could send comments and staff could forward these comments to the appropriate City agencies.

Rundle said this issue originated because of citizens being ticketed for parking bicycles at parking meters. He asked Young whether the Bicycle Advisory Committee came up with an assessment of taking into account unmet needs for parking that were going to be addressed by mid and end block additions of other bike parking infrastructure, or did they take into account the existing practice of using parking meters to fill a large part of the need.

Young said what the Bicycle Advisory Committee found was that the recommended National Standards from Institute of Transportation Engineers and the National Highway Institute recommended that bicycle parking be located within fifty to one hundred feet of building entrances. Their recommendation to the City was to pursue a standard of having bicycle parking located downtown. Staff's recommendation was if it could be done, do it, otherwise re-designate those mid and end block locations as time, energy, and resources a lot. It was likely that people would continue to park where it was convenient to park. The issue would be do we have the

resources to do this versus what was practical. With the mid and end block locations, the City had existing facilities and existing right of ways, but there were other options.

Jordan Lerner said he attended the last meeting when the issue of parking meters was brought up. He said he was unclear as to whether in the interim, before new bike racks were installed, whether citizens could continue to park their bikes by parking meters.

Mike Wildgen, City Manager, said the responsible use of the parking meters was allowed.

Doug Underwood asked if citizens could not park their bicycles on trees downtown, but could park on parking meters.

Wildgen said “yes,” if you park responsibly.

Dunfield said in making it clear, locking bikes to meters was permitted downtown and took care of a big part of this problem. He said, in time, as the City made modifications, Young’s report gave the City Commission a good guide to start implementing. In the interim, he asked if there was a simple way that the City could make it clear that locking bikes to parking meters was accepted legal parking for bikes.

Wildgen said the first report indicated that they needed to update the City Code relating to this issue. Staff would bring a revised ordinance dealing with bicycle parking back to the City Commission.

Moved by Rundle, seconded by Kennedy, to recess for five minutes. Motion carried unanimously.

Commissioner Henry presented the proposed changes to the tax abatement policy, Resolution No. 6343. The Tax Abatement Task Force was comprised of sixteen residents of Lawrence and Douglas County. The Task Force consisted of individuals who had different views of tax abatements, but agreed to serve on the Task Force because they had an interest in the topic. The Task Force met from March 1st to October 2nd and covered all sections of the resolution focusing on sections that dealt with cost benefit and wages. He said they debated on a

number of issues and came to fairly unanimous conclusions and were ready to take action on the resolution.

Rundle said as he looked at the Resolution, the language was not consistent and had a concern about “good”, “average” and “attractive benefits” and suggested that the committee could meet again and to consider these issues.

Henry said “it was possible.”

Mary Davidson, League of Women Voters, said she wanted to read a letter that was sent to Mayor Rundle and the Commissioners from the League of Women Voters. The letter stated that in 1999, after two years of study, the League of Women Voters of Lawrence Douglas County adopted a position on tax abatements. They were pleased to see a review conducted of the City’s 1993 Tax Abatement Policy and thanked members of the Task Force for their efforts in revising the policy. They were delighted to see the restructuring of the Incentives Review Committee to include a member of the local school board. In addition, they approved of the more thorough annual review process recommended, but would like to suggest that specific data, as listed in our position statement, also be collected as part of that review process. It was critical that the City be able to have an accurate historical reflection of the financial impact of all abatements granted. They asked the Commission to consider whether the policy should require that the in-lieu of taxes be adjusted on an annual basis to reflect changes in property values rather than leaving the assessment flat for a ten-year period. The League was disappointed to learn that language in the current resolution regarding an expectation that the exemption could reasonably be expected to make a difference in determining whether the new business under consideration for a tax exemption would locate in the City was deleted. She said the League believed that test was necessary and proper because without it there would be no public purpose in granting abatements. They encouraged the City Commission to consider leaving this language in the revised policy.

Mark Horowitz, Kaw Valley Living Wage Alliance member, said he appreciated the chance to address the Commission. He said he wanted to say a few words in favor of the amendments to tax abatement policy. He said they were proposing to keep people who work for tax abated firms in Lawrence above the poverty line. Specifically his groups amendment stated, "any company that gets a tax break from the City would be required to pay average wages per job category, except in cases where the average wages fall below 130% of the federal poverty line for a family of three." 130% of the federal poverty line for a family of three breaks down to \$9.14 an hour plus benefits, or approximately \$19,000 a year. The added wage floor language would help ensure that not a single worker who works for tax-abated firms actually lives in poverty in our community.

The second amendment dealt with language in the present proposal. It said, "the City Commission could give abatements to companies that pay below average wages, if the company compliments the human resources and/or the technological and scientific capabilities of local high school and college graduates." He said this was vague language and saw it as a loophole and could easily be amended by deleting that part of the policy before you vote on it.

He said there were many reasons to incorporate these two amendments into tax abatement policy. The first reason was the overwhelming support as a community. The second reason was it was a simple amendment placed into City policy and third it was virtually cost free, for both businesses that seek to locate in Lawrence and to the City. There were some concerns about this wage floor language, but suggested that those concerns were based on speculation rather than facts. As for public support, there were organizations such as churches, social services organization, campus groups, labor, and small businesses. He said the Alliance was closing in on twenty-five formal endorsements from various groups around town plus approximately three thousand individual signatures which included their online petition.

He said the proposed tax abatement policy that would be voted on already has average wage language. The policy stated that if a company came to Lawrence or expanded significantly

and received a tax abatement, it would be required to pay its employees the average wage per job category. They were pleased that in this draft proposal that the average wage language was put in. It was clear that the main intent of the Task Force was to ensure that jobs that came here and received tax abatements were good paying jobs and the employees that work for these jobs live above the poverty line. A number of Commissioners have echoed that sentiment that the intent of the average wage language was to ensure that every worker lived above the poverty line that worked for a tax abated firm. There was a concern the average wages that businesses would need to pay, in some cases, were not above the 130% of the federal poverty line. There were a number of job classifications in the Kansas Wage Survey that fell below the living wage. These were industry jobs that were likely to receive tax abatements in the future such, light truck drivers were classified at \$6.62 per hour on average, vehicle and equipment cleaners were listed at \$7.23 per hour on average and packers and packagers at \$6.97 per hour on average. These figures were taken from the most recent Kansas Wage Survey. He said he was pointing this out to emphasize that it was not true that the average wage concept insured that all works that could be employed by a tax abated firm, would necessary be living above the poverty line. The Alliance had prepared studies, and had looked at thirteen companies that had received abatements in Lawrence last year. Of the thirteen firms that received tax abatements, assuming they are paying the wages they projected, there would be approximately 10% of those employees living below the living wages as the alliance defined it which was forty-four employees out of a projected four hundred and fifty jobs. Of those forty-four jobs, thirty-seven of those jobs were not only below the living wages, but were below the federal poverty line for a family of three. He said from their perspective, why let anyone fall through the cracks? Why let City Tax Abatement Policy contribute one poverty level job? The numbers were small, but the principle was a major one. For companies unwilling to pay its workers above the poverty line, then all the alliance was asking was that they should not expect an abatement from the City. Talking with the Tax Abatement Task Force, it was clear the consensus among the group was

that tax abated jobs should be jobs that pay above the poverty line, and the belief at the time was the average wage concept would ensure that. He said seventy cities and counties had passed living wage ordinances and wage floors, and not a single city or county had found it necessary to reverse their policy. In fact, the overwhelming evidence showed that growth in investment in employment was not negatively impacted. On the ground studies, in the cities that had actually passed tax abatements showed that growth in employment was not affected. He said if you pass a living wage ordinance in the City, it would likely contribute to some employment growth because low-income workers were going to have money to spend in the local economy. He said policies that had been passed throughout the country had worked. In the world of economics, it was easy to construct potential negative outcomes. If a company wanted to come to Lawrence and was unwilling to pay its workers enough to keep them out of poverty, all the alliance was asking was that the companies would not expect a tax abatement from the City.

Teresa Thompson, representing the Community Drop-In Center for the homeless, said there was many stances that concerned citizens could take to support the living wage. She said her focus was centered on the rapid increase of homelessness throughout the entire country, but primarily in the City of Lawrence. The full impact of homelessness alone should open the eyes of everyone of why a living wage was essential to the full participants of society. All people had a basic human right to work to have a livelihood and to meet basic needs such as food, shelter within a safe environment and to live in dignity without shame. Within the City of Lawrence, at least 20% of the homeless population who utilize the services of the Community Drop-In Center work. Because of the cost to live in Lawrence, many could not afford housing. We all benefit when we address the problems of being homeless and the inability to participate fully in society. The question she asked herself was what could she do to bring about a change that would impact those basic human rights for all. Without question she supported the living wage campaign because of its benefits it would bring to help our City's homeless population afford to have a decent safe and sanitary housing. On behalf of the Board of Directors, for the

Community Drop-In Center for the Homeless, she said they take a dedicated stand to support the living wage campaign.

Allan Hanson, representing the Lawrence Coalition for Peace and Justice, supported the Kaw Valley Wage allowance and amendments. The coalition was one of the organizations that were involved in the early stage of the living wage movement in Lawrence. He said their brochure was entitled "If you want peace, work for justice." Justice was a matter of fairness. In the mission statement of the City, the four basic principles that the City was committed to were "honesty, integrity, courtesy and fairness." He said he knew everyone there was anxious to uphold those principles. Frankly, he said he must admit some misgivings to the whole idea of tax abatements under fairness because there were questions in his mind as to the degree to which it was fair that some organizations in the community should pay less than their fair share of taxes while other organizations pay their fair share of taxes. Nevertheless, he said he supposed this reasoning had to do with the ends justifying the means and that by doing this the City could gain some greater benefit for the community by allowing tax abatements. This benefit was jobs for the citizens of Lawrence. The next question was what if some of those jobs for the citizens of Lawrence do not allow those workers to make ends meet and was this fair. Having jobs that paid less than living wage put an extra burden on the taxpayers of this community in terms of welfare support and support from other community agencies. He encouraged the City Commission to be true to the principles that they were committed to, encouraged fairness and to pass these amendments.

Sky Westerlund, 1220 New York, said she has been a citizen of Lawrence for approximately sixteen years. Lawrence was promoted as a dynamic town offering big city amenities while maintaining a small town feel. It also further known as one of the fastest growing business markets in the Midwest with a vibrant economy. Among its attributes were a low crime rate, excellent city services, outstanding schools and abundant recreational opportunities. In addition the City's location affords cost efficient transportation and the population size enabled a

positive customer base. Our residents were highly educated, they were educated substantially higher than the State and National averages. She said the City work ethic was promoted even with this magnitude and multitude of features; there were some businesses that wanted tax exemption or tax abatement. The Tax Abatement Task Force has been reviewing and has proposed updated language. However, to achieve the best tax abatement policy for the Lawrence community, this citizen asked the City Commission to adopt the two amendments which required businesses who benefit from the tax abatement to pay their employees at least the average wage for that job or a salary of slightly over \$19,000 per year. The second amendment had to do with removing any language that could potentially be used by businesses that had tax abatements to not pay their employees at least a \$19,000. She urged the City Commission to support passage of the amendments.

Justin Mills, Student Vice President for the University of Kansas, said they were there to voice their support for the living wage amendments. A petition was submitted on August 31, 2001 and he added this petition showed that students of the University of Kansas were concerned about this issue.

Kyle Browning said that a living wage would help make Lawrence better. He read the resolution that was drafted by the Student Senate.

David Burress, economist at the University of Kansas, said he was appearing on behalf of the Lawrence Association of Neighborhoods that supported the living wage amendment to the economic development policy. He said he wanted to discuss the economic development impacts of having a living wage provision. The first question an economist would ask about the policy was justification of whether this was a good idea. He said they had studied what people wanted out of the economic development plan and found that "good jobs" was high on the list. Good jobs were part of the economic development goals for the State of Kansas. The proposed amendment on the living wage stated that people should be paid above poverty level. The next question an economist would ask was, was this enforceable standard. The average wage

standard was not enforceable or practical. The criteria proposed of \$9.14 per hour, was clear and supportable. The final question an economist would ask was what would be the effects on economic development of having such a policy. He said he did not understand why the committee had \$9.14 per hour in their proposal and presented the City Commission with some scenarios.

Debi Moore, Lawrence Chamber of Commerce, said she wanted to commend Commissioner Henry and his Task Force for the number of hours they spent in looking at this abatement policy. This group started out as a diverse group of representatives from the City. They heard from a lot of resources to help them make the decisions that they ultimately came with, that being this recommended policy. The Task Force asked themselves how could the City have a tax abatement policy that was competitive as well as flexible. She mentioned one change from the last meeting that was not in the current draft resolution. She said she recalled Section 3, target objective #3 to read “the average wages and benefits per employment category that meet or exceed the average in the community as determined annually by the Kansas Department of Human Resource Wage Survey.” The Kansas Department of Human Resources did not have that item of “benefits” in their survey. This policy that has been set in place was much more clearly defined than any policy the City of Lawrence has had in the past. She commended the Task Force for providing her office with a more descriptive and much more thorough policy from which to market this community. This policy would be clear to these companies. The KDHR Survey that has been referenced was the only measurement tool that the City had to give them data as it related to wages. The Task Force heard from the Kansas Department of Human Resources about all of the data they collect. After talking to those experts from the State Wage Department, the Task Force ultimately came up with this language of using the average wage. She said setting forth the 1:1.25 combined ratio for cost benefit was in essence raising the bar from prior tax abatement policy. She encouraged the City Commission to adopt this Resolution for tax abatement as presented by the Task Force.

Larry Kipp said he was on the Task Force and the information that the living wage group presented about some of the wage categories being below the \$9.14 an hour average was new information. One of his goals was to try a build in as many protections as possible for taxpayers. The cost-benefit ratio and having a contract between the City and the company was another. The phrase “living wage” was a political hot button and he believed the Task Force did not want to see it in the policy because companies would read that phrase and decide not to look at Lawrence. It was possible, however, to incorporate living wage principles without using the phrase “living wage.” Economically, the City was talking about only a few jobs being impacted. One option would be the initial bar for wages paid but then, in a contract with the company, it could be stated that within three years any jobs that do fall below 130% of the poverty line would be raised to that level.

Kelly Nightingale supported the living wage amendments to the tax abatement policy. She said she worked for Independence Inc., which was a resource center for people with disabilities. Part of her job responsibilities included giving information about affordable housing to people with disabilities. She met with several people with disabilities, three of these people were fulltime workers who were looking for information on how to apply for subsidized housing. They could not afford regular housing because it was more than 30% of their income. When this happens the Lawrence Housing Authority has a waiting list. She hoped that corporations that did not pay a living wage would not be subsidized by the City.

Barbara Carswell, a member of the Tax Abatement Task Force, said the Task Force had worked hard to give thoughtful collaboration to something that was critical to every diverse group in this City. She did not have an agenda when she joined the Task Force. She came to learn and listen and thought it was one of the more educational experiences that she has had in years. One thing she wanted to emphasize to the City Commission and the public was that they did not throw out the notion of “living wage.” She said they worked long, hard and steadily. She said they were given a task that said decide primarily if there should be a tax abatement policy and if

so, what was the fairest most objective most thoroughly thought out and accountable policy that they could come up with. One of the Task Force members was from Sauer-Danfoss which was a business in town that has received tax abatements in the past. The Task Force leaned heavily on this Task Force member to give them information about the types of jobs at Sauer-Danfoss and were there any jobs under \$9.14. As a result of Sauer-Danfoss competitive businesses on Massachusetts Street had increased wages. She said Sauer-Danfoss employed persons with disabilities and these jobs did not show up on the Wage Survey. She said they had heard from the Coalition of Peace and Justice, the Community Drop-in Center, Independence Inc., and the Living Wage Coalition, all of whom had exceedingly vital and true perspectives. All sixteen member of the Task Force looked at all the different perspectives. The Task Force gave a lot of thoughtful process into trying to make objective, fair, honest and to look at what would benefit economic development, the quality of life in Lawrence, the persons of low income, the tax base and structure and through the process she said she has learned a lot more.

Marilyn Bittenbender, 5209 Deer Run Circle, said she worked in the economic development arena through her business in commercial real estate and talked to a number of companies within the state and around the country hoping to attract them to some of the properties they were marketing in Lawrence. She said the City did not want anyone in Lawrence to not at least receive a living wage. Where we differ was on how we achieve that. As she listened to the comments a prevailing premise seemed to be that we would talk to these companies that were coming to Lawrence to require them to pay these wages if they were to receive a tax abatement. The first part was critical, it assumed that they get here to give us a chance to talk to them. That was a fallacy in the economic development climate. She explained to the City Commission how economic development worked. She said the City needed to look at this policy in a way to eliminate any red flags and look at what kinds of things the City could do for incentives. She encouraged the City Commission to adopt the tax abatement policy as recommended by the Task Force.

Mayor Rundle stated, due to the length of the meeting, he would agree to defer his requested discussion of Code Enforcement resources to a future meeting.

Danette Seymour, 1442 Brighton Circle, said she did not work in Lawrence because of the wages. Wages were so low that it would not benefit her and the community to go to work. She said they lived on Social Security Survivor Benefits. She said if she was to get a job she would need to make over \$9.00 an hour. She supported the living wage amendments.

Julia Gilmore-Gaughan said as a student in this community who managed to work full time between her two jobs, it would be great for everyone to have the opportunity to receive a living wage. She said she realized people talked about how college students bring down the wages in Lawrence, but college students also needed to make money because not everyone lived off their parent's money. She said most people leave here with enormous debt such as credit card or financial aid debts. She asked the City Commission to take the living wage into consideration, not just for the students, but also for the people of Lawrence.

Stephanie Larsen, Kaw Valley Living Wage Alliance, she said she had seen a lot of people who were called the working poor. People who did not have enough money working in their position to be able to meet basic needs such as childcare, shelter, food, and clothing. This was one of the reasons why she was involved in this movement. Larsen said initially she did not like the idea of tax abatements, but as she looked at this issue, she thought businesses needed help at times and communities needed help to lure in these businesses. She did not want to advocate any kind of policy that would hamper the City of Lawrence. However, she would like the City Commission to consider a few facts and key ideas that dealt with what was going on in our community and what we wanted to see happen. She previously resided in Topeka and ten years ago she chose to move to Lawrence because it was a far better place to live. Lawrence was a desirable place to live, along with a desirable place for businesses to locate. The City had one of the best-educated labor forces in the State. Businesses stay in our community not because of tax abatements. When people made arguments about how we did not want to

impede the market system, the free market did take care of some things, but when you were talking about tax abatement policies, you were violating the rules of the free market. One of the unfortunate outcomes of this being such a desirable City in which to live was that it cost more to live here. Housing was considerably more expensive than it was in other cities in Kansas. Lawrence needed to look at providing some kind of wage floor such as \$9.14 an hour plus benefits, and encourage businesses to pay the average wage.

Jim Roberts, Member of the Tax Abatement Task Force, said he wanted to reiterate something that had been brought up about the amount of time that the Task Force put in on this issues and the number of people and the amount of data they listened to. None of the decisions made were in haste. For example, regarding encouraging economic development in Lawrence and Douglas County, looked at the life science initiative that was going on in Kansas City. If you look at a map for the Kansas City Area Development Council they had fifteen counties that were included and Douglas County was one of them. If you look at this life science effort and the universities that were the research arms of the life science effort, you find there was no one close to the University of Kansas in terms of research effort. Roberts said an interesting fact that some people tend to overlook was that almost 46% of the life science research that was done at K.U. was done on Lawrence campus with the remainder being done at the Medical Center. The point he was making was that Lawrence could benefit tremendously from the research that was going on at K.U. If the Kansas City region developed into a major life science center then Lawrence stood to benefit along with other towns in this area. One of the leaders of the Kansas City life science effort was quoted "Lawrence was a business unfriendly town" and was bothered to hear that statement because it was something that the City of Lawrence did not want. The Task Force tried to create a situation where the City could go after good companies that could be beneficial to the community, but needed to meet a certain set of standards. He said he encouraged the City Commission to adopt the policy that the Task Force labored for over six months.

Moved by Kennedy, seconded by Hack, to extend the City Commission meeting until 10:30 p.m. Motion carried unanimously.

Bo Harris, owner of Harris Construction Co., said he encouraged the City Commission to adopt the resolution as proposed by the Task Force. As a contractor who had been fortunate enough to build most of the commercial/industrial facilities recently, he said the policy as written was well done and was a balance of what Lawrence has to offer and what it did not.

Melinda Henderson, Lawrence resident, said she attended all but one of the Tax Abatement Task Force meetings and appreciated the time, effort, and thought that was put into the creation of this policy. There were several revisions that she thought were definite improvements to this policy, primarily the restructuring of the Incentives Review Committee. She said she believed the annual review process has been strengthened from what it was previously. She said the League's policy position statement had some good suggestions. Henderson said she had a few concerns about the policy recommendations as it stood now. One concern was about the language regarding benefits. She said the Kansas Wage Survey did not provide data on benefits so that part of the policy needed to be cleared up. There was an attempt made to qualify what an "attractive" benefit was, if they offer health insurance or retirement plans. If the company did not meet the cost benefit ratio it was acceptable to grant an abatement if the company offered good benefits. She had a concern that future Commissioners were not going to understand the difference between an "average" benefit, an "attractive benefit" or a "good" benefit in case the targeted objectives were not met. As far as amending the policy to include the living wage language, she said the amendments were consistent with Horizon 2020's chapter on economic development. She said she would like to see the City remain in compliance with Horizon 2020 with the living wage. She also mentioned that it was mentioned earlier, the combined one to one point two five cost benefit ratio would be considered raising the bar for a company applying for abatement. When looking at the last eight years of abatements that were granted and most of them were still in effect today. She looked at the combined cost benefit ratio

of all of these abatements. Henderson said she was not convinced that one point two five was significantly raising the bar, but was glad to see that the cost benefit ratio was in as a target objective.

She said there was a concept called “anti-relocation” or “recapture language” that she would like the City Commission to consider. Basically what this did was to provide language to insure that if a firm that has received abatement, leaves town within the fifteen year period of the cost benefit analysis, that there would be language provided to recapture the taxes that were abated. It would be used as tax peer protection. She did not see a lot of creativity shown with companies to provide more than just capitol investment. Recently the Labor Force Survey was completed and 40% of employers surveyed said they saw availability of childcare as a barrier to employee productivity. She suggested some sort of extra insensitive to provide a day care for example. She said a thorough historical review of the abatements that had previously been granted had not been done. Henderson said she would like to recommend to the City Commission that this Resolution be referred back to the Task Force with recommendations to clear up the confusion about benefits, reconsider the proposed living wage language based on Horizon 2020, provide taxpayer protection in a form of an “anti-relocation” or “recapture language”, and research other potential incentives to encourage the distribution of the benefits of abatements through out all sectors of the community instead of just relying on the capitol investment from businesses.

Bill Sepick, Lawrence Chamber of Commerce, said this discussion was not just attaching an amendment to a Tax Abatement Policy. He said the people that were here were committed, passionate, and dictated to this issue. They had a vision that was not going to stop at forty-four people that were affected by the Tax Abatement Policy. Next, he said the City Commission would be asked to consider why City government; County government, University or the School District was not paying a living age. He asked the City Commission to look down the long road and the fact that this would be a reoccurring issue. He asked the City Commission to shut the

door and say the Task Force went through the proper process and came up with the proper product and the City should endorse it.

Pat Slick, Public Transit Advisory Committee, said they changed their work when a certain individual approached them with something better. He said he would like the City Commission to consider what would be good for Lawrence and perhaps adopting this living wage language would be good. Slick said when looking down the long road you did not want to be looking at families in poverty. A lot of the people who were riding the City buses were at the bottom of the wage scale. He said this community should not be fearful of paying a just wage to hard working people.

David Smith, Kaw Valley Living Wage Alliance, said the City was considering a tax abatement policy put forward by the Tax Abatement Task Force, and amendments put forward by the living wage group. The living wage group was in no way in opposition to the Task Force, nor do they view the proposal put forward as being contrary to the spirit of the Task Force's proposal. He said the living wage group attended every meeting of the Task Force from early June to the end of the process in October so they understood as well as anybody how much effort went into the process. He said they were pleased with the discussion revolving around the concept of the average wage. They believed that for a large percentage of the jobs that would be covered by tax abatements, average wages were the right approach. The average wages in many job classifications were twelve to fourteen dollars an hour. Those wages above \$9.14 were appropriate. He said they were not speaking in opposition to the spirit of the proposed resolution. Since the Task Force seeks to raise everybody who worked for a tax-abated firm out of poverty. In principle why not guarantee it by establishing a wage floor. They were not concerned about language they were concerned about people that fell through the cracks. The concern of the Task Force was the same as the living wage group which was keeping people who worked for tax abated firms out of poverty. He said they did not know what the odds were of people falling through the cracks. Smith addressed a couple other points. First, they were

proposing nothing more and nothing less than a wage floor of the \$9.14 per hour for people who work for tax abated firms. The fact that nearly close to 100% Lawrence citizens would take time to come to the City Commission to make it clear that they were in favor of keeping everyone who worked for these firms above the poverty level spoke for itself. Kaw Valley Living Wage Alliance was not aligned to support a half dozen living principles, they had one point that they agreed on and disagree virtually on everything else. The average wage was good in a large majority of cases but was not good enough as City policy, because it would leave certain people in poverty. Smith said most of the objections they have encountered in the past had been hypothetical objections that something bad might happen if they adopt this wage floor in addition to the average wage. There were seventy cities and counties around the United States that had made the decision to enact wage floors. In addition to what the Task Force proposes, in cases when average wages benefits in a specific employment categories fall below the level necessary to sustain a family of three at one hundred and 30% of the federal poverty level companies would be required to pay a wage sufficient to sustain a family of three. In 1994 the first policy, the type they were proposing was passed, since then, sixty-nine more have been passed. None of the cities and counties that have taken this step had reversed course. None had regarded this as a failed experiment and that their City was red flagged by a computer database that scared businesses away. Smith said he would be stunned to discover that Lawrence experienced losses that the other seventy cities had not experienced. He urged the City to consider these amendments entirely in keeping with the spirit of what the Task Force was proposing.

Moved by Dunfield, seconded Kennedy, to extend the City Commission meeting until 11:00 p.m. Motion carried unanimously.

Lou Phillips, a Task Force member, said their group studied and debated and tried to make decisions that they felt were in the best interests of the entire community and no particular group within the community. He said they were faced with looking at what ways to attract industry, which brought up the next question, why we wanted to attract industry. Phillips said

there were two reasons that came out of their deliberations and knowledge gained. One was to create jobs and the other was to have an impact on the City's tax base. In 1994 and 1995 research indicated that the people that were working in Lawrence and traveling to other cities to work, was 16% of the workforce. Those leaving Douglas County were now 22%. He said this suggested that the jobs created in Lawrence were not keeping up with the population and the need. Several hundred young people graduating from high school in the Douglas County area that were not going on to college and the City needed to be able to provide work for them as well as everyone. In the area of taxes, industry, even with 50% tax abatement, paid more taxes per dollar of assessed value than did residences. The information given, based on real estate valuations, was that commercial properties, including industry, had 14.5% of the appraised value, but paid 31.7% of the taxes. If the City did not have industry, the tax burden on any individual would go up. One of the groups that was not represented was the elderly that were being forced out of their homes by higher tax rates. Anything over a U.S. standard minimum wage was something that went into the dossier which goes out for industry to consider. Many of the decisions were made based on paper and the information that was passed out. The number of people that would be impacted by the living wage versus the average wage in Lawrence was a relatively small number of people, but the number of people that would be impacted by higher tax rates and the lack of job was a much larger number of a group of individuals. It was important to put this in perspective as to the overall impact both on taxes and on jobs. Another area was the fact that we had tried to leave some degree of flexibility for the City Commission and to make a judgment call if there was a company that came in with an unusual set of circumstances that did not fit all of the objectives, but were way over board in some of the other objectives. We could not see 100% of things that might come up. Phillips said he recommended and hoped the City Commission agreed with the recommendations given by the Task Force.

Rundle said there were some things that needed to be cleaned up in regards to the language. He understood that the City was working hard to try to make sure that we had good

clear policies for implementation of tax abatements once granted so there were no further confusions. Rundle thanked the committee for the time spent on the policy and acknowledged the positive improvements such as the performance agreement, improving the structure of the Administrative Review Committee, and making our annual review more thorough. He said he had no doubt that the committee had a lot of thoughtful dialogue. He did not want the committee to take offense, but he did not think we, as a City, utilized the research that was available. He said we did not look at the data on the abatements that were granted to date, it might be irrelevant to the decision, but it was something that needed to be done in the future, along with making sure we had good implementation policies. The annual review needed to capture more data. The confusion over benefits was something the committee needed to improve or the City Commission needed to address. There was a reference to benefits in the policy, yet there was no tool out there for being able to make comparisons. He wanted clarification on what “good” benefits, “average” benefits and “standard” benefits were. He suggested eliminating the reference in the policy to benefits, or clarify where it was coming from.

Rundle said he was troubled with the “escape clause” in the last paragraph in Section 3. He said he would like to see a base wage. He did not see in the Task Force minutes where we refer to the communities that were visited that had no tax abatements and how they managed to overcome this insurmountable odd and still were thriving and attracting firms.

Regarding the first amendment recommended by the Kaw Valley Living Wage Alliance, Rundle said there should be data out there that showed this kind of language would cause some of the things that were being predicted by the opponents of the living wage. He also said he would like to see the anti-relocation clause added. Further, there were some good recommendations from the League of Women Voters in terms of making sure if we had in-lieu of tax payments that they were not set flat, but they had some kind of increase tied to inflation. He said he had a concern about the statement that the City was “a business unfriendly community.” During the study session, there were specific things that could be assessed and measured such

as if our state property tax rate was higher than other states. Those people who make surveys and find states or “a business unfriendly community” had concrete things that we could work on as a state to improve on and we could identify and try to work as a community. Rundle said he thought the City was not “a business unfriendly community” or we would not have continued to grow, thrive, and attract both residents and businesses to our community. The flexibility was within the policy. This was not a resolution that mandated that if our economy went bad and a company had financial reverses that the City would immediately demand that they pay taxes or the City would foreclose on their property. We need to assume that the elected officials were going to be responsive and responsible.

Commissioner Hack said she wanted to thank Commissioner Henry and the members of the Task Force not only for the work they did, but the way discussions were handled and decisions were made. She said she was always concerned about education and the Task Force served to educate our community on what tax abatements were and what they were not. She appreciated the positive cost-benefit ratio, the partnership of the City, County, and Chamber of Commerce, sharing their commitment and encouraging existing businesses to expand, assisting new startup businesses, encouraging high tech companies to locate in Lawrence, encouraging training of current employees and looking for businesses that would be good corporate citizens. The Incentive Review Committee was a terrific tool and the expanded membership which included among others, City, County and School Board representation. It was not only a review of the application, but regular review with compliance of the policies. She said she was not in favor of a living or base wage for tax abated firms because she did not think those acted in isolation. She thought the living or base wage had an effect on existing companies and their workers and did not see this as positive. As the Task Force stated, they wanted this to be a competitive policy as well as being flexible. If you look at the minutes of the last Task Force meeting, the last paragraph stated “there was a motion to approve the draft Resolution and favorably recommend this to the City Commission.” This motion was adopted unanimously.

Amendments like those proposed this evening chipped away at the community base support which the Task Force worked so hard to get. She supported the proposed tax abatement policy.

Dunfield said he agreed that the Task Force had done a good job and he respected and appreciated all of the effort from all of the members. It was not disrespectful of a Task Force of this type to suggest some alterations to their conclusions. He said the City Commission was the elected body and this was their decision to make. They take the best advise that they could get including public meetings as well as Task Forces and committees and City staff and it was the City Commission's job to look at all these points of view and try to make the best decisions that they could. At the same time, he said he was hesitant to ask the Task Force to get back together after all of the efforts they had put in. As far as some of the specifics of language about benefits, staff was capable of clearing up any ambiguities or conflicts there might be in that area. A tax abatement policy was a bunch of carrots that the City wanted to use to get companies to come to our community. One question was did the City need that bag of carrots. As a community, the consensus seemed to be that we wanted to have these tax abatements available. Personally, as he looked at the particular carrots lined up, there were a few that he would not have thrown in the bag. He was not sure the 1: 1.25 ratio was really raising the bar high enough. He was not sure the City should not have a relocation clause, after all, if a company came in and used our infrastructure and took advantage of our school system and we abate taxes to them and they remain healthy and walk away from the community without meeting the timeframe that gave us the benefits we look for in offering the abatement in the first place, he thought it was a serious issue. He did not know that he agreed with going over a 50% tax abatement at any time.

Dunfield said because he knew this Task Force has put a lot of time and effort into this policy and because he knew achieving the consensus on every individual issue was difficult, if not impossible with an issue of this sort, what he wanted to suggest was that we accept the recommendation of the Task Force with the single exception of the language concerning wages and benefits not falling below 130% of the federal poverty level. He said we already have in the

proposed language a base wage which was defined in this document as “average wages and benefits per employment category.” He suggested modifying this language to guarantee that we as a City were not subsidizing poverty level jobs.

Commissioner Kennedy said he had a family business in town that has been here for fifty years and would probably never get one of those carrots and they did not want one of those carrots because they were family based, hard working, and homegrown. What this involved was the City needed to have something for our community to build our economic tax base. To be able to build our economic tax base for this community we needed to increase our capacity to draw new and good jobs to our community. Resolution No. 6343 was a resolution establishing the policy and procedures for tax exemptions and incentives for economic development for the City of Lawrence. He said his business would continue to grow even if they allowed incentives and tax abatements to these companies. As his business grew, he knew that they needed other business to come into town and grow also and with that each one of these businesses that were going to be coming to this community would have the right through this resolution to ask the City to increase our tax base and to provide jobs for our community. If we did not have a resolution and an established procedure and policy to give to our economic development groups that were working to bring new businesses to town, we would be faced with bigger taxes all the time because Lawrence would become more and more of a bedroom community. He wanted to see more business come to town, increased economic development, and the way we needed to do that was by approving Resolution No. 6343 as written.

Commissioner Henry said he was present at all the Tax Abatement Task Force meetings and knew how hard the members of this force worked and how thoughtful and considerate they were when they looked at every aspect of the resolution. They came from different places and came together on the final analysis. There was vigorous debate at each of the meetings and would come together with a consensus. The conclusion was the recommended language of Section 3, Item 3, stated that the targeted objectives the City was looking for in new and

expanding businesses were average wages and benefits per employment category that “meet” or “exceed” the average in the community as determined annually by the Kansas Department of Human Resources Wage Survey. He said they had representatives from KDHR here to present information to the Task Force. In terms of research, they also looked at tax abatement policies of other communities with a view toward incorporating some of these into the City’s tax abatement policy. In regard to the second proposal of the Living Wage Alliance, at the meeting of July 17, 2001, the Task Force again unanimously agreed that the language in the last paragraph of Section 3 be amended to read as it now did. The new language was prefaced by the statement that it was the City’s goal to attract a wide variety of jobs that utilize the full range of skills and educational levels possessed by Lawrence and Douglas County residents. This intent was to allow a property tax exemption to companies that offer good benefits and/or complement and “build on” the human resources and the scientific and technological capabilities of graduates because they were concerned as a Task Force about training our work force and having companies come to our community that would provide training for the work force to improve their skills. The company would hire these people at an acceptable wage knowing that they would be trained and would quickly move into better paying jobs. The Task Force was a citizens group that clearly, thoughtfully and thoroughly considered each of the sections of the resolution that was before the City Commission for approval. For seven months the Task Force questioned every aspect of this resolution and in the final analysis they agreed on it and he believed the Task Force produced an excellent document. The work of this Task Force needed to be respected and supported. This was good for the community. The salaries and wages would continue to increase through market forces that were made evident and clear to us by one member of the Task Force who had a business in Lawrence. He supported the adoption of Resolution No. 6343 with the one exception of deleting the references to “benefits” in Section 3, target objective No. 3.

Rundle said he wanted to end on a positive note. He wanted to approve this policy and move on. He wanted to acknowledge and appreciate the improvements that had been made. He appreciated what Debi Moore (Lawrence Chamber of Commerce) had said that we now had a policy that was clearer and more thorough, but that it did not take anything away from anyone to acknowledge one of the motto's of an organization of our community youth, the 4H Club, "To make the best better." It was vane to think we had the absolute policy and we could not improve this policy based on input from other people in the community. He was sure this would be an on-going topic of discussion in future commissions and elections.

Rundle said he said he would go through the formality of entertaining a motion to incorporate what he thought was something for the taxpayers which was the base wage. This policy was not just for businesses, this was for the wage earners of our community and he did not know how you could fail to acknowledge the high cost of living in Lawrence.

Rundle mentioned the topic of affordable housing that the City has failed to address and he hoped to be actively involved in trying to solve that problem. He did not see the problem of making this base wage as it was proposed and would like to have a motion to incorporate that one item.

Moved by Dunfield, seconded by Rundle, to approve the proposed tax abatement policy and adopt Resolution No. 6343 with the single amendment No. 1 as proposed by Kaw Valley Living Wage Alliance. Aye: Dun field and Rundle. Nay: Hack, Henry and Kennedy. Motion failed. **(17)**

Kennedy said in good confidence he could not add an amendment to a resolution that a group of hard working Lawrence and Douglas County individuals had worked on. He said an amendment might happen if the City found out this resolution was not working to benefit the City of Lawrence. At this point, he recommended adopting Resolution 6343.

Moved by Kennedy, seconded by Hack, to approve proposed Resolution 6343 as presented, except target objective #3 in Section 3 was amended to read, "average wages per

employment category that meet or exceed the average in the community as determined annually by the Kansas Department of Human Resources Wage Survey." Motion carried unanimously.

(18)

Rundle said he was going to support this motion because he wanted to move on. He thought it was interesting to have the Health Research Initiative brought up from the Kansas City area. Too much time was spent on focusing on tax abatements and trying to draw firms into the community with some tool that might be totally irrelevant. He thought the City Commission should find a focus for the City's economic development efforts to go after some of the things.

Dunfield said he would also support this motion because he thought the Task Force's proposal was quite superior to the policy that it would replace. He also said no policy was permanent and that we had better means of judging how this policy worked and over the years would no doubt be revisiting this policy again.

Moved by Dunfield, seconded by Hack, to extend the City Commission meeting until 11:10. Motion carried unanimously.

Larry Kipp said one of the things discussed at the end of the Tax Abatement Task Force meeting was the possibility of looking at other incentives. He looked at these incentives as basically trying to lure in outside companies that have their home office some place else. The one thing he did not want to see Lawrence become was a branch office town. He did not think it was good for the community because a town was much better if it was a home office town. Another part of incentives that needed to be looked at was trying to figure out what the City needed to do to help entrepreneurs and small businesses getting started to get their feet off the ground and these were mainly companies that did not fall under a constitutionally qualified companies to receive abatements. These were other kinds of companies such as retail or something else that did not qualify for the tax abatement policies under the Kansas Constitution. He said Commissioner Henry said this was incumbent upon the City Commission or the Mayor to establish a committee to do this.

Rundle said incentives were just a small piece of this. There was a general consensus among the Economic Development Advisory Board and other groups that focus on this that we needed to assess our strengths and come up with a clearer focus and goals for economic development.

Henry said it was important to carry on with this issue to keep the momentum going.

Marci Francisco, 946 Ohio, said the City Commission had talked about many issues such as rezoning, bicycle parking, and one that we all needed to face and that was the issue of tax abatements. Her concern was there seemed to be some agreement about taking out the reference to benefits. She said everyone got wrapped up in and were we either in favor of this amendment or were we against this amendment, but that we did not go back and do some of the housekeeping things that would be practical to do so that when someone looked at that, we did not have language that made sense. She asked the City Commission if it was possible to make a motion and cleanup some of the vague or unnecessary language right now.

Rundle said he hoped staff would take a good look at this and give the Commission any kind of insights they had. The wage survey was becoming less useful because there were fewer and fewer job categories. He said he was expecting shortcomings like this to be brought to the City Commission.

Hack said part of this was semantics such as where it talked about attractive benefits and that portion was to be eliminated. The term "average" she thought was a statistical look, whereas "good" benefits and/or so it was paired with other benefits or looking at the employer's total benefits. She said she understood the confusion and that to her was the housekeeping that needed to be addressed.

David Corliss said Francisco's idea was a good one and the change to Section 3 target objective No. 3 was discussed and clarified.

Moved by Dunfield, seconded by Kennedy, to adjourn at 11:10 p.m. Motion carried unanimously.

APPROVED:

Mike Rundle, Mayor

ATTEST:

Frank S. Reeb, City Clerk

COMMISSION MEETING NOVEMBER 13, 2001

1. Bid – Police Dept, 9 Crown Victoria police cars from Laird Noller for \$178,821.90.
2. Bid – Police Dept, 3 Crown Victoria detective cars to Laird Noller for \$60,174.30.
3. Ordinance No. 7444 –1st Reading, Annex 2.95 acres, N of W 15th, W of Research Park Dr.
4. Rezoning – (Z-06-24-01) 14.226 acres, M-1 to RM-D, N of 15th & W of Wakarusa.
5. Rezoning – (Z-06-25-01) 17.195 acres, RS-E to RM-D, N of 15th & W of Wakarusa.
6. Rezoning – (Z-06-26-01) 3 acres, A to RM-D, N of 15th & W of Wakarusa.
7. Sub-Lease – YSI, allow expansion of 24 acres for additional soccer field.
8. Municipal Judge – Randy McGrath
9. City Facility – Prospective tenant at 2550 N 7th, GUT Works L.L.C.
10. Approved the appointment of Dr. Mark Praeger and Scott Bailey to the Lawrence Memorial Hospital Board of Trustees
11. Financial Report – First 9 mo. Of 2001.
12. Percent for Art Project.
13. Old West Lawrence, rezoning certain property from RM-D to RS-2.
14. Prelim Dev Plan – Home Depot, 31st & Ousdahl.
15. City Water Rights.
16. Bicycle Parking – Downtown.
17. Resolution No. 6343 – Tax Abatement Policy