

BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS

WEDNESDAY, NOVEMBER 2, 2016

4:00 p.m.

-Announce receipt of AIA Central States Regional Design Excellence Award for outstanding architecture in the Iowa, Kansas, Missouri, Nebraska and Oklahoma area. (Thellman, Steve Clark)

-Considered approval of the minutes for August 24, September 7, September 21 and September 28, 2016

CONSENT AGENDA

- (1) (a) Consider approval of Commission Orders; and
(b) Consider approval of Agreement with KDOT for installation of traffic signal at US-59/Route 458 intersection (Keith Browning).

REGULAR AGENDA

- (2) Receive recommendation from the Public Incentive Advisory Committee (PIRC) and consider County/School District participation in a 10 year, 85% Neighborhood Revitalization Area (NRA) for Williams Management LLC for their mixed-use project at approximately 826 Pennsylvania Street (Britt Crum-Cano)
- (3) Consider approval of draft changes to Sanitary Code adopting revised requirements for land application of septage, to be submitted to KDHE for approval (Dan Partridge)
- (4) Consider approval of rental and use guidelines, fee schedule and rental agreement for Douglas County Fairgrounds (Jill Jolicoeur)
- (5) Consider approval of Employee Conceal Carry Policy (Jill Jolicoeur)
- (6) (a) Consider approval of Accounts Payable (if necessary)
(b) Appointments
-Board of Construction Codes Appeals (1) position 12/15
-Planning Commission (1) position to fill unexpired term
(c) Public Comment
(d) Miscellaneous
- (7) Adjourn

WEDNESDAY, NOVEMBER 9, 2016

4:00 p.m.

CUP-16-00035: Consider the renewal of a Conditional Use Permit for Prairie Moon School *Preschool Program*, located at 1853 E 1600 Road. Submitted by Melissa Watson for Waldorf Association of Lawrence tenant, Grant Township, property owner of record. (Sandra Day)

WEDNESDAY, NOVEMBER 16, 2016

WEDNESDAY, NOVEMBER 23, 2016 (meeting cancelled)

WEDNESDAY, NOVEMBER 30, 2016

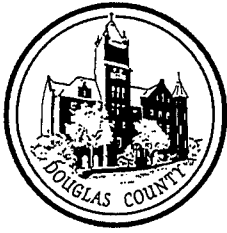
-Presentation of Douglas County Fairgrounds Master Plan and finalize funding budget for landscaping (Eileen Horn)

WEDNESDAY, DECEMBER 7, 2016 (light or cancelled)

WEDNESDAY, DECEMBER 14, 2016

-Receive recommendation from the Public Incentive Advisory Committee (PIRC) and consider County/School District participation in a 10 year, 75% Neighborhood Revitalization Area (NRA) for Vermont LLC for their mixed-use project at approximately 800-815 Vermont Street (Britt Crum-Cano)

Note: The Douglas County Commission meets regularly on Wednesdays at 4:00 P.M. for administrative items and 6:00 P.M. for public items at the Douglas County Courthouse. Specific regular meeting dates that are not listed above have not been cancelled unless specifically noted on this schedule.



DOUGLAS COUNTY PUBLIC WORKS

3755 E. 25th Street
Lawrence, KS 66046
(785) 832-5293 Fax (785) 842-1201
dgcopubw@douglascountyks.org
www.douglascountyks.org

Keith A. Browning, P.E.
Director of Public Works/County Engineer

MEMORANDUM

To : Board of County Commissioners

From : Keith A. Browning, P.E., Director of Public Works/County Engineer *KAB*

Date : October 20, 2016

Re : Consent Agenda approval of agreement with KDOT
Installation of traffic signal at US-59/Route 458 intersection

As you are aware, KDOT agreed to install a traffic signal on US-59 highway at the Route 458 (N 1200 Road) intersection. An agreement outlining the terms of the project is attached.

Under terms of the agreement, KDOT will design the project, relocate utilities, and construct the project, as well as acquire any needed right-of-way. Douglas County will be responsible for 20% of construction costs, up to a maximum obligation of \$34,000.

Terms of the agreement are consistent with those approved by the BoCC during the September 7, 2016 meeting.

Action Required: Consent Agenda approval of an agreement with KDOT for a project to install traffic signals on US-59 highway at the Route 458 (N 1200 Road) intersection. The BoCC should sign two (2) original copies of the agreement.

PROJECT NO. 10-23 KA-3634-06
INSTALL PERMANENT SIGNAL
DOUGLAS COUNTY, KANSAS

A G R E E M E N T

This Agreement is between the **Secretary of Transportation**, Kansas Department of Transportation (KDOT) (the “Secretary”) and **Douglas County, Kansas** (“County”), **collectively**, the “Parties.”

RECITALS:

- A. The Secretary has authorized a permanent signal project, as further described in this Agreement.
- B. The Secretary and the County are empowered by the laws of Kansas to enter into agreements for the construction and maintenance of the State Highway System through the County.
- C. The Secretary desires to construct the Project on US-59/CR 458, and the County agrees to the Project in the County.
- D. The Secretary and the County desire to enter into an Agreement to make improvements to the state highway through the use of state funds.
- E. Counties are, under certain circumstances, entitled to receive assistance in the financing of the construction and reconstruction of roads and streets, provided however, in order to be eligible for such state aid, such work is required to be done in accordance with the laws of the State of Kansas.

NOW THEREFORE, in consideration of these premises and the mutual covenants set forth herein, the Parties agree to the following terms and provisions.

ARTICLE I

DEFINITIONS: The following terms as used in this Agreement have the designated meanings:

- 1. **“Agreement”** means this written document, including all attachments and exhibits, evidencing the legally binding terms and conditions of the agreement between the Parties.
- 2. **“County”** means Douglas County, Kansas, with its place of business at 3755 E. 25th Street, Lawrence, KS 66046.
- 3. **“Construction”** means the work done on the Project after Letting, consisting of building, altering, repairing, improving or demolishing any structure, building or highway; any drainage, dredging, excavation, grading or similar work upon real property.

4. **“Design Plans”** mean design plans, specifications, estimates, surveys, and any necessary studies or investigations, including, but not limited to, environmental, hydraulic, and geological investigations or studies necessary for the Project under this Agreement.
5. **“Effective Date”** means the date this Agreement is signed by the Secretary or the Secretary’s designee.
6. **“Encroachment”** means any building, structure, farming, vehicle parking, storage or other object or thing, including but not limited to signs, posters, billboards, roadside stands, fences, or other private installations, not authorized to be located within the Right of Way which may or may not require removal during Construction pursuant to the Design Plans.
7. **“KDOT”** means the Kansas Department of Transportation, an agency of the state of Kansas, with its principal place of business located at 700 SW Harrison Street, Topeka, KS, 66603-3745.
8. **“Letting” or “Let”** means the process of receiving bids prior to any award of a Construction contract for any portion of the Project.
9. **“Non-Participating Costs”** means the costs of any items or services which the Secretary reasonably determines are not Participating Costs.
10. **“Participating Costs”** means expenditures for items or services which are an integral part of highway, bridge and road construction projects, as reasonably determined by the Secretary.
11. **“Parties”** means the Secretary of Transportation and KDOT, individually and collectively, and the County.
12. **“Project”** means all phases and aspects of the construction endeavor to be undertaken by the Secretary, being: **installation of permanent traffic signal on US-59 and County Road N1200/458 in Douglas County, Kansas**, and is the subject of this Agreement.
13. **“Right of Way”** means the real property and interests therein necessary for Construction of the Project, including fee simple title, dedications, permanent and temporary easements, and access rights, as shown on the Design Plans.
14. **“Secretary”** means the Secretary of Transportation of the state of Kansas, and his or her successors and assigns.
15. **“Utilities” or “Utility”** means all privately, publicly or cooperatively owned lines, facilities and systems for producing, transmitting or distributing communications, power, electricity, light, heat, gas, oil, crude products, water, steam, waste, storm water, and other similar commodities, including fire and police signal systems which directly or indirectly serve the public.

ARTICLE II

SECRETARY RESPONSIBILITIES:

1. **Project Construction.** The Secretary shall undertake and complete the Project except as otherwise modified by this Agreement.
2. **Right of Way Acquisition.** In the name of the Secretary, the Secretary will perform appraisal and acquisition work including condemnation, if necessary, for Right of Way as shown on the Design Plans. All costs for Right of Way as shown on the Design Plans will be paid for with state funds. The Secretary will receive and disburse all funds directly to the parties involved in acquisition of Right of Way.
3. **Design, Letting, and Administration.** The Secretary will prepare the Design Plans, Let the contract for the Project and administer the Construction of the Project, and administer the payments due the Contractor. Except as otherwise provided, all Construction items included in the Design Plans shall be paid for with state funds.
4. **General Indemnification.** To the extent permitted by law and subject to the Kansas Tort Claims Act, including but not limited to the exceptions and maximum liability provisions, the Secretary shall defend, indemnify, hold harmless, and save the County and its authorized representatives from any and all costs, liabilities, expenses, suits, judgments, damages to persons or property or claims of any nature whatsoever arising out of or in connection with the provisions or performance of this Agreement by the Secretary, the Secretary's employees, or subcontractors. The Secretary shall not be required to defend, indemnify, hold harmless, and save the County for negligent acts or omissions of the County or its authorized representatives or employees.
5. **Indemnification by Contractors.** The Secretary will require the Contractor to indemnify, hold harmless, and save the Secretary and the County from personal injury and property damage claims arising out of the act or omission of the Contractor, the contractor's agent, subcontractors (at any tier), or suppliers (at any tier). If the Secretary or the County defends a third party's claim, the Contractor shall indemnify the Secretary and the County for damages paid to the third party and all related expenses either the Secretary or the County or both incur in defending the claim.
6. **Utilities.**
 - (a) **Utility Relocation.** The Secretary will move or adjust, or cause to be moved or adjusted, and will be responsible for such removal or adjustment of all existing Utilities necessary to construct the Project in accordance with the final Design Plans. New or existing utilities that have to be installed, moved or adjusted will be located or relocated in accordance with the current version of the KDOT Utility Accommodation Policy (UAP), as amended or supplemented.

ARTICLE III

COUNTY RESPONSIBILITIES:

1. **Legal Authority.** The County shall, by resolution or other official act, authorize the Secretary to undertake and complete the Project within the corporate limits of the County. The County further agrees to adopt all necessary ordinances and/or resolutions and to take such administrative or legal steps as may be required to give full effect to the terms of this Agreement.
2. **Financial Obligation.** The County will be responsible for twenty percent (20%) of the total actual costs of Construction (which includes the costs of all Construction Contingency Items), up to \$34,000.00 for the Project.
3. **Payment of Final Billing.** If any payment is due to the Secretary, such payment shall be made within thirty (30) days after receipt of a complete and final billing from the Secretary's Chief of Fiscal Services.
4. **Removal of Encroachments.** The County shall initiate and proceed with diligence to remove or require the removal of all Encroachments either on or above the limits of the Right of Way within its jurisdiction as shown on the final Design Plans for this Project. It is further agreed all such Encroachments will be removed before the Project is advertised for Letting; except the Secretary may permit the Project to be advertised for Letting before such Encroachment is fully removed if the Secretary determines the County and the owner thereof have fully provided for the physical removal of the Encroachment and such removal will be accomplished within a time sufficiently short to present no hindrance or delay to the Construction of the Project.
5. **Future Encroachments.** Except as provided by state and federal laws, the County agrees it will not in the future permit Encroachments upon the Right of Way of the Project, and specifically will require any gas and fuel dispensing pumps erected, moved or installed along the Project be placed a distance from the Right of Way line no less than of the distance permitted by the National Fire Code.
6. **Use of Right of Way.** All Right of Way provided for the Project shall be used solely for public highway purposes.
7. **Trails and Sidewalks on KDOT Right of Way.** Intentionally deleted.
8. **Parking Control.** The County shall prohibit parking of vehicles on the county connecting link and on the acceleration and deceleration lanes of all connecting streets and highways and on additional portions of the connecting streets and highways as the Secretary may deem necessary to permit free flowing traffic throughout the length of the Project covered by this Agreement.
9. **Access Control.** The County will maintain the control of access rights and prohibit the construction or use of any entrances or access points along the Project within the County other than those shown on the final Design Plans, unless prior approval is obtained from the Secretary.

10. **Accounting.** Upon request by the Secretary and in order to enable the Secretary to report all costs of the Project to the legislature, the County shall provide the Secretary an accounting of all actual Non-Participating Costs which are paid directly by the County to any party outside of the Secretary and all costs incurred by the County not to be reimbursed by the Secretary for preliminary engineering, right of way, utility adjustments, construction, and construction engineering work phases, or any other major expense associated with the Project.

ARTICLE IV

GENERAL PROVISIONS:

1. **Incorporation of Design Plans.** The final Design Plans for the Project are by this reference made a part of this Agreement.
2. **Traffic Control.** The Parties agree to the following with regard to traffic control for the Project:
 - (a) **Temporary Traffic Control.** The Secretary shall determine in consultation with the County the manner in which traffic is to be handled during Construction. Before the final Design Plans have been completed, detour routes and street closings, if necessary, shall be agreed upon by authorized representatives of the County and the Secretary, and noted on the final Design Plans. If revisions to the traffic handling plan are proposed during the progress of Construction, the County and the Secretary shall approve such revisions before they become effective.
 - (b) **Permanent Traffic Control.** The location, form and character of informational, regulatory and warning signs, of traffic signals and of curb and pavement or other markings installed or placed by any public authority, or other agency as authorized by K.S.A. 8-2005, must conform to the manual and specifications adopted under K.S.A. 8-2003 and any amendments thereto are incorporated by reference and shall be subject to the approval of the Secretary.
3. **Maintenance.** The Secretary will enter into a separate agreement with a 3rd party for maintenance of the Project.
4. **Civil Rights Act.** The "Special Attachment No. 1," pertaining to the implementation of the Civil Rights Act of 1964, is attached and made a part of this Agreement.
5. **Contractual Provisions.** The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 06-12), which is attached hereto, are hereby incorporated in this contract and made a part hereof.
6. **Termination.** If, in the judgment of the Secretary, sufficient funds are not appropriated to continue the function performed in this Agreement and for the payment of the charges hereunder, the Secretary may terminate this Agreement. The Secretary will participate in all costs approved by the Secretary incurred prior to the termination of the Agreement.

7. **Headings.** All headings in this Agreement have been included for convenience of reference only and are not to be deemed to control or affect the meaning or construction or the provisions herein.

8. **Binding Agreement.** This Agreement and all contracts entered into under the provisions of this Agreement shall be binding upon the Secretary and the County and their successors in office.

9. **No Third Party Beneficiaries.** No third party beneficiaries are intended to be created by this Agreement and nothing in this Agreement authorizes third parties to maintain a suit for damages pursuant to the terms or provisions of this Agreement.

IN WITNESS WHEREOF the Parties have caused this Agreement to be signed by their duly authorized officers as of the Effective Date.

ATTEST:

DOUGLAS COUNTY, KANSAS

COUNTY CLERK (Date)

CHAIRPERSON

(SEAL)

MEMBER

MEMBER

Kansas Department of Transportation
Secretary of Transportation

By: _____
Catherine M. Patrick, P.E. (Date)
State Transportation Engineer

CONTRACTUAL PROVISIONS ATTACHMENT

Important: This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

"The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 06-12), which is attached hereto, are hereby incorporated in this contract and made a part thereof."

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being the _____ day of _____, 20_____.

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated. Any terms that conflict or could be interpreted to conflict with this attachment are nullified.
2. **Kansas Law and Venue:** This contract shall be subject to, governed by, and construed according to the laws of the State of Kansas, and jurisdiction and venue of any suit in connection with this contract shall reside only in courts located in the State of Kansas.
3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of the State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.
4. **Disclaimer Of Liability:** No provision of this contract will be given effect that attempts to require the State of Kansas or its agencies to defend, hold harmless, or indemnify any contractor or third party for any acts or omissions. The liability of the State of Kansas is defined under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).
5. **Anti-Discrimination Clause:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.

Contractor agrees to comply with all applicable state and federal anti-discrimination laws.

The provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting State agency cumulatively total \$5,000 or less during the fiscal year of such agency.
6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.
7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation of this contract shall find that the State or its agencies have agreed to binding arbitration, or the payment of damages or penalties. Further, the State of Kansas and its agencies do not agree to pay attorney fees, costs, or late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect that attempts to exclude, modify, disclaim or otherwise attempt to limit any damages available to the State of Kansas or its agencies at law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose.
8. **Representative's Authority To Contract:** By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.
9. **Responsibility For Taxes:** The State of Kansas and its agencies shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.
10. **Insurance:** The State of Kansas and its agencies shall not be required to purchase any insurance against loss or damage to property or any other subject matter relating to this contract, nor shall this contract require them to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the contractor shall bear the risk of any loss or damage to any property in which the contractor holds title.
11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.
12. **The Eleventh Amendment:** "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."
13. **Campaign Contributions / Lobbying:** Funds provided through a grant award or contract shall not be given or received in exchange for the making of a campaign contribution. No part of the funds provided through this contract shall be used to influence or attempt to influence an officer or employee of any State of Kansas agency or a member of the Legislature regarding any pending legislation or the awarding, extension, continuation, renewal, amendment or modification of any government contract, grant, loan, or cooperative agreement.

KANSAS DEPARTMENT OF TRANSPORTATION

Special Attachment
To Contracts or Agreements Entered Into
By the Secretary of Transportation of the State of Kansas

NOTE: Whenever this Special Attachment conflicts with provisions of the Document to which it is attached, this Special Attachment shall govern.

THE CIVIL RIGHTS ACT OF 1964, and any amendments thereto,
REHABILITATION ACT OF 1973, and any amendments thereto,
AMERICANS WITH DISABILITIES ACT OF 1990, and any amendments thereto,
AGE DISCRIMINATION ACT OF 1975, and any amendments thereto,
EXECUTIVE ORDER 12898, FEDERAL ACTIONS TO ADDRESS ENVIRONMENTAL JUSTICE IN MINORITY
POPULATIONS AND LOW INCOME POPULATIONS 1994, and any amendments thereto,
49 C.F.R. Part 26.1 (DBE Program), and any amendments thereto

NOTIFICATION

The Secretary of Transportation for the State of Kansas, in accordance with the provisions of Title VI and Title VII of the Civil Rights Act of 1964 (78 Stat. 252), §504 of the Rehabilitation Act of 1973 (87 Stat. 355) and the Americans with Disabilities Act of 1990 (42 USC 12101), the Age Discrimination Act of 1975 (42 USC 6101), the regulations of the U.S. Department of Transportation (49 C.F.R., Part 21, 23, and 27), issued pursuant to such Act, Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low Income Populations (1994), and the DBE Program (49 C.F.R., Part 26.1), hereby notifies all contracting parties that, the contracting parties will affirmatively ensure that this contract will be implemented without discrimination on the grounds of race, religion, color, gender, age, disability, national origin, or minority populations and low income populations as more specifically set out in the following "Nondiscrimination Clauses".

CLARIFICATION

Where the term "Consultant" appears in the following "Nondiscrimination Clauses", the term "Consultant" is understood to include all parties to contracts or agreements with the Secretary of Transportation of the State of Kansas.

Nondiscrimination Clauses

During the performance of this contract, the Consultant, or the Consultant's assignees and successors in interest (hereinafter referred to as the "Consultant"), agrees as follows:

- 1) Compliance with regulations: The Consultant will comply with the regulations of the U.S. Department of Transportation relating to nondiscrimination in its federally-assisted programs and codified at Title 49, Code of Federal Regulations, Parts 21, 23 and 27, (hereinafter referred to as the "Regulations"). The Regulations are herein incorporated by reference and made a part of this contract.
- 2) Nondiscrimination: The Consultant, with regard to the work performed by the Consultant after award and prior to the completion of the contract work, will not discriminate on the grounds of race, religion, color, gender, age, disability, national origin or minority populations and low income populations in the selection and retention of subcontractors, including in the procurements of materials and leases of equipment. The Consultant will not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- 3) Solicitations for Subcontractors, including Procurements of Material and Equipment: In all solicitations, either competitive bidding or negotiation made by the Consultant for work to be performed under a subcontract including procurements of materials and equipment, each potential subcontractor or supplier shall be notified by the Consultant of the Consultant's obligation under this contract and the Regulations relative to nondiscrimination on the grounds of race, religion, color, gender, age, disability, national origin or minority populations and low income populations.

- 4) Information and Reports: The Consultant will provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto, and the Secretary of the Transportation of the State of Kansas will be permitted access to the Consultant's books, records, accounts, other sources of information, and facilities as may be determined by the Secretary of Transportation of the State of Kansas to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a Consultant is in the exclusive possession of another who fails or refuses to furnish this information, the Consultant shall so certify to the Secretary of Transportation of the State of Kansas and shall set forth what efforts it has made to obtain the information.
- 5) Employment: The Consultant will not discriminate against any employee or applicant for employment because of race, religion, color, gender, age, disability, or national origin.
- 6) Sanctions for Noncompliance: In the event of the Consultant's noncompliance with the nondiscrimination provisions of this contract, the Secretary of Transportation of the State of Kansas shall impose such contract sanctions as the Secretary of Transportation of the State of Kansas may determine to be appropriate, including, but not limited to,
 - (a) withholding of payments to the Consultant under the contract until the Consultant complies, and/or
 - (b) cancellation, termination or suspension of the contract, in whole or in part.
- 7) Disadvantaged Business Obligation
 - (a) Disadvantaged Business as defined in the Regulations shall have a level playing field to compete for contracts financed in whole or in part with federal funds under this contract.
 - (b) All necessary and reasonable steps shall be taken in accordance with the Regulations to ensure that Disadvantaged Businesses have equal opportunity to compete for and perform contracts. No person(s) shall be discriminated against on the basis of race, color, gender, or national origin in the award and performance of federally-assisted contracts.
 - (c) The Consultant, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Consultant shall carry out applicable requirements of 49 C.F.R. Part 26 in the award and administration of Federally-assisted contracts. Failure by the Consultant to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the recipient deems appropriate.
- 8) Executive Order 12898
 - (a) To the extent permitted by existing law, and whenever practical and appropriate, all necessary and reasonable steps shall be taken in accordance with Executive Order 12898 to collect, maintain, and analyze information on the race, color, national origin and income level of persons affected by programs, policies and activities of the Secretary of Transportation of the State of Kansas and use such information in complying with Executive Order 12898.
- 9) Incorporation of Provisions: The Consultant will include the provisions of paragraphs (1) through (8) in every subcontract, including procurements of materials and equipment, unless exempt by the Regulations, order, or instructions issued pursuant thereto. The Consultant will take such action with respect to any subcontract or procurement as the Secretary of Transportation of the State of Kansas may direct as a means of enforcing such provisions including sanctions for noncompliance: PROVIDED, however, that, in the event a Consultant becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the Consultant may request the State to enter into such litigation to protect the interests of the State.



City of Lawrence

CITY MANAGER'S OFFICE

THOMAS M. MARKUS
CITY MANAGER

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

6 East 6th St
785-832-3000
FAX 785-832-3405

CITY COMMISSION

MAYOR
MIKE AMYX

COMMISSIONERS
LESLIE SODEN
STUART BOLEY
MATTHEW J. HERBERT
LISA LARSEN

October 20, 2016

Craig Weinaug
County Administrator
Douglas County
1100 Massachusetts Street
Lawrence, KS 66044

Mr. Kyle Hayden
Superintendent of Schools
USD 497, Lawrence Public School
110 McDonald Drive
Lawrence, KS 66044

Sent via e-mail

Dear Mr. Weinaug and Mr. Hayden,

The City of Lawrence is in receipt of two requests to establish a neighborhood revitalization area (NRA):

Williams Management LLC. is requesting a 10-year, 85% rebate of the incremental property tax revenues for the property at 826 Pennsylvania Street to redevelop the existing structure into a mixed-used commercial and residential project in the East Lawrence Warehouse District.

The Schumm Company is requesting a 10-year, 75% rebate of the incremental property tax revenues for the property at 820-815 Vermont Street to develop the long-vacant lot into a mixed-used commercial and residential project.

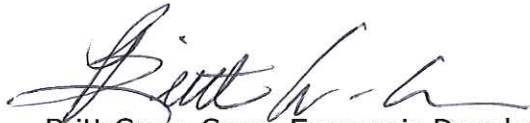
The City, County, and School District separately determine their participation and level of participation in the NRA. The Public Incentives Review Committee (PIRC) will review the request and provide recommendations at their November 1, 2016 meeting. The City Commission will hold a public hearing on November 1, 2016 to consider the City's participation in establishing the NRA district.



In visiting with you, we have scheduled November 2, 2016 at 4:00 pm as the date and time for the County Commission to consider their participation in the NRA and November 14, 2016 at 7:00 pm as the date and time for the School Board to consider their participation in the NRA. Based on this schedule, the City Commission is anticipated to take final action on November 15, 2016.

Attached is analysis and supporting materials for the request. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Britt Crum-Cano", written in a cursive style.

Britt Crum-Cano, Economic Development Coordinator

c: Thomas M. Marcus, City Manager
Diane Stoddard, Assistant City Manager
Adam Williams
Matt Gough
Bob Schumm

Memorandum

City of Lawrence

City Manager's Office

TO: Tom Markus, City Manager
CC: Diane Stoddard, Assistant City Manager
Casey Toomay, Assistant City Manager
FROM: Britt Crum-Cano, Economic Development Coordinator
DATE: October 20, 2016
RE: County and School District Consideration: 826 Pennsylvania Street IRB and NRA Request

*Please see **List of Attachments** at the end of this memo.*

Project & Request Overview

Williams Management LLC is requesting a 10-year, 85% Neighborhood Revitalization Area (NRA) rebate and an Industrial Revenue Bond (IRB) sales tax exemption on construction materials and remodeling labor to support the redevelopment of the existing historical building, located at approximately 826 Pennsylvania Street in the East Lawrence Historic Warehouse District, into a mixed-use, commercial and residential project.

The project is anticipated to add:

- Over 28,000 square feet of finished commercial and residential space (3 floors + basement)
- 14 residential rental units, two of which will be set aside for affordable housing over a 30-year period
- 33 new on-street angled parking spaces in front of the building
- 11 full-time, permanent positions at an annual average salary of just under \$32,500 to support commercial and residential operations

Williams Management LLC is requesting the City, Douglas County and USD 497 participate in the NRA program. The City, County, and School District individually decide their participation in the NRA and each will conduct a public meeting to consider the request. The IRB sales tax exemption is considered only by the City. (Scheduled meetings are shown on the attached request process calendar.)

NRA Background:

The Neighborhood Revitalization Area (NRA) is an economic development tool established by the Kansas Neighborhood Revitalization Act (K.S.A. 12-17,114 et seq.) to promote reinvestment and revitalization of properties, which in turn have a positive economic effect upon a neighborhood and the City in general. In addition, NRAs fall under City policy (Resolution 6954, adopted 2011). The establishment of a revitalization area enables a property owner to receive a rebate on a portion of the incremental increase in property value resulting from improvements

The Technical Report summarizes eligibility for this particular project and concludes that the request would meet NRA policy parameters.

IRB Background

K.S.A. 12-1740 permits cities to issue revenue bonds for the purpose of paying the costs of purchasing, acquiring, constructing or equipping facilities for "agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes". Considered a "conduit financing mechanism" whereby the City can assist companies in acquiring facilities, renovating structures, and purchasing machinery and equipment through bond issuance, IRBs can be useful to companies in obtaining favorable rate financing for their project, as well as providing a sales tax exemption on project construction materials. IRBs are repayable solely by the company receiving them and place no financial risk on the City.

IRBs fall under State requirements as well as City policy (Ordinance 8253). The Technical Report summarizes eligibility for this particular project and concludes that the request would meet IRB policy parameters.

Actions to Date

At their July 5, 2016 meeting, the City Commission heard the request and referred it to Staff for analysis, with the intention that the final request and analysis would later be referred to the Affordable Housing Advisory Board and Public Incentives Review Committee for review and recommendation.

Analysis

City Staff has completed a cost-benefit analysis in accordance with the City's NRA policy issue. Additionally, as was discussed in July, the City retained the services of National Development Council (NDC) to perform a gap analysis ("but for") of the proposal in order to ascertain whether the project required a subsidy and if so, what is the identified

gap to make the project viable. The technical report is included as an attachment at the end of this memo.

October 10, 2016: Affordable Housing Advisory Board (AHAB) Review

At their October 10, 2016 meeting, AHAB reviewed the project's affordable housing component and voted to recommend the project to the City Commission. Motion passed unanimously.

October 18, 2016: City Commission Referral

At their October 18, 2016 meeting, the City Commission referred the revised request and analysis to PIRC for review and recommendation. A public hearing date was set for November 1, 2016 for the City Commission to consider the request.

Future Actions

A request processing calendar is included as an attachment at the end of this memo. The below meetings are scheduled for consideration of this request:

- November 1, 2016: Public Incentives Review Committee to review request and provide recommendation to City, County, and USD 497 School Board
- November 1 2016: City Commission public hearing to receive PIRC recommendation and consider request
- November 2, 2016: County Commission to receive PIRC recommendation and consider request
- November 14, 2016: School Board to receive PIRC recommendation and consider request
- November 15, 2016 City Commission final action on request

Requested Action

Receive recommendation from the Public Incentive Advisory Committee (PIRC) and consider County/School District participation in a 10 year, 85% Neighborhood Revitalization Area (NRA) for Williams Management LLC for their mixed-use project at approximately 826 Pennsylvania Street.

List of Attachments: 826 Pennsylvania Street NRA & IRB

1. Project Technical Report and Analysis (with attachments located at end of file)
2. Draft NRA & IRB Request Processing Calendar

Technical Report

826 Pennsylvania Street NRA & IRB Request

City of Lawrence, Kansas
October 19, 2016

Technical Report

826 Pennsylvania Street NRA & IRB Request

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Technical Report

826 Pennsylvania Street NRA & IRB Request

Executive Summary

Williams Management LLC (Applicant, Williams Management LLC is owned by Adam Williams.) is requesting a 10-year, 85% Neighborhood Revitalization Area (NRA) rebate and an Industrial Revenue Bonds (IRB) sales tax exemption on construction materials and remodeling labor to support the redevelopment of the existing historical building, located at approximately 826 Pennsylvania Street in the East Lawrence Historic Warehouse District, into a mixed-use, commercial and residential project.

The project is anticipated to add:

- Over 28,000 square feet of finished commercial and residential space (3 floors + basement)
- 14 residential rental units, two of which will be set aside for affordable housing over a 30-year period
- 33 new on-street angled parking spaces in front of the building
- 11 full-time, permanent positions at an annual average salary of just under \$32,500 to support commercial and residential operations

Staff believes eligibility requirements have been met for both NRA and IRB sales tax exemption participation as per City and State requirements.

Cost-Benefit analysis shows the project is anticipated to meet or exceed the 1.25 ratio threshold for all taxing jurisdictions.

826 Pennsylvania Street					
Description	City	County	USD	State	Total Value
10 Year, 85% NRA Rebate	1.36	2.05	10.17	n/a	\$467,406
Stand-alone IRB for Sales Tax Exemption					\$184,448
Total					\$651,854

**The State does not have any costs associated with the project. The model shows benefits substantially outweighing costs to the School District; however, due to state school financing formulas, impacts of the project on the local school district are insubstantial.*

Technical Report

826 Pennsylvania Street NRA & IRB Request

The table below shows estimated incentive values to each taxing jurisdiction for the requested assistance package, as estimated through the model.

Incentive Package Valuations (est.)				
	CBA Ratio	IRB Sales Tax	NRA	Total
City	1.36	\$43,585	\$132,412	\$175,997
County	2.05	\$7,412	\$182,369	\$189,781
State	n/a	\$133,451	\$0	\$133,451
USD	10.17	\$0	\$152,626	\$152,626
Totals		\$184,448	\$467,406	\$651,854

As per the Gap analysis conducted by NDC: The documents, discussions and responses presented by the Applicant in support of their request for the NRA and IRB incentives demonstrate that the requested incentives are reasonable and help to avoid financing gaps that could make the project economically unfeasible and unlikely to proceed.

Examination of current and projected property tax revenues shows the taxing jurisdictions will realize approximately 88% more in property tax revenues with the requested NRA rebate provided over a 10 year period, as compared to if the property was left unimproved:

Property Tax Revenue During NRA (total over years 1-10)		
	Tax Revenue	% Change
Unimproved property	\$111,384	88%
Improved property	\$209,558	

Technical Report

826 Pennsylvania Street NRA & IRB Request

After the NRA expires, the improved property will be fully on the tax rolls, providing a substantial increase in property tax revenues.¹

Property Tax Revenue After NRA Period (total over years 11-15) ²		
	Tax Revenue	% Change
Unimproved property	\$55,692	726%
Improved property	\$460,284	

The City Commission has asked the Public Incentives Review Committee (PIRC) to review and provide a recommendation on this request. In addition, the County and School District will also review the PIRC recommendation as they consider their participation in the NRA.

¹ Real property tax projections provided by NDC.

² Estimates shown for illustration purposes. The useful life of real estate is anticipated to be much longer than 15 years.

Introduction

Williams Management LLC (Adam Williams, Applicant and property owner) is proposing to rehabilitate and add a two story vertical addition to the structure located within the East Lawrence Industrial Historic District at approximately 826 Pennsylvania Street.³ The redevelopment will create a mixed-use structure to accommodate a restaurant and brewery/manufacturing space on the first floor and apartments in the new, two floor addition (floors 2 & 3). The Applicant proposes to reserve two of the residential units for affordable housing over a 30 year period.

The Applicant is requesting economic development assistance for the project to proceed, including a 10-year, 85% Neighborhood Revitalization Area (NRA) rebate and Industrial Revenue Bonds (IRB) to obtain a sales tax exemption on construction materials. A property tax abatement is not being sought in conjunction with the IRB.

The City Commission received a preliminary request by the applicant for project gap analysis and review by the City's advisory boards on July 5, 2016. The Commission referred the request to staff for analysis, and requested review by the Public Incentives Review Committee (PIRC) and the Affordable Housing Advisory Board.

The City, County, and School District individually consider participation in an NRA and each has the discretion to determine the rebate percentage and duration of the NRA for their taxing jurisdiction.

³ Parcel identified by the County and City GIS system as 820 Pennsylvania Street.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Project Overview

In addition to rehabilitating the existing ground floor into commercial space, plans include adding two additional floors to support residential rental units.

826 Pennsylvania Street			
Level	Type	Total Size (Leasable SF)	# Units
Basement	Storage	6,244	n/a
Floor 1 (ground)	Commercial: Restaurant	3,298	n/a
	Commercial: Brewery	2,613	n/a
	Commercial: Manufacturing	2,881	n/a
Floor 2	Residential: 1 bedroom	3,500	4
	Residential: 2 bedroom	4,801	4
Floor 3	Residential: 1 bedroom	4,220	5
	Residential: 2 bedroom	1,285	1
Parking	Angled, on-street	n/a	33
Total Project Size (S.F.)		28,842	

The Applicant will construct and pay for thirty-three (33) new, on-street, angled parking spaces in front of the building; sidewalks, and necessary utility extensions to the building. Total project costs are estimated at \$3.85 million, of which approximately \$650,000 is estimated land expense.

Of the total apartment units (14), the Applicant is proposing to set aside two, 1-bedroom residential units for affordable housing and to keep these units designated as affordable for a 30-year period. This represents approximately 14% of the total units and 13% of the total residential square footage as designated affordable housing. ⁴

	Total	AH	% of total
Residential Units	14	2	14.3%
Residential SF	13,806	1,719	12.5%

⁴ Assumes one unit at 844 s.f. and one unit at 875 s.f.

Request for Assistance

A Request Letter and Incentives Application (**See Addendum A.**) were received on October 10, 2016 from the Applicant requesting a 10-year Neighborhood Revitalization Area (NRA) with an 85% rebate provided annually. In addition, Industrial Revenue Bond (IRB) financing is being requested in order to receive a sales tax exemption on construction materials and remodeling labor expenses.

Neighborhood Revitalization Area (NRA)

NRA Description and Purpose

The NRA is one of several economic development tools utilized by municipalities to promote economic growth through neighborhood enhancement. Authorized by the state, NRAs are intended to encourage the reinvestment and revitalization of properties which in turn have a positive economic effect upon a neighborhood and the City in general. The use of an NRA is particularly applicable for use in areas where rehabilitation, conservation, or redevelopment is necessary to protect the public health, safety or welfare of the residents of the City.

Typically, a percentage of the incremental increased value in property taxes (due to improvements) is rebated back to the Applicant over a period of time to help offset redevelopment costs and make the project financially feasible.

NRA Project Eligibility

Project eligibility for NRA consideration is governed by both State (KSA 12-17,114 et seq.) and City policy.

NRA State Statute Requirements

State Requirements		
Statutory Criteria	Governing Body determines that rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of residents and the proposed project meets at least one of the below criteria:	
	1	An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision of ventilation , light, air or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare.
	2	An area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land uses relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions deterioration of site or other improvements , diversity of ownership, tax, or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes or a combination of such factions substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use.
	3	An area in which there is a predominance of buildings or improvements that should be preserved or restored to productive use because of age, history, architecture or significance should be preserved or restored to productive use.

Health & Safety Need

Economic Need

Preservation of
Community/Historical
Asset

- **Conclusion—State Eligibility:**

Staff believes the project will meet State eligibility requirements. In its present state, the building is vacant and severely dilapidated, which is arguably a detriment and risk to public health and safety. In addition, the property is located in the East Lawrence Industrial Historic District, National Register of Historic Places. It is designated as a non-contributing structure to the district because of past alterations made to the structure. While the structure no longer maintains architectural integrity, it was a part of the industrial area in the historic period of significance and helps maintain the overall rhythm and patterns of the historic district. ⁵

⁵ City Planning Department HRC Packet Information 03-24-2016, Item No. 6: DR-15-00591

City Policy Eligibility

Resolution 6954 (**See Addendum B.**) outlines the City's policy for establishing an NRA. City Policy Guidelines include:

- **Typical Rebate Amounts & Duration**

As per NRA policy, the City typically follows the below standard practice:

- Does not provide more than 50% rebate on incremental property taxes
- Does not establish an NRA for a period of time longer than 10 years

However, there is an exception provision within the policy which allows the City to “consider a greater rebate and/or a longer duration if sufficiently justified in the “But For” analysis.”⁶

- **Cost-Benefit Ratio**

Resolution 6954, Section Two speaks to the cost-benefit ratio threshold. Specifically, the statement, “It is the policy of the City to only consider the establishment of Neighborhood Revitalization areas which yield a benefit/cost ratio of at least 1.25.”, indicates that for every \$1 of cost incurred as a result of the project, \$1.25 is received as benefit) for economic development projects.

SECTION TWO: POLICY STATEMENT: It is the policy of the City to consider the establishment of Neighborhood Revitalization areas in order to promote reinvestment and revitalization of properties which in turn have a positive economic effect upon a neighborhood and the City in general. An applicant may request the City consider the establishment of a Neighborhood Revitalization area under the NRA either for a specific property, group of properties or neighborhood area. In considering the establishment of an NRA, the Governing Body shall consider the criteria outlined in Section Three. In determining the amount of a rebate, the Governing Body may balance the desirability of the project versus the amount and duration of the rebate and the requirements set forth in Section Four. It is the policy of the City to only consider the establishment of Neighborhood Revitalization areas which yield a benefit/cost ratio of at least 1.25.

From Resolution 6954, dated October 25, 2011.

⁶ Resolution 6954, Section 4: Amount of Rebate

Technical Report

826 Pennsylvania Street NRA & IRB Request

- **City NRA Eligibility Criteria**

For an NRA to be established, the project must not only meet statutory requirements, but also a majority of City policy criteria. The project meets City policy eligibility as detailed below:

City Policy: NRA Eligibility			
City Policy Criteria	When considering the establishment of a NRA, the City shall consider not only the statutory criteria, but if the project meets a majority of the below criteria:		Eligible
	1	The opportunity to promote redevelopment activities which enhance downtown	n/a
	2	Provides the opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized.	Y
	3	Provides the opportunity to attract unique retail and/or mixed use development which will enhance the economic climate of the City and diversify the economic base.	Y
	4	Provides the opportunity to enhance neighborhood vitality as supported by the City's Comprehensive Plan or other sector planning document(s).	Y
	5	Provides the opportunity to enhance community stability by supporting projects which embrace energy efficiency, multi-modal transportation options, or other elements of sustainable design.	n/a
	Project must meet or exceed a 1:1.25 cost-benefit ratio.		Y

- **Conclusion—City Eligibility:**

Staff believes the project as proposed will meet City NRA eligibility, meeting a majority of City policy criteria.

Industrial Revenue Bonds (IRB)

IRB Description and Purpose

Industrial Revenue Bonds are an incentive established by the State of Kansas to enhance economic development and improve the quality of life. Considered a “conduit financing mechanism” whereby the City can assist companies in acquiring facilities, renovating structures, and purchasing machinery and equipment through bond issuance, IRBs can be useful to companies in obtaining favorable rate financing for their project, as well as providing a sales tax exemption on project construction materials.

IRBs are repayable solely by the company receiving them and place no financial risk on the City. When IRBs have been issued, the municipality owns the underlying asset and the debt is repaid through revenues earned on the property that has been financed by the bonds. If the company defaults, the bond owners cannot look to the city for payment.

IRB Project Eligibility

Project eligibility for IRB consideration is governed by both State (KSA 12-17,114 et seq.)⁷ and City policy (Ordinance 8253, **See Addendum C**). According to City policy, the City may from time to time grant IRBs when the project under consideration helps further economic and community development objectives. Additional eligibility criteria, as stipulated in the policy, are outlined below:

⁷ K.S.A. 12-1740 permits cities and counties to issue revenue bonds for the purpose of paying the costs of purchasing, acquiring, constructing or equipping facilities for the following business categories: Agriculture, Hospital, Natural Resources, Manufacturing, Commercial, Industrial, Recreational Development

Technical Report

826 Pennsylvania Street NRA & IRB Request

IRB City Policy Criteria: Section 1-2111

Item #	Policy Requirement	Project Delivers	Project Qualifies (Y/N)
1	Only those projects which qualify under Kansas Law will be eligible for IRB financing.(1)	Project is mixed-use, commercial	Y
Proposed Project shall achieve one or more of the following public benefits:			
2	2a: Meets economic goals of the City as set forth in policy and the Comprehensive Plan of Lawrence and Douglas County:		
	Place high priority on retention and expansion of existing businesses.	Project is a continued investment in Lawrence by the applicant. Applicant currently owns an interest and/or assets with the management of the following local properties: 1) Westside Plaza (4811 Bob Billings Parkway); 2) Oread West Office Park (1411 Wakarusa Dr); 3) Folks Office Building (4505 W 6th St). Applicant has previously owned an interest and/or assisted with the management of the following local properties: 1) 6th & Iowa Redevelopment (2222 W 6th St); 2) Congressional Retail (650 Congressional).	Y
	Encourage existing industry to expand.	(1) Project represents an expansion of Williams Management, LLC's investment in the City; and (2) Project will house a new locally owned restaurant/brewery business.	Y
	Assist new business start-ups	Commercial space will support a new brewery and its manufacturing operations.	Y
	Recruit new companies from out-of-state and internationally		n/a
	Encourage high technology and research based businesses.		n/a
	Encourage training and development of Lawrence area employees	Two to three employees at the in-house brewery will receive specialized brewing training.	Y
	Encourage location and retention of businesses which are good "corporate citizens" that will add to the quality of life in Lawrence through their leadership and support of local civic and philanthropic organizations.	Applicant plans in the future to sponsor or support local civic organizations and charities such as the Lawrence Arts Center, Just Food, Tenants to Homeowners, and Brew to Brew-Cystic Fibrosis Foundation.	Y
	2b: Promotes infill through the development of vacant lots, the rehabilitation of deteriorated properties or the adaptive reuse of historic properties.	Project will rehabilitate and restore a long vacant, deteriorated, and unproductive structure within the East Lawrence Industrial Historic District to productive use.	Y
	2c: Enhance Downtown		n/a
2	2d: Incorporate environmentally sustainable elements into the design and operation of the facility	Project will be infill development using existing city infrastructure (e.g. streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities).	Y
	2e: Provide other public benefits to the community, particularly as set forth in the Comprehensive Plan of Lawrence and Douglas County.	Project will support Horizon 2020's economic development goals, including tax base growth, by accommodating more property tax revenues with the conversion of a vacant structure to productive use. Project will support infill development and add permanent, affordable housing units to the community.	Y

Continued

Technical Report

826 Pennsylvania Street NRA & IRB Request

3	Prospective tenant shall show the financial capacity to complete the proposed project and successfully market the bonds.	Applicant has acquired fee simple title to the property as of August 31, 2016. Applicant and its lender have entered into a construction loan agreement regarding the completion of improvements to the property, as evidenced by a recorded mortgage on the property.	Y
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IRB: Other Considerations (Preferred), Section 1-2111

Item #	Policy Requirement	Project Delivers	Project Qualifies (Y/N)
1	<i>City looks more favorably upon projects that support the below targeted industries:</i>		
	Life Sciences/Research		n/a
	Information Technology		n/a
	Aviation and Aerospace		n/a
	Value-Added Agriculture		n/a
	Light Manufacturing and Distribution		n/a
2	<i>The City favors issuing Industrial Revenue Bonds to projects that bring in new revenues from outside the community or enhance the local quality of life over projects that will primarily compete against other local firms.</i>		
	Project anticipated to bring in new revenues from outside community:	Approximately 25% of revenues are anticipated to come from non-local sources.	Y
	Project enhances local quality of life:	Creation of permanent affordable housing units	Y
		Creation of new jobs	
		Elimination of blight and restoration and rehabilitation of historic structure. In-fill development, new on-street public parking will be provided.	

IRB: Special Consideration for Residential Projects, Section 1-2112

Item #	Policy Requirement	Project Delivers	Project Qualifies (Y/N)
1	Project is multi-family or senior living project	Project will support approximately 14 multi-family units, including 2 affordable housing units.	Y
2	Projects that contain no non-residential uses and are requesting IRBS must have at least 30% of all housing units set aside for households making 80% of the Area Median Income or less.	Project contains residential units.	n/a
Preferred Qualities for Residential Projects:			
	Infill or redevelopment:		Y
	Mixed -Use		Y
	Downtown Location	n/a	n/a

- Conclusion—City Eligibility:**

Staff believes the project as proposed will meet City IRB eligibility, meeting a majority of City policy criteria.

Analysis

Estimated fiscal impacts to taxing jurisdictions is examined through a cost-benefit analysis and project financial feasibility is examined through a “But For” analysis (pro forma), both of which are required by current NRA policy.

Cost-Benefit Analysis (CBA)

Based on information received through the incentives application and gap analysis (performed by the National Development Council), staff conducted analysis of the costs and benefits associated with the project utilizing the City’s economic development cost-benefit model. This model measures estimated fiscal impacts to four taxing jurisdictions: City, County, School District, and State. Furthermore, the model outputs a ratio reflecting the comparison of estimated costs to estimated benefits returned to the jurisdictions as a result of the project.

Overview of assumptions utilized within the cost-benefit model:

Assumptions	
Land Value	\$650,000
Building Value	\$3,200,000
Net New Full-Time Jobs Created	11
Average Annual Salary Per Net New Full-Time Position	\$32,485
Total Estimated Sales Tax Exemption Savings (City, County, State)	\$184,448
Total Estimated NRA Rebate (10 years, 85%)	\$467,406

- **Capital Investment & Job Creation**

According to the incentives application received, approximately \$3.2 million will be invested in redeveloping the property with an additional value of \$650,000 value paid for the land/existing property. Once redeveloped, the project anticipates adding 11 full-time, permanent positions, ten to service restaurant/brewery operations and one to service the apartments. All positions are estimated to have an average annual salary of approximately \$32,500.

Although the model does not consider part-time or temporary positions, the applicant has indicated that the project will also support temporary construction jobs as well as approximately thirty-seven (37) part-time positions.

Technical Report

826 Pennsylvania Street NRA & IRB Request

- **Estimated IRB Sales Tax Exemption**

Based on the applicant's estimation of construction expenses (\$3,158,600), an IRB used to obtain a sales tax exemption on construction materials and labor (for remodeling the first floor and basement) would be worth approximately \$185,000 in total sales tax savings.

Assumptions	
Materials Cost	\$1,579,300
Labor Remodeling Cost (basement, 1st floor)	\$473,790
Total Taxable Costs	\$2,053,090

Total estimated cost would be \$43,585 to the City, \$7,412 to the County, and \$133,351 to the State (\$184,448 total).⁸ The below assumes all construction materials are delivered to the site and subject to local sales taxes.

Summary of Estimated Sales Tax Savings: 826 Pennsylvania Street IRB			
City	Tax Rate	Estimated Sales Tax Amount	Total
City Sales Tax	1.55%	\$31,823	\$43,585
City Portion of Countywide 1% Sales Tax	0.57%	\$11,762	
County	Tax Rate	Estimated Sales Tax Amount	Total
County Portion of Countywide 1% Sales Tax	0.36%	\$7,412	\$7,412
State	Tax Rate	Estimated Sales Tax Amount	Total
State	6.50%	\$133,451	\$133,451
Other	Tax Rate	Estimated Sales Tax Amount	Total
Other County Municipalities Portion of Countywide 1% Sales Tax	0.07%	\$1,357	\$1,357
Total	9.05%	\$185,805	\$185,805

⁸ The cost-benefit model does not consider fiscal impacts to Other County Municipalities. Consequently, the Countywide portion attributed to sales tax exemption savings forgone by other County municipalities (\$1,357) was not included in the cost-benefit model. However, gap analysis would consider the total sales tax savings realized by the developer from all taxing jurisdictions.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Breakout of Sales Tax Savings Estimations

Total Construction Costs	Materials & Labor Expense %	Estimated Materials & Labor Cost
\$3,158,600	65.00%	\$2,053,090

826 Pennsylvania Street: Construction Sales Tax Exemption		
Taxing Jurisdiction	Tax Rate (July 2016)	Est Sales Tax Amount
City	1.55%	\$31,823
County	1.00%	\$20,531
City Portion of 1% Countywide Sales Tax		\$11,762
County Portion of 1% Countywide Sales Tax		\$7,412
Other County Municipalities Portion of 1% Countywide Sales Tax		\$1,357
State	6.50%	\$133,451
Total	9.05%	\$185,805
City Total		\$43,585
County Total		\$7,412

Technical Report

826 Pennsylvania Street NRA & IRB Request

- Base Property Taxes**

In its present condition, the property generates approximately \$11,100 per year in real property taxes. Through the NRA program, these “base” property taxes are shielded from rebates and would continue to be paid by the property owner. Only a percentage of the incremental increase in property value resulting from project improvements is subject to NRA rebates and then only during the NRA period. After the NRA period, no reimbursements are made on property taxes and the property returns fully to the tax rolls.

2016 Property Tax Information							
Property Address	Appraised			Assessed			2016 Tax Mill Levy (est.)
	Land	Improvements	Total	Land	Improvements	Total	
820 Pennsylvania Street	\$89,760	\$241,440	\$331,200	\$22,440	\$60,360	\$82,800	0.134522
Total	\$89,760	\$241,440	\$331,200	\$22,440	\$60,360	\$82,800	\$11,138

- Projected Property Tax Revenues**

The below table shows property tax projections for a 10-year period. Amounts are broken out by the base taxes (or what the property would have originally generated if the property had not been improved) and incremental taxes (the amounts attributed to improvements).

	Projected Property Taxes											
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total Over Term	
	Base Tax (shielded)	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$111,384	
	Incremental Tax	\$57,190	\$58,906	\$60,665	\$62,467	\$64,315	\$66,209	\$68,151	\$70,141	\$72,180	\$74,271	\$654,495
	Total Tax	\$68,328	\$70,044	\$71,803	\$73,606	\$75,454	\$77,348	\$79,289	\$81,279	\$83,319	\$85,410	\$765,879

Assumes mill levy held steady (to account for future tax lid) and 2.5% annual inflation increase on property valuation.

Property tax revenues anticipated to be generated over a 10 year term on un-improved property are a little over \$111,300. Known as the “Base Tax”, this amount is shielded from NRA rebates and will continue to be paid by the property owner throughout the NRA period. The amount of property tax attributed to project improvements is approximately \$654,500 and is known as the “Incremental Tax”. The Incremental Tax is subject to NRA rebates.

Technical Report

826 Pennsylvania Street NRA & IRB Request

With an 85% NRA rebate provided over a 10-year period, the total amount of property tax due from the property owner would be approximately \$209,500, as compared to \$111,300 if the property was left unimproved.

	Projected Taxing Jurisdiction Revenues During NRA										
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Total Over Term
Base Tax Revenue	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$11,138	\$111,384
Net New Incremental Tax Revenue	\$8,578	\$8,836	\$9,100	\$9,370	\$9,647	\$9,931	\$10,223	\$10,521	\$10,827	\$11,141	\$98,174
Total Tax Revenue Received	\$19,717	\$19,974	\$20,238	\$20,509	\$20,786	\$21,070	\$21,361	\$21,660	\$21,965	\$22,279	\$209,558
NRA Rebate (85%) on Incremental Tax	\$48,611	\$50,070	\$51,565	\$53,097	\$54,668	\$56,278	\$57,928	\$59,620	\$61,353	\$63,130	\$556,320
Total Unadjusted Tax	\$68,328	\$70,044	\$71,803	\$73,606	\$75,454	\$77,348	\$79,289	\$81,279	\$83,319	\$85,410	\$765,879

Assumes mill levy held steady (to account for future tax lid) and 2.5% annual inflation increase on property valuation.

The below shows the estimated change in property tax revenues realized by the taxing jurisdictions during the 10 year NRA period and for the first five years after the NRA expires, when the property is fully on the tax rolls.⁹

Property Tax Revenue During NRA (total over years 1-10)		
	Tax Revenue	% Change
Unimproved property	\$111,384	88%
Improved property	\$209,558	

Property Tax Revenue After NRA Period (total over years 11-15)		
	Tax Revenue	% Change
Unimproved property	\$55,692	726%
Improved property	\$460,284	

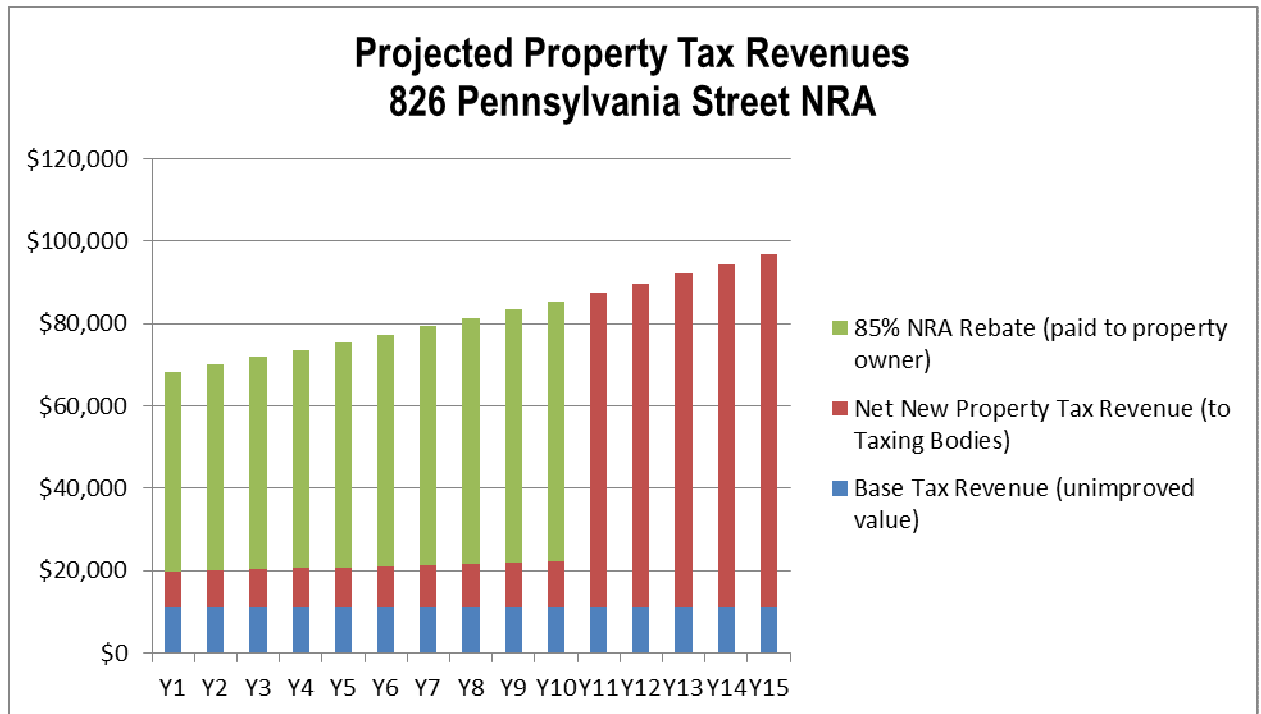
Assumes mill levy held steady (to account for future tax lid) and 2.5% annual inflation increase on property valuation.

⁹ Real property tax projections provided by NDC.

Technical Report

826 Pennsylvania Street NRA & IRB Request

The below chart provides a visual comparing the base value tax revenue and the incremental increase in property tax revenue due to improvements. Years 1-10 show the 85% NRA rebate going to the property owner and years 11-15 show that after the NRA expires, the improved property goes fully on the tax rolls.



- Evaluation Period**

The cost-benefit model utilizes a 15 year evaluation period for projects seeking assistance over 10 years. This not only allows for short term financial analysis over the incentive period, but long-term investment feedback once the project is fully on the tax rolls. Under this evaluation scenario, five years of longer-term returns can be examined.

In actuality, real estate projects have a much longer usable life than fifteen years and would remain fully on the tax rolls for many more years after the incentive period has expired. In most cases, this would likely generate a much higher cost-benefit ratio than shown in the below analysis. A 15 year evaluation period thus produces a relatively conservative estimate of longer-term project benefits.

Technical Report

826 Pennsylvania Street NRA & IRB Request

- **Cost-Benefit Model Results:**

The following table shows cost-benefit model results for a 15 year evaluation period. As can be seen, the project exceeds the 1.25 cost-benefit ratio threshold for the City and County with a 10 year, 85% NRA rebate and a stand-alone IRB that captures sales tax exemption savings on construction materials and remodeling labor.

826 Pennsylvania Street					
Description	City	County	USD	State	Total Value
10 Year, 85% NRA Rebate	1.36	2.05	10.17	n/a	\$467,406
Stand-alone IRB for Sales Tax Exemption					\$184,448
Total					\$651,854

**The State does not have any costs associated with the project. The model shows benefits substantially outweighing costs to the School District; however, due to state school financing formulas, impacts of the project on the local school district are insubstantial.*

For model details, see **Addendum D**.

- **Conclusion—Model Results:**

The cost-benefit ratio threshold can be met for the taxing jurisdictions. The below table shows estimated incentive values and corresponding CBA ratios for each taxing jurisdiction for the requested assistance package, as estimated through the model.

Incentive Package Valuations (est.)				
	CBA Ratio	IRB Sales Tax	NRA	Total
City	1.36	\$43,585	\$132,412	\$175,997
County	2.05	\$7,412	\$182,369	\$189,781
State	n/a	\$133,451	\$0	\$133,451
USD	10.17	\$0	\$152,626	\$152,626
Totals		\$184,448	\$467,406	\$651,854

Technical Report

826 Pennsylvania Street NRA & IRB Request

Gap Analysis—“But For”

In order to provide a NRA rebate, the City must be convinced that without public assistance, the project will not be financially feasible. Whether or not the project would proceed if incentives are unavailable speaks to the “But For” test; But for the incentives, the project would not proceed.

Gap analysis addresses the “But For” question by looking at the financing gap the incentives would bridge to make the project feasible. Gap analysis was performed by National Development Council (NDC), which concluded:

The documents, discussions and responses presented by the Developer in support of their request for the NRA and IRB incentives demonstrate that the requested incentives are reasonable and help to avoid financing gaps that could make the project economically unfeasible and unlikely to proceed.

The NDC report is included as an addendum to this report.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Additional Considerations

Other Considerations: Section 1-2106		
	Overarching Policy, Section 1-2106	Description
1	The degree to which the business improves the diversification of the economy	Project will promote housing in the central part of town, and will expand the retail base beyond traditional areas to build upon the redevelopment of the 8th and Penn Neighborhood Redevelopment Zone.
2	The kinds of jobs created in relation to the types of skills available from the local labor market	Project will create approximately 11 full-time positions and 37 part-time positions, with additional positions possible as the business expands. Two to three employees at the in-house brewery will receive specialized brewing training. Project also supports jobs during the construction phase.
3	The degree to which the ultimate market for the business products and services is outside the community, recognizing that outside markets bring "new money" to the local economy	Estimated 25% of revenues to be generated from out of area sources.
4	The potential of the business for future expansion and additional job creation	Based on success of Project, full-time and part-time employees will be added as needed to operate in-house brewery (see 2).
5	The beneficial impacts the business may have by creating other new jobs and businesses, including the utilization of local products or other materials and substances in manufacturing and creation of niche businesses, such as those in the bioscience area	Brewery will manufacture and sell products out of the area. Restaurant will serve some out-of-town visitors.
6	The benefits and impacts the firm has on environmental quality both to the region or, through its products, nationally, as well as any efforts the firm makes to promote sustainability or mitigate environmental harm	Project will be infill development using existing city infrastructure (e.g. streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities).
7	The beneficial economic impact the business will have on a particular area of the City, including designated enterprise zones and areas of needed revitalization or redevelopment	Project will preserve, restore and protect the historic and architectural value of the building within the East Lawrence Industrial Historic District. Project will also help eliminate blight within the district, create new jobs, and provide permanent affordable housing.
8	The compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services	Project will support Horizon 2020's economic development goals, including infill development, and will restore the historic building in accordance with the Design Guidelines of 8th and Pennsylvania Redevelopment Zone, in a manner consistent with other rehabilitated commercial and industrial structures within the East Lawrence Industrial Historic District. ¹⁰

¹⁰ City Planning Department, August 2016

Technical Report

826 Pennsylvania Street NRA & IRB Request

Other non-quantifiable project benefits and impacts should also be considered within the context of this request, including:

- Project provides an opportunity to redevelop an unproductive, dilapidated structure with productive space.
- Project provides an opportunity to promote density and vibrancy within the East Lawrence Historic Warehouse District.
- Project provides an opportunity to support infill development.

Performance Agreement

Per City policy, the Applicant would be required to enter into a performance agreement with the City in order to receive NRA rebates. The most significant reason for this is to make sure the Applicant coordinates with the City and County at the beginning of the establishment of the district and to ensure that there are no delinquent property taxes during any of the years of the NRA plan. In addition, performance provisions could be stipulated within the agreement (e.g. start and end of construction, compliance with land use requirements).

Should an incentive package be approved, Staff would recommend including the following provisions in a performance agreement:

- Condition any incentives authorized for the project on the complete compliance with all land use requirements for the property, including the City's historic and applicable design guidelines. Failure to comply with these requirements would nullify any incentives approved.
- Project construction to commence within three years of NRA Plan adoption.
- Annual reporting of compliance with affordable housing provisions.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Staff Summary

- Staff believes eligibility requirements have been met for both NRA and IRB sales tax exemption participation as per City and State requirements.
- Cost-Benefit analysis indicates the project is anticipated to meet or exceed the 1.25 ratio threshold for all taxing jurisdictions.
- As per the Gap analysis conducted by NDC: The documents, discussions and responses presented by the Developer in support of their request for the NRA and IRB incentives demonstrate that the requested incentives are reasonable and help to avoid financing gaps that could make the project economically unfeasible and unlikely to proceed.
- Short-term property tax revenues over the 10 year NRA period are estimated to increase 88% over property tax revenues generated if the property was not improved. Property tax revenues are anticipated to increase substantially once the NRA expires as compared to unimproved property.

PIRC Requested Action

Public Incentives Review Committee to provide recommendation to the City, County, and School District on participation in a NRA for the 826 Pennsylvania Street project and to the City for an IRB sales tax exemption on project construction materials and labor for remodeling.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

City of Lawrence, Kansas Application for Economic Development Support/Incentives



The information on this form will be used by the City to consider your request for economic development support and may also be used to prepare a cost-benefit or other analysis of the project. Information provided on this form will be available for public viewing and will be part of compliance benchmarks, if approved for economic development support. Prior to submission, applicant may wish to seek technical assistance from City Staff, the Chamber of Commerce, the Small Business Development Center, or others to address questions and ensure the application is complete.

Please provide data in the cells below. Applicant is encouraged to attach additional pages as necessary to fully explain and support the answers to each question. Note anything additional you wish the City to take into consideration for your request and provide supporting documentation.

Applicant Contact Information	
Name:	Adam Williams
Title:	Member
Organization:	Williams Management, LLC
Address 1:	1760 E. 1100 Road, Lawrence, Kansas 66049
Address 2:	
Phone:	785-766-1666
Email:	Awill77@hotmail.com
Fax:	c/o Barber Emerson, L.C., 785-843-8405

Application Tips:

Enter contact information for the company representative completing this application.

Economic Development Support Requested		
City Incentives	Amount	Term (in years)
Tax Increment Financing District (TIF)		
Transportation Development District (TDD)		
Neighborhood Revitalization Area (NRA)	85%	10
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)	\$3,200,000*	1-2
Community Improvement District (CID)		
Other (Please Describe):		
*IRB: Applicant requests issuance of industrial revenue bonds for the purpose of obtaining a sales tax exemption certificate for taxable construction-related activities.		

Application Tips:

Applicable Terms:

TIF: Up to 20 years

TDD: Up to 22 years

TA: Up to 10 years

CID: Up to 22 years

IRBs: If applying for IRBs, please enter the amount that will cover all construction costs for the project. Enter "n/a" for term.

Examples: City provided water main along ABC Street from 1st Street to 2nd Street, employee training grant for 5 years at \$500/new employee, etc.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Project Information	
Name of Company Seeking Incentive(s):	Williams Management, LLC
Project Type (check one):	Expansion: ☒
	New Facility: ☐
Company Type (check one):	Existing Local Company: ☒
	Out-of-Area Company Locating Locally: ☐
Current Company Address:	1760 E. 1100 Rd., Lawrence, Kansas 66049
Location of Proposed New Facility/Expansion Project:	826 Pennsylvania Street
Describe the Company's Plans to Develop or Expand in the Community: Conversion of existing vacant warehouse into mixed use development consisting of brewery and restaurant on main level, and construction of two additional stories and 15 multi-family apartment units.	
Operations Start Date at the Expansion or New Facility:	09-01-17
Industry NAICS # for the New or Expanded Facility (6-digit code):	531312
Describe the Primary Industry the New or Expanded Facility Will Support: N/A	

Application Tips:

Company's Plans: e.g. ABC manufacturing is the nation's largest processors of wind turbine components. The company plans to construct a new 250,000 sf manufacturing plant in Commerce Park, initially employing 150 with an average annual salary of \$35,000 each. Another 50 employees will be hired in Year 5 and 40 in year 7. The firm expects to initially invest \$5 million in land and buildings and anticipates a 50,000 sf, \$2 million expansion in Year 5 and another 50,000 sf expansion in Year 7.

Link for NAICS code lookup:

<http://www.naics.com/search.htm>

Capital Investment Information for New Facility or Expansion			
Estimated Size of New Facility (square feet):	38,286.5		
Estimated Size of Land for New Facility (acres):	0.34 acres		
<i>For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):</i>			
Year	Buildings & Other Real Property Improvements	Land	Total
1	\$3,158,600	\$650,000	\$3,808,600
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total			

Application Tips:

If expansion, only include information on size and values of the new facility, not existing facility.

If land is currently owned, enter current land value from Douglas County property tax records. Otherwise, enter the market value amount the company will pay for land.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Will land be leased from the City or County (Y/N):	Yes, during IRB
If yes, Monthly Lease Rate for Land:	TBD

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		\$600.00
Electricity		\$2,440.00
Phone		\$37.50
Cable		\$1,100.00
Water		\$1,640.00
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		None
Annual Operating Expenses after Expansion/Relocation:		\$191,915.00 (excludes items paid directly by tenants)
% of Additional Operating Expenses Anticipated to be Spent Locally:		75%
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources:		25%
Anticipated Annual Gross Profits:		\$30,420 (10-yr average, net of debt service)

Application Tips:

Current Local Monthly Expenses: Enter 0 for an out-of-area relocation or if project involves a separate, new facility.

Projected Local Monthly Expenses: Enter expense amounts anticipated at the new facility.

Existing Facility Annual Operating Expenses: Enter 0 if project is being relocated from out-of-area or if project involves a separate, new facility.

% Additional Operating Expenses Spent Locally: Enter % of operating expenses anticipated to be spent in Lawrence/Douglas County as a result of the project.

Exports: Enter % of revenues (from the sale of goods or services) anticipated to be generated from sources outside of Lawrence/Douglas County.

Anticipated Annual Gross Profits: Please provide an estimate of anticipated Annual Gross Profits (\$). Note: For expansions, please enter anticipated gross annual profits from expansion.

IRB and Tax Abatement Request Information	
If you are seeking an IRB, please list the firm that will be receiving the IRB: Williams Management, LLC	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	Yes
If you are leasing the building or land, and you are seeking tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner. N/A	
Total Cost of <u>Initial</u> Construction for the Project:	\$3,808,600
Estimated Cost of Construction Materials for <u>Initial</u> Construction, plus estimate of taxable labor:	\$2,053,090

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Note: Applicant may be required to provide additional financial information for the project and company.

Environmental Information	
Will the new facility meet Energy STAR criteria? (Y/N)	No
Will the project seek or be designed to LEED certification standards? (Y/N)	No
If yes, please indicate level:	Certification
	Silver
	Gold
	Platinum
Please describe environmentally friendly features of the project:	
Please describe anticipated positive environmental impacts resulting from the project:	
Please describe anticipated negative environmental impacts and planned remediation efforts:	

Application Tips:

Environmentally Friendly Features: e.g. Low-energy, led lighting used throughout, pedestrian friendly elements including green space, bike paths, water saving native plantings used in landscapes, etc.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Additional Community Benefits	
Describe Other Local Economic Benefits Resulting From Project:	
✓ Creation of affordable housing units by setting aside 15% of residential units ✓ Restoration and rehabilitation of historic structure ✓ Elimination of blight ✓ Job creation ✓ New on-street public parking ✓ In-fill development project	
All as more particularly set forth in applicant's letter dated October 10, 2016.	
Describe Other Quality of Life Benefits Resulting From Project:	
Project will promote the welfare of low income communities by creating units for affordable housing. Project encourages and furthers the rehabilitation of the 8th and Pennsylvania Redevelopment Zone. Project will encourage the creation of jobs within the City.	

Application Tips:

Local Economic Benefits: Include additional benefits not directly related to project capital investment and direct employment (e.g. Project attracting overnight visitors that will spend on lodging, entertainment, food and beverages, shopping, etc.)

Quality of Life Benefits: Include tangible and intangible benefits; such as how company is/will be a good corporate citizen, community involvement, local philanthropy efforts, and how project /company will contribute to local well being of citizens.

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								TBD	
Average Annual Salary for Full-Time, Construction Workers (during construction period):									
Construction Period (months):									
For Expansion, # of Full-Time Employees Currently Working in Lawrence:									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	Restaurant		Multi-Family					
		# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	6	\$32,485	1	\$32,485				
	2								
	3	1	\$32,485						
	4								
	5	1	\$32,485						
	6								
	7	1	\$32,485						
	8								
	9	1	\$32,485						
10									
Total	10	\$32,485	1	\$32,485					
Anticipated # of Employees to Be Relocated Locally as a Result of the Project									
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:								0	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								2	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period:									

Application Tips:

Enter 0 if project is new or relocation.

Enter information by major job category (e.g. administrative, support, professional, executive, production, etc.)

For a local expansion, Net New Jobs = number of additional employees to be hired each year, excluding employees that are already employed in Lawrence.)

Average Annual Salary: Only provide wage information. Do not include the value of non-wage benefits such as insurance and time off.

Jobs at End of Incentives Period: Enter total number of full-time employees (existing & new) anticipated to be employed at the new facility over the term of incentives (e.g. if applying for a 10-year tax abatement, this would be the total number of local Existing (if expanding) + Net New full-time jobs anticipated at the end of that 10-year period.)

Part Time Employment: Approx. 37 part time positions

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	42.85%
% of Health Care Premium Covered by Company	50%
% of Employees with Company Provided Retirement Program	0
Will You Provide Job Training for Employees? (Y/N)	Yes
If Yes, Please Describe: Two to three employees at the in-house brewery will receive specialized brewing training.	
What is the Lowest Hourly Wage Offered to New Employees?	\$12.61 per hour
What Percentage of Your New Employees Will Receive this Wage?	50%
Will You Provide Additional Benefits to Employees? (Y/N)	N

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826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

If Yes, Please Describe:

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826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

NRA Eligibility Statement
<i>If applying for an NRA, please describe how your project meets one of the following state statute requirements for eligibility:</i>
(1) Project is in an area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare:
(2) Project is in an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use:
(3) Project is in an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use: Since the 1880's, East Lawrence has served as one of the City's most diverse neighborhoods. East Lawrence spurred much of the City's early development through its strategic location along major transportation routes, and remains today as a unique mix of residential, commercial and industrial structures. Following implementation of the <i>East Lawrence Neighborhood Revitalization Plan</i> in the early 2000's, the City, local developers and neighborhood residents have attempted to unify their efforts to maintain the unique cultural identity within the 8th and Pennsylvania neighborhood. The <i>8th and Pennsylvania Urban Conservation Overlay District</i> and <i>Design Guidelines of the 8th and Penn Neighborhood Redevelopment Zone</i> further encourage development and redevelopment within this area to foster economic viability, while also preserving and protecting the historic character and architectural integrity unique to this area. Recent efforts for redevelopment in East Lawrence have focused primarily within the historic 8th and Pennsylvania Redevelopment Zone. At the heart of the 8th and Pennsylvania neighborhood is the <i>East Lawrence Industrial Historic District</i>, which consists of several buildings and structures listed on the National Register of Historic Places. As an area predominantly consisting of historical buildings and structures, the 8th and Pennsylvania Redevelopment Zone is a prime location for the establishment of an NRA district due to the age, history, architecture or significance of such buildings and structures that should be preserved or restored to productive use. The City has regularly been supportive of redevelopment efforts in the area, including the redevelopment of the Poehler Building, located at 619 E. 8th Street, and the Cider Building, located at 810/812 Pennsylvania Street. In order to build upon the momentum created by this project and others, and to fulfill additional City goals of affordable housing, historic preservation, adaptive reuse, infill development, and parking, efforts must continue to strengthen, preserve and enhance the unique elements of this neighborhood that

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

contribute to the economic and cultural diversity of all Lawrence residents and consumers.

The building located at 820-826 Pennsylvania Street (the "Building") lies within the 8th and Pennsylvania Redevelopment Zone and is part of the East Lawrence Industrial Historic District. The Barteldes Seed Company originally erected the Building approximately in 1905, and the Building has served in numerous capacities through the 1950's. Several modifications have been made to the Building, reflecting its changing use from seed shelling and processing to housing warehouse distribution functions. Although the original footprint, massing and masonry walls remain intact, the majority of the original exterior openings have been modified or filled with masonry, and the original second story and a three-story elevator/machine structures were removed prior to 1950. As it stands today, the Building serves as an economic and social liability, and in its present condition is detrimental to the public health, safety and welfare. The historic character of the Building should be preserved and restored to productive use to benefit both the 8th and Pennsylvania neighborhood and the surrounding community redevelopment efforts.

Disclosures

Company Form of Organization: LLC

Please list the name(s) of each partner (or member) who owns (or will own) 5% or more capital of the company. In the case of businesses owning another business (such as an umbrella LLC that is the owner of several other LLC's), the actual partners' names need to be listed, not just the registrant's name with the Secretary of State.

Adam Williams

List all subsidiaries or affiliates and details of ownership:

Subsidiary :

Principals:

Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?

No

Has the Company, developer or any affiliated party declared bankruptcy?

No

Has the Company, developer or any affiliated party defaulted on a real estate obligation?

No

Has the Company, developer or any affiliated party been the defendant in any legal suit or action?

No

Has the Company, developer or any affiliated party had judgments recorded against them?

No

Addendum A: Applicant Request Letter and Incentives Application

If the answer to any of the above question is yes, please explain:

Note: Applicant may be required to provide additional financial information for the project and company.

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826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

City of Lawrence
Attn: Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044
Fax: 785-832-3405
Email: bcano@lawrenceks.org

Application Fees	
Tax Abatement	\$500
Industrial Revenue Bonds (IRB)	\$1,000
Community Improvement District (CID)	\$2,500
Neighborhood Revitalization Area (NRA)	n/a
Transportation Development District (TDD)	n/a
Tax Increment Financing (TIF)	n/a
Other	n/a

I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: _____

Adam Williams

(Please Print)

Signature: _____

Ad Williams

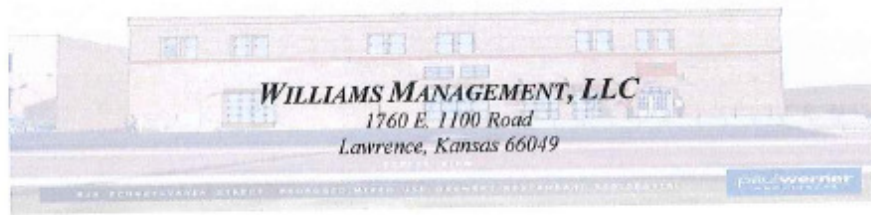
Date: _____

10-10-16

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826 Pennsylvania Street NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application



October 10, 2016

VIA HAND DELIVERY

City of Lawrence, Kansas
Attn: Mr. Mike Amyx, Mayor
6 East 6th Street
Lawrence, Kansas 66044

Re: 820-826 Pennsylvania Street (the "**Building**")
Neighborhood Revitalization Act ("**NRA**")

Dear Mayor Amyx:

Williams Management, LLC (the "**Company**") requests the City to establish an NRA district and to issue industrial revenue bonds ("**IRBs**") to redevelop the Building as a mixed-use project (the "**Project**"). The Project will rehabilitate the Building into a vibrant addition to the area. The main floor of the Building will serve as an in-house brewery and restaurant. The restaurant will contribute to the economic viability of the 8th and Pennsylvania Redevelopment Zone, and will encourage the creation of jobs within the City of Lawrence. The Project includes restoring the second and third stories of the Building. The top two floors of the Building will be developed as residential housing units. The Company proposes to reserve two 1-bedroom residential units for long-term affordable housing. In order for the Project to proceed as proposed, the Company requests an NRA rebate on property taxes in an amount of 85% for a period of 10 years. The purpose of the IRBs is to obtain a sales tax exemption on taxable construction-related materials and taxable labor.

East Lawrence spurred much of the City's early development through its strategic location along major transportation routes, and remains today a diverse mix of residential, commercial and industrial structures. Following implementation of the *East Lawrence Neighborhood Revitalization Plan* in the early 2000's, the City, local developers and neighborhood residents have attempted to unify efforts to maintain the unique cultural identity within the 8th and Pennsylvania neighborhood. The *8th and Pennsylvania Urban Conservation Overlay District* and *Design Guidelines of the 8th and Penn Neighborhood Redevelopment Zone* encourage development and redevelopment within this area to foster economic viability, and also promote preservation and protection of the area's unique historic character and architectural integrity.

Technical Report

826 Pennsylvania Street NRA & IRB Request

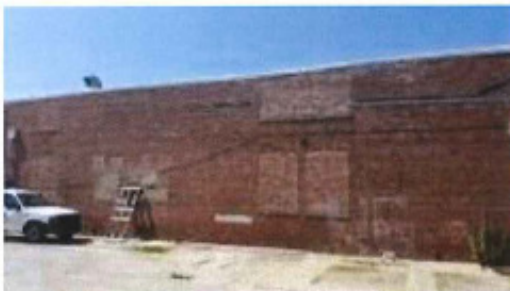
Addendum A: Applicant Request Letter and Incentives Application

Recent efforts for redevelopment in East Lawrence have focused primarily within the historic 8th and Pennsylvania Redevelopment Zone. Particularly, efforts have focused on the *East Lawrence Industrial Historic District* that consists of several buildings and structures listed on the National Register of Historic Places. The 8th and Pennsylvania Redevelopment Zone is a prime location for the establishment of an NRA district due to the age, history, architecture or significance of such buildings and structures that should be preserved or restored to productive use.

The City is a regular supporter of redevelopment efforts in the area. For example, the City established an NRA district in 2012 to assist with the redevelopment of the nearby Cider Building, located at 810/812 Pennsylvania Street. The City contributed approximately \$1.3 million to provide infrastructure and help redevelop the Poehler Building, located at 619 E. 8th Street. That building, which originally housed the Theo. Poehler Mercantile Company Wholesale Grocery, was revived from its dilapidated, deteriorating state into multi-level apartments with commercial and retail space. Additional City support is needed to further complement the creative nature of the 8th and Pennsylvania neighborhood, and to enable the redevelopment of the Property in a manner that helps fulfill additional City goals of affordable housing, historic preservation, adaptive reuse, infill development, and parking.

Project Overview

820-826 Pennsylvania Street. The Barteldes Seed Company originally erected the Building approximately in 1905. The Building became a popcorn operation in approximately 1930. Several modifications have been made to the Building over time, reflecting its changing use from seed shelling and processing to warehouse distribution functions. Although the original footprint, massing and masonry walls remain intact, the majority of the original exterior openings have been modified or filled with masonry, and the original second story and a three-story elevator/machine structure were removed prior to 1950. Without redevelopment and adaptive reuse, the Building may continue to be underutilized economically, and may serve as a detriment to the overall health, safety and welfare of the 8th and Pennsylvania neighborhood. The Company desires to preserve the Building's historic character and to restore the Building to productive use.



Addendum A: Applicant Request Letter and Incentives Application

Public Benefits

Affordable Housing. If approved, the Project will set aside two 1-bedroom units to promote long-term affordable housing. The Company examined several types of affordable housing programs, and ultimately concluded that the benchmarks established as part of the Low Income Housing Tax Credit ("LIHTC") Program are most suited to this Project and the need to accommodate affordable housing. The Company proposes the following, based on the LIHTC Program:

<u>Eligibility</u>	<u>Maximum Rent</u>	<u>Utilities</u>	<u>Duration</u>
60% or less median income	\$840.00	Included	30 years

The Company proposes to make the affordable units available to residents falling at or below sixty percent (60%) of the Lawrence, KS MSA median income. The above-referenced maximum rent is the year 2016 LIHTC Rent Limit, and the LIHTC Rent Limit would apply to subsequent years as well. These affordability covenants would remain in place for 30 years – triple the length of the NRA rebate period. By providing affordable housing units within the 8th and Pennsylvania Redevelopment Zone, the Project will attract residents with unique social, economic, political and cultural backgrounds to continue the diverse heritage of the East Lawrence neighborhood. The Project will also help address the City's general policy directive to create affordable housing.

Historic Preservation and Restoration. The Project will preserve, restore and protect the historic and architectural value of the Building within the East Lawrence Industrial Historic District. According to the *Design Guidelines of 8th and Pennsylvania Redevelopment Zone*, the buildings located within the Historic District "are ideal candidates for rehabilitation into mixed adaptive uses that will allow them to retain the necessary level of historic architectural integrity to continue to contribute to an understanding of the historic district's associations with commerce and architecture in Lawrence." Design Guidelines, at 8. The Project is eligible for consideration under the NRA because, among other reasons, it is located in an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to public use. K.S.A. 12-17,115(c)(3).

Elimination of Blight. There is a predominance of buildings and structures in the 8th and Pennsylvania neighborhood that should be preserved or restored to productive use because of age, history, architecture or significance. The Building remains today as a vacant, underutilized and obsolete warehouse that does not contribute to the economic viability of the 8th and Pennsylvania Redevelopment Zone. By retaining the Building's simple utilitarian design as part of its rehabilitation, the Project will continue to communicate the Building's history of seed shelling and warehouse functions, while generating increased traffic and economic development to the 8th and Pennsylvania Redevelopment Zone.

Addendum A: Applicant Request Letter and Incentives Application

Job Creation. The Project will encourage job creation within the City of Lawrence by establishing approximately seven (7) full-time positions initially, with potential for additional job creation in subsequent years. All full-time positions will be paid an annual salary above the living wage standards. The Project will also create dozens of part-time positions. The Project will also create and support jobs during the construction phase.

Parking, Sidewalks and Utilities. The Project will construct and provide additional parking and sidewalks, and will extend necessary utilities to the Building. The Company will provide and pay for a total of thirty-three (33) additional parking spaces in the form of new, on-street angled parking in front of the Building. The residents of the Building will be provided sufficient parking separate from the parking required for consumer traffic. The Company will also provide and pay for the necessary infrastructure to extend utilities to the Building, which shall include water, storm water, sprinkler line and sewer service. The total cost to the Company to provide and extend City infrastructure to the Building is estimated at \$190,000.00.

Infill Development. The Project is an in-fill development project that adds residential units close to the downtown area, but far enough from Massachusetts Street to avoid contributing to downtown's peak time parking demands. Currently, the mixed use structures range from residential to commercial and industrial, together with undeveloped lots. This Project may promote additional infill development in the area.

Community Support. The Company has met with representatives of the East Lawrence Neighborhood Association to discuss the progress, goals and objectives of the Project, and the Association has expressed support for the Project to this point.

Please find enclosed with this letter an *Application for Economic Development Support/Incentives*, together with applicable filing fees. I look forward to working with the City in the evaluation of these requests, which I believe merit the City Commission's consideration.

Very truly yours,



Adam Williams,
Member

Addendum B: City NRA Policy, Resolution 6954

RESOLUTION NO. 6954

A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO NEIGHBORHOOD REVITALIZATION AREAS.

WHEREAS, the City of Lawrence, Kansas (the "City") is committed to the high quality and balanced growth and development of the community while preserving the City's unique character and broadening and diversifying the tax base; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, quality in-fill development, historic preservation, and the creation of quality jobs; and

WHEREAS, neighborhood revitalization areas are an economic development tool established by K.S.A. 12-17,114 et seq. (the "Neighborhood Revitalization Act") which can assist with spurring reinvestment and revitalization of properties which can benefit a neighborhood and the general public; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of requests to utilize the Neighborhood Revitalization Act ("NRA") within the City of Lawrence.

NOW, THEREFORE, THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS DOES HEREBY RESOLVE;

SECTION ONE: This policy shall be entitled the Neighborhood Revitalization Act Policy of the City of Lawrence.

SECTION TWO: POLICY STATEMENT: It is the policy of the City to consider the establishment of Neighborhood Revitalization areas in order to promote reinvestment and revitalization of properties which in turn have a positive economic effect upon a neighborhood and the City in general. An applicant may request the City consider the establishment of a Neighborhood Revitalization area under the NRA either for a specific property, group of properties or neighborhood area. In considering the establishment of an NRA, the Governing Body shall consider the criteria outlined in Section Three. In determining the amount of a rebate, the Governing Body may balance the desirability of the project versus the amount and duration of the rebate and the requirements set forth in Section Four. It is the policy of the City to only consider the establishment of Neighborhood Revitalization areas which yield a benefit/cost ratio of at least 1.25.

SECTION THREE: CRITERIA:

1. ELIGIBLE AREAS: Eligible areas may include a defined geographic area which encompasses more than one property, or it may be a single property/lot.

2. STATUTORY FINDINGS AND OTHER CRITERIA:

A. STATUTORY CRITERIA. It shall be the policy of the City to create a Neighborhood Revitalization area, if, in the opinion of the Governing Body, the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the City of Lawrence, it is in the best interest of the City to do so, and if, in the opinion of the Governing Body, one of the following findings, set forth in K.S.A. 12-17,115 can be made:

1. An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision of ventilation, light, air or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;
2. an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or
3. an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

B. OTHER CRITERIA. Additionally, the Governing Body will consider whether a project meets the Policy Statement outlined in Section Two, and the project meets a majority of the following criteria when considering the establishment of a Neighborhood Revitalization area:

1. the opportunity to promote redevelopment activities which enhance Downtown Lawrence;
2. the opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized;
3. the opportunity to attract unique retail and/or mixed use development which will enhance the economic climate of the City and diversify the economic base;
4. the opportunity to enhance the vitality of a neighborhood within the City as supported by the City's Comprehensive Plan and/or other sector planning documents;
5. the opportunity to enhance the community's sustainability by supporting projects which embrace energy efficiency, multi-modal transportation options, or other elements of sustainable design.

SECTION FOUR: AMOUNT OF REBATE:

As a standard practice, the City will not provide a rebate amount in excess of 50% of the incremental property taxes and will not establish an NRA for a period of time longer than 10 years. The City may consider a greater rebate and/or a longer duration if sufficiently justified in the "but for" analysis required by Section Five. The determination of the rebate amount and duration of the NRA is the sole discretion of the Governing Body.

SECTION FIVE: PROCESS:

1. An applicant wishing to request that the City to create a Neighborhood Revitalization Area in the City of Lawrence shall submit a request to the City. The request shall include information that would be required for a revitalization plan. Such requirements are set forth in K.S.A. 12-17,117. The applicant shall also submit a "but for" analysis to the City demonstrating the need for the NRA and the purpose for which the NRA revenue will be used. The analysis should support that "but for" the NRA, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

The applicant shall furnish such additional information as requested by the City in order to clarify the request or to assist staff or the Governing Body with the evaluation of the request.

2. The Governing Body shall receive the request and determine whether to consider the request or deny the request. If the Governing Body wishes to consider the request, the request shall be referred to the City's Public Incentive Review Committee for review and a recommendation. Staff will perform a benefit/cost analysis on the project. The Governing Body may also set a date for a public hearing to consider the establishment of a revitalization area and a revitalization plan.

3. Douglas County and USD 497 are also important parties related to a NRA request. When an NRA is considered, the City and the applicant will work with Douglas County and USD 497 to seek concurrence from these entities regarding the establishment of an NRA.

4. The Governing Body will determine whether one of the findings set forth in Section Three can be made regarding the request. Additionally, the Governing Body shall consider the other criteria outlined in Section Three.

5. The Governing Body shall hold a public hearing, after the required statutory notice is provided, and consider adoption of the revitalization plan to establish the revitalization area.

6. The City will require a performance agreement with the property owner to require adherence to the adopted Neighborhood Revitalization Plan.

7. The merits of the proposal under this policy shall guide the decision on the application without regard to the applicant.

SECTION SIX: PUBLIC INCENTIVES REVIEW COMMITTEE AND GOVERNING BODY ANNUAL REVIEW OF THIS POLICY: Annually, the Public Incentives Review Committee and the Governing Body shall review this policy.

Technical Report

826 Pennsylvania Street NRA & IRB Request

SECTION SEVEN: AUTHORITY OF GOVERNING BODY: The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or petition for creation of a NRA at any time in the review process when it considers such action to be in the best interests of the City.

SECTION EIGHT: REPEAL OF RESOLUTION 6921. Resolution 6921 is hereby repealed.

SECTION NINE: EFFECTIVE DATE: This Resolution shall take effect immediately.

ADOPTED by the Governing Body this 25th day of October, 2011.


Aron E. Cromwell, Mayor

ATTEST:


Jonathan M. Douglass, City Clerk

Addendum C: City IRB Policy, Ordinance 8253

ORDINANCE NO. 8523

AN ORDINANCE ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO INDUSTRIAL REVENUE BONDS, AND REPEALING RESOLUTION 5239.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS:

SECTION ONE: The Policy of the City of Lawrence, Kansas relating to the issuance of Industrial Revenue Bonds, shall be as follows:

INDUSTRIAL REVENUE BONDS: PURPOSE.

Industrial Revenue Bonds (IRBs) are an incentive established by the State of Kansas to enhance economic development and improve the quality of life. The City may from time to time grant IRBs when the project under consideration helps further the economic and community development objectives as set forth in this Ordinance and Horizon 2020.

SECTION TWO: CRITERIA.

The City favors issuing Industrial Revenue Bonds to projects that bring in new revenues from outside the community or enhance the local quality of life over projects that will primarily compete against other local firms. Additionally, a project must meet the following criteria in order to qualify for IRBs:

- 1) Only those projects which qualify under Kansas law will be eligible for IRB financing. The City shall look more favorably upon projects that support the targeted industries listed in Section 1-2103 of the Code of the City of Lawrence.
- 2) The proposed project shall achieve one or more of the following public benefits:
 - a. Meet the economic development goals of the City as set forth in this policy and the Comprehensive Plan of Lawrence and Douglas County;
 - b. Enhance Downtown Lawrence;
 - c. Promote infill through the development of vacant lots, the rehabilitation of deteriorated properties or the adaptive reuse of historic properties;
 - d. Incorporate environmentally sustainable elements into the design and operation of the facility; or
 - e. Provide other public benefits to the community, particularly as set forth in the Comprehensive Plan of Lawrence and Douglas County.
- 3) The prospective tenant shall show the financial capacity to complete the proposed project and successfully market the bonds.

SECTION THREE: SPECIAL CONSIDERATION FOR HOUSING AND RETAIL PROJECTS.

Except as indicated below, Industrial Revenue Bonds shall not be granted for projects that are principally for retail or residential use.

- 1) Projects requesting IRBs that are primarily retail in nature shall only be considered if the applicant demonstrates that the project is exceptional and unique, and is likely to add to the retail base by attracting new retail sales or capturing sales that are leaking to other markets.
- 2) Projects requesting IRBs that are primarily residential in nature shall only be considered if the project is a multi-family or senior living project and fits the criteria herein described. Infill development or redevelopment is preferred. Mixed-use projects are more desirable, as are projects in the Downtown area. Multi-family or senior living projects that contain no non-residential uses and are requesting IRBs must have at least 35% of all housing units set aside for households making 80% of the Area Median Income or less. Infill housing projects shall be looked upon more favorably if they are mixed use, located in Downtown, or both.

SECTION FOUR: PROCEDURES.

- 1) **Formal Application.** An applicant may pick up a formal application either at City Hall in the City Manager's Office, or online. The applicant shall complete the application and file it with the City Manager. A fee of \$1,000 is due upon filing in order to help defray the City's cost in processing the application. Such fee shall be collected regardless of the City Commission's action on the application or if the bond issue closes.
- 2) **Preliminary Review.** City staff will provide an initial review of the application to ensure that it meets the requirements in City policy.
- 3) **Coordination with Bond Counsel:** City staff will coordinate with the applicant and bond counsel a schedule for the issuance of the bonds which meets the needs of all parties involved. During the process, bond counsel will assist with the preparation of other documents needed for filing through the State of Kansas.

Applicants are encouraged to utilize the City's bond counsel. In the event that the applicant selects other bond counsel, the City may require its bond counsel to be involved in the transaction in a review capacity, depending upon the amount of the transaction and the project involved.

- 4) **Public Notification:** At least seven (7) days prior to consideration, the City shall prepare a Notice of Public Hearing to be published in the official City newspaper, giving notice of hearing on the IRB request, and indicating the purpose, time and place thereof.
- 5) **Resolution of Intent and Ordinance Provisions:** The City Commission shall conduct a public hearing and consider a Resolution of Intent followed by two readings of an ordinance authorizing the issuance of the bonds.
- 6) **Documents:** All documents related to Industrial Revenue Bonds will be kept on file with the City Clerk.

SECTION FIVE: SALES TAX EXEMPTIONS.

Labor and materials used in construction as well as equipment purchased with IRB proceeds are generally exempted from State and local sales tax. Payments-in-lieu of sales tax may be made as negotiated between the City and the Applicant.

SECTION SIX: INDUSTRIAL REVENUE BONDS AND TAX ABATEMENTS.

Applicants that request tax abatements in conjunction with IRBs must follow the policies and procedures set forth in the City's Tax Abatement Policy in addition to the procedures for IRBs as provided above.

SECTION SEVEN: ADDITIONAL FEES.

Each applicant who receives an issuance of Industrial Revenue Bonds shall pay all fees associated with the issuance of the Industrial Revenue Bonds.

SECTION EIGHT: AUTHORITY TO ISSUE INDUSTRIAL REVENUE BONDS.

The authority to approve the issuances of IRBs shall be the responsibility of the City Commission. The Commission's decision for approval or disapproval will be based on the analysis made by the City staff and the recommendations the staff provides to the City Commission from its review of all pertinent data relating to a particular request for bonds.

SECTION NINE:

Resolution 5239, approved May 4th, 1989 to govern the issuance and use of Industrial Revenue Bonds by the City, is hereby repealed.

Technical Report

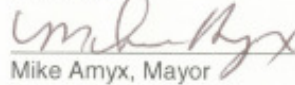
826 Pennsylvania Street NRA & IRB Request

SECTION TEN. If any section clause, sentence, or phrase of this ordinance is found to be unconstitutional or is otherwise held invalid by any court of competent jurisdiction, it shall not affect the validity of any remaining parts of this ordinance.

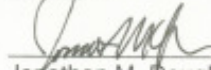
SECTION ELEVEN. This Ordinance shall take effect and be in force from and after its adoption and publication as provided by law.

Adopted this 18th day of May, 2010.

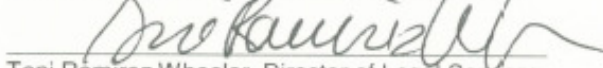
APPROVED:


Mike Amyx, Mayor

ATTEST:


Jonathan M. Douglass
City Clerk

APPROVED AS TO FORM AND LEGALITY:


Toni Ramirez Wheeler, Director of Legal Services

Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

Project Summary

Capital Investment in Plant:	\$3,200,000
Annual Local Expenditures by Firm:	\$143,936
Retained Jobs:	11
Average Wage per Retained Job:	\$32,485
Indirect Jobs Created:	3
Economic Value per Indirect Job:	\$93,383
Total New Households:	3
Discount Rate:	5.64%
Cost and Revenue Escalation:	1.00%
Number of Years Evaluated:	15

Incentives

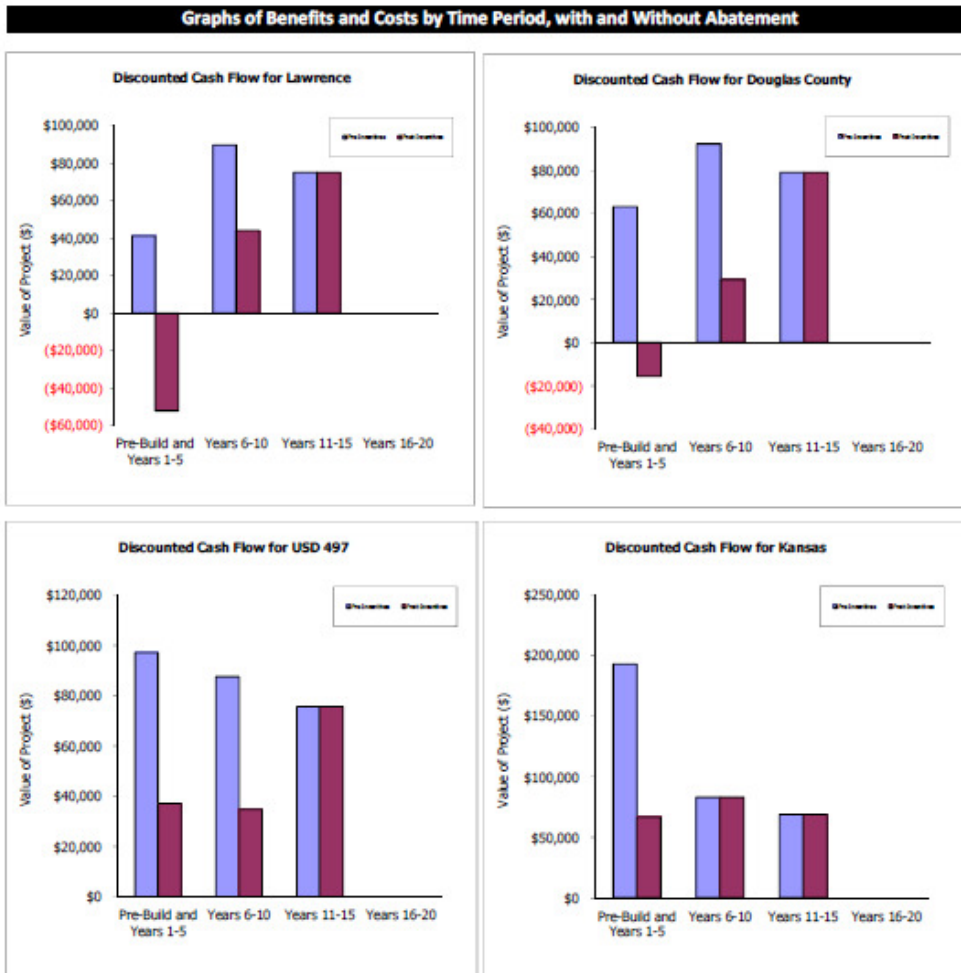
IRB Offered	Yes	
Value of IRB Construction Sales Tax:	\$184,448	Does not include amount of "other" taxing jurisdictions (\$1357)
Tax Rebate:	0%	
Length of Tax Abatement/s:	0 Years	
Value of Tax Abatements, Total:	\$0	
Other Incentives		
Site Infrastructure:	\$0	
Facility Construction:	\$0	
Other: NRA	\$467,406	
Value of All Incentives Offered:	\$651,854	
Value of All Incentives per Job per Year:	\$3,951	
Value of Incentives in Hourly Pay:	\$1.90	
Value of Incentives per Dollar Invested:	\$0.20	

Summary of Results				
Returns for Jurisdictions	Lawrence	Douglas County	USD 497	State of Kansas
Revenues	\$593,211	\$497,892	\$429,271	\$484,845
Costs	\$244,284	\$113,629	\$24,598	\$0
Revenue Stream, Pre-Incentives	\$348,927	\$384,263	\$404,672	\$484,845
Value of Incentives Offered	\$175,997	\$189,781	\$152,626	\$133,451
Revenue Stream with Incentives	\$172,930	\$194,482	\$252,046	\$351,394
Returns for Jurisdictions, Discounted	Lawrence	Douglas County	USD 497	State of Kansas
Discount Rate	5.64%			
Discounted Cash Flow, Without Incentives	\$206,127	\$234,639	\$260,305	\$344,840
Benefit/Cost Ratio, Without Incentives	2.11	3.66	n/a	n/a
Discounted Cash Flow, With Incentives	\$67,003	\$92,834	\$147,500	\$218,510
Benefit/Cost Ratio, With Incentives	1.36	2.05	10.17	n/a

Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

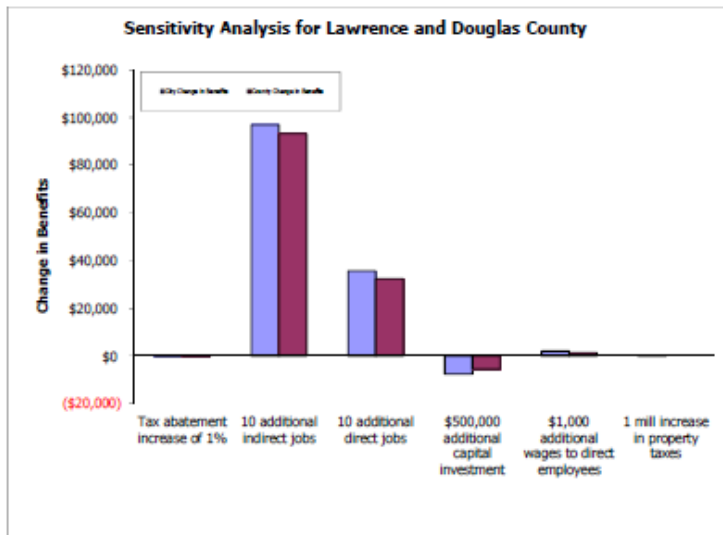


Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

Sensitivity Analysis



Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

APPENDIX 1: Annual Results Not Discounted

Lawrence: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$53,654	(\$101,281)	(\$55,155)	(\$102,783)	(\$102,783)
2	\$31,970	(\$6,554)	(\$11,917)	\$13,499	(\$89,284)
3	\$33,845	(\$8,624)	(\$12,273)	\$12,947	(\$76,336)
4	\$34,848	(\$7,640)	(\$12,638)	\$14,569	(\$61,767)
5	\$36,380	(\$9,762)	(\$13,012)	\$13,606	(\$48,161)
6	\$37,429	(\$8,768)	(\$13,395)	\$15,266	(\$32,895)
7	\$37,325	(\$10,942)	(\$13,788)	\$12,594	(\$20,301)
8	\$37,796	(\$9,938)	(\$14,190)	\$13,667	(\$6,633)
9	\$39,274	(\$12,166)	(\$14,603)	\$12,505	\$5,871
10	\$39,966	(\$11,152)	(\$15,026)	\$13,788	\$19,660
11	\$40,672	(\$11,263)	\$0	\$29,409	\$49,068
12	\$41,393	(\$11,376)	\$0	\$30,017	\$79,086
13	\$42,130	(\$11,490)	\$0	\$30,640	\$109,726
14	\$42,881	(\$11,605)	\$0	\$31,277	\$141,002
15	\$43,649	(\$11,721)	\$0	\$31,928	\$172,930
16	\$0	\$0	\$0	\$0	\$172,930
17	\$0	\$0	\$0	\$0	\$172,930
18	\$0	\$0	\$0	\$0	\$172,930
19	\$0	\$0	\$0	\$0	\$172,930
20	\$0	\$0	\$0	\$0	\$172,930

Douglas County: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$32,943	(\$54,985)	(\$23,347)	(\$45,389)	(\$45,389)
2	\$27,182	(\$2,772)	(\$16,414)	\$7,996	(\$37,393)
3	\$28,309	(\$3,200)	(\$16,904)	\$8,206	(\$29,187)
4	\$29,091	(\$3,232)	(\$17,406)	\$8,453	(\$20,735)
5	\$30,121	(\$3,672)	(\$17,921)	\$8,527	(\$12,207)
6	\$30,941	(\$3,709)	(\$18,449)	\$8,783	(\$3,424)
7	\$32,015	(\$4,162)	(\$18,990)	\$8,863	\$5,439
8	\$32,876	(\$4,204)	(\$19,544)	\$9,128	\$14,567
9	\$33,997	(\$4,671)	(\$20,112)	\$9,214	\$23,781
10	\$34,749	(\$4,717)	(\$20,695)	\$9,337	\$33,118
11	\$35,519	(\$4,765)	\$0	\$30,755	\$63,873
12	\$36,308	(\$4,812)	\$0	\$31,495	\$95,368
13	\$37,114	(\$4,860)	\$0	\$32,254	\$127,622
14	\$37,941	(\$4,909)	\$0	\$33,032	\$160,654
15	\$38,786	(\$4,958)	\$0	\$33,828	\$194,482
16	\$0	\$0	\$0	\$0	\$194,482
17	\$0	\$0	\$0	\$0	\$194,482
18	\$0	\$0	\$0	\$0	\$194,482
19	\$0	\$0	\$0	\$0	\$194,482
20	\$0	\$0	\$0	\$0	\$194,482

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

APPENDIX 1: Annual Results Not Discounted (Continued)

USD 497: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$22,898	(\$2,358)	(\$13,336)	\$7,204	\$7,204
2	\$23,411	(\$1,013)	(\$13,737)	\$8,661	\$15,865
3	\$24,540	(\$1,367)	(\$14,147)	\$9,027	\$24,892
4	\$25,083	(\$1,181)	(\$14,567)	\$9,335	\$34,227
5	\$26,256	(\$1,543)	(\$14,998)	\$9,715	\$43,942
6	\$26,832	(\$1,355)	(\$15,440)	\$10,037	\$53,979
7	\$28,050	(\$1,726)	(\$15,893)	\$10,431	\$64,410
8	\$28,659	(\$1,536)	(\$16,357)	\$10,766	\$75,177
9	\$29,925	(\$1,916)	(\$16,832)	\$11,176	\$86,353
10	\$30,569	(\$1,724)	(\$17,320)	\$11,526	\$97,879
11	\$31,228	(\$1,741)	\$0	\$29,487	\$127,366
12	\$31,903	(\$1,758)	\$0	\$30,145	\$157,511
13	\$32,593	(\$1,776)	\$0	\$30,818	\$188,328
14	\$33,300	(\$1,794)	\$0	\$31,506	\$219,835
15	\$34,023	(\$1,811)	\$0	\$32,212	\$252,046
16	\$0	\$0	\$0	\$0	\$252,046
17	\$0	\$0	\$0	\$0	\$252,046
18	\$0	\$0	\$0	\$0	\$252,046
19	\$0	\$0	\$0	\$0	\$252,046
20	\$0	\$0	\$0	\$0	\$252,046

State of Kansas: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$120,928	\$0	(\$133,451)	(\$12,523)	(\$12,523)
2	\$23,161	\$0	\$0	\$23,161	\$10,638
3	\$23,562	\$0	\$0	\$23,562	\$34,200
4	\$23,971	\$0	\$0	\$23,971	\$58,171
5	\$24,388	\$0	\$0	\$24,388	\$82,560
6	\$24,814	\$0	\$0	\$24,814	\$107,374
7	\$25,249	\$0	\$0	\$25,249	\$132,623
8	\$25,693	\$0	\$0	\$25,693	\$158,316
9	\$26,146	\$0	\$0	\$26,146	\$184,462
10	\$26,608	\$0	\$0	\$26,608	\$211,070
11	\$27,081	\$0	\$0	\$27,081	\$238,151
12	\$27,562	\$0	\$0	\$27,562	\$265,713
13	\$28,054	\$0	\$0	\$28,054	\$293,768
14	\$28,557	\$0	\$0	\$28,557	\$322,325
15	\$29,070	\$0	\$0	\$29,070	\$351,394
16	\$0	\$0	\$0	\$0	\$351,394
17	\$0	\$0	\$0	\$0	\$351,394
18	\$0	\$0	\$0	\$0	\$351,394
19	\$0	\$0	\$0	\$0	\$351,394
20	\$0	\$0	\$0	\$0	\$351,394

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

APPENDIX 2: Discounted Annual Results

Lawrence: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$50,791	(\$95,877)	(\$52,212)	(\$97,299)	(\$97,299)
2	\$28,649	(\$5,873)	(\$10,679)	\$12,097	(\$85,202)
3	\$28,711	(\$7,316)	(\$10,411)	\$10,983	(\$74,218)
4	\$27,984	(\$6,136)	(\$10,149)	\$11,700	(\$62,518)
5	\$27,656	(\$7,421)	(\$9,891)	\$10,343	(\$52,175)
6	\$26,935	(\$6,310)	(\$9,639)	\$10,986	(\$41,189)
7	\$25,427	(\$7,454)	(\$9,393)	\$8,580	(\$32,609)
8	\$24,374	(\$6,409)	(\$9,151)	\$8,814	(\$23,796)
9	\$23,976	(\$7,427)	(\$8,915)	\$7,634	(\$16,162)
10	\$23,096	(\$6,445)	(\$8,683)	\$7,968	(\$8,193)
11	\$22,250	(\$6,162)	\$0	\$16,089	\$7,895
12	\$21,437	(\$5,891)	\$0	\$15,545	\$23,440
13	\$20,654	(\$5,633)	\$0	\$15,021	\$38,461
14	\$19,900	(\$5,386)	\$0	\$14,515	\$52,976
15	\$19,176	(\$5,149)	\$0	\$14,027	\$67,003
16	\$0	\$0	\$0	\$0	\$67,003
17	\$0	\$0	\$0	\$0	\$67,003
18	\$0	\$0	\$0	\$0	\$67,003
19	\$0	\$0	\$0	\$0	\$67,003
20	\$0	\$0	\$0	\$0	\$67,003

Douglas County: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$31,185	(\$52,051)	(\$22,102)	(\$42,967)	(\$42,967)
2	\$24,359	(\$2,484)	(\$14,709)	\$7,166	(\$35,801)
3	\$24,015	(\$2,715)	(\$14,340)	\$6,961	(\$28,840)
4	\$23,361	(\$2,595)	(\$13,978)	\$6,788	(\$22,053)
5	\$22,898	(\$2,792)	(\$13,623)	\$6,482	(\$15,570)
6	\$22,266	(\$2,669)	(\$13,276)	\$6,321	(\$9,250)
7	\$21,810	(\$2,836)	(\$12,936)	\$6,038	(\$3,212)
8	\$21,201	(\$2,711)	(\$12,604)	\$5,887	\$2,675
9	\$20,754	(\$2,851)	(\$12,278)	\$5,625	\$8,300
10	\$20,082	(\$2,726)	(\$11,960)	\$5,396	\$13,696
11	\$19,431	(\$2,607)	\$0	\$16,825	\$30,521
12	\$18,803	(\$2,492)	\$0	\$16,311	\$46,831
13	\$18,195	(\$2,383)	\$0	\$15,812	\$62,643
14	\$17,608	(\$2,278)	\$0	\$15,329	\$77,973
15	\$17,040	(\$2,178)	\$0	\$14,861	\$92,834
16	\$0	\$0	\$0	\$0	\$92,834
17	\$0	\$0	\$0	\$0	\$92,834
18	\$0	\$0	\$0	\$0	\$92,834
19	\$0	\$0	\$0	\$0	\$92,834
20	\$0	\$0	\$0	\$0	\$92,834

Addendum D: Detailed CBA Model Results

Cost-Benefit Model Results: 826 Pennsylvania Street

Scenario: 10 Year, 85% NRA, IRB Sales Tax Exemption

APPENDIX 2: Discounted Annual Results (Continued)

USD 497: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$21,677	(\$2,232)	(\$12,625)	\$6,820	\$6,820
2	\$20,979	(\$908)	(\$12,310)	\$7,762	\$14,581
3	\$20,818	(\$1,159)	(\$12,001)	\$7,658	\$22,239
4	\$20,143	(\$948)	(\$11,698)	\$7,497	\$29,735
5	\$19,960	(\$1,173)	(\$11,402)	\$7,385	\$37,121
6	\$19,309	(\$975)	(\$11,111)	\$7,223	\$44,343
7	\$19,109	(\$1,176)	(\$10,827)	\$7,106	\$51,450
8	\$18,482	(\$991)	(\$10,548)	\$6,943	\$58,393
9	\$18,268	(\$1,170)	(\$10,276)	\$6,823	\$65,216
10	\$17,666	(\$996)	(\$10,009)	\$6,661	\$71,876
11	\$17,084	(\$952)	\$0	\$16,131	\$88,008
12	\$16,522	(\$911)	\$0	\$15,611	\$103,619
13	\$15,979	(\$871)	\$0	\$15,108	\$118,727
14	\$15,454	(\$832)	\$0	\$14,622	\$133,348
15	\$14,947	(\$796)	\$0	\$14,151	\$147,500
16	\$0	\$0	\$0	\$0	\$147,500
17	\$0	\$0	\$0	\$0	\$147,500
18	\$0	\$0	\$0	\$0	\$147,500
19	\$0	\$0	\$0	\$0	\$147,500
20	\$0	\$0	\$0	\$0	\$147,500

State of Kansas: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$114,476	\$0	(\$126,330)	(\$11,855)	(\$11,855)
2	\$20,755	\$0	\$0	\$20,755	\$8,901
3	\$19,988	\$0	\$0	\$19,988	\$28,889
4	\$19,250	\$0	\$0	\$19,250	\$48,139
5	\$18,540	\$0	\$0	\$18,540	\$66,678
6	\$17,857	\$0	\$0	\$17,857	\$84,536
7	\$17,201	\$0	\$0	\$17,201	\$101,736
8	\$16,569	\$0	\$0	\$16,569	\$118,305
9	\$15,961	\$0	\$0	\$15,961	\$134,267
10	\$15,377	\$0	\$0	\$15,377	\$149,644
11	\$14,815	\$0	\$0	\$14,815	\$164,459
12	\$14,274	\$0	\$0	\$14,274	\$178,733
13	\$13,753	\$0	\$0	\$13,753	\$192,486
14	\$13,253	\$0	\$0	\$13,253	\$205,739
15	\$12,771	\$0	\$0	\$12,771	\$218,510
16	\$0	\$0	\$0	\$0	\$218,510
17	\$0	\$0	\$0	\$0	\$218,510
18	\$0	\$0	\$0	\$0	\$218,510
19	\$0	\$0	\$0	\$0	\$218,510
20	\$0	\$0	\$0	\$0	\$218,510

Addendum E: Gap Analysis (NDC)



NDC Headquarters

One Battery Park Place
21 Whitehall Street, Suite 710
New York, NY 10004
(212) 682-1106

MEMORANDUM

Date: October 3, 2016

To: Britt Crum-Cano, Economic Development Coordinator, City of Lawrence

From: Tom Jackson, Director, National Development Council

RE: Proposed Mixed-Use Development at 820-826 Pennsylvania Street

At your request, NDC has reviewed materials submitted by Williams Management, LLC (hereinafter, "the Developer") in support of a request for a Neighborhood Revitalization Area (NRA) property tax abatement and approval of Industrial Revenue Bond (IRB) financing during construction to provide a sales tax exemption for the development of a mixed-use project at 820-826 Pennsylvania Street (the "Project"). The Project will include:

- Two new floors of residential rental space divided into 14 apartments as follows:
 - 5 two-bedroom units ranging in size from 946 to 1,285 square feet
 - 9 one-bedroom units ranging in size from 680 to 930 square feet.
 - Two of the one-bedroom units will be affordable to households at or below 60% of the Area Median Income (AMI) for Lawrence.
- Rehabilitation of the existing first floor and basement as follows:
 - 8,792 in leasable square feet on the first floor for a proposed restaurant/brewery.
 - 6,244 square feet of leasable storage and/or production space in the basement.
- 33 new, on-street angled parking spaces in front of the building.

NDC has met and interacted as necessary with the Developer and its team on multiple occasions over the past two months in person, by phone and by email. The Developer has supported its assumptions and projections on the Project's development costs and operating

Addendum E: Gap Analysis (NDC) *continued*

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October 3, 2016
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revenues and expenses with increasing detail as additional information has become available and in response to requests by the City and NDC. The developer has provided the following documentation to support their request for NRA and IRB incentive financing and NDC's analysis of the request:

- A Development Budget based on:
 - Architectural designs by Paul Werner Architects, Lawrence (latest revision dated August 4, 2016). The designs are characterized by the Developer as being substantially complete and ready for building permit review.
 - Structural engineering by Apex Structural Engineers, Inc., Lawrence;
 - Mechanical, electrical and plumbing design by GPW & Associates, Lawrence;
 - Construction estimates provided by the Developer, who will also serve as the General Contractor for the project.
- Proforma statements of annual operating revenues and expenses (the Proforma) that were revised during the course of the review given design changes and additional information on commercial and residential rents in the project's submarket.
- A Term Sheet for commercial financing from Peoples Bank of Lawrence, dated July 29, 2016;
- An Appraisal Report, dated April 12, 2016, ordered by Peoples Bank and prepared by Keller, Craig & Associates of Overland Park, Lawrence and Topeka;
- Property tax estimates prepared by the Developer as advised by the County Appraiser and the Appraisal Report.
- Preliminary and revised project descriptions.

NDC's analysis of the Project's proposed financing sources and uses, projected net operating revenue, property appreciation and associated returns on invested equity suggests that the Developer's request for a NRA rebate of 85% of available property tax increment over 10 years and an IRB sales tax exemption on eligible project costs is reasonable. The reasonableness of the requests has been evaluated given the following:

Addendum E: Gap Analysis (NDC) *continued*

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- 1) The Project's financing sources and uses are summarized as follows:

	Amount	% of Total
Total Project Costs	\$3,622,795	100.00%
Project Sources		
Projected Bank Loan	\$3,013,000	83.17%
Required from Developer	\$609,795	16.83%
Total Sources	\$3,622,795	100.00%

- a. The IRB Sales Tax exemption is estimated at \$185,805. The Total Project Costs (TPC) reflect reimbursement in this amount.
- b. The amount of bank financing projected by the Developer has been maximized given the Appraisal Report's projected operating proforma and the terms and underwriting criteria (1.20 debt coverage ratio, 80% loan to value) that are very favorable to the Project. The projected loan amount is also influenced by a strong 7% capitalization ("cap") rate, which was identified by the appraiser and matches rates observed in the more established Massachusetts Street market approximately 0.4 miles to the west.
- c. Despite the favorability of the Appraisal Report for financing purposes, the Developer believes that actual revenues will be significantly lower for the first floor restaurant/brewery and basement storage space given prevailing rents outside the Massachusetts/Vermont/New Hampshire streets commercial district and new self-storage competition close to the Project site.
 - i. The Developer supported lower commercial revenue and substantially lower expense reimbursement projections with evidence of existing lease rates and terms from what the Developer believes to be comparably-located restaurants in Lawrence. NDC also confirmed lower rates on another restaurant scheduled to open in the Project's submarket.
 - ii. The Developer also projected the postponement of storage revenues until Year 6 of operations given the current oversupply of space in the area and expectations that the brewery/restaurant will not need expansion space for the first five years of operations.

Addendum E: Gap Analysis (NDC) *continued*

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- d. The Developer adopted the Appraisal Report's estimate of market rents for the Project's residential units despite the documentation of lower current market rates in the immediate Project area. The residential revenue was lowered below the appraiser's estimate for the two one-bedroom units that the Developer has proposed to designate as affordable for 30 years.
 - i. The Developer has chosen the 60% of AMI rents and income verification levels associated with the Low Income Housing Tax Credit program administered in Kansas by the Kansas Housing Resources Corporation. These rents, currently \$840/month for a one-bedroom unit, include utilities and the Developer has increased its operating expenses for these units accordingly.
 - ii. The designation of the two units of affordable housing lowers the Project's stabilized net operating income – exclusive of NRA incentives – by \$4,678 and, by extension, reduces the fair market value of the property by approximately \$69,000.
- 2) The differences between the Developer's current projection of revenues and expenses and the bank's Appraisal Report contribute to a finding that the estimate of bank financing is very optimistic. NDC's analysis of the Project's maximum borrowing capacity, given the provisions of the bank's offered term sheet, at:
 - a. \$643,050 less than the projected loan if the 85% NRA rebate is included
 - b. \$1,187,096 less if the NRA rebate is not factored into the Project's stabilized net operating income (NOI).
 - c. Despite these substantial differences, the Developer is confident that the projected financing will be secured.
- 3) The Developer's commitment of an equity contribution of \$609,795 was sized based on the difference between projected Project costs and available bank financing.
 - a. Given a 10-year rebate of 85% of the available increment in the completed Project's property taxes, an IRB exemption for eligible sales taxes on construction costs, the current projection of revenues and expenses and estimated net sales proceeds at the end of the 20th year of operations, the Developer's Internal Rate of Return (IRR) on the invested equity is estimated at 9.85%.

Addendum E: Gap Analysis (NDC) *continued*

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October 3, 2016

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- i. The general strength of the Lawrence market – as evidenced by observed capitalization rates, low vacancy rates and strong square foot rents – would suggest that a 10% IRR would be at the upper end of the range for the Massachusetts Street district. The transitional nature of the properties closer to the Project site would suggest that 10-12% returns are reasonable.
 - ii. If the NRA incentives were reduced to 50% for ten years, the estimated IRR would decline to 9.03%. Without any level of NRA incentives, the estimated IRR would fall to 7.99%.
 - iii. The discounted value of the 85% NRA incentive over 10 years, given a target IRR of 10%, is approximately \$334,190.
 - b. The estimated IRB incentive, as indicated above, reduces the need for \$185,805 in additional Developer equity. Without the IRB incentive, but with the requested 85% NRA rebate for 10 years, the Developer's estimated IRR would decrease to 8.51%.
 - c. Absent both the NRA and IRB incentives, the estimated IRR would decrease to 6.98%.
- 4) Without the requested NRA and IRB incentives, the Project's financing gap can be estimated by subtracting the calculated debt and equity capacity from total Project costs as follows:
- a. Maximum debt capacity is calculated given lender underwriting criteria (Debt Coverage Ratio and Loan to Value), prevailing interest rates, amortization terms and projected revenues and expenses; and,
 - b. If the equity attracted to the project, given projected cash flows after tax and appreciation over twenty years, is calculated based on a target Internal Rate of Return of 10%; then
 - c. Without the NRA incentives outlined above, the project would face an estimated financing gap of \$1,495,193.
 - d. If the IRB incentive is also withdrawn, the financing gap would increase to \$1,679,641.

Conclusion: The documents, discussions and responses presented by the Developer in support their request for the NRA and IRB incentives as outlined above, demonstrate that the requested incentives are reasonable and help to avoid financing gaps that could make the

Technical Report

826 Pennsylvania Street NRA & IRB Request

Addendum E: Gap Analysis (NDC) *continued*

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Project economically unfeasible and unlikely to proceed. If, prior to approval of any City incentives, Project costs or market conditions vary substantially from what the Developer has projected and NDC has reviewed, NDC will reexamine this evaluation as requested by the City.

Addendum F: About the Cost-Benefit Model

The City of Lawrence uses a proprietary Cost-Benefit model when examining projects. The Cost-Benefit model is one tool that government decision makers can incorporate in their decision-making process. The City's cost-benefit model provides a framework for estimating the fiscal impacts of a project, assuming it were in existence and in use today, through the examination of costs and benefits to various taxing jurisdictions (City, County, School District, State). As with all economic models, there are limitations, which are generalized below:

- **Does not consider intangible effects**

The model does not speak to the effects of intangible costs or benefits resulting from a project, since intangible effects are difficult, if not impossible to assign a dollar value.

- **Does not consider private or market effects**

The model only seeks to quantify the cumulative effect on public revenues and expenses and not the effect on private interests that may be affected by a project. Thus, the model only considers public, or governmental, costs and revenues.

Logic would dictate that any development may also have a financial impact on the private sector. For example, if one were analyzing a proposal to build a new baseball stadium, the new tax revenue from the building and property – as well as the costs for providing additional public security and emergency services (police, fire, ambulance, etc.) – would factor into the analysis. However, the effect of the stadium on neighboring property values or the impact on business at local restaurants would not be accounted for within the model.

The cost-benefit model does not consider market impacts of a project, including the amount of market share a project captures from existing businesses or the amount of new revenues brought into the community as a direct result of a project. A market study can be employed to study these effects.

- **The model considers direct effect economic impacts**

Multipliers used within the model are applied to direct effects such as the number of jobs created by the project and associated wages. The model does not attempt to measure all indirect effects such as capturing visitor spending associated with a project, nor the economic effects of that spending as outside dollars circulate through the community over time.

- **Model assumes current effects**

The model is run on assumptions and estimations provided at the time of analysis. The current effects aspect of the model means that the analysis provides a means of estimating the financial impact of a development as if the project under consideration were in existence and in use today, given estimated costs and assumptions that are usually defined prior to the project being constructed or operational. Given that it may be difficult to predict future costs and benefits accurately, there is an implicit assumption that future changes affect both revenues and costs.

In addition, the model does not reflect any changes in economic adjustments over time due to macroeconomic conditions, regional industrial structure, public policies, and technological advances.

- **Does not consider fiscal impacts of temporary or part-time employment**

Employment analyzed is for full-time, permanent positions related to a project and does not consider temporary jobs created due to project construction or part-time positions created during project operation.

Other considerations for decision making:

There could be several important considerations that fall outside of the realm of municipal budgets and cost-benefit analysis. For example, fiscal impacts of development on abutters, local businesses and natural resources are not accounted for in cost-benefit analysis.

Cost-benefit analysis also does not consider issues of equity and social responsibility. For instance, while it may be easy to identify the fiscal downsides of low-income housing on municipal and school budgets, municipalities may also bear some level of responsibility for ensuring access to affordable housing. Finally, communities maintain certain values that cannot be assigned a price tag, such as the intrinsic value of nature, cultural heritage, and aesthetics.

Depending on the project, it may be prudent to employ other analytical models or studies (e.g. economic impact analysis; pro forma/but-for analysis; trade area analysis; tourism impact, market demand and other studies; etc.) in conjunction with cost-benefit analysis, as well as give consideration to other, non-quantifiable elements to gain insight into a project's overall value to the community.

Project Name:Vermont Place & 826 Pennsylvania Street NRAs
NRA & IRB Process Calendar

CALENDAR OF EVENTS 2016			
Date/Location	Event	Parties	Status/Notes
9/29/2016	Gap Analysis Completed	NDC/Applicants	Complete
10/10/2016	CBA Analysis Completed	City/Applicants	Complete
	Technical Report Completed	City	Complete
10-10-16 (Monday) AHAB City Commission Room, City Hall , 11AM-1:00 PM	Affordable Housing Advisory Board	City and Applicant	Critical for Applicant to Attend. Complete
10-18-2016 (Tuesday) City Commission Room, City Hall, 5:45 pm	City Commission meeting: Consent Item. Refer reports to PIRC and set date for public hearing (1st Reading 11-1-16) on proposed NRA and Revitalization Plan	City and Applicant	Complete
10/20/2016	Notify USD 497 and Douglas County of NRA item discussions and determine how they wish to process request	City	Complete
11/1/2016 PIRC City Commission Room, City Hall , 3:00-5:00 pm	Public Incentive Review Committee: Discuss proposed incentive request(s) and make recommendation to the City Commission	City and Applicant	Critical for Applicant to Attend NDC to Attend
11-1-16 (Tuesday) City Commission Room, City Hall, 5:45 pm	City Commission meeting (1st Reading): hold a public hearing on the NRA project, receive PIRC recommendation, adopt first reading of an ordinance establishing the NRA, approve development agreement and NRA plan. Approve Resolution of Intent to issue Industrial Revenue Bond for a sales tax exemption on project construction materials.	City and Applicant	Critical for applicant to attend NDC to Attend
10/20/2016	Publish Notice of Public Hearing (2 consecutive weeks)	City	Submitted to LJW on 10-14-16
10/27/2016			
10/28/2016	Deadline for County Commission packet	City	Submitted 10-20-16
11-02-16 (Wednesday) County Commission County Courthouse, 4:00 pm	County Commission meeting: Consideration of approval of the NRA cooperative agreement and County participation	City, County and Applicant	Critical for applicant to attend
11/7/2016	Deadline for School Board packet.	City	Submitted 10-20-16
11-14-16 (Monday) School Board Meeting, 7:00 PM	School Board meeting: consideration of approval of the NRA cooperative agreement and School district participation	City, School District, and Applicant	Critical for applicant to attend
11/7/2016	Publish IRB Notice of Intent prior to Resolution of Intent approval	City (G&B)	Complete: LJW publication on 10-21-16
11-15-16 (Tuesday) City Commission Room, City Hall, 5:45 pm	City Commission meeting (2nd Reading): adopt second reading of an ordinance establishing the NRA (consent agenda).	City and Applicant	
XXX	Construction Commences	Applicant	

NEIGHBORHOOD REVITALIZATION PLAN
For 826¹ Pennsylvania Street
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Purpose and Factual Findings

This plan is intended to promote the revitalization of the area of the City of Lawrence, Kansas (the City) through the rehabilitation, conservation, or redevelopment of the area to protect the public health, safety, or welfare of the residents of the City. More specifically, a tax rebate incentive will be available for certain improvements within the area. The improvements will include the rehabilitation of the existing building to accommodate a restaurant, office, and brewery/manufacturing space on the first floor and include a two story vertical addition to accommodate apartments.

In accordance with the provisions of K.S.A. 12-17, 114 et seq., the Lawrence City Commission has held a public hearing and considered the existing conditions and alternatives with respect to the designated Area, the criteria and standards for a tax rebate, and the necessity for interlocal cooperation among other taxing units. Accordingly, the City Commission has carefully reviewed, evaluated, and determined the Area meets one or more of the conditions to be designated as a “neighborhood revitalization area.”

¹ Area- used interchangeably with “Property”, referring to the property located at 826 Pennsylvania Street (identified by the County and the City GIS system as 820 Pennsylvania Street), Lawrence, Douglas County, Kansas

Part 1
Legal Description of Neighborhood Revitalization Area

Lot 3, 8th and Pennsylvania Neighborhood Redevelopment Addition No. 3, a Minor Subdivision Replat of Lots 1 and 2, Block "A" of 8th and Pennsylvania Neighborhood Redevelopment, in the City of Lawrence, Douglas County, Kansas

A map depicting the existing parcel of real estate is attached hereto as Exhibit A and incorporated into this Plan by reference as if fully set forth herein.

Part 2
Assessed Valuation of Real Property

The assessed valuation of the real estate contained in the Area is listed as follows for the parcel, for land and building value separately:

2016 Tax Information						
Property Address	Appraised			Assessed		
	Land	Improvements	Total	Land	Improvements	Total
820 Pennsylvania Street	\$ 89,760	\$ 241,440	\$ 331,200	\$ 22,440	\$ 60,360	\$ 82,800
Total	\$ 89,760	\$ 241,440	\$ 331,200	\$ 22,440	\$ 60,360	\$ 82,800

Part 3
Listing of Owners of Record in Area

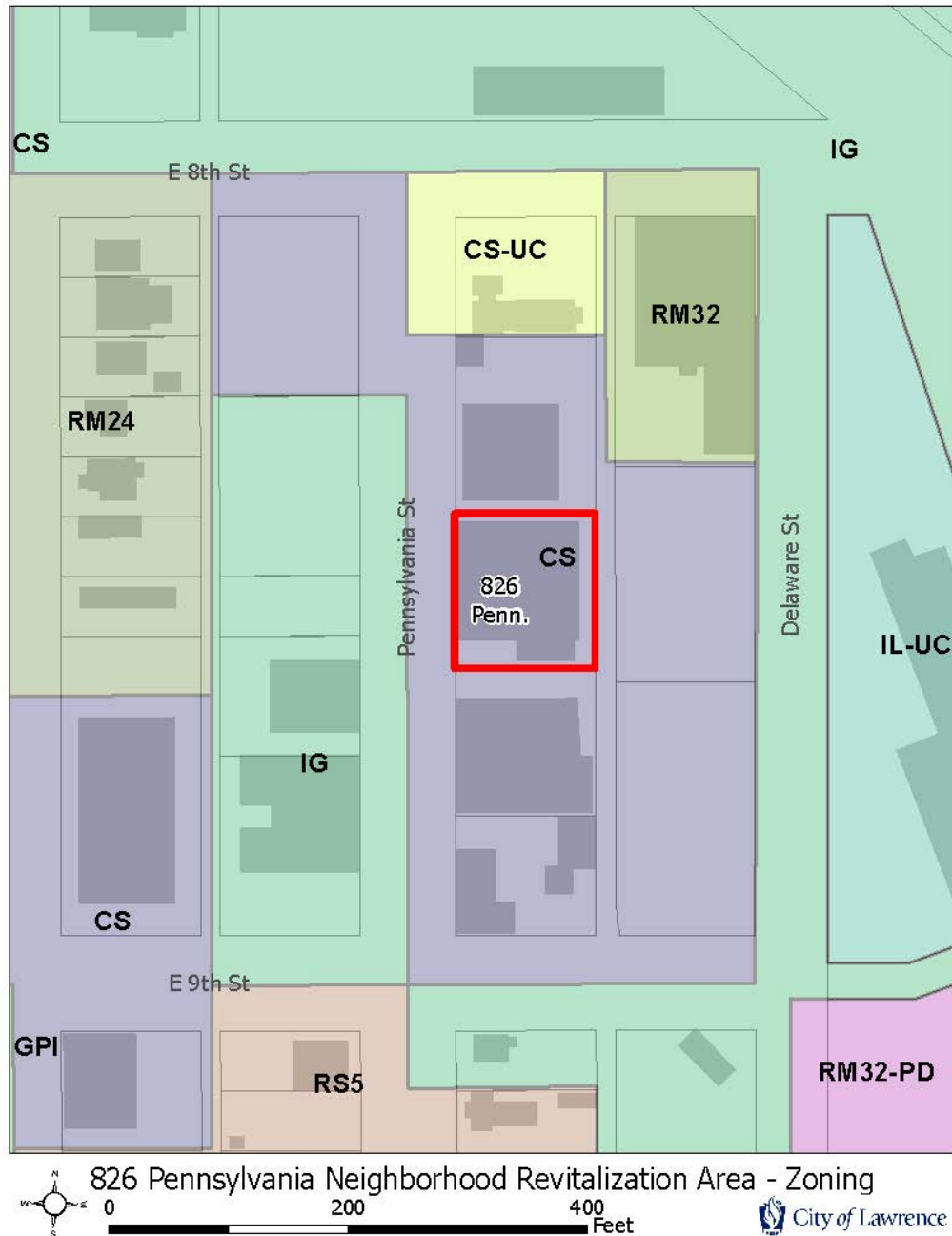
A list of name(s) and address(es) of the Owner(s) of record of the parcel of real estate within the Area:

Williams Management, LLC
826 Pennsylvania Street
Lawrence, Kansas 66049

Part 4
Existing Zoning Classification Boundaries
& Existing and Proposed Land Uses

A. Existing Zoning Classifications and Boundaries

The existing zoning classification of the Area is CS, Commercial Strip District. The existing zoning classification boundaries are depicted in the map below:



B. Existing and Proposed Land Uses

826 Pennsylvania, known as the SeedCo Building, was historically used for manufacturing and warehouse uses but has been vacant for several years. The use of the basement is limited to storage that is accessory to the other uses on the site, as the basement does not have suitable access for other uses. The building originally had two stories, but it was damaged by a fire and was rebuilt as one and a-half stories. The site plan proposes an addition to the building to three stories. The first floor will house a brewery, restaurant and office space. The second and third stories will contain apartments (Nine (9) one-bedroom units and five (5) two-bedroom units).

The Brewery could be classified as a Brewpub or Manufacturing and Production, Limited, depending on the scale of the project. A Brewpub as defined in Section 20-1724 of the Development Code is limited to the manufacture of up to 5,000 barrels of fermented malt beverages per year. If the brewery produces more than 5,000 barrels a year the use would be classified as Manufacturing and Production, Limited as defined in Section 20-1739(3) of the Development Code. The difference between the two uses is primarily a matter of scale. The brewery may be approved with the site plan as a Brewpub. If the use expands to the point it no longer complies with the definition of a Brewpub it would be necessary to seek approval of the use as Manufacturing and Production, Limited through a Special Use Permit. This is noted on the plan.

Part 5 Capital Improvement Planned for the Area

The Area will, for the most part, be served by existing municipal services.

Transportation – the Area will have access to the City's transit system.

Water and sewage systems – the Area will connect to City water, wastewater and storm water systems.

Refuse collection – the Area will be served by existing City refuse and recycling services.

Road and street maintenance – the Area is adjacent to existing Pennsylvania Street. Pennsylvania Street will be maintained as part of the City's regular street maintenance system. The property Owner(s) will be responsible for sidewalk maintenance in accordance with state law.

Park and recreation facilities – the Area will be served by existing parks and recreation facilities.

Police and fire protection – existing police and fire and medical services will serve the Area.

Part 6
Property Eligible for a Tax Rebate

The Area is comprised of one building (to be redeveloped) and one parcel of real estate. —Accordingly, rehabilitation, alterations, and additions to the existing structure and the land in the Area are eligible for the tax rebate.

Part 7
Criteria for Determination of Eligibility

The Area consists of one parcel of real estate with an existing one-level building with basement that will be redeveloped by Williams Management, LLC, adding two additional floors and converting the property into mixed use commercial and residential space. In order to be eligible for the NRA rebate, Williams Management, LLC shall pull a building permit for the Project in the Area within one year of the effective date of the Ordinance designating the NRA Area, and shall complete the Project within two years of said Ordinance's effective date.

Part 8
Contents of Annual Application for Tax Rebate

The annual application for a tax rebate shall contain the following general information

1. Owner's Name
2. Owner's Mailing Address
3. Owner's Email Address (if one is available)
4. Owner's Day Phone Number
5. Address of Property
6. Legal Description of Property
7. Parcel Identification Number
8. Tax year for which the NRA rebate is being requested.
9. Receipt showing all taxes and special assessments have been paid in full for the applicable tax year.
10. Documentation showing compliance with affordable housing requirements as set forth in Section 10.
11. The signature and date of the Owner confirming the accuracy and validity of the annual application for tax rebate.

The Annual Application for Tax Rebate is attached hereto as Exhibit B, and incorporated herein by reference.

Part 9
Procedure for Submission of an Application

Owner(s) seeking a tax rebate shall annually complete the form, Exhibit B. The Annual Application for Tax Rebate, and supporting compliance documentation, shall be submitted to the City's Economic Development Coordinator.

Part 10
Standards and Criteria for Review and Approval
Annual Application for Tax Rebate

1. The property in which a rebate is requested shall conform with all applicable federal, state, and city laws, codes, and regulations in effect at the time the improvements are made and shall remain in conformance with applicable laws, codes, and regulations for the duration of the rebate period or the rebate may be terminated.
2. The Owner(s) shall comply with the Affordable Housing Requirements as set forth in this paragraph, and shall remain in conformance therewith for the duration of the rebate period or its rebate may be terminated. Owner(s) shall timely provide the City with any information or records reasonably requested by City to document compliance with this provision.

Affordable Housing Requirements:

2. The Owner(s) shall comply with the Affordable Housing Requirements as set forth in this paragraph, and shall remain in conformance therewith for the duration of the rebate period or its rebate may be terminated. Owner shall timely provide the City with any information or records reasonably requested by City to document compliance with this provision to the City's satisfaction

Affordable Housing Requirements:

The Owner shall annually certify the affordability of its residential units in a manner acceptable to the City.

Two, One-Bedroom Residential Units in the Project Area shall meet the following criteria:

<u>Income Eligibility</u>	<u>Maximum Rent</u>	<u>Utilities</u>	<u>Duration</u>
60% or less MFI*	LIHTC Max. Rent**	Included	30 years

*Income eligibility limits of Median Family Income (MFI) and maximum LIHTC rent to be charged per one bedroom unit as determined annually for the Lawrence, KS MSA by The Kansas Housing Resources Corporation and shown on the *Maximum Income and Rents to Qualify Units as Low Income for Low Income Housing Tax Credit Program* for the most recently available year.

The Owner(s) is volunteering to hold the affordable housing units to the above standard over a thirty (30) year period. Compliance with affordable housing requirements will be tracked over the duration of the NRA period.

3. Any property that is delinquent in any tax payment or special assessment shall not be eligible for a rebate until such time as all taxes and assessments have been paid in full. Any taxes paid under protest for an eligible property will suspend the rebate until the protest has been resolved. If the Owner(s) of an eligible property appeals the appraised value of its property, no rebate will be made until the appeal is finalized.
4. Following establishment of the increase in assessed value resulting from a specific improvement, the fixed rebate percentage shall be applied to any change in assessed value or mill levy during subsequent years. See Part 11.
5. The City's Economic Development Coordinator, or his or her designee, shall have the authority and discretion to approve or reject annual rebate applications based on eligibility standards and review criteria contained herein. If an applicant is dissatisfied with the decision, a written appeal may be submitted to the City Commission for final determination. Such written appeal must be filed within 30 days after the Economic Development Coordinator's decision.

Part 11

Statement Specifying Amount and Years of Eligibility of Rebate

The Owner(s), or the Owner(s)' assignee, provided the requirements of this Plan are satisfied, will be eligible for a property tax rebate as set forth in this Part 11.

Program Period: The NRA fund and tax rebate incentive program shall expire at the conclusion of the Rebate Period set forth below, unless earlier terminated pursuant to this Plan. The City, County, and School District may jointly agree to amend or modify the Plan as conditions, policies or priorities change, provided that no amendment or modification to the Plan which decreases the percentage Rebate Amount under this Plan or materially increases the Owner(s) obligations or duties under the Plan shall be effective without the Owner(s)'s prior written consent. If there is no tax increment generated for a specific property due to a diminution of assessed values, no tax rebate shall be provided for the Property. The Owner(s) shall receive at least thirty (30) days prior written notice of any proposed amendment or modification to the Plan.

Rebate Period: The NRA rebate period shall commence on the first full tax year after Project Completion. For the purposes of this Plan, it is understood and agreed that the Project Completion refers to the date when a Certificate of Occupancy is issued by the City for the Project and is filed with the County Appraiser by December 1st.

The NRA Rebate Period shall be 10 years, unless earlier terminated as provided in this Plan.

Rebate Amount:

Residential:	85%
Commercial:	85%

The owner of the property at the time the property taxes are paid in full will be eligible for a property tax rebate on the incremental taxes associated with improvements to the Property (the "tax increment"). The Tax Increment will equal the property tax assessment against the Property for the first year after the improvements are completed (i.e. determined including the value that such improvements add to the assessed value of the Property) reduced by the property tax assessed against the Property for the base year (the year this Plan is approved) (i.e. determined without the value that the improvements add to the assessed value of the Property). The Increment will be reassessed each year of the rebate program, based off the new appraisal value. Then the fixed rebate percentage set forth above shall be applied to any change in assessed value or mill levy during subsequent years for the rebate period, as outlined above.

Douglas County shall be entitled to an annual administrative fee of \$500 for each annual application filed by an Owner(s). The administrative fee shall be retained by the County from increment proceeds before making the rebate distribution to the City. .

Timing of Annual Tax Rebate Payment: Provided the Owner(s) is in conformance with this Plan, has submitted a complete Annual Application for Tax Rebate, and the Annual Application for Tax Rebate has been approved by the City's Economic Development Coordinator, or the City Commission, then upon payment of taxes by the Owner(s), the rebate shall be made within 30 days after the next distribution date by Douglas County, as specified in K.S.A. 12-1678a, and amendments thereto.

Part 12

Other Requirements

1. This Plan and tax rebate program are subject to approval of each taxing unit (City Commission, Douglas County Commission, and USD 497). The participating taxing units will enter into a cooperative agreement concerning the implementation of this Plan and the payment of tax rebates.
2. The Developer shall submit a Property Construction Commencement form to the City, signed by the Douglas County Appraiser, before it commences any pre-construction or construction activities in the Area. The Property Construction Commencement form is attached hereto as Exhibit C, and incorporated herein by reference. The City acknowledges and agrees that the Base Property Value shall be based upon the 2016 appraised value determined by the Douglas County Appraiser, as the same is verified on Exhibit C.
3. The Developer shall within 10 days of completing the Project submit to the City a Certificate of Project Completion, attached hereto as Exhibit D and incorporated herein by reference.
4. Construction or redevelopment activities must be located in the Area and begin after the effective date of the Ordinance establishing the Area, or after the Base Property Value Determination date, whichever occurs later, to be eligible for a rebate.

5. The City's obligation to rebate any increment in ad valorem property taxes under this Plan shall be limited to monies in the NRA fund. In no event shall the City be obligated to cover such rebates from other City funds.
6. Some improvements regardless of cost may not result in an increase in assessed value and thus would not make the property eligible for a property tax rebate. Such determinations will be made solely and independently by the Douglas County Appraiser's Office and the Douglas County Clerk.

The County Appraiser shall conduct an on-site appraisal as a part of the normal valuations following completion of the Improvements and determine the increase in the taxable valuation due to the Improvements. On or before December 1st of each calendar year, the City shall notify the County Appraiser, in writing, of each property in the Area for which Improvements have been completed so that the County Appraiser may conduct on-site inspections as a part of the normal valuations to determine the increase in taxable valuations due to the Improvements. The County Appraiser will notify the City and the County Clerk of the valuation.

7. If this Plan is repealed or the rebate criteria changed, any approved applications shall be eligible for rebates for the remaining Term of the rebate originally provided in the plan.
8. The Developer shall keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the properties, business and affairs of the Developer related to the Project or this Plan in accordance with generally accepted accounting principles. At reasonable times and upon reasonable prior written notice, the Developer agrees to allow representatives and agents of the City or Douglas County to inspect all books and records, invoices and other financial information related to the NRA incentive.
9. To the extent either party determines that the other has failed to comply with any term of this Plan, such party shall provide written notice to the other party, and said party shall be provided thirty (30) days after the receipt of such notice to comply with the terms of this Plan."

Exhibit A
A Map depicting existing parcels of real estate in Neighborhood Revitalization Area

Pennsylvania Street NRA - Area Map





Exhibit B
Application for Annual NRA Rebate &
Certification of Rebate of Increment
in Ad Valorem Property Taxes
Page 1

Please fill out the below application and submit along with a copy of all applicable tax payment receipts.

Submit Application to: City of Lawrence, City Manager's Office,
Attn: Economic Development
6th East 6th Street, Lawrence, KS 66044

With a copy sent to: Douglas County, Kansas, Attn: Treasurer's Department
1100 Massachusetts St., Lawrence, KS 66044

Project: _____
Owner(s): _____ Name: _____
Owner(s) Address: _____
Parcel ID #: _____
Property Legal Address: _____

Annual Rebate Requested: Rebate on property taxes levied in _____
(Y/N) The Owner(s) has paid, at the time Application for Rebate is made, all real estate
taxes levied against the Property on which the Project is located

Please attach a copy of tax payment receipts for the
calendar year in which the rebate is requested.
(If applicable, also include payment receipts for any past due property taxes.)

Application Prepared by: _____
Title: _____
Address: _____
Email: _____
Phone: _____

The above information is correct, to the best of my knowledge.

Signature: _____ Date: _____

Note: Rebates are given only after property taxes are paid in full.

Exhibit B
Annual Application for Tax Rebate
Page 2

CERTIFICATION

The undersigned Owner (s) does hereby certify to the City of Lawrence, Kansas (the "City") that the following information is true and correct as of the date hereof:

1. The Owner(s) is in compliance with the terms of the Neighborhood Revitalization Act Plan for the Vermont Place NRA.
2. The Owner(s) is entitled to the rebate of the increment in ad valorem property taxes levied pursuant to the terms of the Neighborhood Revitalization Plan for the Vermont Place NRA in connection with the Project and the Neighborhood Revitalization Act.
3. The undersigned has reviewed the provisions of K.S.A. 21-6004 and understands the penalties thereunder.

Owner(s):

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

Note: Rebates are given only after property taxes are paid in full.



Exhibit C
Property Construction Commencement

The Owner(s) shall notify the City Manager and County Appraiser prior to commencement of project construction/redevelopment activities by submitting a signed copy of this form. The Owner(s) shall provide any information concerning the Project that may be helpful to the County Appraiser in the valuation process.

Project: _____
Parcel ID #: _____
Property Legal Address: _____

To be Completed by the County Appraiser:

Date of Appraisal: _____ Base Year: _____
Assessed Valuation: Land: _____
 Improvements: _____
 Total: _____
County Appraiser Signature: _____ Date: _____

To be Completed by the Property Owner(s):

Name: _____
Address: _____
Title: _____
Email: _____ Phone: _____
Signature: _____ Date: _____

Submit form to: City of Lawrence, City Manager's Office, Attn: Economic Development
 6th East 6th Street, Lawrence, KS 66044

With a copy sent to: Douglas County, Kansas, Attn: County Appraiser
 1100 Massachusetts St., Lawrence, KS 66044



Exhibit D
Certification of Project Completion

Please fill out the below certificate of completion and submit within 10 days of the conclusion of project construction.

Submit Application to: City of Lawrence, City Manager's Office,
Attn: Economic Development
6th East 6th Street, Lawrence, KS 66044

With a copy sent to: Douglas County, Kansas, Attn: Appraiser's Office
1100 Massachusetts St., Lawrence, KS 66044

Project:

Developer's Name: _____
Developer's Address: _____
Parcel ID #: _____
Property Legal Address: _____

Contact Information:

Company Contact(s): _____
Contact Address: _____
Contact Phone: _____
Contact Email: _____

Property Information:

Date of construction start (include copy of building permit receipt): _____
Date of construction end (include copy of certificate of occupancy): _____
Estimated cost of project improvements:
 Land: _____
 Building (include soft and hard costs): _____
 Total Project Cost: _____

I certify that the above information is correct.

Owner's Signature _____ Date _____

**NEIGHBORHOOD REVITALIZATION ACT
COOPERATIVE AGREEMENT for 826 PENNSYLVANIA STREET**

This Agreement (hereinafter "Agreement") is entered into this ____ day of _____, 2016, by and between the City of Lawrence, Kansas (hereinafter "City"); the Board of Commissioners of Douglas County, Kansas (hereinafter "County"); and Unified School District No. 497, Douglas County, State of Kansas (hereinafter "USD 497") (collectively the "Parties"), all of which are municipalities within the meaning of K.S.A. 10-1101 and K.S.A. 12-17,114 *et seq.*; and

WHEREAS, K.S.A. 12-17,114 *et seq.* and amendments thereto, also referred to as the Kansas Neighborhood Revitalization Act (the "Act"), provides a program for neighborhood revitalization to provide incentives for property owners to improve aging and deteriorating property, or otherwise stimulate new construction, the rehabilitation, conservation or redevelopment of an area in order to protect the public health, safety and welfare; and

WHEREAS, K.S.A. 12-17,119, provides for all taxing jurisdictions within a Neighborhood Revitalization District to enter into agreements to further neighborhood revitalization; and

WHEREAS, the Parties desire to maximize the economic development opportunities under the Act and the Neighborhood Revitalization Plan (later defined herein) by acting jointly through the use of this agreement; and

WHEREAS, the Parties desire to set out the terms and conditions of participation as described herein, and

WHEREAS, the City and County will have primary responsibility for the procedural aspects of NRA implementation and administration, and therefore desire to set forth the specific rights and responsibilities of the Parties with respect to the procedures associated with the NRA.

NOW, THEREFORE, for the mutual promises and covenants contained herein and other good and valuable consideration, the Parties understand and agree as follows:

1. Purpose. The purpose of this Agreement is to provide a program for neighborhood revitalization and allow the taxing jurisdictions within the designated neighborhood revitalization area ("Area") to work together, through this agreement, to facilitate the rehabilitation, conservation or redevelopment of an area to protect the public health, safety and welfare of the residents of Lawrence.

- a. After conducting a public hearing and complying with the publication requirements of K.S.A. 12-17,117 as amended, on November 8, 2016 the City approved Ordinance No 9304 adopting a neighborhood revitalization district plan in substantially the same form and content as contained in **Exhibit A** attached hereto and incorporated herein by reference. ("Plan").
 - b. The other Parties to this Agreement have also reviewed and considered the Plan, and by adoption of this Agreement, agree to work cooperatively to implement the Plan.
 - c. The Parties further agree that no separate legal entity shall be created under this Agreement, but rather the City, on behalf of all Parties, shall administer the Plan as adopted by the City or as it may be subsequently amended as provided herein.
 - d. The Parties agree that the Plan shall not be amended by the City or by any of the Parties acting separately and shall only be amended in writing signed by all Parties hereto, which consent and cooperation shall not be unreasonably withheld.
 - e. In the event that the Neighborhood Revitalization Plan, as adopted, is not followed with respect to the aspects set forth in the Plan, the Parties may individually wish to reconsider participation in the Plan.
2. Duration. This Agreement shall commence after it has been approved by and is fully executed by the Parties, and shall expire upon the expiration of the Rebate Period or termination of the 826 Pennsylvania NRA Plan.
3. Termination. The Parties agree that termination of this Agreement by any party prior to the period set forth in Paragraph 2 above would adversely impact the Plan, and consequently, this Agreement may only be terminated with ninety (90) days written notice, and further provided such written notice must be received prior to August 1 in the calendar year prior to the tax year the party desires to terminate participation, unless such notice is waived, in writing, by all Parties to this Agreement. The Parties further agree that any application for tax rebate submitted to the City prior to receipt of the notice of termination shall, if approved, be considered eligible for the duration of the rebate period set forth in the Plan.
4. Financing.
 - a. A qualified improvement must meet the requirements set out in the Plan.

- b. The County shall calculate the annual rebate as per the Plan and shall transfer any tax increment rebate amounts received for the Parties to the Neighborhood Revitalization Fund (NRA Fund) a separate fund created and maintained by the City under the authority of K.S.A. 12-17,118 and amendments thereto.
- c. The County shall retain an annual administrative fee in an amount of \$500 from the increment of the rebate program. The County shall deduct this fee from the tax increment prior to rebating the tax increment to the City for disbursement to the property owner as provided in the Plan.
- d. Within thirty (30) days of distribution of the tax increment from the County, the City will disburse the rebate(s) in the appropriate percentage to each eligible property owner(s) in accordance with the Plan. All funds transferred to the NRA Fund by the County and not required to be rebated to Owner(s) shall be refunded by the City to the County Treasurer for distribution to all participating taxing jurisdictions in their proportionate share based on their tax rate at the time of disbursement.

5. Additional City Responsibilities

- a. The City's Economic Development Coordinator shall be responsible for receiving compliance information and documentation for annual rebate from the Owner/(s) under the NRA Plan. The City's Economic Development Coordinator shall have the authority and discretion to approve or reject annual rebate applications based on eligibility standards and review criteria contained in the NRA Plan. The City's Economic Development Coordinator will forward notice of application approval or rejection to the County for annual rebate.
- b. Upon payment of taxes by the Owner/Taxpayer, and provided the Owner/Taxpayer is in compliance with the NRA Plan, the City shall issue the appropriate rebate to the Owner/Taxpayer within 30 days after the next distribution date by Douglas County as specified in K.S.A. 12-1678a, and amendments thereto and in accordance with the NRA Plan.
- c. Rebates are not given until property taxes are paid in full.

6. Additional County Responsibilities.

- a. The County Appraiser shall conduct an on-site appraisal as part of the normal valuations following completion of the Improvements and determine the increase in the taxable valuation due to the improvements.

- b. The County Appraiser will notify the City and the County Clerk of the valuation.
 - c. The County Treasurer will monitor real estate tax delinquencies for Property participating in the Program. The County Treasurer will notify the City if a Property becomes ineligible for the program due to tax or special assessment delinquencies.
8. Execution. For purposes of executing this Agreement, this document if signed and transmitted by facsimile machine or telecopier, is to be treated as an original document. This Agreement may be executed in one or more counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.
9. Liberal Construction. This Agreement shall be liberally construed to achieve the economic development objectives and purposes of both this Agreement and the Plan. Should any provision of this Agreement be determined to be void, invalid, unenforceable or illegal, such provision(s) shall be null and void, but the remaining provisions shall be unaffected thereby and shall continue to be valid and enforceable.
10. Entire Agreement. This Agreement constitutes the entire agreement between the Parties on this subject and may not be modified or amended except in writing executed by all Parties in the same manner as the original.
11. Governing Law. This Agreement and the Plan and the rights of all the Parties hereto shall be governed by and construed according to the laws of the State of Kansas.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective, appropriate representatives with authority to bind their respective entity.

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CITY OF LAWRENCE, KANSAS

[SEAL]

By: _____

Attest: Thomas M. Markus, City Manager

Sherri Riedemann, City Clerk

(Rest of Signature Page Left Intentionally Blank)

BOARD OF COMMISSIONERS
OF DOUGLAS COUNTY, KANSAS

[Seal]

By: _____

Attest:

_____, Clerk of the Board

Approved As To Form:

County Counselor

(Rest of Signature Page Left Intentionally Blank)

UNIFIED SCHOOL DISTRICT NO. 497,
DOUGLAS COUNTY, STATE OF
KANSAS

[Seal]

By: _____

President, Board of Education

Attest:

Clerk of the Board

Approved As To Form:

Attorney for the Board

(Rest of Signature Page Left Intentionally Blank)

Exhibit A

Neighborhood Revitalization Plan
As adopted by Governing Body of the City of Lawrence
On November 8, 2016
through Ordinance No. 9304

[See Attached]

MEMORANDUM

DATE: October 25, 2016

TO: Craig Weinaug
County Administrator

FROM: Dan Partridge, RS, MPH 
Director

RE: Proposed Changes to Douglas County Sanitary Code

In consideration of questions raised by the Douglas County Board of County Commissioners and the public, the Health Department has reviewed the Douglas County Sanitary Code with regard to the process and criteria for approval of sites for land application of septage. Attached is the relevant section from the Sanitary Code with proposed changes.

As has been stated previously the current Sanitary Code requires licensed septage haulers to comply with the standards set forth under Title 40, Part 503, of the Code of Federal Regulations. While there is not a specific standard for residential density, the EPA guidelines suggest that a residential setback be considered when approving a site for land application. After consulting with experts at KDHE and EPA, the Health Department recommends for land parcels under consideration as sites for land application of septage that a residential setback of 500 feet be required.

There are two sites currently approved for land application of septage located at 1134 E. 1300 Road and 878 N. 1750 Road. The site at 878 N. 1750 Road was approved October 2016 and already stipulates a 500 foot residential setback. The nearest residence from the 1300 Road site is greater than 600 feet from the application site.

Should the Board of County Commissioners agree that this is the direction they would like to consider as changes to the Douglas County Sanitary Code, the Health Department will begin the review and approval process directed by KDHE.



Lawrence-Douglas County
Health Department

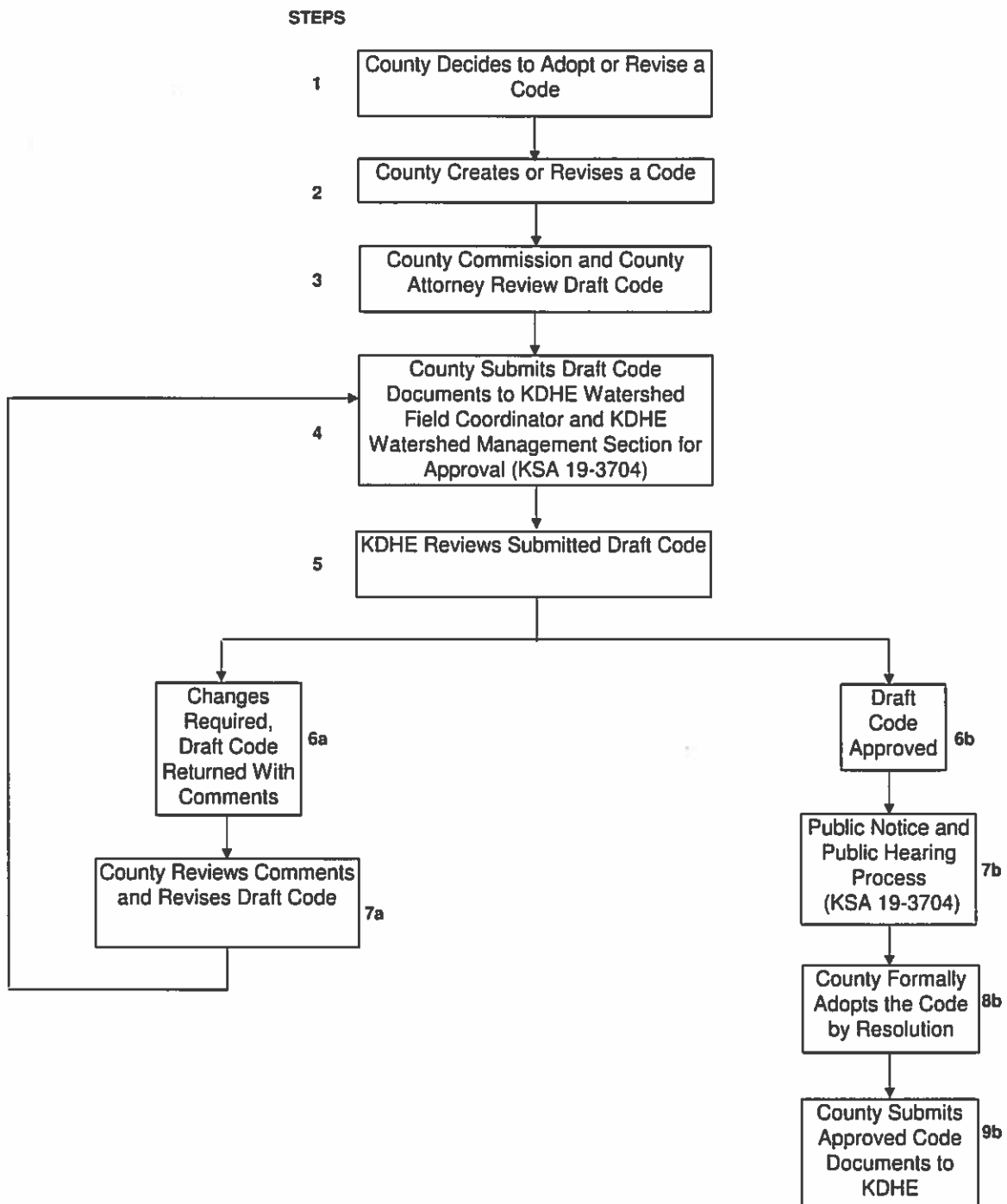


@ldchealth



200 Maine, Suite B
Lawrence, KS 66044-1396
OFFICE: 785.843.3060
CLINIC: 785.843.0721
ldchealth.org

Procedure for Adoption or Revision of Sanitary Codes



Procedural Guidance for Adoption or Revision of County Codes

Flow Chart Steps

Step 1

Reasons for a County to adopt/revise a code

- If the county has no code
- If the county wants to incorporate changes to the existing code
 - Clarify language
 - Adopt licensing
 - Add real estate inspections
 - Add private water well
 - Sub-division
 - Alternative system
 - Soil profiles
 - MOU's with cities
 - Be consistent with Kansas Administrative Regulations
 - Be consistent with other local ordinances

Step 2

County Code Committee drafts a code. Bulletin 4-2 checklist (Form #1) is completed to document the presences of requirements stated in Bulletin 4-2. Local persons/groups involved with drafting a county code should include:

- LEPP Committee
- County Commissioners
- County Attorney
- County Sanitarian
- Planning and Zoning
- Lenders

Resource Materials

- LEPP information page on KDHE's website (Resource Material #1)
<http://www.kdheks.gov/nps/lepp/>
- K.S.A. 65-201 County, city-county and multi-county units; local health officers; appointment, tenure, removal; laws applicable (Resource Document #1)
<http://www.kslegislature.org/legsrv-statutes/getStatuteInfo.do>
- K.S.A. 65-159 Abatement of nuisances, failure to remove, penalties (Resource Document #2) <http://www.kdheks.gov/nps/lepp/download/KSA65-159.pdf>
- K.A.R. 28-5-1 through 28-5-9 Sewage and Excreta Disposal (Resource Document #3) <http://www.kdheks.gov/nps/lepp/download/28-5t9.pdf>
- K.A.R. 28-66-1 through 28-66-4 Local Environmental Protection Grant Program (Resource Document #4) <http://www.kdheks.gov/nps/lepp/download/28-66.pdf>
- K.S.A. 19-3701 to 19-3709 Sanitation Controls (Resource Document #5)
<http://www.kdheks.gov/nps/lepp/download/KSA19-3701-09.pdf>
- Bulletin 4-2 (Resource Document #6)
<http://www.kdheks.gov/nps/resources/mf2214.pdf>

- Table of Certified Tank Manufactures (Resource Document #7)
<http://www.kdheks.gov/nps/lepp/Approvedtanks-WebsiteList.pdf>
- Environmental Health Handbook (Resource Document #8)
<http://www.kdheks.gov/nps/lepp/EHH.html>
- County/Environmental Codes (Resource Document #9)
<http://www.kdheks.gov/nps/lepp/CountyCodes.html>
- Article 30 (Resource Document #10)
<http://www.kdheks.gov/waterwell/download/article30.pdf>
- Example Code Language (Resource Document #11)

Step 3

Sanitarian presents draft code to county commissioners and county attorney for comment. Draft code revised to include comments or on to Step 4 if no comments.

Step 4

The draft code and supporting documents are submitted to the appropriate Watershed Field Coordinator and the Watershed Management Section. Watershed Field Coordinators include:

- Richard Basore, KDHE South Central District Office, 130 South Market, Suite 6050, Wichita, Kansas 67202-3802, 316-337-6020, rbasore@kdhe.state.ks.us
- Beth Rowlands, KDHE North East District Office, 800 West 24th Street, Lawrence, Kansas 66046-4417, 785-842-4600, browlands@kdhe.state.ks.us
- Doug Schneweis, KDHE North West District Office, 2301 East 13th Street, Hays, Kansas 67601-2651, 785-625-5663, dschnewe@kdhe.state.ks.us

Watershed Management Section is located at:

- KDHE, Bureau of Water, Watershed Management Section, 1000 South West Jackson St., Suite 420, Topeka, Kansas 66612-1367, 785-296-4195, NPS@kdhe.state.ks.us

Documents required for KDHE approval include:

- Draft code (please submit electronic version)
- Completed Bulletin 4-2 checklist (Form #1)
- Documentation of Concurrence for County Sanitary Code Review (Form #2)
- Signed cover letter from commissioners with formal request for KDHE to review the draft code. The cover letters should describe if the draft code is a new code or a revised existing code (see examples – Example #1 for a new code, Example #2 for a revised code)

Step 5

- WFC performs initial review for compliance with Bulletin 4-2 and submits finding to LEPP Coordinator.
- Simultaneously LEPP Coordinator distributes draft code to appropriate KDHE Sections for review and comment.
- This process is completed within 30 days.

Step 6a

For draft codes which receive comments, the LEPP Coordinator will either email or send a hard copy letter to the county explaining required and recommended changes to the draft code (Example #3) within 15 days.

Step 6b

For draft codes which receive no comments, LEPP Coordinator forwards code approval letter to Bureau Director for signature and mailing (Example #4).

Step 7a

County Code Committee reviews KDHE's recommended and required changes. They discuss KDHE's recommended changes for consideration in the revised draft code and incorporate the required changes.

Step 7b

Upon KDHE approval of the draft county code, the County completes the public notice requirements as listed in KSA 19-3704, which includes:

1. Publishing a notice of a public hearing in the official county newspaper once a week for three consecutive weeks. The notice must include the following:
 - a. Date, time and place of the meeting
 - b. The purpose of the sanitary code
 - c. The boundaries of the areas subject to the code with reasonable detail
 - d. Notification that copies of the sanitary code are available for public inspection at the local health department or at a place designated by the board of county commissioners
2. The date of the public hearing shall be not less than 10 nor more than 30 days after the date of the last notice published.
3. At least one public hearing shall be held, but more may be held at the discretion of the county commissioners.
4. After final adjournment of the public hearing(s), the county commissioners, to adopt the sanitary code, shall by resolution declare such code necessary for the protection of the health and welfare of the public. The resolution shall be published once in the official county newspaper and include the following:
 - a. The Resolution
 - b. The purpose of the sanitary code
 - c. The boundaries of the areas subject to the code with reasonable detail
 - d. Notification that copies of the sanitary code are available for public inspection at the local health department or at a place designated by the board of county commissioners

Example of Public Notice for paper (Example #5)

Public Hearing Guidance (Example #6)

Step 8b

County Commissioners adopt the code by resolution. Example of resolution (Example #7)

Step 9b

County submit a hard copy and electronic copy of the code, resolution and proof of adoption form (Form #3) to the appropriate Watershed Field Coordinator and the Watershed Management Section. Watershed Field Coordinators include:

- Richard Basore, KDHE South Central District Office, 130 South Market, Suite 6050, Wichita, Kansas 67202-3802, 316-337-6020, rbasore@kdhe.state.ks.us
- Beth Rowlands, KDHE North East District Office, 800 West 24th Street, Lawrence, Kansas 66046-4417, 785-842-4600, browlands@kdhe.state.ks.us
- Doug Schneweis, KDHE North West District Office, 2301 East 13th Street, Hays, Kansas 67601-2651, 785-625-5663, dschnewe@kdhe.state.ks.us

Watershed Management Section:

- KDHE, Bureau of Water, Watershed Management Section, 1000 South West Jackson St., Suite 420, Topeka, Kansas 66612-1367, 785-296-4195, NPS@kdhe.state.ks.us

Estimated time to perform a complete code adoption is approximately 6 months to 1 year.

SANITARY CODE

DOUGLAS COUNTY, KANSAS

CHAPTER 5

SEPTAGE WASTE HAULERS

SECTION 1 SEWAGE REMOVAL PERMIT

- 5-1.1 No person, firm or corporation may remove, transport, or dispose of the contents of septic tanks, or onsite sewage management systems without having first obtained from the Lawrence-Douglas County Health Department an annual sewage removal permit. The application for the permit shall be submitted in writing on forms provided by the Health Department.
- 5-1.2 The application shall include:
- a. Business name and address.
 - b. Name and address of the applicant.
 - c. License tag number and identification number of vehicle.
 - d. Manner by which such contents are to be removed, transported, and given final disposal.
 - e. Written documentation that sewage removed and transported will be accepted at disposal sites.
- 5-1.3 A fee shall be charged by the Health Department for the Sewage Removal Permit.

SECTION 2 DISPOSAL METHODS

- 5-2.1 Disposal of sewage from onsite sewage management systems shall be by:
- a. Discharge to a public or community sewerage system, or
 - b. By another method and disposal site approved by the Lawrence-Douglas County Health Department. Disposal shall require written permission of the appropriate governmental jurisdiction or land owner and the Health Department.

- 5-2.2 Septage shall be pumped from the septic tank manhole, and not from the inspection risers.

SECTION 3 ADDITIONAL REQUIREMENTS FOR LAND APPLICATION OF SEPTAGE

- 5-3.1 The licensee shall comply with all the requirements mandated under Title 40, Part 503, of the Code of Federal Regulations.
- 5-3.2 All land application sites shall be inspected and approved in writing by the Health Department prior to any land application use.
- 5-3.3 Application rates shall not exceed 30,000 gallons per acre, per year.
- 5-3.4 No land application sites activated into service after the effective date of this Sanitary Code shall be permitted within the FEMA-designated 100-year floodplain.
- 5-3.5 No application onto any surface such as frozen or saturated soil shall be permitted, if any run-off to the waters of the State is likely to occur.
- 5-3.6 No land application sites shall be permitted within 100 feet of a property line.
- 5-3.7 No land application sites shall be permitted within 500 feet of a residence except for the residence of the property owner.
- 5-3.~~877~~ No septage application shall be permitted into a private wastewater lagoon or sanitary landfill.
- 5-3.~~898~~ No application shall be permitted within one-half mile of a public water supply well.

SECTION 4 VEHICLE IDENTIFICATION

- 5-4.1 The name of the person or firm engaging in the removal of sewage from onsite sewage management systems shall be lettered on both sides of each vehicle used for sewage removal purposes. Letters and numerals shall not be less than two (2) inches in height.

SECTION 5 VEHICLE MAINTENANCE

- 5-5.1 Every vehicle used for removal of sewage from onsite sewage management systems shall be equipped with a watertight tank or body. All pumps, hose lines, valves and fittings shall be maintained so as to prevent leakage. The operator shall demonstrate

that the equipment is in good operating condition and will perform its function without leakage or spillage.

SECTION 6 REVOCATION OF SANITARY SERVICES LICENSE

6-1.1 A permit may be revoked for failure to comply with these regulations.



DOUGLAS COUNTY ADMINISTRATOR

1100 Massachusetts Street
Lawrence, KS 66044-3064
(785) 832-5328 Fax (785) 832-5148
cweinaug@douglaskcountyks.org

G. Craig Weinaug
County Administrator

MEMO TO: Board of County Commissioners

FROM: Jill Jolicoeur, Assistant to the County Administrator

SUBJECT: Guide for Fairgrounds Rentals Use and 2017 Fairground Rental Fees

DATE: November 2, 2016

Attached for your consideration and approval are the following documents related to the Douglas County Fairgrounds, with key highlights of changes reflected:

- **Guide for Fairgrounds Rentals Use**
 - Categories for Fairgrounds Usage – Identifies primary fairgrounds users, authorized purposes, and fees associated with (or not) for each, including **youth, standard, 501c3, commercial, and Douglas County Government Agencies and Departments.**
 - Special Event Liability Insurance – After consulting with the County’s liability insurance broker and carrier, special event liability insurance will generally only be required for “major” events that include animals and/or require special equipment; however, the final determination for additional coverage remains at the discretion of Fairgrounds Management.
 - Alcohol – Any event booking will require the applicant to secure an alcohol permit, which authorizes only the individual(s) listed on the permit to serve alcohol or provide alcohol at the fairgrounds. The sale of alcohol is prohibited. Special event insurance is generally not required for events that include alcohol, unless they are considered a “major” event or as determined by the discretionary authority of Fairgrounds Management.
 - These guidelines have been reviewed by County Counsel and Fairgrounds Management staff, and are effective immediately following BOCC approval.
- **Rental Agreement**
 - This document is associated with any rental agreement and was updated to ensure compatibility and consistency with the Guide for Fairgrounds Rentals Use. The agreement has been reviewed by County Counsel and Fairgrounds Management staff.
- **2017 Fee Schedule**
 - The proposed fee schedule is consistent with the new and remodeled fairgrounds facilities. The rates are competitive with comparable community event facilities, and are reflective of actual and presumed future usage, developed in consultation with

Fairgrounds Management staff. The proposed fee schedule will affect *all new 2017 reservations and will not apply to any existing reservations for 2017.*

- A copy of the previous fee schedule is attached for comparative purposes.

Douglas County Fairgrounds

GUIDE FOR FAIRGROUNDS RENTALS USE

Contact: 1100 Massachusetts Street, Lawrence, KS 66044 * (785) 330-2869

Quick Basics

- Fairgrounds Fees can be viewed at: douglascountyks.org/depts/maintenance/fairgrounds-fees
- The renter/event host is responsible for the actions of their employees, guests, and attendees.
- Events on Fridays-Saturdays must end by midnight; events on all other days must end by 10pm.
- Vehicles left on premises after 12:00 pm the day following the event may be towed at the vehicle owner's expense.
- The County reserves the right at any time to make changes to these rules and regulations.

Categories for Fairgrounds Usage

There are five categories of usage and associated rental deposits/fees at the Douglas County Fairgrounds, including:

- **Youth** – An event which is produced, managed and attended in full by an organization operating in Douglas County and serving youth (17 years of age and younger) who reside in Douglas County. Examples include Lawrence USD 497 Douglas County 4-H events, Boys and Girls Clubs, Douglas County Scout events, etc.
- **Standard** – An event which is not open to the general public, is not sponsored by community or service organizations, and meets the following criteria:
 - No goods, services and/or products are sold (excluding food/beverage)
 - No admission fee, charge, or donation is assessed or collected.

Examples include wedding receptions, anniversaries parties, company functions, birthday parties, etc.

- **501c3** – An event which is sponsored by a 501c3 community or service organization that meets the following criteria:
 - No goods, services and/or products are sold (excluding food/beverage)
 - No admission fee, charge, or donation is assessed or collected.

Examples include charitable fundraising events, animal adoption, and community workshops or training. **Requests to waive rental fees will only be considered for non-profit community or service organization and are determined at the discretion of the County Administrator on a case by case basis.**

- **Commercial** – An event which is open to the general public but is not sponsored by community or service organizations. This also includes any event at which goods, services and/or products are sold (excluding food/beverage) or an admission fee, charge, or donation is assessed or collected. Examples include craft shows, consignment sales, clinics, seminars, meetings, sporting and recreational events, etc,
- **Douglas County Government Agencies and Department** –All events sponsored by the County, County Extension Office and agencies working at the direction of or on behalf of the County. The following conditions apply to free use of the Fairgrounds by Douglas County Governmental Departments:
 - All uses must be for official business of Douglas County Government.
 - Free, internal County use is available (based on availability) Monday – Wednesday (8:00 am – 4 pm) and Thursday (8 am – 12pm).
 - Free, internal use outside of these days/times is available, however; priority exceptions will be made for non-County uses with advance reservations of facilities that may require rescheduling or facility changes for County events and reservations, with the exception of any official business conducted by County departments.
 - All facility use requires a Reservation Agreement, signed by a division director, department director or County Administrator, and is subject to these Regulations and any

other reservation and use requirements. This includes, but is not limited to, cleanup, damage, insurance, permits and restrictions. Standard charges apply for extended hours, equipment, supplies, extra cleaning, etc.

Scheduling Your Event

- Several items are necessary to schedule and prepare for your event:
 - Facility Rental Booking – basic information, location, dates, rental fee and damage deposit.
 - Rental Agreement – overall contract for the Facility rental.
 - Insurance Information – if required, a copy of the Certificate of Insurance with the mandatory coverages, limits, and additional insureds must be provided to Fairgrounds Management.
- The damage deposit, rental fee, and a signed Rental Agreement must be delivered to the Fairgrounds Office no later than 30 days prior to the event. Failure to deliver these items to the Fairgrounds Office within the 30-day period will result in forfeiture of all rental rights and fees, including access to the Fairgrounds. If you lose your Rental Agreement and need a new copy, you will be charged the actual costs for providing a new copy.
- Changes to the Rental Agreement must be agreed upon at least 30 days prior to event and are up to the discretion of Fairgrounds Management.
- If you need access to the facility prior to the event for decoration and set up, please contact Fairgrounds Management at least one week prior to your event. Additional fees may apply if a standby Fairgrounds employee is required.
- WI-FI: If needed, please request it before your event's start date.

Special Event Liability Insurance

- Special Event Liability Insurance: Special Event Liability Insurance may be required at the discretion of Fairgrounds Management. In addition, Liquor Liability Insurance and/or Special Event Liability Insurance including liquor liability coverage may also be required at the discretion of Fairgrounds Management.
- Special Event Liability Insurance is generally not required for meetings, small social gatherings and/or family celebrations that do not require special equipment and/or activities.
- If required, the renter shall obtain and maintain, for the duration of the Rental Agreement, satisfactory general liability insurance with limits of not less than \$1,000,000.00 for bodily injury and \$500,000.00 for property damage and/or satisfactory liquor liability coverage with a limit of not less than \$1,000,000.00. The cost of insurance shall be borne solely by the renter.
- If insurance is required for your event, you must provide a Certificate of Insurance which confirms the coverages and limits and which names Douglas County, Kansas and the Douglas County Board of County Commissioners as additional insureds. Proof of insurance must be presented to the County Administrator's Office no less than thirty days before the event.
- If needed, renters may request information regarding such insurance by contacting the Fairgrounds office at 785-832-5296.

Security

- The Douglas County Sheriff or County Administrator reserves the right to require security at any and all events. If security is required, you will be given additional information.
- In the event of an emergency situation, the Douglas County Sheriff has the authority to cancel, move, or terminate any function in any of the buildings at the Douglas County Fairgrounds, for whatever the Sheriff determines is necessary to carry on the functions of the Douglas County Jail,

or public safety issues. It is the Sheriff's prerogative to do without any notification on the Department of Buildings and Grounds or the groups that may be occupying the buildings.

- All buildings at the Douglas County Fairgrounds are subject to entry and inspection by members of the Douglas County Sheriff's Office or other law enforcement agencies, at any time and without advance notice or warning, and users must fully comply with and accommodate their requests for entrance and inspection.

End of the Event

- Friday and Saturday Events
 - End of Event - 12:00 am (Midnight)
 - Music/loud noise for inside events stops no later than - 11:45 pm
 - Music/loud noise for outside events must stop no later than - 10:30 pm
 - If your event is permitted to have alcohol, alcohol must stop being served at - 11:30 pm
- Sunday-Thursday Events
 - End of Event - 10:00 pm
 - Music/loud noise for inside events stops no later than - 9:45pm
 - Music/loud noise for outside events must stop no later than - 8:30 pm
 - If your event is permitted to have alcohol, alcohol must stop being served at - 9:30 pm
- Time out must not exceed 10:00 P.M Sunday – Thursday and 12:00 A.M. on Fridays and Saturdays. **Any overage of time will be assessed a holdover charge at one and one-half time for each half hour.**
- While your event may end at midnight or at 10:00 pm (depending on the above information), you should set aside enough time for clean up. Cleanup must be complete by the close of your event.
- **Renter is responsible for removing all personal items, decorations, “garbage” (placed in the proper dumpsters outside the building), and general cleaning and picking up of the facility. Renter needs to “wipe down” and clean the tables/chairs and kitchen area as well as pick up and stack tables and chairs. If additional time is needed to clean the facility (tables/chairs, floors, etc.), by Fairgrounds staff, the renter will be charged \$40/hour/per staff for the extra needed cleaning against the damage deposit (or invoiced).**
- Renter is responsible for the actual repair and/or replacement costs for any damage to Fairground property.
- After the event, your damage deposit will be applied to charges incurred (if any) and the balance refunded. Any balance will be refunded within 30 days of the after-event billing.
- If there is an amount due to the County, over and above the normal costs already paid (including damages), following the event, it is due immediately upon receipt of the invoice. Interest of 1% will be charged monthly on any unpaid balance after 30 days.

Other Considerations

- Posting Signs for Event: If you want to post signs advertising your event, be aware that the City of Lawrence makes it illegal to post placards, advertisements, pamphlets posters, and other such signs on trees, street light poles, trash containers, and public right of way. Any signs that are posted in these areas will be removed without notice and you may be subject to a fine. For more information, call the Building Inspection Department at (785) 832-3100.
- Firearms: The [Douglas County Code](#) makes it unlawful to offer, display for sale, or sell guns at the Fairgrounds without having a federal gun license. Any group, organization, or individual reserving the Fairgrounds for a gun show or other event at which guns are offered, displayed for sale, or sold (including swap meets, flea markets, garage sales, and auctions) is responsible to ensure that all persons offering, displaying for sale, or selling guns have a federal gun license and must further ensure that all such individuals have proof of licensure available for inspection upon request. The violation of these requirements will result in a fine and, in addition, Douglas County may refuse to allow future use of the facilities by the violator.

- Horses: Do not ride or walk horses in the following areas: (1) Behind the Extension Office, (2) On the sidewalk or around the bus stop on Harper Street, (3) Around the outside of the baseball field or upon the fields themselves.
- Vending Machines: Do not unplug, cover, or place an 'Out of Order' sign on Fairgrounds drink vending machines.

Kansas Tort Claims Act

No provision of this Guide for Fairgrounds Rental Use will be given effect that attempts to: (1) expand liability beyond what is imposed under the Kansas Tort Claims Act (K.S.A. 75-6101, *et seq.*); and/or (2) waive or otherwise limit any immunity provisions available under the Kansas Tort Claims Act.

IF YOUR EVENT WILL NOT HAVE ALCOHOL, SKIP THIS PAGE

Alcohol

- If you would like to have alcoholic liquor, wine, beer, or cereal malt beverages available for consumption at your event, you must get an event permit from the County Administrator or their designee and comply with your permit and any rules governing alcohol at the Fairgrounds. If you are issued an event permit, this authorization is solely for serving, consuming, possessing, and/or carrying alcohol and does not allow for the sale of alcohol.
 - Once you have an event permit, alcoholic liquor (ex: rum, whiskey), wine, beer, and cereal malt beverages (ex: 3.2% beer) shall only be served, consumed, possessed, or carried upon those areas of the Fairgrounds premises as designated in the event permit.
 - Unless otherwise stated in an event permit, alcoholic liquor, wine, beer, and cereal malt beverages may only be served, consumed, possessed, or carried upon the designated areas of the Fairgrounds between the hours of 11:00 a.m. and 11:30 p.m. on Fridays and Saturdays and 11:00 a.m. and 9:30 p.m. on Sundays through Thursdays. All alcoholic liquor, wine, beer, and cereal malt beverages must be removed from public view and not available for consumption during all other times.
 - Anyone serving, consuming, possessing, or carrying alcoholic liquor, wine, beer, or cereal malt beverage on the Fairgrounds premises must comply with all applicable state and local laws.
 - Understand that only those individuals and entities identified in the event permit are authorized to serve or provide alcoholic liquor, wine, beer, or cereal malt beverages at the Fairgrounds premises. Violation of this policy will result in forfeiture of rental fee, damage deposit and immediate closure of the event.
- Prohibitions:
 - Alcoholic liquor, wine, beer, and cereal malt beverages are PROHIBITED on the Fairgrounds premises during events given or hosted for persons under 21 years of age. Misrepresenting the nature of the event could result in closing the event and forfeiture of all fees.
 - Alcoholic liquor, wine, beer, and cereal malt beverages are PROHIBITED on the Fairgrounds premises during the Douglas County Fair or any 4-H event.
 - The County Administrator reserves the right to prohibit alcoholic liquor, wine, beer, and cereal malt beverages for other events at the Fairgrounds premises.
- The County Administrator or their designee reserves the right to deny an event permit application involving alcohol based on the applicant's prior history of failing to comply with a permit, any rules governing alcohol at the Fairgrounds, and/or any applicable state or local laws.

2017 DOUGLAS COUNTY FAIRGROUNDS FEE SCHEDULE

Fee Type	Daily Rate (business hours)	Description	6 Hour Block	Per Hour
<u>Entire Fairgrounds</u>	\$ 1,500.00			
<u>Building #21</u>	\$ 300.00		\$170.00	\$ 90.00
Building #21 Kitchen	\$ 25.00	With event only		
Building #21 North (300 capacity)			\$90.00	\$ 45.00
Building #21 South (235 capacity)			\$90.00	\$ 45.00
Cooking Only in Building #21 Kitchen	\$ 50.00		\$25.00	
<u>Meeting Hall</u>	\$ 660.00		\$ 400.00	\$ 80.00
Meeting Hall East (130 capacity)	\$ 330.00		\$ 200.00	\$ 40.00
Meeting Hall West (130 capacity)	\$ 330.00		\$ 200.00	\$ 40.00
Meeting Hall Kitchen	\$ 15.00	With event only		
<u>Community Indoor Arena</u>	\$ 500.00		\$250.00	\$ 85.00
Comm. Bldg. Concession Stand	\$ 60.00	With event only		
Comm. Bldg. Meeting Room	\$ 35.00			
<u>Open Pavilion</u>	\$ 650.00	Includes judging arena and livestock pens	\$ 325.00	\$110.00
<u>Outdoor Areas</u>				
Outdoor Event Arena	\$ 250.00		\$ 125.00	
Outdoor Event Arena & Lights	\$ 300.00		\$ 175.00	
Grassy Areas (includes parking)	\$ 300.00	With event only	\$ 150.00	
Shelters	\$ 15.00			
<u>Miscellaneous</u>				
Damage Deposit	\$ 150.00	Eligible for refund		
Major Event Deposit	\$ 2,250.00	Eligible for refund		
Set-Up/Clean-up	\$ 25.00	Hourly regular time		
Set-Up/Clean-up	\$ 40.00	Hourly unscheduled time		
Tractor Hire	\$ 25.00	Hourly regular time		
Tractor Hire	\$ 40.00	Hourly unscheduled time		
		Outside of traditional hours (Sun-Thursday 7 to 10, Fri-Sat 7 to Midnight.		
Holdover charge	\$ 40.00			
RV Electrical	\$ 15.00	With event only		
Open Ride	\$ 15.00	Each Adult @ \$15.00		

 Fee Type	Amount	Description
Building #1	\$40.00	6 Hour Block(s) @ \$40.00
Building #1	\$17.00	Weekend Hours @ \$17.00 Each
Building #1 & #2	\$80.00	6 Hour Block(s) @ \$80.00 Each
Building #1 & #2	\$34.00	Weekend Hours @ \$34.00 Each
Building #1 Kitchen	\$10.00	Day(s) @ \$10.00 Each
Building #1, #2 & #21	\$104.00	Weekend Hours @ \$104.00 Each
Building #2	\$40.00	6 Hour Block(s) @ \$40.00
Building #2	\$17.00	Weekend Hours @ \$17.00 Each
Building #21	\$160.00	6 Hour Block(s) @ \$160.00 Each
Building #21	\$70.00	Weekend Hours @ \$70.00 Each
Building #21 Kitchen	\$15.00	Day(s) @ \$15.00 Each with Event
Building #21 North	\$80.00	6 Hour Block(s) @ \$80.00 Each
Building #21 North	\$35.00	Weekend Hours @ \$35.00 Each
Building #21 South	\$80.00	6 Hour Block(s) @ \$80.00 Each
Building #21 South	\$35.00	Weekend Hours @ \$35.00 Each
Caretaker Set-Up & Take Down	\$100.00	As Contracted
Cleaning Deposit for One Building	\$100.00	This is a refundable amount
Cleaning Deposit for Two Buildings	\$200.00	This is a refundable amount
Comm. Bldg. Concession Stand	\$50.00	Day(s) @ \$50.00 Each
Comm. Bldg. Meeting Room	\$30.00	Day(s) @ \$30.00 Each
Comm. Bldg. Set-Up	\$0.00	Day(s) @ No Fee
Comm. Bldg. Tractor Hire	\$15.00	Hours @ \$15.00 Per Hour
Community Building	\$70.00	Hours @ \$70.00 Per Hour
Community Building	\$400.00	Weekday Day(s) @ \$400.00 Each Day
Community Building	\$450.00	Weekend Days(s) @ \$450.00 Each Day
Cooking Only in Building #21 Kitchen	\$25.00	\$25.00 Per 6-hour Blocks if Available
Cooking Only in Building #21 Kitchen	\$50.00	\$50.00 Per (2) 6-hour Blocks if Available
Entire Fairgrounds	\$1,250.00	Day(s) @ 1250.00 Each
Grassy Areas	\$0.00	Available Areas @ No Fee
Judging Arena	\$25.00	Day(s) @ \$25.00 Each
Livestock Barns	\$20.00	Full Day(s) @ \$20.00 Each
Livestock Barns	\$60.00	Day(s) @ \$60.00 Each (3 barns)
Livestock Barns & Judging Arena	\$85.00	Day(s) @ \$85.00 Each
Major Deposit	\$1,500.00	Day(s) @ 1500.00 Each
Open Ride	\$15.00	Each Adult @ \$15.00
Outdoor Arena	\$25.00	Day(s) @ \$25.00 Each
Outdoor Arena & Lights	\$75.00	Day(s) @ \$75.00 Each
Poultry Barn	\$20.00	Day(s) @ \$20.00 Each
Rabbit Barn	\$20.00	Day(s) @ \$20.00 Each
Scale Barn	\$20.00	Day(s) @ \$20.00 Each
Set-Up #1, #2 & #21	\$240.00	6 Hour Block(s) @ \$240.00 Each
Set-Up Per Day	\$100.00	Day(s) @ \$100.00 Each
Shelters	\$15.00	Full Day
Swine Barn	\$20.00	Day(s) @ \$20.00 Each
Trailer Camping Electrical	\$10.00	Day(s) @ \$10.00 Each
Usage Fee for Parking	\$250.00	Each Event

Agreement

The Applicant agrees to pay for any and all damage done to property, facilities, fixtures, or grounds, during the period of set up, use, and tear down, but only to the extent resulting from Applicant's negligent or willful act or omission or the negligent or willful act or omission of Applicant's officers, agents, employees, guests, patrons, or invitees. The Applicant understands and agrees that if such damages occur, the County will send written notification and an itemization of said damages to the address listed in this reservation. If the Applicant does not pay for the damage done within 30 days from the date of such notification, we understand and agree that the County can and may pursue all available legal remedies available for collection of debt. The Applicant understands and agrees that if such collection efforts are thus pursued by the County, the Applicant will be liable for any and all additional costs and expenses associated with such collection efforts, including but not limited to resulting attorney fees, interest and court costs, but only for claims resulting from Applicant's negligent or willful acts or omissions or the negligent or willful act or omission of Applicant's officers, agents, employees, guests, patrons, or invitees.

The Applicant understands that consumption of alcoholic beverages on the premises requires a event permit and is subject to any rules governing alcohol at the fairgrounds. The Applicant understands that NO smoking is allowed anywhere inside the fairground facilities. The Applicant also understands NO substances are to be put on floors without approval from facility staff (e.g. powders, etc. for dances). The Applicant further understands and agrees to clean up the area, including putting away chairs, tables, etc. and to leave the facility in the condition it was in upon arrival, and that all activities and cleanup must be completed and the building vacated by the agreed time-out stated on this reservation. The Applicant understands the time-out must not exceed 10:00 P.M Sunday – Thursday and 12:00 A.M. on Fridays and Saturdays. **Any other overage of time will be billed at one and one-half time for each half hour.**

The Applicant understands a fee is required for all use of the Fairgrounds Facilities except those produced, managed and attended in full by an organization operating in Douglas County and serving youth (17 years of age and younger) who reside in Douglas County. Also, fees may be waived for full charitable events as determined by Douglas County Administrator. The Applicant also understands that changes and cancellations must be done ONE WEEK prior to reservation date to receive any refund.

The Applicant understands that, in the event of an emergency situation, the Douglas County Sheriff has the authority to cancel, move, or terminate any function in any of the buildings at the Douglas County Fairgrounds, for whatever the Sheriff determines is necessary to carry on the functions of the Douglas County Jail, or public safety issues. It is the Sheriff's prerogative to do so without any notification to the Department of Buildings and Grounds or the groups that may be occupying the building at the time of the emergency.

The Applicant further understands that all buildings at the Douglas County Fairgrounds are subject to entry and inspection by members of the Douglas County Sheriff's Office or other law enforcement agencies at anytime and without advance notice or warning, and agrees to fully comply with and accommodate their requests for entrance and inspection.

"Release from Liability and Indemnification"

In consideration for and as a condition of the use of the above stated facilities, the Applicant agrees to indemnify and hold harmless the County, its officers, employees, and agents, against any and all claims, demands, causes of action, damages (including damages to County property), costs and liabilities, directly or approximately resulting from or caused by the use and occupation of the facility hereinabove described, whether such use is authorized or not and arising from the negligent or willful act or omission of Applicant or any of its officers, agents, employees, guests, patrons, or invitees, and the Applicant shall at its sole risk and expense, defend any and all indemnified suits, actions or legal proceedings which may be brought against the County, its officers and employees, and we shall pay for any and all damages to the property of County for loss or theft of such property, caused by Applicant, its officers, agents, employees, guests, patrons, and invitees.

The undersigned has received, read and reviewed the Guide for Fairgrounds Rentals Use, understands the conditions and regulations and hereby represent that the undersigned will be present at the facility during its use and agree to use due care to ensure that said regulations are enforced while the facilities is in use. The undersigned further realizes the ramifications of failure to abide by the policies and/or permit requirements.

If the Applicant is not an individual, the person signing this Agreement represents and warrants that he or she has all necessary authority to bind the Applicant to the provisions of this Agreement.

Signature of Applicant, Date

Approval of Reservation - *(MUST be signed by either Douglas County Buildings and Grounds staff person or the Douglas County Administrator.)*



DOUGLAS COUNTY ADMINISTRATOR

1100 Massachusetts Street
Lawrence, KS 66044-3064
(785) 832-5328 Fax (785) 832-5148
cweinaug@douglaskountyks.org

G. Craig Weinaug
County Administrator

MEMO TO: Board of County Commissioners

FROM: Jill Jolicoeur, Assistant to the County Administrator

SUBJECT: Employee Conceal Carry Personnel Policy

DATE: October 19, 2016

Attached are personnel policies concerning Douglas County employee's right to carry a concealed handgun or weapon.

Kansas House Bill 2502 amended existing legislation governing the carrying of a concealed handgun in public buildings, by removing the language that allowed a city or county to prohibit employees from carrying a concealed handgun while working unless they were in a public building that did not prohibit conceal carry.

Effective July 1, 2016, new language contained within K.S.A. 2015 Supp. 75-7c10, subsection (e) states: ***"No public employer shall restrict or otherwise prohibit by personnel policies any employee, who is legally qualified, from carrying a concealed handgun while engaged in the duties of such employee's employment outside of such employer's place of business, including while in means of conveyance."***

This change does not affect counties or cities that have previously obtained an exemption for public buildings from the "adequate security measures," which applies to Douglas County for a four-year term, effective January 1, 2014 through December 31, 2017.

While the County may still prohibit the open carry of firearms by employees, it can no longer prohibit an employee from carrying a concealed handgun while in a County-owned vehicle, nor can it prohibit an employee from having a handgun in their personal vehicle. Further, the County is not required to provide secure storage for an employee's handgun when it is not in the employee's possession.

The attached Employee Conceal Carry Personnel Policy is intended to clearly communicate to all employees what is and is not allowed related to the carrying of a concealed handgun. An appendix of County buildings that this policy applies to is also attached. The policies have been reviewed by County Counsel and shared with Department Heads. Staff will be at the County Commission meeting to answer questions.

Personnel Policy

Employee Concealed Carry

Applies to all Douglas County employees **except law enforcement officers commissioned by Douglas County, and the district attorney and assistant district attorneys that have been approved by the district attorney pursuant to K.S.A. 75-7c10(e)(2).**

Effective July 1, 2016

Approved by Craig Weinaug

A. Purpose

1. Employees covered by this policy are prohibited from carrying handguns at the County's place of business, including but not limited to the County buildings listed in Appendix A, which appendix is affixed hereto and is incorporated herein by reference.
2. The Kansas Personal and Family Protection Act of 2006, K.S. A. 75-7c01 *et. seq.*, allows employees, who are legally qualified to possess a handgun, to carry a concealed handgun while on duty away from the County's place of business.
3. The purpose of this policy is to establish requirements and expectations for all County employees electing to carry a concealed handgun while on duty when away from the County's place of business.
4. It is the overarching intent of the County and this policy to comply with State law while maintaining a safe and efficient operation for all employees and the public.

B. Applicability

1. This policy applies to all County employees, except that it shall not apply to law enforcement officers commissioned by the Douglas County, Kansas Sheriff's Office, and the district attorney and assistant district attorneys that have been approved by the district attorney pursuant to K.S.A. 75-7c10(e)(2). Further, it shall not apply to any employee expressly authorized to carry a weapon as part of the employee's official job duties for the County.
2. This policy governs concealed carry under limited circumstances. The open carry of handguns or other weapons by employees continues to be prohibited under any circumstance.
3. **The carrying of a handgun is not within the course and scope of County employment and not a part of the employee's duties.**
4. Generally, any injury sustained by the use or carrying of a concealed handgun while on duty will not be considered arising out of and in the course of employment for the purposes of Kansas workers' compensation law or personal injury claim.
5. Any liability associated with the employee's decision to carry a concealed handgun will be of a personal nature to the employee and will not be defended or indemnified by the County since the carrying of a concealed handgun is outside the scope of County employment and not part of the employee's duties.
6. The County is not responsible for any damaged or stolen personal property, including handguns or gun lockers, of employees.

C. General Provisions

1. If he or she is legally qualified to do so, an employee may carry a concealed handgun when he or she is away from the County's place of business, subject to the provisions set out in this policy.
2. Employees are prohibited from carrying weapons, as that term is defined at Section O while on duty, except that employees may carry a concealed handgun in accordance with this policy.
3. The election of an employee to carry a concealed handgun must not interfere with the employee's ability to perform any duties, must not obstruct any required safety equipment and must not unreasonably delay an employee's deployment to an assignment or duty.
4. Employees are prohibited from cleaning a handgun or handling ammunition while on duty.
5. The employee must conceal his or her handgun in a secure manner on his or her person in a proper holster, with all safety features employed.
6. The employee must be truthful when asked by his or her supervisor whether he or she is carrying a concealed handgun.
7. The employee must abide by all Federal, State, and local laws, including those related to concealed carry, such as not entering any building - private or public – legally prohibiting concealed carry.

D. Concealment Required

1. An employee electing to carry a concealed handgun while on duty and away from the County's place of business may not openly carry the handgun or knowingly expose it in any way such that it is visible to others. That includes a prohibition against carrying a handgun such that "printing" is visible, including a bulge or outline of the handgun underneath the employee's clothing.
2. An employee may not leave a handgun in plain view or unattended.
3. An employee electing to carry a concealed handgun while on duty must carry the handgun on his or her person at all times and within his or her immediate control and possession. An employee may not leave a handgun in or on a desk or workstation, or in a purse, bag, lunchbox or other storage container left in a gun locker, office, or other place on County property, with the limited exception of leaving it in a County vehicle pursuant to Section F below.

E. County's Place of Business

Employees are prohibited from carrying firearms, whether open or concealed, at the County's place of business.

F. County Vehicles

1. If an employee leaves his or her handgun inside a County vehicle, the employee is solely responsible for providing a gun locker in which the employee's handgun may be safely stored while inside the County vehicle. Such gun locker, when left unattended, must also be out of plain view. The County is not responsible for providing such gun lockers for County vehicles for the employee's convenience or to enable compliance with this requirement.

2. Employees storing handguns inside a County vehicle must lock the County vehicle when leaving it unoccupied.
3. Employees storing handguns inside a County vehicle are permitted to do so only temporarily and are prohibited from leaving such handgun inside the County vehicle overnight or for an extended period of time.
4. If an employee leaves his or her handgun inside a County vehicle, and the vehicle is broken and entered into for theft of the handgun, the employee who left the handgun in the County vehicle generally may be responsible for the cost of property damage to the vehicle if such handgun was not properly stored in a gun locker and out of plain view, or was otherwise carried or used in violation of this policy.

G. Private Vehicles

1. Employees may store a handgun within their personal vehicle when it is parked on County property, provided it is stored outside of plain view and the vehicle is locked when the employee is not inside the vehicle.
2. The County is not responsible for any theft, damage or loss of a handgun, personal vehicle, or personal property.

H. Private Property

1. Employees who enter private property while on duty are required to comply with any restrictions established by the private property owner.
2. If a private property owner or other authorized person states or otherwise communicates that concealed carry is prohibited, the employee is prohibited from carrying a concealed handgun into the property and must securely store the handgun in either his or her personal vehicle or, if the employee uses a County vehicle in the course of his or her employment, a County vehicle, in compliance with Section F above.

I. Threatening Conduct Prohibited

1. Employees are prohibited from making any threats of violence or intimidating others.
2. Employees are prohibited from harassing others or otherwise creating a hostile, intimidating, or fearful work environment to a reasonable person.
3. Employees are prohibited from participating in violent or assaultive confrontations with other employees or members of the public, unless such confrontations are in lawful self-defense and not provoked by the employee.
4. Employees are prohibited from showing or making verbal reference to carrying a handgun or other weapon in a threatening manner, or brandishing or pointing a handgun or other weapon to others.

J. Notice to Supervisor

1. The employee must inform his or her supervisor that he or she is carrying a concealed handgun before reporting to work for his or her next scheduled shift or any extra duty work. Such notice must only be provided once to the supervisor, unless asked subsequently by the supervisor.
2. An employee who discharges or otherwise uses or displays a handgun while on duty must immediately report such use or display to his or her immediate supervisor.

K. Reporting a Policy Violation

1. Any employees who believes in good faith that an employee has violated this policy is required to report the matter, verbally or in writing, as soon as possible to his or her immediate supervisor or to the Assistant County Administrator, without regard to the chain of command.
2. A supervisor, upon receiving notice of an alleged violation of this policy, shall immediately notify the Department Director and the Assistant County Administrator so that guidance and assistance may be provided.
3. Retaliation against any employee for reporting a violation of this policy or participating in an investigation is strictly prohibited.
4. Employees shall cooperate in any personnel investigation conducted pursuant to this policy.

L. Police Investigation

In the event that a County employee discharges a firearm while on duty, or threatens a person with a handgun or other weapon while on duty, the Douglas County Sheriff's Office, or another law enforcement agency, shall investigate the incident. Such actions while on duty may result in criminal charges and / or disciplinary action, up to and including termination.

M. Sanctions

Violation of this policy by a County employee may result in disciplinary action, up to and including termination from employment.

N. Policy Supersedes the Personnel Policy Provisions Related to Firearms

It is the intention of this policy to replace any existing County Policy on Firearms.

O. Definitions

1. Concealed means out of sight and not visible to a reasonable person under normal circumstances. A handgun is not concealed if there is "printing," which occurs when the outline of a handgun can be discerned beneath a person's clothing.
2. County's Place of Business means any real property owned by the County, leased by the County, or lawfully occupied by the County, including but not limited to the County buildings listed in Appendix A and incorporated herein by reference.
3. County Vehicle means any County-owned or leased vehicle and equipment used for carrying out official County business or by an employee in the performance of assigned job duties.
4. Employee means any full-time regular, part-time regular, full-time temporary or part-time temporary worker who performs duties for or on behalf of the County and is on the County's payroll. Employee also includes interns and volunteers working at the direction of County staff, whether or not on the payroll. Employee as used herein does not include law enforcement officers commissioned by the Douglas County Sheriff's Office, the district attorney and assistant district attorneys that have been approved by the district attorney, or any employee expressly authorized to carry a weapon as part of the employee's official job duties for the County.
5. Firearm means a weapon which will or is designed to expel a projectile by the action of an explosive. This includes, but is not limited to, a handgun, pistol, or revolver.
6. Gun locker means a secure, locked container.

7. Handgun means a firearm as defined herein.
8. Legally Qualified means a person who is of lawful age and is not otherwise prohibited by any Federal or State law from lawfully possessing a handgun.
9. Reasonable person means an individual who is generally fair, proper, just, moderate, and suitable under the circumstances.
10. Pocket knife means a folding knife with a blade of four inches or less, carried in a pocket or other concealed manner.
11. Weapon means a firearm, knife, or other dangerous object as described in K.S.A. 21-6301 and K.S.A. 21-6302, including a bludgeon, sand club, metal knuckles, throwing star, dagger, dirk, billy, blackjack, slungshot, slingshot, straight-edged razor, stiletto, sawed-off shotgun, automatic weapon, tear gas, or any other dangerous or deadly weapon or instrument of like character. The term weapon, as used herein, also includes a pellet or BB gun, or other similar device, but does not include the term pocket-knife.

APPENDIX A

County Courthouse

1100 Massachusetts St., Lawrence, KS 66044

Extension Office Building

2110 Harper Street, Lawrence, KS 66046

Fairgrounds Facilities – *including Building #21, Community Indoor Arena, Dreher Building, Meeting Hall, Open Pavilion*

2110 Harper Street, Lawrence, KS 66046

Judicial and Law Enforcement Center

111 East 11th Street, Lawrence, KS 66044

Public Works/Zoning and Codes

3755 East 25th Street, Lawrence, KS 66046

Sheriff - Corrections (County Jail)

3601 North 1360 Road, Lawrence, KS 66046

Sheriff - Operations

111 East 11th Street, Lawrence, KS 66044

Treasurer Satellite – Baldwin City

112 8th Street, Baldwin City, KS 66006

Treasurer Satellite – South Lawrence

2000 West 31st Street, Lawrence, KS 66046

Treasurer Satellite – West Lawrence

3000 West 6th Street, Lawrence, KS 66049

Youth Services

330 Northeast Industrial Lane, Lawrence, KS 66044