



# City of Lawrence

DAVID L. CORLISS  
CITY MANAGER

City Offices  
PO Box 708 66044-0708  
www.lawrenceks.org

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

CITY COMMISSION

MAYOR  
MIKE AMYX

COMMISSIONERS  
JEREMY FARMER  
DR. TERRY RIORDAN  
ROBERT J. SCHUMM  
MICHAEL DEVER

February 17, 2015

The Board of Commissioners of the City of Lawrence met in regular session at 5:50 p.m., in the City Commission Chambers in City Hall with Mayor Amyx presiding and members Dever, Farmer, Riordan and Schumm present.

**A. Joint City/County/USD Study Session:**

1. Received briefing from KDOT representatives on K-10 project (Update on eastern leg and plans for western leg).
2. 2015 State legislative update and discussion.

**B: RECOGNITION/PROCLAMATION/PRESENTATION:**

1. None.

**C. CONSENT AGENDA**

**It was moved by Schumm, seconded by Riordan,** to approve the consent agenda as below. Motion carried unanimously.

1. Approved City Commission meeting minutes from 01/13/15.
2. Received minutes from various boards and commissions:  
  
Aviation Advisory Board meeting of 09/24/14, 10/30/14, and 12/11/14  
Horizon 2020 Steering Committee meeting of 01/26/15
3. **PULLED FROM THE CONSENT AGENDA FOR SEPARATE VOTE.** Approved claims to 311 vendors in the amount of \$1,757,771.38.
4. Approved licenses as recommended by the City Clerk's Office.

**Drinking Establishment**

Milton's December 15, 2014  
901 New Hampshire LLC  
901 New Hampshire

**Scrap Metal Dealer Registration**



AAA Old Man Recycling, LLC New License  
Daniel D. Bailey, Sr.  
501 Maple St.

5. Approved appointments as recommended by the Mayor.

**Historic Resources Commission:**

Reappoint Aaron Bailey to an additional term that would expire 03/01/18.

**Human Relations Commission:**

Appoint Martha Taylor (785.841.3328) to a term that expires 09/30/17.

**Lawrence Arts Commission:**

Appoint Katie Dinneen (785.841.6271) to a term that expires 01/31/18.

**Mechanical Code Board of Appeals:**

Reappoint Laura Blanchard (785.832.1105) and Chris Champagne (785.887.3967) to additional terms that would expire 03/31/18.

**Sustainability Advisory Board:**

Appoint Jackie Carroll, Karen Lewis, and Sharon Ashworth to terms that expire 12/31/16.

6. Bid and purchase items:

- a) Approved the sole source purchase of one CINT Commander System and the 836 Tactical Phone (Deployable Telephone System) for the Lawrence Police Department, from 836 Technologies, for \$27,249.
- b) Approved the purchase of static shelving for evidence storage for the Lawrence Police Department from Southwest Solutions, utilizing the State of Kansas Contract #4056, in the amount of \$23,766.07.
- c) Approved the sole source purchase of 27 desktop computers for the Lawrence Police Department from Dell, utilizing the State of Kansas Contract #WN10ACA, for a total cost of \$27,697.39.
- d) Approved the sole source purchase of 15 Motorola MW810 Mobile Data Computers for the Lawrence Police Department from Topeka FM, utilizing the State of Kansas Contract #28440, for a total cost of \$65,754.

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

- a) Ordinance No. 9082, approving the Special Use Permit, SUP-14-00509, a multi-use facility that includes the following: Personal Improvement and Limited Manufacturing and Production uses, located at 512 E. 9<sup>th</sup> Street.
- b) Ordinance No. 9083, for Comprehensive Plan Amendment (CPA-14-00516) to *Horizon 2020: Chapter 14 (An Area Plan for the Intersection Area of West 6th Street & Wakarusa Drive)* to revise the maximum retail cap from 127,487 square

feet to 137,490 square feet to permit a commercial/retail development, located at 525 Wakarusa Drive.

- c) Ordinance No. 9084, to rezone (Z-14-00515) approximately 2.982 acres from CO (Office Commercial) District to CC600-PD (Community Commercial with Planned Development Overlay) District, located at 525 Wakarusa Drive.
8. Approved a Text Amendment, TA-14-00534, to the City of Lawrence Land Development Code to create a use group for short-term loan or car title loan business, or similar business, and establish standards. *Initiated by Planning Commission on 11/17/14.* Adopted on first reading, Ordinance No. 9085, for a Text Amendment (TA-14-00534) to the City of Lawrence Land Development Code to create a use group for short-term loan or car title loan business, or similar business, and establish standards. (PC Item 5; approved 8-0 on 1/26/15)
9. Approved Preliminary Development Plan, PDP-14-00511, for Hutton Farms West Phase II, located on 16.4 acres on the north side of Peterson Road between Daylily Drive and Wilma Way. The plan included 87 units of duplex and detached residential units. Submitted by Paul Werner Architects, for North Forty LC, property owner of record. (PC Item 1; approved 8-0 on 1/26/15)
10. Approved revised dedications of right-of-way and easements for Final Plat, PF-14-00143, for Kellyn Addition, located at the northwest corner Queens Rd & Overland Drive. Submitted by Grob Engineering Services, for Prairie Rose Holdings LC, property owner of record.
11. Authorized staff to relocate the City watermain on 9th Street between New Hampshire and the alley to the east (Rhode Island). This project was necessitated by the apartment complex (North Lofts project) beginning construction at the northeast corner of 9<sup>th</sup> and New Hampshire.
12. Received 2014 annual system development charge report from Utility Department.
13. Authorized the City Manager to execute a contract with the law firm of Fletcher, Rohrbaugh & Chahine to continue indigent defense services in municipal court for an additional two years.
14. Approved as sign of community interest, a request from Pilot Club of Lawrence to place a temporary directional sign at 1600 E. 23<sup>rd</sup> Street from February 21-22, 2015.

Amyx pulled consent agenda item no. 3 regarding claims for a separate vote.

**Moved by Schumm, seconded by Dever,** to approve non-Rock Chalk Park related claims to 306 vendors in the amount of \$1,736,777.85. Aye: Amyx, Dever, Farmer, Riordan and Schumm. Nay: None. Motion carried unanimously.

**Moved by Schumm, seconded by Dever,** to approve Rock Chalk Park related claims to 5 vendors in the amount of \$20,993.53. Aye: Dever, Farmer, Riordan, and Schumm. Nay: Amyx. Motion carried.

**D. CITY MANAGER'S REPORT:**

David Corliss, City Manager, presented the City Manager's Report regarding January Monthly Permit Reports; December 2014 Rental Licensing and Inspection Report; Oread Design Guidelines; 2014 Utilities Field Operations Annual Report; and, LDCFM recognized Haskell University partnership with vehicle flag.

Farmer asked, "On the rental licensing report, at what point does the City Commission involve, you've got 6 cases, the same unit, 61 to 90 days, at what point does it come before this body to rectify?"

Scott McCullough stated, "As we noted, that particular case, we granted an extension for extenuating circumstances so through our processes in the Ordinance, if we weren't getting compliance, we would seek our relief in legal means."

Amyx stated, "Dave, thank you for mentioning the flag and the support for Haskell and Fire/Medical and all the work that they do in the support of Haskell. Also, the flag worked pretty good on that new quint. Good equipment."

**E. REGULAR AGENDA ITEMS:**

1. **Considered adopting on first reading, Ordinance No. 9086, establishing the revitalization area and approving the NRA plan, and consider adopting Resolution No. 7104, authorizing Industrial Revenue Bond (IRB) financing for the purpose of accessing a sales tax exemption on project construction materials.**

Schumm withdrew comment at 6:00 pm.

Amyx stated, "We have received additional information this evening and throughout the week. Last week we held the public hearing and I know that I visited with the applicant and there's been additional information there and we may give additional time for both the applicant and folks who wanted to speak to this item, even though we did do the required public hearing

from last week. I just want everyone to be aware of that. At this point, any additional information from staff?"

David Corliss, City Manager, stated, "I think Commissioners, if it's valuable, Britt can at least update the information that has been added to the agenda item so that you could see some of that and understand what we've provided since last Tuesday, if that's helpful."

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

Amyx stated, "It would seem to me that the evaluation that you did was just on the standalone addition that has to be built and it didn't take into consideration any of the efficiencies, I think, as they called them last week, between having a common kitchen and common desk and all the things that go along there and then there is a value. It seems to me there's a value between having a hotel that is 48 rooms versus a hotel that is 100 rooms. It seems like the position. One, it becomes a very valuable piece of property. You say that we would have to go to an outside agency to do that just because of the expertise that's needed to do that?"

Crum-Cano stated, "Now, as far as just the cash flow analysis goes, not taking into consideration the valuation of the property, it appreciating, depreciating overtime, what they would potentially sell for in the future, all that is covered in an internal rate of return analysis which, again, we would need to go to outside experts. In terms of just actual cash flow, the cost of running that project versus the revenues it would generate, there were two scenarios that were first analyzed. One was if it was a standalone project and there were no efficiencies realized, then the second scenario was if there were efficiencies, kind of a best case efficiency scenario. Staff took the average of those two and that's what was presented to you in the presentation. Now all that analysis is in the technical report but I felt by taking an average we were getting somewhere in between. There's no way to know for sure how much efficiencies they can gain but, yes, the average of those 2 does incorporate some level of efficiencies. The applicant can

also speak to how they provided that data and how they estimated efficiencies, if you would prefer a more detailed information on that.”

Amyx stated, “As we see this, and as we try to explain this whole project, that here we have a situation that ‘but for’ the participation, the incentive, and nothing is going to happen but in all of this there is approximately a 2 million dollar short fall that is needed to make this project work. Is that correct? Is that it in a nutshell?”

Crum-Cano stated, “I am not sure where that is coming from. I do think the cash flow analysis I believe we showed that one of the scenarios was...”

Amyx stated, “If I understand right Britt, that over the 15 year period, based on the 95 percent, it’s going to create \$2 million worth of dollars that’s going to go into this expanded Eldridge Hotel project, correct? That’s the new money.”

Crum-Cano stated, “So, you’re talking about revenues not cash flow?”

Amyx stated, “No.”

Farmer stated, “He’s talking about the rebated property taxes back to the applicant for a 15 year period from all taxing jurisdictions is 2.024 million dollars.”

Britt Crum-Cano stated, “Yes, I believe that is correct. The difference between the 10 year and the 15 year 95 percent NRA was about \$750,000.”

Amyx stated, “So, in all your analysis, can you tell me exactly where our money plugs in to cover those short falls and what those short falls are. Are they operations and those kinds of things and that’s probably a question for the applicant, but based on your analysis, of the application there is a 2 million dollar short fall, that’s the applicant’s numbers that are necessary to make this thing work?”

Britt Crum-Cano stated, “From a purely operational prospective. It has to do with annual cash flow. It does not take into consideration, again, a future sell and the appreciated value in the property. It’s just operations.”

Farmer stated, "I just wanted to add here, as I said last week and maybe I didn't articulate it very well, any projected revenues from sales tax revenues, guest tax revenues, were provided by the applicant. It would not have behooved them to arbitrarily inflate those numbers because then that would have had a negative effect on the cash flow. I think we're comparing really apples to oranges here in just looking at all taxing jurisdictions versus specifically to the City. They could speak to the efficiencies but, ultimately, any increase in business or revenue would be reflected in those sales tax numbers because that's what they're taking to the bank in order to figure out whether or not they can make the project feasible or not."

Nancy Longhurst, General Manager of the Eldridge Hotel, stated, "Thanks for all the process and everything we've been through. Britt's been a great support, she's really good at what she does, and thank you for helping us get through all this. We would not have made the request for the 15 years if we did not feel it was warranted. In our opinion, this is the best NRA return for the City, for any of the projects to date, that you have approved. The City has no risk. Currently, you have the request right in front of you and we would like for you to vote on that request tonight. We are on the County Commission agenda tomorrow night. This was not only approved by PIRC but Mike Gaughn said this is a no brainer for the City. That's what we believe. We are passionate about this particular request; we're excited about our hotel; we want so much to move forward; we believe in all of our staff; we believe in the community and we want to do a really good job. We would like your vote tonight on this NRA."

Mayor Amyx called for public comment.

Stuart Boley stated, "Mayor and Commissioners, the City staff report on this project essentially says that they can't quantify the increase in value that the project will provide, given the existing building and the addition. So, what they've done is restrict their analysis to the cash flow. The applicant compared the cash flow to investment returns. That caught my attention. This value that City staff can't quantify shouldn't just be ignored. Without being able to quantify it you should probably just, at a maximum, go with the City's policy of 10 years, 50 percent."

Dever stated, "Sir, you sent in an email and I wanted to try to make sure I understood where you're coming from because, as Britt pointed out, it's kind of hard to forecast some of these questions. So, the first one I had, it relates to the cost savings that you speak of, you're presuming they'll be, and obviously stating, that one of the reasons why we should grant this is because there's going to be cost savings that is experienced by the operation of the hotel by combining the two buildings. Exactly, what do you mean by that."

Boley stated, "First I'd like to point out that I didn't say, don't grant this."

Dever stated, "No, the reduction. You just stated a reduction."

Boley stated, "But you said don's grant this."

Dever stated, "Don't grant what we already talked about which is the 95 percent, 15 year."

Boley stated, "Okay. The applicant has said that there will be efficiencies. The low point for the staff assessment, the average, was zero. I think it should be a minimum and a maximum, not zero and a maximum. It's kind of like if you're back in school and you get an F and an A and you average that out to a C. That only works if the F is a 50 and the A is 100, you get 75. If the F is a 0 which is essentially the assumption of the City staff and the A is 100, then you still have an F. So, I think that bottom point should come up. That would increase the cash flow numbers."

Dever stated, "So, we're talking about big numbers here. Are you in the hotel business or do you know anything about the operation? Because, I don't know much about the efficiencies created by the construction of a new kitchen, I mean other activities associated with the new hotels, other than the revenue generated from new potential doors in the hotel. That's pretty clear."

Boley stated, "I've worked with some big numbers before."

Dever stated, "So, the bigger question I have after looking at it, is where would that efficiency number fall? What kind of dollars? Did you run through a scenario where you assessed what that change might have on the bottom line."

Boley stated, "No. If you raise the bottom assumption, than you will automatically raise the mid-point."

Dever stated, "I understand but you didn't do any analysis you're just assuming that if this happens."

Boley stated, "I did some analysis to come up with this."

Dever stated, "So, what analysis did you do? Could you share that with me?"

Boley stated, "I just did. You raise the low point. You do an average of the minimum. They'd have to go back to the applicant to find out what that minimum number is. That's something that I can make up."

Dever stated, "Okay. The other question was the value of the new building. Can you explain to me what the valuation of the property and how that impacts this decision because it's an appraised value by the County which should appraise the building and increase that value as time goes on. I'm not understanding where the question is as it relates to the valuation of the property."

Boley stated, "It's my understanding that the numbers that have been used by staff, essentially are cash flow numbers. The applicant compared that return to investments in Standard & Poors and in treasury bills. What the staff report doesn't include is the increase in value of the existing 48 room structure which when added with the new addition will increase the value of the 48 room structure. Also, over 15 years, we can expect that there would be some appreciation in the entire property and that's not included in the staff report."

Dever stated, "So, you're saying you think there's a direct correlation that you can quantify that would increase the value of existing doors in the existing hotel, not just the tangible benefits of the larger space, additional kitchen and other back of the house operations."

Boley stated, "I think most people invest in real estate for depreciation investment not for cash flow. Cash flow is great, it's a very important component, but it's not the reason to invest in real estate."

Dever stated, "I guess I'm trying to understand are you questioning whether or not that number is included in the computation or that it does not appear in the computation?"

Boley stated, "I don't think it's in the computation because they say they can't quantify it. So, it's just not there."

Dever stated, "Because you're extrapolating and assuming that the impact of the construction of an adjacent property, although it may have shared access, ingress and egress, you are assuming that there's going to be an increase in value on the 48 rooms, even though they are not being changed."

Boley stated, "I think they will be. I think it was in the paper last week that there'd be an increase in value of the existing structure."

Dever stated, "There's value there in that it could actually, probably operate more efficiently and create other income associated with more dining, more banquet, more revenues associated with, not with the hotel rooms, but with the operations of the hotel and I think those are two different things you're talking about. One is a physical, tangible asset which would increase in value versus the operations of the facility. I know the operations of the facility would increase in value because, theoretically, you wouldn't build all these operations and not utilize them but those have nothing to do with the 48 rooms in the hotel other than the fact that they're rooms and they have beds and have a rent rate and they're leased at that rate on a nightly basis. I don't know how the operational activities would affect the real estate value. I'm trying to

understand. I guess you're saying there'll be some increase just because they built on next door and have a nicer place."

Boley stated, "They have more options for guests. It's hard to run a 48 room boutique hotel from what the applicant says. The increase of the entire facility would make the property more valuable."

Dever asked, "You don't feel like that valuation is adequately computed?"

Boley stated, "I don't think it's in the staff report because they said they couldn't do it."

Dever stated, "Thank you very much. You couldn't do what Britt? There's a lot of vague terms so, I need some specific exact statements on what we can and can't do."

Crum-Cano stated, "The valuation of the existing hotel was not taken into consideration in staff analysis. For one thing, we don't have the expertise to do that."

Dever stated, "You mean the increase in value that it might occur, based on this construction? That's what I'm trying to understand."

Crum-Cano stated, "Yes, in a way, the appreciation in value. Again, getting back to an internal rate of return analysis, that would take, overtime, annually, it would look at operations and expenses. It would look at, not only the cash flow, but a hypothetical sale after the end of a period of that property and what that property would sell for and then what the internal rate of return would be for the investor after holding it for that period of time."

Dever stated, "So, at the event, whatever that event might be. You're talking the return would occur only in the event of a sale."

Crum-Cano stated, "That's correct."

Dever stated, "Okay, so I guess I'm wondering how that relates to the computation associated with the numbers. I'm trying to make sure I understand. Am I missing something here that Mr. Boley brings up about how we're looking at this or are these intangibles that are really difficult to nail down without extrapolation and guess work?"

Crum-Cano stated, "Certainly, if you wanted to go with the internal rate of return analysis, you'd have to do it for the existing hotel. You'd have to have a projection of the bigger finished hotel and then you could extrapolate out that portion of it. An internal rate of return gives an overall return rate. In reality, more than likely, investors are going to look at several rates of return. They're not going to look at just one and make a 'go' or 'no go' decision. In addition to that, they're going to look at other items that may not have to do with the investment ratios. They're going to look at all of it as a whole and decide if they can go or not go with a project. So, cash flow analysis, at this point, seems to be the most direct and limiting returns for the investor. At this point, if you want to do an analysis that is much more complex and encompasses the hypothetical sale of the property which would include property value increasing in overtime, then you would have to go with the internal rate of return analysis."

Riordan stated, "I know when we sold the medical building that we have, the value was based on the rental, it wasn't based on the building itself."

Dever stated, "Yes, appraisals."

Riordan stated, "Which is the way we're looking at this, right? Is a hotel, when you appraise that and look at that, is the building itself the most important thing or is the return that you get on the income, similar to what a rental building would be?"

Crum-Cano stated, "Again, you could have the applicant talk as far as the hotel industry. I would say it is probably a bit of both. If you have a substantial building, that is highly valued, you probably want to have that considered as well."

David Longhurst stated, "In the hotel business you're looking at your return, your revenue generated by whatever activities that went on in the building. That's the way you evaluate the hotel. If the value of the property increases of the existing Eldridge, by the way, the City gets more tax revenue."

Riordan stated, "If this property is improved, and we get rid of the empty lot, would the nearby businesses increase their property values. Would that be expected or would there be no change?"

Crum-Cano stated, "The County would be the authority on that. It would be reasonable to assume that. The County has indicated that, likely, the existing Eldridge Hotel will increase in value as a result and pay more taxes as a result of this vacant lot, this unproductive lot, being now put to productive use and it will likely raise the appreciated values of all the properties down there."

Riordan stated, "So, the fact that some of these are retail, some of these are restaurants, the fact that there are 50 more beds there's more people downtown, you could assume that there values for their buildings would increase and it would also increase City taxes."

Crum-Cano stated, "I'm not sure how the County would actually appraise the properties for valuation purposes and their formulas are very complex so I think, in general, if you improve an area it usually brings the entire area up."

Amyx stated, "The County uses an income approach to value on most of the properties in Downtown."

Crum-Cano stated, "Yes, mostly commercial."

Amyx stated, "I'm almost certain they are so it's going to be the median income that's going to be able to be generated."

Farmer stated, "For some reason, the Douglas County valuation assessment website is conveniently down at this juncture. So, its public info, I'm hoping you guys can answer this, what is the 701 Building worth and how much was paid in property taxes last year?"

Nancy Longhurst stated, "It's about \$56,000 each 6 months. That's what we pay."

Dever stated, "So, \$112,000 annually."

Farmer stated, "So, it's \$124,000 a year in property taxes."

Amyx stated, "\$56,000 every 6 months."

Corliss stated, "The land is appraised at \$385,000 and the improvements are 3 million. The total property tax is paid that were due and owing for the entire year is \$109,000 which makes the taxes that they paid so far, \$54,917.26 so they'll owe that again in May. This shows that the land is appraised, this is not assessed, at \$385,140 and the improvements are \$3,001,260 for a total of \$3,386,400."

Farmer stated, "So, here's my point. If property taxes currently on the property are \$109,000 and the estimated property taxes, year one, are \$126,000 and there's going to be, as has been suggested, an increase or appreciation in value, we're talking about a matter of, in essence, \$17,000 in year one if they're comparable in value. Which existing value for the property and new value on a property, I can't imagine a new building being worth less than an old building. If the estimated property taxes that we receive from the County are, in year one, \$126,000, the existing property tax collection will be less than that. I think a real big deal is being made here in relationship to internal rate of return and investments back to rebate it back to the developer. We're talking a matter of \$5,000 annually for 15 years being \$75,000 that's not going to make or break the cash flow budget. I think cash flow and IRR, especially in relationship to kind of these comparable numbers, are too vastly different things. If it's not likely that an existing building will be worth more than a new building and we're going with what this building is currently paying in property taxes versus what the County has said that this new building will pay, we're talking about a very insignificant amount of money that does not affect the bottom line of the cash flow at all, hardly."

Crum-Cano asked, "Commissioners, could I just make one clarification just to make sure you guys understand. The County values property for taxation purposes based on the income approach. That may or may not correspond to what the market value is of the property. If the property was sold in the future, it could be very different from how the County appraises the property. I just wanted to make sure you were clear on that."

Amyx stated, "I wanted it to be said to that the County comes to these appraisals in any number of different ways that are accepted by appraisal standards. I do know they use a lot of income approach to value and that's just one consideration given."

Dever stated, "Make sure I understand, since you own real estate downtown, I think it's safe to say that the values in downtown Lawrence have maintained a certain level and did not experience some of the downward fluctuations that some of the residential properties have experienced. Is that true or not?"

Amyx stated, "I do think in 2008 – 2009 we saw some values went up and down a little bit. Ours did some on the building that we have."

Dever stated, "So, there weren't these wide swings that occurred."

Amyx stated, "I wouldn't say wide by any means."

Dever stated, "Because I think there were some bouncing up and down on the residential because those sites are sold and they usually go based on the sale value. I think you're right that most of these types of properties use an income valuation approach. I guess what I'm trying to understand here is, and maybe you understand it better than I do, but there's a question as it relates to whether or not our original data we got was clear and concise and took into consideration other issues such as the increase in value of the property and what return that might yield to the investors of this property. And, we also were given suggestions that there actually may be additional increased value in the rooms when we just talked about clearly that it's an income basing and you can't generate necessarily more income from the same number of rooms, right? Am I clear here Jeremy?"

Farmer stated, "Yes."

Dever stated, "So, 48 rooms are going to yield 'x' amount of dollars. If we're going to use an income based valuation of the property..."

Amyx stated, "There's only so much income potential there."

Dever stated, "Right. So, this opportunity to, by adding onto the building and improving back of the house operations, that's really not going to drive up the value or the income of the hotel rooms, is it?"

Farmer stated, "What the point was, and I appreciate asking the question, I think it's been good for us to have conversations about it, I don't fundamentally agree with it, is that the efficiencies saved will, in turn, negate the negative cash flow in the first 4 years of operation that the hotel is suggesting that they will have 'but for' this 15 year 95 percent incentive. The issue with that though is, again, it's calculated in the sales tax, guest tax numbers and as far as the revenues goes, those are already calculated in there. And, again, there would be a negative effect on the back side if those numbers were inflated because the same numbers were provided to City staff. So I guess my whole point is, are we talking about efficiencies in the neighborhood in excess of hundreds of thousands of dollars annually and I think that's just a common sense question that anybody paying attention to this will say its' not a \$250,000 savings in efficiency each year because I think the whole point is whether or not the cash flow analysis is flawed and whether or not it takes into consideration all the various things needed in order to effectively look at the pro forma for this project. I don't think that the efficiencies or the increased business at the existing Eldridge Hotel are enough in the fact to have a big deal impact on the bottom line of those numbers. I'm not convinced that they are. I spend a lot of time looking at this and I appreciate the sentiment in asking the question. I think it's good for us to have this conversation and it certainly gave me a lot to think about in looking at these numbers again, but in relationship to the increased value of the property, we're talking about immediate cash flow versus long term investments and impact to potential sale of the property. I don't think it negates the fact that the cash flow with the information that we have is as accurate as it can be and there are a lot of assumptions. There's a whole reason guys why I said what I said to Chad in the newspaper. We're not even factoring into cash flow downtown redevelopment. We're not affecting into cash flow the fact that we built a new sports facility out west of town and got some numbers today

from the CDB that suggest that every hotel room is sold out in Lawrence two weekends in July. Those things are not really factored into these considerations at all, but they need to be and maybe we need to look at what Stewart says as factoring into later future consideration, but for this particular project, I don't feel like the impacts warrant a change of heart on my behalf."

Dever stated, "Okay and another issue I have is if there is truly an increase in value, as Mr. Boley presumed, would we not enjoy a benefit from that increase in value based on the assessed valuation and are those increase in values included in the formula of the benefit to the City?"

Amyx stated, "I don't believe that they are included there, but there bound to make it look better."

Dever stated, "Exactly, so if we're arguing that there would be this increase valuation and we're missing it, but you think that the County would catch up with it if they're renting rooms \$30 bucks more a night and they're renting them more religiously or continuously because they have bigger facility and they could attract bigger groups. There's truly and income valuation there then we all benefit. I think the County benefits, the City benefits and I think there's value there too. I want to make sure that there's this grey area that were looking, there's a grey area on the positive and there's a grey area on the negative because I want to make sure I didn't miss that, but those concessions are not built into our formula. I would think that the net impact to the community would be positive as opposed to negative if that happens."

Farmer stated, "The bottom line is, I don't want to belabor this factor or beat a dead horse here, but we have to continue to do what we can to look at our tax policy to factor in a lot of these different variables, especially in relationship to looking at projects, not from necessarily just a holistic prospective, but specifically from a city prospective. The numbers that I shared last week were accurate and I've spent a lot of time looking these over, but we're talking about a net average of 560 percent return on investment with the amount of money that we will invest in the project and the amount of money that we're projected to get back as a result of it. Irrespective of

whether or not this is 10 year, 50 percent abatement or a 15 year, 95 percent or an 8 year, 95 percent abatement or none at all, as far as the taxpayer coffers are concerned, we're saying that the taxpayers and it's incumbent upon us and Dave and I talked about this to show that this was a good investment for us and that there's integrity in these numbers. I think it's incumbent upon us to show that to the community, but as far as what we are investing, a mere \$27,000 to \$37,000 a year over 15 years to what we're getting back in sales and guest tax revenue, we will rebate again, \$491,000 to the developer over 15 years from the City, just the City, we are projected to collect 2.789 million. Just on paper, if you want to look at numbers, investing \$400,000, getting back 2.7 million, is a good deal for the taxpayers."

Amyx stated, "One of the things that I've looked at and I really had taken into consideration the last couple of weeks is all the information Jeremy, that's been provide and brought out on what the benefits are to the City. A lot of those numbers are really big in what it's for, but one of the things I've been dealing with is that this is a great amount of money coming in for the City as far as our technical says and what the project incomes may be. One of the thing that keeps ticking in the back of my mind and Nancy and David, I appreciate all the information that you provide, but one of the things is that we've been told that the only way that this works is a 15 year, 95 percent rebate and that's the only number. One of the things that I'm trying to do is really get at, is it really necessary on all the formulas that we have, that the only figure that works here? Is that the absolute deal? Before that, it's not going to happen."

Nancy Longhurst stated, "Mayor, for the scope of this project that is what it's going to take to do this project. We're firm in that and that is what we're asking for."

Amyx asked, "How much do we anticipate in the sales tax money from the Industrial Revenue Bonds and the construction equipment."

Corliss stated, "Britt, can you quickly answer that on the IRB's and the sales tax payout on that?"

Dever stated, "\$88,000. Is that right? Under construction years to 2016, that's \$88,000. I presume that's construction materials, but I can be wrong."

Crum-Cano stated, "I don't recall off hand, I need to look it up."

Dever asked, "Is that the first year in your model that I just looked at under projected sales tax?"

Crum-Cano asked, "Are you talking about the sales tax exemption on project construction materials?"

Dever stated, "Yes."

Crum-Cano stated, "I think the total, if I recall was \$400 and some thousand."

Dever stated, "For all construction periods."

Crum-Cano stated, "That was the actual sales tax that would be exempted. That's over all the taxing jurisdictions."

Dever asked, "What will be our part of that, would you say?"

Farmer stated, "What was figured 8.8 percent?"

Corliss asked, "Of our share."

Dever stated, "Yes."

Farmer stated, "Plus two-thirds of the County's."

Dever stated, "I thought I saw \$88,000 here. Isn't that 17 percent?"

Crum-Cano stated, "It would not be in the cash flow because this is realized during the construction of the project."

Dever stated, "Right. \$76,500 is 17 percent. Yes, it's about \$80,000, our share of that sales tax."

Farmer stated, "It's going to be a little more with two-thirds of the 1 cent sales tax for the County and 1 percent sales tax going to us. What's the total number? What did you say Britt, \$447,000?"

Crum-Cano stated, "I thought it was around \$44 some thousand. That was for all taxing jurisdictions. I did not split out the City portion of the County sales tax percent."

Farmer stated, "It's a little over \$100,000."

Dever asked, "Is that what you asked."

Amyx stated "Right."

Dever stated, "So \$100,000 in loss revenue from sales tax of construction materials."

Farmer stated, "Which would make our investment \$591,000 over 15 years and our projected return 2.789 million."

Dever stated, "You asked a question about whether or not this is absolutely the number. I guess theoretically what could happen was if we didn't grant this, I was thinking the 'but for' also includes the not doing, because 'but for' if we don't approve this, what might occur would be a scaled back investment in that real estate. They might take that open lot and spend less money, maybe build fewer rooms, whatever the calculation might yield that would still have a return on investment, but then they would be worth less money from a taxation standpoint. We want to encourage the highest possible beneficial use for a vacant piece of land in the dense urban core of our community. That's what cities do, is they encourage the highest and best use of property so that it yields both the best use for the community and the highest ability to render sales tax for the community to pay for the services that are necessary. They probably might do something and I think we need to talk about okay, if they only did half the amount of rooms or did a scaled back version, would that be worth 6 or 8 million dollars? Then we need to start talking about valuation of real estate at a 6 or 8 million dollar level and what is the true benefit to the community by scaling back the investment. Does that make sense because that's kind of what I thought about, if we didn't do this? Not nothing, because although nothing is happen for more than 40 years as some people fail to understand on this piece of property. It could continue to go unused for 10 years or until some great idea comes along and until a better use is arrived at. I don't know, but for me, by not giving this abatement at this level or granting this NRA, then I don't

think we wouldn't expect to scale back, if the numbers are true and that's what we have to determine, if we feel like the numbers are accurate."

Amyx asked, "Dave, what happens if there is a split between say what we would approve if we approve something and one of the other jurisdictions?"

Corliss stated, "My understanding is how we worked this is that you would approve something on first reading. It then goes to the County and the School District and before we finalize the development agreement, you need to adopt an ordinance on second reading so you have a chance to alter it at that second reading. That's one option. Another option is that we would then just have different levels of incentive. The County would have a certain level and perhaps the School District would have the same as the City, perhaps not. We could have different levels of incentives based up the different taxing jurisdictions. It creates a little bit more work for the staff involved, but it achieves the goals of the governing bodies, which is really our goal."

Amyx stated, "To the applicant, I would ask the question what happens if there's a difference between the governing bodies, the taxing units? You say it can only be 95 percent?"

Nancy Longhurst stated, "It's really hard for us to really say since we don't know what it is that you're thinking about or intending. I don't have any authority to negotiate. It's just not proper for me to do that. I know what it takes to make this project work."

Amyx stated, "Forget it. Here's the deal, what happens if any one of the bodies are two of the bodies are different than the other one and you say you absolutely have to have 95 percent?"

Nancy Longhurst stated, "Well, we'd have to go to the County and see what it's like. I mean, I can't answer that tonight."

Amyx stated, "Okay."

Farmer stated, "I guess for me the pro forma numbers, if it were closer with investment that we would make and you know I wrote that blog on last week or the week before and have

gotten a lot of feedback from folks that normally are very much against tax incentives to say like, irrespective of whether or not it's a 10 year, 15 year, 50 percent, 95 percent, you know the only thing that they've been concerned with is do we have integrity with the numbers that the applicant is giving us which again, we need to do a better job of that of showing that those numbers do have integrity, but from a specific revenue generation prospective, I think it's a good return on investment. I think if I went to my board as a non-profit director and I said we can spend \$491,000 on a mailer to bring in 2.9 million dollars, I think each of them would... First question they'd ask is, how do you know for sure and it's on me to show them, but if indeed that were correct, I would have unanimous support from my board to make that investment to yield that return to our coffers."

Corliss stated, "Mayor and Commissioners we did find in the work papers that are part of the material that the total sales tax amount in the IRB's would be \$440,890 which is the number that we were talking about earlier."

Farmer stated, "That's for all taxing jurisdictions."

Corliss stated, "Yes, including the State."

Farmer stated, "Maybe in the future we could have those broken down too."

Corliss stated, "Sure."

Farmer stated, "By taxing jurisdictions."

Dever stated, "The hotel projects that we've done IRB's on to my recollection include the Holidome."

Corliss stated, "Correct."

Dever stated, "The Oread."

Corliss stated, "We did IRB's a TIFF and a TDD for the Oread."

Dever stated, "Just IRB's"

Corliss stated, "Correct."

Dever stated, "The Marriott."

Corliss stated, "Correct."

Dever asked, "Was there any IRB's issued for the other Marriott at the Riverfront?"

Corliss stated, "I believe so. We built the parking garage as part of that. I believe there were Industrial Revenue Bonds, originally for the Chelsea Building, the factory outlet mall. I don't know about the finish to the hotel. I don't recall the move to Spring Hill."

Dever stated, "Am I missing any, I think that was all I could come up with."

Corliss stated, "Commissioner, I believe that's correct."

Dever asked, "So the Holidome was in the 70's?"

Corliss stated, "Yes, it was when we called it the Holidome. We call it the Holiday Inn now."

Dever stated, "So 1970 and then we waited until the Riverfront Mall was built in the 1990's?"

Amyx stated, "1987 – 1988."

Dever stated, "Then 2008 was Oread."

Corliss stated, "That's about right."

Dever stated, "2011 was the Marriott."

Corliss stated, "Well, right. I think it's when we started our initial discussions on that project."

Dever stated, "It's not open yet, but they already got their sales tax exemption for the construction materials."

Corliss stated, "Right."

Dever stated, "We're not talking about multiple times a year. I mean that's like once a decade basically if you added it up over the last 4 decades we've done this. I'm fairly certain that the Holidome is still producing revenue, is it not? I think they still rent rooms, don't they? I guess I'm just trying to figure out, you know the sales tax part of this makes perfect sense to me. I guess it seems like a fitting investment. Did they do IRB's the last time?"

Corliss stated, "Correct, the Eldridge did, we've got that in Britt's memo."

Dever stated, "It doesn't feel like we're setting any precedent here."

Amyx stated, "So tell me again, with the money that will be rebated and including the sales tax on an annual basis, how much of that is a return to the applicant?"

Farmer stated, "I calculated it two ways. You want total or just for the City?"

Amyx stated, "Just us."

Farmer stated, "Okay, that's a better answer. We will be rebating in year one, \$27,981 to the developer. We will be collecting \$2,672 in property taxes and \$36,655,000 in sales tax. That is a net income in the positive of \$11,346 and that doesn't take into consideration the guest tax. That's just net income on sales tax and property tax. If you add the guest tax, that is projected to be \$129,000 which again, I want it to go on the record any say that if you take that number times 6 percent which is the heads and beds tax that we have here and take that number divided by 365, that's about 20 rooms a night, knowing that on weekends, more rooms would be booked.

Dever stated, "You didn't over estimate."

Farmer stated, "No, well those are their number, not mine, but I'm saying that's why I feel comfortable with those numbers."

Dever stated, "Is the \$36,000 of sales tax based on that same occupancy rate?"

Farmer stated, "That's correct."

Farmer stated, "\$2600 in property taxes and by the way, I would be remiss if I didn't say that currently, we are collecting on the property, \$1194 in property taxes so we'll be collecting about that double the amount of property taxes in year one than we're collecting right now and that's with 95 percent being rebated to the developer. Our net income, including guest tax year one is \$140,000. Our net income over the span of 15 years is 2.789 million dollars."

Amyx asked, "Go back to the property tax, you said \$1100?"

Farmer stated, "Currently, that's right."

Amyx stated, "So in actual return, the rebated amount..."

Farmer asked, "You want sales, guest tax and property tax?"

Amyx stated, "No, everything that would be rebated back, plus the sales tax that's going to be returned through the IRB's. That's about 2.5 million total?"

Farmer stated, "No. On the city summary rebated taxes to the developer at 15 year, 95 percent is \$491,024, the City share only, plus the IRB's which is about \$100,000 so that is essentially us granting the developer \$590,000."

Amyx stated, "That's about \$39,000 dollars a year, return."

Farmer stated, "That's correct. Well that's \$39,000 over 15 years? I didn't do that calculation. Yes, \$39,400 and we are projected to be collecting, including guest tax, total revenues in year one, \$168,000."

Amyx stated, "Back to the question you brought up to Mr. Boley and to Britt about the importance of the value of the current building and the new expansion. Is that important in the calculation?"

Dever stated, "I would argue it's important for two reasons. One, I don't think it's the valuation, I mean the only time that that really matters is if there is a triggering event, in other words a sale, or a divestiture or some of purchase by somebody else, then that value might be yielded, but until that point, from my understanding, I deal with real estate transactions every day, my understanding is that since this is an income based appraisal and since the income is based on certain conditions that the taxes are going to be paid based on the income generated by the property, not by whether or not it's pretty or not or if it's in good condition, there's some evaluations, but unlike many other appraisals in the world, the value is not tied up in the real estate asset, it's more tied up in the on-going or business activity inside the premises. I would argue that I'm not sure that that matters and it only matters to the good side once again, just like the increase in valuation if it's actually generating and creating more value and they can charge more for the rooms. We're all going to win because we're going to generate more sales tax,

they're going to be able to lease more rooms because it's in better condition and they're going to be able to sell more food and beverages within the house. I think we're going to be creating income, bringing income into our community because this is the type of hotel that's going after convention type activities which are people coming to our community. They may not come here 'but for' this improved hotel so there is value that we're also not talking about in creating the sum of the parts, is one thing, but the entire building is far greater value once it can become more viable and is able to sale more rooms because the boutique nature of the hotel limits the types of events that can help host frankly. Mr. Boley made me think and I also started thinking about there's a negative impact and there is positive impact we're not putting into this valuation and I think those two things need to be cast aside and we need to stare at the facts and that's what I'm kind of doing now. Some of it is blue sky. You know when you sell a business it's on a blue sky kind of principle. We don't know how things are going to go. All we do know is what's in front of us and Jeremy's numbers, I think is accurate as we're going to get for us to make a decision. Once I got Mr. Boley's questions answered, I felt a little more comfortable about where he was going with his questions. He's speculating, just like we are?"

Amyx stated, "David's point last week about how slim this is the 1.43 increase over the length of the deal here is that that is a thin line a real thin line. We're investing public money in something that's pretty close. Heaven forbid we haven't talked about what happens if it weren't to work."

Corliss stated, "Those are good comments. It's important to understand that obviously these are tax dollars that are rebated back on property taxes. That's public funds that we would otherwise use for all the other good things we try and do and we rebate it back based on the performance agreement. We're not putting any tax dollars affirmatively into the project. This is not something that we're investing in as a going concern. If the Eldridge is expanded and we enter into a performance agreement, based on the different taxing jurisdictions, certain property taxes are rebated back and they receive the sales tax exemption on IRB's and for some reason

the facility is not well used or what's happened in the distant past has been shuttered, whatever, which hopefully obviously isn't going to happen and there's arguments saying to build on to help secure that it isn't going to happen, but if that would happen and the property still stays on the property tax books, we can write into the performance agreement that if they don't operation as a hotel, then they don't get any of the money rebated back. That could happen as well. It's still on the rolls and we know we do have some property in the community that is not being used right now economically and it still pays property taxes. It pays on an income bases obviously that number is going to go down a little bit. It still got some value as property and as a building, but we will not have lost any money as far as spent money. We will have rebated the money back that has been paid over time pursuant to the performance agreement. Am I getting at your question Mayor?"

Amyx stated, "Yes, and like I said, when David brought it up last week and was talking about the 1.43 and I'm thinking, 'man that is thin', and when he said something to the effect of why would someone really think about doing this when you can get 5% on T-bills or whatever that he was talking about and I was thinking, yeah same kind of deal, but that did concern me a little bit."

Dever stated, "I see, risky business."

Corliss stated, "The common principle is relevant because the number that was being compared was for market returns and this was a cash flow analysis, how much money are they going to be making on an operating basis and according to the numbers that were presented that was relatively thin amount. It did not take into account that a new asset was created and as Commissioner Dever talks about, the triggering events to be able to cash in on that would be to sell in the future or to sell to a flag hotel or to do whatever might happen in the future. That's not taking into account, as Britt has pointed out in our analysis, something that we looked at. The modeling that we have doesn't allow us to look at that."

Riordan stated, "When we look at tax abatements, it's an investment by the City in the future and we need to do that based on things that we've said that we want to do as a City and one of the things we say we're going to do as a City is to protect the downtown so this falls into that concept. It's based on City concepts of what do we want to do to become a better City, what do we want to do help the downtown and I think this falls into that. So I'm comfortable with the numbers. As I walk and as we see Ron Schneider's letter tonight, the question arises should we wait until this particular difficult issue, should we wait until we receive the information from our tax audit. Is that going to affect us in any way? Is that going to harm or help the citizens of Lawrence, on a financial basis on a trust basis? We take that into consideration and that's very difficult issue for me to look at and I don't whether that's an issue that a lot of people have brought that up to me so it is an issue, although difficult to discuss. Does anybody have thoughts about that?"

Dever stated, "So you're talking about the fact that because an entity, a person or who it is opposed to..."

Riordan stated, "A member."

Dever stated, "I see so we need to weigh whether or not we have trust in the person who is seeking this."

Riordan stated, "I think the fact that there had been some difficulty in the past, does that affect us?" You know this is a large group of investors, it's not one. It is a project that some very astute people have brought before us that I know personally to be honest. It would not come before us if they thought otherwise, but I think the issue is out there and I think we at least need to recognize that it's there and somewhat discuss it."

Dever stated, "I think we all forgot about that because, I try not to consider who this is. I respect that people do. I try not to consider who it is, I value the proposition as it's presented to me, not necessarily who's carrying it to me. I think you must make that determination, I guess, but the faces of this project are sitting in front of us and I think the people whose livelihood

depends on it are in front of us. I think that's great question and I'm glad you brought it up. Do you have anything to say about that?"

Riordan stated, "I'm not saying that we should or we shouldn't, but I think we ought to recognize that it is a question."

Amyx stated, "I've heard the question a lot in the last week. My initial reaction was sure wait but understand too that these folks need a decision one way or another. I mean they really do and one side of me can say wait, the other side says not. This is a tough issue for me. One of the things is I've got very good friends here and I look at this in the PIRC and I vote against it in the PIRC and I have tried to look at every piece of this thing to make sure that it works for me, that it's not a thin line, that the investments right, that we're doing something very positive, not only for the downtown, but for the entire community and that the investment by the taxpayers, it's the right time to do this and are we in at the amount of money that we need to be at and the length of time that we need to be at. That's all this is. I don't want it to sound like I'm questioning your numbers. I want it to sound like, what is the exact amount of money that's needed and it sounds like to me we're looking at 2 million plus dollars over the 15 year period. That's been the real tough part for me as that I understand these people put their hearts and sole in trying to make everything work on the hotel and I'm sitting here thinking, probably the biggest jerk around, but understand I have to make decisions for the community in the way that I feel that they need to be made and each one of us do that. That's the tough part of this job and at the end of the day you only hope you have some friends left."

Dever stated, "So the premise was in case everyone doesn't know that because Thomas Fritzel's name is associated with this and because there's an audit going on which was initiated, by the way, not because we believe there's any wrong doing or any lack of value or any kind of improper action associated with this, it's just because 'we' as Commissioners wanted to make sure 'we' spend the tax payers dollars and got our money's worth, but nothing that we've seen or there's been no investigation triggering this audit, so then Ron Schneider, the attorney, takes that

concept and brings it a step further in that because there's an investigation which we created on our own at the request of Commissioners and some tax payers who wanted to make sure that we were getting our monies worth because we did this ourselves and because it's an existence then we should therefore stop any processes associated with Thomas Fritzel until we know that we're getting a new deal? Is that, I guess what I'm hearing?"

Amyx stated, "Yes, and just so that we know, Mr. Schneider is the one that sent the letter and I had told him earlier today and he said that he had correspondence and I told him to send it to use because I was under the impression at that time we probably wouldn't have additional public comment because we had held the public hearing last week so I had asked him to send this so that's how this came about."

Dever stated, "So this is guilt by association."

Amyx state, "Yes."

Dever asked, "Jeremy, are you going to need to answer Dr. Riordan's question or do you want to consider that before or wait for the results of the audit in order to make a decision about this deal."

Farmer asked, "When is this on the School Districts agenda, next Monday?"

Crum-Cano stated, "It happens tomorrow."

Farmer stated, "So it comes back for second reading next week or the week after?"

Crum-Cano stated, "March 3<sup>rd</sup>."

Farmer stated, "Which is also the day when we get the audit back. The bottom line is and I said this when I got up in favor and I wasn't even on the Commission, I was standing there speaking in favor of the 9<sup>th</sup> and New Hampshire TIFF District. Regardless of our feelings about developers and this community they're doing something that nobody else is and that's investing money in Lawrence. We could rely on outside folks to come in and invest, like the information that Scott got for me last week. We could have a bunch of little Holiday Inn Expresses or Comfort Inns come here and do 2 and 3 million dollar investments and really not understand the

culture, history and vibe of our community. It's crazy to me how are community tends to, in a sense; vilify those who want to spend money here. I understand that we feel like we have really great reason's to think that way and to feel that way. I've heard so many comments about money interest or controlling this and so many things have been thrown around about so and so being in so and so pocket and like I'm 6'7, I can't fit in anybody's pocket, but that's the perception that people have, but that's not the reality. I think we have a duty to protect the tax payer's interests. Mike, you asked a great question and I think it's a really fundamental one that we really can't ever put on an agenda, but is it up to us to represent often one side of the story or is it up to us to do what we feel is right because we're going to represent one side irregardless of what we chose to vote on or what we chose to do. On paper, I'm comfortable with these numbers and I think that's what Mr. Schneider was trying to ascertain with his letter and I'm comfortable with these numbers because I've done the math and I know how many night's that is and if the Eldridge can't sell 21 rooms a night, like they need to fire their whole marketing staff and probably close down. That's terrible and besides that I've never seen David Longhurst advocate for any sort of tax incentive so it has to be decent, which is ironic and whole other story, but we'll just leave it at that David. I don't know if there's anything to address. Terry I appreciate you bringing that up and I think that people need to understand that that's part of our deliberations, but at the end of the day, if you're looking at these numbers thinking that we're getting screwed around as a result of them, then yeah, by all means let's wait and let's put the brakes on and let's hold on. We know what the numbers are and we can calculate that back to how much revenue that means for the City and specifically what that means to how many rooms are being filled up. I think it is incumbent upon us to show that are numbers having integrity far beyond this project alone with everything. It's something that I asked City staff to do that they're working on. We invested \$840,000 in tax incentives in 2013. What did we get for it for AMARR Garage Doors and PROSOCO and Grand Stand, all the things that we invest in as a City? IT's not millions, millions, and millions of dollars, it is \$840,000, is what we get worth that. That's the

question we need to be asking the community which we'll talk about when we talk about the survey in a couple of minutes, maybe in a couple of hours with us."

Riordan stated, "When I come back to this, I keep looking at the information that we have and it really is very compelling information. It also goes within the concepts of what we want to do as a City. When I read the letter and when I talk to the people, my thought is that this particular project ought to stand on its own. We have time before second reading to change are minds on that also, if it comes up to that point, but I think there's been a lot of good information tonight and the question is, is it believable information, should we have an audit, should we do other things. I don't see any information that says that we should do that and should we spend the tax payer's money to do that. I don't see that this is a bad investment for the City. I see it's a good investment in the long run. I see that it falls within in the guidelines of what we want to do as a City. It is controversial and I think when people bring things up, I think one of the problems we have is not addressing those sometimes so I think to bring them up tonight and to say they're not probably relevant to this particular project because this is a different situation that stands on its own merits. It appears to be brought forward by an investment group, not one person, it's brought forward by people that I know that are honest and therefore makes it easier for me to say that, I don't think that should have an overwhelming affect upon whether we delay it or whether we pass it or don't pass it. I think it's a consideration just like many things are, but when you add it all together, you have to look at it as the body of the fact and the body of the fact says that this is within the guidelines of the City. This seems to be a win for the City in the long run and that's what investments are, they're not short term they're long runs. It's a win for downtown we're helping to create an environment where a structure that's been there for over 100 years can continue to be there in a viable way and in a meaningful way, a positive way, and will also probably improve these taxes around them because of the fact those businesses will flourish somewhat because of this investment. It's not just the blight, the blight is just once again, just part of the entire body of fact that we have so when we look at all of it, I didn't know how I would

think about this at this point of the night, but I think when you look at the entire aspects of it, I think you come to the conclusion that this is a win for the City in the long run.”

Amyx stated, “Under Ordinance No. 9086 that establishes the revitalization area and approving the NRA Plan, we’re at a 15 year 95 percent, are those rates where we want to be at based on the information that we have?”

Dever stated, “Assuming that the information that we have is accurate and we’ve considered the questions that were presented to us about the accuracy of those numbers, the ‘but for’ analysis is met and I believe that we need to talk further about the length and quantity of our future investments/agreements to rebate taxes, but in this case, I believe the 95/15 is an acceptable term and really the only one that would yield the type of result that would dictate a success and successful investment by the owners.”

Farmer stated, “Doing the 10 year 95 percent would yield back to us an additional…”

Amyx stated, “That’s what, \$748,000.”

Farmer stated, “The difference is \$200,000 over 20 years. Actually like \$184,000. As far as our investment go, rebated property tax between a 10 year, 95 percent and a 15 year, 95 percent is \$309,000 versus \$491,000.”

Riordan stated, “So about \$20,500 a year.”

Farmer stated, “Right. That’s just City portion and again, like we have \$181,000,000 budget, we’re sitting here debating about whether or not an investment of \$27,000 is worth it and it’s kind of like, it’s one thing around budget time that we get really good at is majoring on the minors and minoring on the majors and Dave with a smirk on his face knows that it’s true. We spend an hour hearing testimony from somebody on how they want their \$5,000 for their social service agency that’s like yeah, yeah you can have it, \$181,000,000 like we don’t even need to be talking about that, because if the grand scheme of things, it’s not a lot of money.”

Amyx stated, “But as you’ve pointed out over and over tonight, it is our job and it’s extremely important.”

Farmer stated, "I'm not trying to minimize that at all. I'm just saying in the grand scheme of what we have to manage and kind of deal with."

Dever stated, "I think it's a fair comparison in what the applicant receives, versus what we receive and the financial solvency is in question and if you reduce the length we do get a greater benefit, but does it minimize the ability for the applicant to actually make money and back to your question, do you want an on-going enterprise or do you want one that's on the fringe of failure? I know what I would like to do."

Amyx stated, "Well again, I want everybody to understand this is one of the tougher ones to have to deal with mostly because of the people that I know in all of this and I want you to know I appreciate all the information that you provided me. I am as I was before, a supporter of the industrial revenue bond and the sales tax exemption. My concern happens to be the length of time and the amount of our investment. We will look at these items under two different motions. Again, Dave the timing of these things as they go to the County and School Board, they go to the County tomorrow night."

Corliss stated, "Correct."

Amyx stated, "Just so the public knows and to the School District, Monday night?"

Corliss stated, "Correct."

Amyx stated, "And then it will come back to us 2 weeks after that?"

Corliss stated, "It comes back on March 3<sup>rd</sup>."

Amyx stated, "Okay, we might want to have a discussion about that also."

Corliss stated, "That's just how we have it calendared. Diane or Toni correct me if I'm wrong, the statutory requirement was met with a published notice for the public hearing that you all conducted last Tuesday. The rest of it is we're just working with not only the applicant, but the different jurisdictions, the County Commission and the School Board as to what can work on their calendars. That's just how we have calendared it. Can it wait? If it has to wait, it can wait, the answer is."

Amyx stated, "Mike, I appreciate your comment about the Commission having discussion about length of time and investment in the future on these things."

Dever stated, "Sure."

Amyx stated, "I think we need to be pretty clear as to the direction we need to go, what will cause the flocculation to happen where there is a great investment."

Dever stated, "Absolutely, because I think it's brought up. You know, we didn't create this taxing authority, the State did. We opted to utilize and create a policy of our own. The policy exists without the City of Lawrence is the question of us implementing it and creating our own or part of that. Every single one we do is going to be more than the baseline we set, than we probably should talk later about setting up guidelines and when to exceed that number or change the policy, that's it. That's what I think should be done, sooner than later."

Amyx stated, "I just want you know I appreciate your comments."

Corliss stated, "The IRB is what you're acting on right now. Is that correct?"

Amyx stated, "No, the NRA. Was there something that we needed to know on that Dave?"

Corliss stated, "No, I wanted to point out that on the IRB, your action tonight on that, basically is it's final in a sense that you then start proceeding on this. I wanted to make that clear."

**Moved by Dever, seconded by Farmer**, to adopt on first reading, Ordinance No. 9086, establishing a revitalization area and approving the NRA Plan. Aye: Dever, Farmer, Riordan Abstain: Schumm Nay: Amyx. Motion carried.

**Moved by Dever, seconded by Riordan**, and adopt Resolution No. 7104, authorizing Industrial Revenue Bond financing for the purpose of accessing a sales tax exemption on project construction materials. Aye: Dever, Farmer, Riordan Abstain: Schumm Nay: Amyx. Motion carried.

Commissioner Schumm returned at 7:33 pm.

The Commission recessed at 7:33 p.m.

The Commission reconvened at 7:41 p.m.

2. **Considered authorizing the City Manager to execute a Memorandum of Understanding with the University of Kansas concerning responsibilities and protocols for sexual violence crimes.**

Tarik Khatib, Chief of Police, presented the staff report.

Ralph Oliver, KU Public Safety, stated, "This is just a formal way of looking at the relationship that we have between both law enforcement departments that just ensures that our victims of sexual violence is getting information on resources that are available, both City and the University. It also ensures that the University is meeting federal law in regards to attending victims of sexual violence on campus and making sure that there are opportunities for their education isn't impeded by the crime that they were a victim of."

Schumm stated, "We appreciate the long wait you endured, waiting for your agenda item.

Oliver stated, "Thank You."

Mayor Amyx called for public comment. None.

Amyx stated, "One of the things that are important here is that not only the partnership that we continue to have with our colleagues at the University of Kansas, one of the things important to say is safety is so important to each and every one of the people that serve on this body as well as our police department and our other City staff and all the departments that serve the residence of Lawrence, Kansas, but one of the things that we've got to say is the importance of being able to tell parents as they send their kids to Lawrence, Kansas as their first young adult or adult home that they will be safe and everything that we do is to try and help them and feel safe as they are in our community. This memorandum of understanding, this partnership in being able to make sure information is given in such a way so that young person does feel safe in being in Lawrence, Kansas and the University is so important in sending a strong message and we appreciate the work that all of you provide and I want to make sure that

you pass along from all of us that we appreciate both KU PD and obviously, Lawrence Kansas Police Department and the work that they do for the citizens of our community.”

Khatib stated, “We’ll do that.”

**Moved by Dever, seconded by Farmer,** to authorize City Manager to execute MOU.

Motion carried unanimously.

3. **Considered authorizing the City Manager to execute an agreement with ETC Institute, in the amount of \$29,950, for the 2015 Citizen Survey.**

David Corliss, City Manager, presented the staff report.

Farmer stated, “So a few things I think need to be included and this is for you all’s conversation, how the City can best communicate with people in the community. We had good discussion last night at the Capital Improvement Plan listening session. I’m not quite sure how to get at reaching everybody with our message rather than them seeing it on the news or reading it in the newspaper. We have to find a way to let folks know our intentions and be transparent with information because there’s not everything that we do that can be reported on. So I’d be interested to see how the community feels like we’re doing, effectiveness of our communications and by the way, these are not original thoughts. I want to thank Charlie Bryan for his good input and as far as what citizens actually expect from our communication efforts. I’ve got these that I can send to you, but I wanted to bring it up because I think Charlie is spot on here. Secondly, information about curbside recycling, satisfaction that the Community feels with that and then third, and I certainly feel like this is extremely important. You know we did the community health assessment a few years ago, crafted a community health improvement plan. I think it would be good to find out the general feelings, about not only the health department, but how important people feel community health is and how the health department is doing and what perhaps that they can do to engage and reach out to those areas of the community. So those 3 things specifically and then generally speaking, maybe some information about capital improvements and what the community feels like are important, maybe the top issue to them. In

my opinion Dave, and I think I told you this after I was elected two years ago, we probably need to be doing this, like we do it every 4 years now, I think we need to be doing it every other year, at least and I know it's money and there's limited resources from that but I really feel like we need to do a better job with interacting with our community in those regards. Those would be my suggested additions to this."

Riordan stated, "I would agree with Jeremy that the citizens surveys will give us a lot of feedback and I specifically think that feedback will be helpful, but the most important thing that we have difficulty doing is getting information to the citizens. It won't help us with that, so I think we have to look at other ways and see if citizens think of ways that we could do that because it's not a one way street. It's not that we have to get it out to them; they have to also come back and help us to get it to them. I think that's a real important thing and something that we're missing is that we don't have ability to communicate with them and educate them in a way that I've been educated in the last two years about City activities and stuff. So I think that's real important part that the survey won't address, but that we still need to address somehow."

Farmer stated, "I think that people need to get their information more than as good as information getting out to people is and whatever means necessary, but I think that we have to be just as proactive and generous with information as anyone else because there's a lot more that goes on and could take up column inches, which may or may not be a story for the Journal World or for Channel 6 News. We get to do really cool stuff up here every week and a lot of stuff that the public doesn't really know about and have any idea of things that affect them positively so I think getting the word out in relationship to that is extremely important and involving them in that process."

Amyx stated, "There was a survey David, that was done in 2004 and early 2005 when it came out. I always remember that the one big topic that rose to the top and it was probably because it was being done in the winter time was the condition of our roadway surfaces."

Corliss stated, "That was in '07. That's exactly what I remember too."

Amyx stated, "I know I was elected right before Mike and one of things was we started putting more funds and you had figured out a way to help to move funds to help them with roadway surfaces and then Mayor Dever at the time, worked to get the sales tax to help get the improvements there for some of our big roadway systems. We had done a lot of work and I think that the level of satisfaction was really raised, but always still a concern about roadways because you can only break so many tires, but it was recognized as something that was the one thing that I really remember rose to the top, by far. I can pick any other City service but that was the one that really shines."

Corliss stated, "I think it's a very helpful tool, but should not decide things, our elective representatives should decide things. It's a very useful tool and as long as we recognize its limitations, I think it can be a very valuable for you all."

Mayor Amyx called for public comment. None.

Amyx stated, "I think it's a very helpful tool, I really do. I think it's one of those things that go hand in hand Jeremy with what you've done recently in trying to get information out and trying to get responses to what we're doing. I think ETC does a very good job of they send it out and then they do follow up calls to get peoples involvement and I think there's just a number of good things that are there. I think that as those questions come back and if it's anything like what we went through with the Comprehensive Plan questions, gee there were a lot of questions so we'll get that opportunity. That's what you were saying about going through that and making any changes that we thought might be necessary."

Corliss stated, "Dan Partridge had already mentioned to me, the health department and we'll probably get a lot of other input. The good news is this firm probably like the other firms has experience in this area. This is not their first time probably asking questions on any of these issues so hopefully they've got a good way to help us proceed."

**Moved by Schumm, seconded by Riordan,** to authorize the City Manager to execute an agreement with ETC for the 2015 Citizen Survey. Motion carried unanimously.

4. **Considered city code provisions on jail fee recoupment.**

David Corliss, City Manager, presented the staff report.

Farmer stated, "I was at a meeting last Monday and Benet Magnuson for Kansas Appleseed was there and started talking about this which kind of gaged my interest and I started texting Dave to figure out what we could potentially do about it. This is \$112,000 in revenue essentially that we would be foregoing and then another \$80,000 in indigent defense services. In the grand scheme of things most of the money's collected and I met with Judge Miller and Dave today and I think that we need to do what we did with rental registration with the court system and that is specifically ask for a large set of data points so that we can figure out exactly how things are going and have more information. They had 3 days to put together so I'm glad that we were able to get this information, but just when you look at the surface of the number of municipal jail days billed, 2013 to 2014, and it goes up essentially by 2600, that certainly throws off some red flags to ask why. Of course a lot of public perception surrounding that is well, this is happening because we have expenditures and the judge is having his neck breathed down by the City Manager who's getting pressure from us to try to toss more people in jail and that's not what's happening and this is a way to kind of get at making sure that that is not the public's perception. I mean I don't believe that's what's happening but I think there certainly are folks that do and we can take a lot of pressure off of people and poverty that are perpetuating them in the system by doing this. As we kind of start digging into this we may want to look at and change, especially in relationship to the payment docket review that happens once a month and whether or not it would be easier to either waive fees and send them to collections after a certain amount of time rather than having people continually have to come back. There are just a lot of different things that we can talk about doing, but for tonight I think this is a good start with not continuing to punish folks that are in poverty and by opposing this jail fee. One of the

things Benet had said and I hope he's going to come up and speak tonight, but there are people that appeal the district court because the County jail doesn't actually charge jail fees and from an equity prospective that's extremely unfortunate that that kind of disparity exists and it can under our City ordinances, but Benet can talk about this more eloquently than I can. He certainly made a good case. I think this is really important thing for us to do for the least of these in our community."

Schumm stated, "I had a question on the statistic. Under the municipal jail days billed, are those billed days for people who can afford to pay or is that everybody that went to jail for a day?"

Corliss stated, "That's everybody that touched jail. They may not have even spent more than a couple of hours there. That's everybody the jail recorded as a jail day."

Schumm stated, "So we had 9,488 jail days for the City of Lawrence in the County jail last year. The question and I had heard some comments about this in the community. The question is, I'd like to look, as long as we're going to look a little bit deeper on some things and I agree with you this is not going to be a quick fix tonight, the question that stands out here is why did we have such an increase from 13 to 14 in jail days and I can't believe that crime went up that much, maybe it did, maybe you can support it with crime statistic that show that, but that's a 39 percent increase in days in jail. I think what I'd like to do is look at the length of sentences that were imposing and I don't want to get too deep into it because that's not might technical area of expertise, but it certain the statistics bears out. The question is why did we increase the number of jail days so much from one year to the next? Obviously, if we go down the path of looking at not charging jail days for the people that can afford it then it becomes better for us to have less jail days and so I think that's part of the equation in this overall study. The other questions I had before is who sets the sentences? Is that a State mandated chart like it is on prison terms or that just at the will of the judge or how is that done?"

Corliss stated, "We'll get to some of those questions Commissioner. I think that we can work on that. Vicki Stanwix is our Court Administrator and I don't know if she wants to respond to all those questions now or want to just try to work on them for later."

Vicki Stanwix stated, "I don't have a lot of comment, but I did want to speak a little bit to your question about the sentencing. There are some guidelines for sentencing. They're mandated by state law and one thing that we've noticed that contributed largely to the increase in jail days from 2013 to 2014, was the increase in convictions for certain charges that carry mandatory minimums by state law. One of those being driving while suspended, a third or subsequent offense, convictions for those were up 23% which if there is a house arrest provision, some people are able to serve house arrest, but if the entire 23% increase of that served their 90 days sentence that would account for 1710 of the increase in jail days just in the one year."

Schumm stated, "So it's a 90 day offense?"

Stanwix stated, "90 days, yes and so with an increase like that that does account for a lot of that increase. We also had driving while suspended and we're up 9% and there's a 30% increase in driving while intoxicated conviction and those carry 5 day mandatory minimum sentences as well so adding all those together does account for a lot of those days."

Farmer stated, "I learned today that driving while suspended 3<sup>rd</sup> time was actually dictated by City Code."

Corliss stated, "It's all set out by State law but we prosecute it in our Municipal Court, but we don't have to. We really don't have to prosecute any of these in Municipal Court, we can refer them to District Court, but that would be a tremendous case load burden on them. I think it would be good as you all are suggesting, let's dig into the statistics and get more. If the will of the Commission is to repeal the recoupment fee, that's appropriate, we can proceed with that. We haven't had it that long. We can do that. I think it's also good to get it more of the data points and learn more about all of this as well, but there's any number of different reasons.

You're looking at a 2 year snap shot and you probably want to look at it even longer to understand what's going on for a certain period of time as well."

Amy asked, "The \$112,000 and the \$80,000 on the indigent defense services, both of those would be gone? Is that what you're saying Jeremy?"

Corliss stated, "Right, that's my understanding of the Vice Mayor's question."

Amyx stated, "That \$193,000, those are general fund kind of dollars? Well, that's how they would have to be made up."

Corliss stated, "Correct. The jail fee and then the indigent defense services fee, both of those numbers would be repealed if we repeal the ordinance that I believe the Vice Mayor is speaking too."

Amyx stated, "I'm just thinking out loud how you repeal that and I got to believe it's figured in as part of the budget, right?"

Corliss stated, "What we do with the figure that was quoted earlier was \$181,000,000, I think we're closer to \$190,000,000, 2015 City Budget when we talk about just expenditure authority, we may not spend all of that. These funds are received in the general fund and its average roughly around \$3,000,000 a year, almost every year. I still contend that the main driver of that is police department activity because the great bulk of the citations that are issued are for traffic offenses and the great bulk of traffic offenses are just paid through the mail by somebody who's coming to the window and paying for it. You don't really see any of those statistics here. What we usually do is take maybe a small percentage increase, if we think we're getting additional officers out on the street. We've increased court fines in the budget, but it really hasn't gone up historically all that much. We had a little bit larger year in 2014 than we did in 2013, maybe a little bit over budget. We'll have to see. I don't know if all the numbers are in, but there close. You need to see all that information."

Mayor Amyx called for public comment.

Greg Robinson stated, "The point I'd like to make, I think Mr. Farmer brought this up is that one of the strategies used by defense attorneys and it may not be employed by all is that simply to appeal out Municipal Court to avoid the fees for your client because this \$77 a day is a great burden to many of them. One of the points that you need to look at for lack of a better term, is the price point when we're looking at these jail days that were actually spent. What are the income levels of these people? Generally what this is, it turns into a war on the poor because if you haven't sufficient money, you pay your fines, you pay your fees and you go about your business, but if you are poor and indigent and can't afford anything, you end up back on a review docket. So what I'd suggest is, at least as part of this ordinance, is you put in there something to the language of 'no person shall be confined or incarcerated for the sole reason of inability to pay' because what we don't want to do is turn it into a debtor's prison and what a lot of it is, is simply that. We keep calling people back every month and they tell the judge the same thing. I can't afford it. I can't pay this so let's come back next month. So what they do is they end up not showing up because they don't want to tell the judge the same thing. So then a warrant goes out and they go to jail so basically what we've created is cycle of debtor's prison. We need to figure out a way to keep these poor people out of jail which ends up costing the taxpayer's money. As a defense attorney, one of the ways I do that, if I have somebody's indigent is we're going to district court, because they're not going to pay that fee and I'd rather pay the appeal fee for my client to get them into a position of where district court is not going to impose such a heavy load on somebody that can afford to pay."

Benet Magnuson stated, "I really appreciate this opportunity to talk with you about the jail fees. I want to start by putting that \$74 a day into context. If a man who is a husband and a father gets placed into jail from the Municipal Court and it looks like his spouse is working a minimum wage job, that \$74 a day is going to wipe out that entire income for that family, for that whole day's work in fact, more so if the person is earning minimum wage. So what we're talking about are people who might be on the edge, very likely pushing them over the edge into a place

where they can no longer afford child care or afford food. As was pointed out the number of jail says out of Municipal Court has been rising pretty quickly, not only over the past year, but over the past, at least 8 years. What makes this even more remarkable is that crime in Lawrence is actually going down over that period of time so crime has fallen by a third since 2006, but the number of jail days had either doubled or got out by 575% based on which data reported from 2006 you go by and there is some discrepancy in how many bed days exactly that were happening in 2006. My recommendation would be to just repeal these recoupment fees entirely. If the goal of these recoupment fees was to address and prevent crime, we know that's not working because there are no studies that say, adding debt to a defendant makes them more likely to avoid crime, makes them more likely to address a mental health issue, to manage an addiction, to be able to afford child care, all the things that people in municipal court struggle with day in and day out. If the goal is to save the City money, a much more effective strategy would be to reduce the number of jail bed days out of the court. I think that's very doable given that 8 years ago, when crime was a third higher, we were using half or maybe a fifth of jail bed days we have now. It is true that the State law requires on 3<sup>rd</sup> conviction on driving while suspended a 90 day sentence. It requires 5 day sentence on 2<sup>nd</sup> conviction, but there's a lot of discretion that the prosecutor's office can use in bringing those charges, allowing for diversion, things that will prevent the conviction and that triggering of that mandatory minimum. There are practices that presumably were happening 8 years ago in the Municipal Court when the City was using very few bed days. It's hard to say cause and effect, but when those jail fees went into effect in 2007, the number of jail bed days in the Municipal Court started taking off at a clip of about 39% increase every year and again that's at a time when crime is falling. It's hard to understand why jail bed days would be going up, I'm really encouraged to hear the research and the investigation. I hope that there will be a lot of digging into that question, but I think regardless of that, a good first up is repealing these recoupment fees. We know that no matter what else is going on in Municipal Court this is about a policy. It's putting a burden on people

who can least afford it, probably increase the chance that they're going to re-offend and not manage the drivers of the criminal behavior to begin with and the City's only collecting \$10 a day from the jail recoupment fees and only 11 percent of the appointed attorney fees."

Barbara Sabol stated, "I would like to speak, Mr. Mayor and Commissioner members in favor of eliminating this recoupment policy that we have, but in the meantime why you are studying the issue, I would hope you would add to your list of data that you will be collecting is who is paying the fees so that we make sure that we don't have in place now, while you're studying and while you are considering eliminating the recoupment fee. Is there a disproportion impact? As you look at the data point that you'll be collecting, make sure your collecting it by race, ethnicity, and by gender."

Amyx asked, "The idea tonight was to bring this item forward, give some direction to staff this evening on information to bring back in a timely manner to be able to discuss the elimination of the jail fee recoupment, correct?"

Farmer stated, "We don't necessarily do any harm, I don't think, by repealing the ordinance. I think we still need to get more data in relationship to...You know Barbara was at the Capital Improvement listening session last night, brought up so good points. I was telling Casey to take notes which I'm sure she was doing about that disproportionate impact, but I think there's a lot that we can look at in relationship to how we're not continuing to oppress folks in keeping them in the system. I don't believe that any of those impacts are in fact intentional, but it just could be a matter of being so far removed from the process. Vicky had mentioned house arrest earlier tonight and that's something that we talked about with Judge Miller today in order to reduce jail time and the cost for that is \$17 dollars a day as opposed to \$74 dollars a day for sending somebody to jail. I think it's kind of a two tiered thing. I think if we feel comfortable repealing Ordinance 8898, I think that could be something that we can actually vote on tonight and then kind of secondarily with that we could also get our list of questions to the Mayor who would then sit down with Dave, City Attorney and Judge Miller and really kind of start getting

some data points, just like we did with the rental registration program. That's what I told Judge Miller today, is you know we have to do a better a job of telling our story to the community and if we don't have data back it up, our story is just that in their minds, it's a story and we need to have data to back these things up and have good reasons and good talking points. There's a lot more data that we need to gather and then the push back today was, we'll there's a very limited amount of staffing and resources there. If we want more data then we're going to have to put some more attention there. I think it will be a good conversation to have come budget time, but I would recommend that we repeal the fees because it is not helping those who are poor and trying to get out of the system and Benet's right, \$75 a day for somebody who's making minimum wage is completely detrimental. Dr. Riordan, you know they can't afford medication, even with the Affordable Care Act. It's just kind of a spiral. We should be extending a latter as policy makers down to people that are poor and not continuing them on their spiral downhill. I think we're comfortable repealing 8898 tonight and continuing to look at asking good questions. I think it would be great if Benet were to sit down with the City Attorney and City Staff and ask some of those questions that maybe we should be asking because he's got a wealth of knowledge there, but that would be my recommendation Mayor is to repeal and on the other hand look at how we might be able to help folks a little bit better."

Amyx stated, "Because of the item that's on the agenda tonight is to consider the City Code provisions on jail fee recoupment, should it be specific as an item that is on the agenda like for next week where it is the repeal of that, it's advertised as that item."

Corliss stated, "What we would do is just prepare and ordinance that would repeal section 12-105.1 of the City Code. We just would have that ordinance on regular consent agenda depending upon your direction next week."

Amyx stated, "It has to have two readings because it's done by ordinance."

Corliss stated, "Correct."

Amyx stated, "I would rather have, just because of process and procedure, I would rather have us go through how we handle this process."

Schumm stated, "The question that I have too is how do we handle people who are in jail now that have been assessed this fee and if we're going to stop it, if we're going to repeal it, on what date does it become effective. So you've got that issue to deal with also. I defer to staff on that to see what they could come back with."

Corliss stated, "We'll put that in the ordinance. I think it's the intent of the Commission is that it's no longer enforced and no longer effective, including those that are currently in the system. We'll write it that way."

Amyx asked, "Vicki, can I ask a question you may know or you may not know. In 2013, the number of municipal jail days that were billed was \$6,819, and in 2014 it's \$9,488. How many cases is that?"

Stanwix stated, "I cannot speak to how many cases. I can tell you approximately how many individuals, but not cases. In 2013, that would be 2,061 individuals serving 6,819 days, in 2014, and 2,275 individuals servicing 9,488 days."

Farmer asked, "What was the 2013 numbers again?"

Amyx stated, "2,061. That's an increase of 214 individuals."

Stanwix stated, "Approximately, yes."

Farmer asked, "What did the judge say today. Was it something like 3 percent of those people accounted for 20 percent of that increase or something like that?"

Corliss stated, "Vice Mayor, I think it's correct. I'll ask Scott."

Stanwix stated, "I think I have that. 3 percent of the individuals were responsible for approximately 42 percent of the jail days billed. That was 80 individuals so 80 individuals served 3,987 days in 2014."

Corliss stated, "I think what would be helpful it's also then to get, again not using their names, some of the history about what those offenses were, what the punishment was, and those kinds of things. We'll get that information for you."

Amyx stated, "Dave, we'll go ahead and next week put that ordinance on the agenda for consideration."

Corliss stated, "If that's your direction, that's what we'll do."

Amyx stated, "We'll go ahead and place that on the agenda for next week, 3 percent. One of the things I was just thinking with the 214 individual increase, if we hadn't had the mandatory jail time for the offenses that changed between 13 and 14, would that number have actually gone down? The number of jail days billed."

Stanwix stated, "Possibly."

Schumm stated, "The ironic part of this, you talk about building a new 30 million dollar jail because we don't have enough cells, so you know there's a real cost, not just the \$74 dollars a day, but the real cost is what the community's going to have to come up with to fund a bigger jail. I'm all for looking at how to reduce the number of days in jail for an offense. I don't know if we'll find an answer to it, but it sounds like that's the right place to start, for sure."

Farmer stated, "One of the things that Dave and I talked about whenever it was that we talked about it and then also the Judge today was the possibility of looking into what's been happening in Wichita and also in Shawnee County with like a mental health court. In the listening sessions that I've been doing, mental health is the number 2 top issue on taking care of people in our community below affordable housing. The county is doing some things in relationship to a mental health wing in a jail expansion. We've got a great resource in Bert Nash in our community. If we can free the Judge up with some of these things and I think another thing we should think about and I haven't had a chance to talk to Benet about it, but in relationship to taking after 90 days, sending it to collections so you don't have a 400 person payment review docket, but of course that carries consequences too because you're balance

automatically increases, I think he said by 20 percent when that happens. There are things both ways, but I think as we're looking at this, if we could also look at kind of in tandem like a mental health court or substance abuse court that can kind of happen with case workers and case management to really get at some of the root of these issues. I think that would certainly be money well spent for us as policy makers to help folks actually get out of the system instead of perpetuating their existence in it."

**Moved by Farmer, seconded by Riordan,** to direct staff to place an item on next week's City Commission agenda to rescind Ordinance No. 8898 pertaining to assessment of recoupment costs in Municipal Court. Motion carried unanimously.

**PUBLIC COMMENT:**

Greg Robinson stated, "One of the benefits of having a long first discussion is the fact you get to look at the internet a little bit and apparently you need to get 10 welcome baskets ready Mayor because 10 employees with Hallmark are relocating to the City of Lawrence as reported in the Kansas City Star this evening. Unfortunately, I guess the downturn of that is Midland Georgia is losing 50 employees. I guess the point of that is, is that a lot of times Hallmark in the last election for the sales tax, I think Hallmark took a beating for unnecessarily from the public and that's one of the probably prime manufacturers we have in this community and those or the type of manufactures we need to take care of. A lot of the economic development we see is always with new. We need to take more time and effort with our local people that had been here for a long time and Hallmark is one of those entities that we need to look at and maintain good working jobs or good high paying jobs in this community, with benefits because it's getting to the point where Hallmark, I use them as an example because my family use to work of Hallmark and my brother still does, he's been there for over 30 years, but the plant between Lawrence and Leavenworth is going to have major competition in the future about who's going to stay open so Lawrence if they want to retain that entity and this town for the foreseeable future, we need to start looking at our infill development, sustainability for

economic development instead of always chasing service development and things of that nature. That is my comment so I guess you need to get at least 10 baskets ready for new employees.”

Amyx stated, “I appreciate that, but I just wanted to have you and other members of the public aware that our economic development partners go on weekly tours and make a real point as we visit some of our area employers, make sure they understand that we are here to help and before things were to fester up or things go bad, make us part of your visit. We’re always available to make sure that they are not forgotten as we’re trying to recruit new businesses. The real backbone of employment, are the businesses that we have here in town so we want to make sure that we’re able to take care of them. I appreciate your comments.”

David Corliss, City Manager, stated, “We had a wonderful hour and a half visit with them in November, extensive discussion about how we help them with their retooling and realignment as they absorb the Topeka facility and then we got a great tour of what they’ve done on the actual shop floor. It’s kind of interesting, I kept looking around for Christmas Cards and they said those were long gone and they were working on Easter Cards and other things like that. I think the comments about continuing to work with existing industries is real important and we do that. It’s good to have a reminder too.”

**G. FUTURE AGENDA ITEMS:**

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

**H: COMMISSION ITEMS:** None.

**I: CALENDAR:**

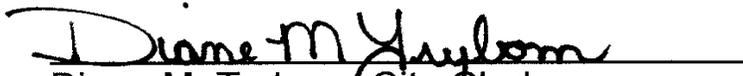
David Corliss, City Manager, reviewed calendar items

**J: CURRENT VACANCIES – BOARDS/COMMISSIONS:**

Existing and upcoming vacancies on City of Lawrence Boards and Commissions were listed on the agenda.

**Moved by Schumm, seconded by Riordan,** to adjourn at 8:39 p.m. Motion carried unanimously.

**MINUTES APPROVED BY THE CITY COMMISSION ON MAY 5, 2015.**

  
Diane M. Trybom (City Clerk)