

BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS

WEDNESDAY, OCTOBER 11, 2017

-2:30 p.m. Work Session – Update on Behavioral Health projects, strategies and partnerships. Work session will be led by Bob Tryanski, but with significant contributions from the five community partners involved: LMH, Bert Nash, Heartland, LDCHA and DCCCA.

-4:00

-Proclamation for “Domestic Violence Month” (Will Averill)

CONSENT AGENDA

- (1) (a) Consider approval of Commission Orders; and
- (b) **Consider recommendation to purchase a vehicle for Public Works (Jackie Waggoner/Doug Stephens)**

REGULAR AGENDA

- (2) **Consideration of approval of the NRA cooperative agreement and County participation (Britt-Crum-Cano)**
- (3) Consider approval of a Charter Resolution relating to a Public Building Commission (Sarah Plinsky)-Backup to follow
- (4) (a) Consider approval of Accounts Payable (if necessary)
 - (b) Appointments
 - (c) **Board of Zoning Appeals (4) position 10/16**
 - (d) **Building Code of Appeals Board (2) positions 12/16**
 - (e) **Community Corrections Advisory Board (1) position resigned**
 - (c) Public Comment
- (5) Adjourn

WEDNESDAY, OCTOBER 18, 2017

2:30 p.m. Work Session – Discuss oversight of Community Corrections.

4:00 p.m.

Consent:-Consider approval of Quarterly Budget Adjustment report for Community Corrections (Deborah Wright)

WEDNESDAY, OCTOBER 25, 2017 - canceled

WEDNESDAY, NOVEMBER 1, 2017

2:30 p.m. Work Session – Review material from previous work sessions on the status of various capital projects and various financing mechanisms.

WEDNESDAY, NOVEMBER 8, 2017

WEDNESDAY, NOVEMBER 15, 2017 – light agenda

***Note:** The Douglas County Commission meets regularly on Wednesdays at 4:00 P.M. for administrative items and/or 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.*



Office of the County Commission

P R O C L A M A T I O N

**DOMESTIC VIOLENCE AWARENESS MONTH
OCTOBER 2017**

WHEREAS, nearly 20 people per minute are physically abused by an intimate partner, and 1 in 3 women and 1 in 7 men will be affected by domestic violence in their lifetime; and

WHEREAS, Douglas County places the utmost value upon the health and welfare of all of its citizens, and striven to provide a safer and healthier community; and

WHEREAS, domestic violence includes verbal, emotional, economic, sexual, and physical abuse, and all forms of abuse carry long-term physical and mental health implications; and

WHEREAS, the effects of domestic violence reach far beyond its impacts on survivors and their abusers, causing disruption in community schools, places of work and worship, and neighborhoods; and

WHEREAS, during October 2017, the Willow Domestic Violence Center, working in partnership with local agencies, businesses, organizations, and groups sponsor and promote Domestic Violence Awareness Month to community-wide attention on survivors and their children, and to promote support of shelters and community programs.

NOW, THEREFORE, the Board of County Commissioners of Douglas County, Kansas, proclaims the month of October 2017, as Domestic Violence Awareness Month and urges the community to speak out against domestic and sexual violence, urges its citizens to support and assist survivors of its heinous crimes, urges community leaders to hold offenders accountable, to make prevention efforts a priority by hosting events, creating policies at school and work, and by supporting and participating in programs designed to reduce and eventually eliminate domestic violence as a societal problem.

ADOPTED this 11th day of October, 2017.

*BOARD OF COUNTY COMMISSIONERS
OF DOUGLAS COUNTY, KANSAS*

Mike Gaughan, Chairman

Nancy Thellman

Michelle Derusseau



DOUGLAS COUNTY ADMINISTRATIVE SERVICES

Division of Purchasing

1100 Massachusetts Street
Lawrence, KS 66044-3064
(785) 832-5286 Fax (785) 838-2480
www.douglas-county.com

MEMO TO: The Board of County Commissioners
Craig Weinaug, County Administrator

FROM: Jackie Waggoner, Purchasing Director
Division of Purchasing

SUBJECT: Consider Recommendations to Purchase a Vehicle for Public Works

DATE: October 4, 2017

Public Works has funds allocated in equipment reserve to purchase a F-550 cab & chassis 4x4 truck with special equipment to replace their existing fleet maintenance truck. The existing 1999 Ford F-450 has approximately 96,000 miles and will be sold through our online auction.

The truck is used to repair and maintain equipment in the field environment. The maintenance bed is equipped with a workbench, welder, hoist, air compressor, and toolboxes.

The 2017 F-550 cab and chassis is available on the 2017 MACPP regional cooperative vehicle contracts that the County participates in. Due to the ordering cutoff date, we will receive a 2018 model at the 2017 price. The contracts are awarded to all dealerships that respond to our bid solicitation and meet the requirements, and then it is up to each participating agency to determine which dealership meets their needs at the lowest cost. Shawnee Mission Ford provides the lowest cost from the awarded contracts. The attached purchase terms and conditions summarize the vehicle details along with their cost.

Shawnee Mission Ford provided pricing for the special bed equipment, which is not available on the MACPP cooperative contract, but is available through a piggyback clause with the City of KCMO with their awarded contractor American Equipment.

Our intent is to order all equipment needed directly through Shawnee Mission Ford.

RECOMMENDATION: The Board of County Commissioners approves accessing the MACPP regional cooperative vehicle contract and the City of KCMO for special equipment with Shawnee Mission Ford for \$116,602.

DOUGLAS COUNTY, KANSAS

TERMS & CONDITIONS TO PO NO.

10/6/2017

Vendor Name/Address:

Shawnee Mission Ford
 11501 W. Shawnee Mission Pkwy.
 Shawnee, KS 66203
 Contact: Jay Cooper (913) 248-2287

Deliver To:

Douglas County Public Works
 3755 E. 25th Street
 Lawrence, KS 66046
 Contact: Doug Stephens/Clayton Funk (785) 331-1333

Bill To:

Douglas County Public Works
 3755 E. 25th Street
 Lawrence, KS 66046
 Contact: Laura Glass (785) 832-5116

Delivery: 90-150 Days

Approved by BOCC 10/11/2017

Fund	Dept	Acct	QTY	DESCRIPTION	UNIT LIST PRICE	UNIT DISCOUNT PRICE	TOTAL PRICE
				Comply with MACPP specifications and contract terms & conditions: Bid Number 2016.02 dated 10/4/2016			
			1	2018 Ford F-550 Regular Cab & Chassis 4x4 DRW 84" CA (F5H/169)		\$31,086.00	\$31,086.00
			1	84" CA (169)		\$164.00	\$164.00
			1	4x4 (5H)		\$2,699.00	\$2,699.00
			1	Cab Steps (18B)		\$295.00	\$295.00
			1	6.7L Diesel (99T)		\$7,807.00	\$7,807.00
			1	Extra Chip Key		\$100.00	\$100.00
			1	Engine Block Heater (41H)		\$69.00	\$69.00
			1	Back up Alarm (76C)		\$128.00	\$128.00
			1	Cruise Control (525)		\$216.00	\$216.00
			1	HD Alternator (67B)		\$105.00	\$105.00
			1	Weather Tech Floor Mats (DI)		\$100.00	\$100.00
			1	19500 GVWR (68M/X8L)		\$1,395.00	\$1,395.00
			1	Brake Controller (52B)		\$249.00	\$249.00
			1	Warranty Premium Care (7 years/75,000 miles or 4,000 engine HRS)		\$2,400.00	\$2,400.00
			1	Electric Shift on the Fly (213)		\$171.00	\$171.00
			1	Special Equipment Provided by American Equipment under City of KCMO Contract; Quotation #021717/29RK dated 2/17/2017		\$69,618.00	\$69,618.00
			1	Exterior: Oxford White (Z1) Interior: 40/20/40 (AS)			
				Warranty: 3 Years/36,000 Miles Bumper-Bumper Chassis and 5 Years/60,000 Miles Powertrain			
				Tax Exempt KSA 79-3606			
				TOTAL			\$116,602.00



City of Lawrence

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
LESLIE SODEN

COMMISSIONERS
STUART BOLEY
MATTHEW J. HERBERT
LISA LARSEN
MIKE AMYX

September 27, 2017

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

Anna Stubblefield
Superintendent of Schools
USD 497, Lawrence Public School
110 McDonald Drive
Lawrence, KS 66044

Sent via e-mail

Dear Mr. Weinaug and Ms. Stubblefield,

Vermont LLC is requesting reconsideration of a 10-year, 75% Neighborhood Revitalization Area (NRA) rebate and an Industrial Revenue Bonds (IRB) sales tax exemption on construction materials to support the development of two vacant parcels, located at approximately 800-815 Vermont Street in the Downtown Lawrence business district, into a mixed-use, commercial and residential project.

This request was originally considered in December 2016 by the City Commission, but did not proceed. The Applicant is requesting reconsideration given the City did not have an economic development policy in place at the time that addressed affordable housing requirements (The new policy, adopted January 2017, specifies affordable housing requirements.) and the Applicant is now proposing removal of any personal residence within the project from participating in receiving NRA rebates.

Project parameters have not changed since the original request, including those of the affordable housing unit the Applicant will provide. However, project expense and revenue assumptions have been revised to reflect current real estate market and property tax conditions.



The City, County, and School District separately determine their participation and level of participation in the NRA. The City Commission received the request at a meeting on July 11, 2017, referred it to the Public Incentives Review Committee (PIRC) for review, and voted to hold a public hearing on September 19, 2017 to consider the City's participation in establishing the NRA district. In addition, at the Applicant's request, the City Commission agreed that the project would be considered under the original fee schedule that was in place at the time the project was originally considered and allow the original dedication of one affordable housing unit for this project, since current policy does not address rounding when the required set-aside percentage equates to a partial unit.

On September 19, 2017, the City Commission opened the public hearing and continued discussion to the October 3, 2017 meeting. PIRC reviewed the request and updated analysis at their September 14, 2017 meeting and recommended, on a vote of 7-1, assistance approval for both the IRB sales tax exemption and the 10-year, 75% NRA rebate.

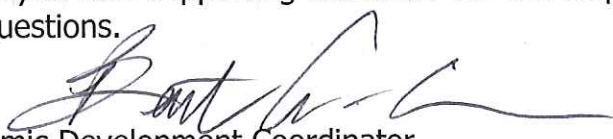
In visiting with you, we have scheduled October 9, 2017 at 7:00 p.m. as the date and time for the School Board to consider their participation and October 11, 2017 as the date the County Commission will consider their participation in the NRA. Based on this schedule, the City Commission is anticipated to take final action on November 7, 2017.

Below is requested actions for the School Board and County Commission meetings:

Receive request from Vermont LLC for a 10-year, 75% Neighborhood Revitalization Area (NRA) for the Vermont Place project (800-815 Vermont Street); receive PIRC recommendation; vote on County/School District NRA participation for the project, including NRA duration and rebate level.

If NRA participation is authorized, authorize USD 497 President of the Board of Education/Douglas County Board of Commissioners to execute a cooperative agreement between the City, County and School District on NRA administration.

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

Sincerely,

Britt Crum-Cano, Economic Development Coordinator

c: Thomas M. Markus, City Manager
Diane Stoddard, Assistant City Manager
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 3, 2017
RE: Reconsideration request of Vermont Place IRB and NRA economic development assistance

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

Request Overview

Vermont LLC is requesting reconsideration of a 10-year, 75% Neighborhood Revitalization Area (NRA) rebate and an Industrial Revenue Bonds (IRB) sales tax exemption on construction materials to support the development of two vacant parcels, located at approximately 800-815 Vermont Street in the Downtown Lawrence business district, into a mixed-use, commercial and residential project.

This request was originally considered in December 2016 by the City Commission, but did not proceed. The Applicant is requesting reconsideration given the City did not have of an economic development policy in place at the time that addressed affordable housing requirements (The new policy, adopted January 2017, specifies affordable housing requirements.) and the Applicant is now proposing removal of any personal residence within the project from participating in receiving NRA rebates.

Project parameters have not changed since the original request, including those of the affordable housing unit the Applicant will provide. However, project expense and revenue assumptions have been revised to reflect current real estate market and property tax conditions.

Should this request proceed, Vermont LLC is requesting the City, Douglas County and USD 497 each 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.)

Project Overview

Project parameters have not changed since originally proposed:

Vermont Place Project (with Underground Parking)			
Level	Type	Size (SF)	# Units
Basement	Underground Parking	10,695	22
Floor 1:	Commercial	7,788	Tenant Dependent
Floor 2:	Office	6,504	30
Floor 3:	Residential Condominiums	7,957	11
Floor 4:	Residential Condominiums	6,474	
Floor 5:	Private Condominium	2,845	1

Total Rentable SF: 14,292

Total Saleable SF: 17,276

Unchanged from the original request, the Applicant will also provide one, fully finished condo and underground parking space to be held in perpetuity as affordable housing.

AH Assumptions			
SF	# Units	# BD	# Pkg
600	1	1	1
Applicant's Affordable Housing Subsidy			
	AH Unit	Market Unit	Subsidy
Sales Proceeds	\$91,086	\$129,438	\$38,352
Finishing Costs (\$102/SF)*	\$61,200	\$0	\$61,200
Parking Space (Basement)	\$54,340	\$0	\$54,340
Total	\$206,627	\$129,438	\$153,892

*Fully Finished Unit

Actions to Date

Originally a Request Letter and Incentives Application were received May 18, 2016 from the Applicant requesting a 10-year Neighborhood Revitalization Area (NRA) with an 85% rebate provided annually for years 1 through 5 and a 50% rebate provided annually for years 6 through 10. Industrial Revenue Bond (IRB) financing was also requested to receive a sales tax exemption on construction materials.

As a result of gap analysis findings, the Applicant submitted a revised Request Letter and Incentives Application on October 10, 2016 requesting a 10-year Neighborhood Revitalization Area (NRA) with a 75% rebate provided annually. Industrial Revenue Bond (IRB) financing was also requested to receive a sales tax exemption on construction materials expenses.

The request was considered by the Affordable Housing Advisory Board (AHAB) at their October 10, 2016 meeting. AHAB voted 6 to 0, with one abstention, to recommend the affordable housing aspects of the project to the City Commission.

The request was considered by PIRC at their November 1, 2016 meeting. PIRC reviewed the request and voted 4 to 2 to recommend the project, as requested (75% NRA rebate, 10-year period) to the City Commission.

The City Commission received AHAB's and PIRC's recommendation at their December 6, 2016 meeting. However, the project was not approved at the 10-year, 75% NRA rebate level and did not proceed to the County or School Board for NRA consideration.

At the July 11, 2017 meeting, the Commission received the reconsideration request and referred it to PIRC for review and recommendation. The Commission also authorized the project to be considered under the original fee schedule for NRAs and IRBs that was in place at the time the project was originally considered and allow the original dedication of one affordable housing unit for this project, since current policy does not address rounding when the required set-aside percentage equates to a partial unit. A public hearing date of September 19, 2017 was set.

PIRC reviewed the request and updated analysis at their September 14, 2017 meeting and recommended, on a vote of 7-1, assistance approval for both the IRB sales tax exemption and the 10-year, 75% NRA rebate.

Revised Analysis

The National Development Council (NDC) has performed an updated gap analysis given the below current assumptions to determine if the project requires assistance.

815 Vermont Update Assumptions: May 31, 2017	Source	Impact
1. Escalate hard costs by 5.05%	Turner Construction - http://www.turnerconstruction.com/cost-index	· Increase project cost.
		· Increase depreciation benefit
		· Increase sales tax
2. Escalate rents and expenses by 3%	Per original analysis - year 2 – T. Jackson	· Adjusts NOI
		· Adjusts max debt given DCR and LTV
		· Adjusts cash flow to investor
3. Escalate condo sales by 2%	Average annual increase 2016-17, per B. Eldridge, Douglas Co. Assessor – 20170531	· Increase sale revenues
		· Reduce need for debt, equity and gap assistance
4. Escalate condo valuation by 2%	Per B. Eldridge, Douglas Co. Assessor – 20170531	· Increase project valuation
		· Increase property taxes
		· Increase NRA rebate amount
5. Escalate commercial valuation by 2%	Average annual increase - per B. Eldridge, Douglas Co. Assessor - 20170531	· Increase project valuation
		· Increase property taxes
		· Increase NRA rebate amount
6. Increase initial loan rate to 4.75%	Given Fed hikes to discount rate in 2017	· Downward adjustment to maximum loan amount
		· Reduces cash flow to investor
7. Increase refinance rate for Y6 to 6.25%	Given Fed hikes to discount rate in 2017 and expected future rates	· Reduces cash flow to investor
8. Decrease max DCR to 1.20 given improvement in market	T. Jackson	· Increases maximum loan amount
9. Set loan to max by DCR and LTV (T. Jackson)	T. Jackson	· Adjusts previous loan amount to reflect changes in NOI, underwriting criteria and interest rate
10. Decrease Investor Tax Rate to 28% (T. Jackson)	T. Jackson – more realistic than original 35%	· Decreases depreciation benefit
		· Increase cash flow after tax.

As per the latest report, NDC concludes:

“NDC’s analysis of the Project’s proposed financing sources and uses, projected net operating revenue, net condominium sales proceeds, property appreciation and associated returns on invested equity suggests that a NRA rebate of 75% of available property tax increment over 10 years, combined with an IRB sales tax exemption on eligible project costs is reasonable.”

City Staff has completed an updated benefit-cost analysis as per NDC's updated assumptions and assuming the Applicant's personal residence will not receive NRA rebates. Benefit-cost ratios meet policy requirements for the City and County, exceeding the preferred 1.25 ratio threshold.

Vermont Place					
Description	City	County	USD*	State*	Total Value
10 Year, 75% NRA Rebate	1.82	2.74	n/a	n/a	\$1,019,888
Stand-alone IRB for Sales Tax Exemption					\$283,621
Total					\$1,303,508

*As no new residents are anticipated to be generated from the project, the model assumes the State and School District do not have additional costs.

Future Actions

The below meetings have been scheduled for processing the request:

Oct. 3, 2017: City Commission public hearing to consider PIRC recommendation
 Oct. 9, 2017: School Board to receive PIRC recommendation and consider
 Oct. 11, 2017: County Commission to receive PIRC recommendation and consider request
 November 7, 2017: City Commission final action on request

A request processing calendar is included as an attachment at the end of this memo.

Staff Position on Project Reconsideration

Staff generally views the project favorably since it would support several community goals, including in-fill and density development, environmental responsibility via LEED construction, adding affordable housing stock (specifically home ownership inventory) to the community, reducing rather than adding pressure on public parking, supporting area businesses and Downtown vibrancy, and increasing the tax base (both during and after the incentive period). Further, since the initial request was presented before the current economic development policy was approved, it seems reasonable that the project be re-evaluated. In addition, shielding the owner's personal residence within the project from receiving NRA rebates addresses perceptions of undue personal enrichment.

PIRC Recommendation

PIRC reviewed the request and updated analysis at their September 14, 2017 meeting and recommended, on a vote of 7-1, assistance approval for both the IRB sales tax exemption and the 10-year, 75% NRA rebate.

City Commission Requested Action (Public Hearing, NRA 1st Reading)

Receive recommendations from the Public Incentive Advisory Committee on the request from Vermont LLC for a Neighborhood Revitalization Area (NRA) and Industrial Revenue Bond financing for a mixed-use project at 800-815 Vermont Street (Vermont Place project).

Hold a public hearing on the establishment of a Neighborhood Revitalization Area (NRA) at 800-815 Vermont Street for the Vermont Place project. After the public hearing, consider first reading of Ordinance 9303 establishing the revitalization area and approving the NRA plan, and consider Resolution 7173 authorizing Industrial Revenue Bond (IRB) financing to access a sales tax exemption on project construction materials.

School Board and County Commission Requested Action

Receive request from Vermont LLC for a 10-year, 75% Neighborhood Revitalization Area (NRA) for the Vermont Place project (800-815 Vermont Street); receive PIRC recommendation; vote on County/School District NRA participation for the project, including NRA duration and rebate level.

If NRA participation is authorized, authorize County Administrator to execute cooperative agreement between the City, County and School District on NRA administration.

City Commission Requested Action (NRA 2nd Reading)

Adopt Ordinance No. 9303, establishing a Neighborhood Revitalization Area at 800-815 Vermont Street on second and final reading.

Authorize the City Manager to execute a Cooperative agreement between the City, County and School District on NRA administration.

Authorize the City Manager to execute a Performance agreement between the City and Applicant.

List of Attachments: Vermont Place NRA & IRB

1. Revised Applicant Request Letter, Updated Application, Support Letters
2. 2017 Benefit-Cost Summary and 2017 NDC Gap Analysis
3. 2016 Project Technical Report and NDC Analysis (original report)
4. 2017 NRA & IRB Request Processing Calendar

Dear Mayor and City Commissioners,

June 28, 2017

Please accept this letter as a request to revisit my application to establish an NRA and an IRB for the project known as Vermont Place LLC.

The original vote for this project was taken on 13 December, 2016 and failed by a 2-3 vote. While the project has not changed two important elements affecting this project have changed.

The first change is that the City Commission had not updated its Economic Development policy when my project was considered. At the time of the vote, there seemed to be a "mixed sense" of what the parameters of the policy should be in determining the length of time and the overall percentage rebate applicable to each project. In January of 2017, the City Commission did pass an updated comprehensive Economic Development policy. This policy allows for more flexibility in determining each project on its own merits.

The second change, from the time of the original vote, was that all residential units as well as commercial units were requesting an incentive tax rebate. As of this writing, I would offer that any residential unit that I might live in, would not request a tax rebate, thereby taking away the possibility that I would receive a discounted property tax bill for my personal benefit.

I believe the above two points mark a substantial change from the time of the original application request.

Additionally, there are two concerns I have regarding this request for reconsideration. First, is that this request should be treated under the original schedule of fees for an NRA and an IRB in place at the time of initial application. Noteworthy is the fact that this project has not changed in size or scope but would only be reconsidered because the City Commission has a newly updated Economic Development Incentive policy. In fact several aspects of my project as proposed encouraged the commission to update its ED policy and are included in that policy. I respectfully request that the fee schedule in place at the time of my original application be applied to this project upon this reconsideration review. Second, is the schedule of affordable housing units required under the new ED policy. The policy calls for 10% of the housing units to be in the affordable category for projects between 4 and 49 units. Above that 15% is required. Under my original application, I offered one unit out of 12 total units as affordable housing.

That translated to 8.3% of the total. This situation presents a question of mathematical rounding which is not detailed in the updated policy. Rounding up dictates that I should have to dedicate two units or 16.7% of the total which is greater than the requirement for a project of 50 or more units. I again respectfully request that you allow the original proposal with the dedication of one affordable housing unit for this project to be acceptable in order to conform to your new policy. Of importance here is that this unit will be affordable in perpetuity while others seeking incentives offer only a 15 year life of rented units for affordability. Also this unit includes a dedicated underground parking space and the total subsidy is estimated to be \$154,300. Changes that increase the number of affordable units in this project may require a greater participation by the city in the NRA rebate in order for this project to be feasible.

Regarding my revised application, all of the numerical entries have been reviewed and updated to reflect a current scenario as well as withdrawing any personal residency from the tax rebate total. Your consultant, Mr. Tom Jackson, has conducted this review and it would be necessary for him to be in attendance in order to answer questions and advise you about the project pro-forma. I would ask that you advise staff to establish an appropriate calendar for this project as soon as possible.

Finally I would like to state that I believe my project conforms to the major points of your updated Economic Development Policy which was approved by a 5/0 vote of the City Commission. The project supports the following policy criteria:

- A. Affordable Housing
- B. Sustainability – LEED designation
- C. Primary job creation: Non-primary businesses provide goods and services to local businesses and consumers
- D. In-fill Development
- E. Revitalization of underutilized property
- F. Promotion of downtown density
- G. Tax base growth
- H. Onsite parking

I. Universal design standards – Full accessibility

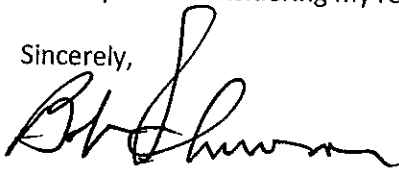
J. Project to attract retirees

K. Above average wages – Hi-tech Office environment will support above average wages and salaries.

Commissioners, I hope the above information along with positive recommendations from your Project Consultant and your City Management Staff present a strong case for additional review for re-consideration. I am always available to visit with each of you at your convenience.

Thank you for considering my request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Schumm', written in a cursive style.

Bob Schumm,

Vermont Place LLC

Copy: Tom Marcus, City Manager

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:	Bob and Sandra Schumm (Revised Application)
Title:	Developer/Owner
Organization:	Schumm Property Company
Address 1:	719 Massachusetts Street, Lawrence, Ks. 66044
Address 2:	
Phone:	(785) 766-0888
Email:	schummfoods@gmail.com
Fax:	(785) 842-4025

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)	75%	10 years
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)	\$9,750,000	n/a
Community Improvement District (CID)		
Other (Please Describe):		

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.

Project Information		
Name of Company Seeking Incentive(s):	Schumm Property Company	
Project Type (check one):	Expansion:	
	New Facility:	X
Company Type (check one):	Existing Local Company:	X
	Out-of-Area Company Locating Locally:	
Current Company Address:	719 Massachusetts Street	
Location of Proposed New Facility/Expansion Project:	815 Vermont Street	
Describe the Company's Plans to Develop or Expand in the Community: Five story building to include commercial, office, condos and on site parking.		
Operations Start Date at the Expansion or New Facility:	2019	
Industry NAICS # for the New or Expanded Facility (6-digit code):	531120	
Describe the Primary Industry the New or Expanded Facility Will Support: Expansion and long term stabilization of Downtown Lawrence.		

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):	50,463 sq. ft.		
Estimated Size of Land for New Facility (acres):	11,115 sq. ft.		
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):			
Year	Buildings & Other Real Property Improvements	Land	Total
1		\$700,000	\$700,000
2	\$8,973,522		\$8,973,522
3			
4			
5			
6			
7			
8			
9			
10			
Total	\$8,973,522	\$700,000	\$9,673,522
Will land be leased from the City or County (Y/N):	No		
If yes, Monthly Lease Rate for Land:	N/A		

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.

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		\$1819.00
Electricity		\$5439.00
Phone		\$612.00
Cable		\$3138.00
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		N/A
Annual Operating Expenses after Expansion/Relocation:		\$424,836.00
% of Additional Operating Expenses Anticipated to be Spent Locally:		100%
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		35%
Anticipated Annual Gross Profits:		Unknown

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: Vermont Place L.L.C.	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	No
If you are leasing the building or land, and you are seeking a tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner. Not leasing the building or land.	
Total Cost of <u>Initial</u> Construction for the Project:	\$9,673,522
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	\$3,157,210

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)		Yes
Will the project seek or be designed to LEED certification standards? (Y/N)		Yes
If yes, please indicate level:	Certification	X
	Silver	
	Gold	
	Platinum	
Please describe environmentally friendly features of the project: LED Lighting throughout. Water efficient plant scape on east side and north side of building. Energy efficient heating and air conditioning systems installed. Facility to be built to the 2012 International Energy Conservation Code. Project will achieve a "certified" LEED designation but will not be inspected and verified by the LEED association. Project will strive to get to silver status.		
Please describe anticipated positive environmental impacts resulting from the project: This project is infill development which will use existing city infrastructure ie, Streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities. Creating more mixed use density for the downtown reduces the City's cost per capita of the maintenance and repair of these infrastructure assets.		
Please describe anticipated negative environmental impacts and planned remediation efforts: There are no apparent negative environmental impacts.		

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.

Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project:

Project continues to add critical mass to Downtown Lawrence. It will eliminate a vacant lot. Allows for more than 30 class A office spaces featuring high capacity fiber to be dedicated to entrepreneurship in the community. This facility will attract existing and new high tech personnel to live and work in Lawrence. Additionally, more living units will be available downtown thereby allowing for the long term sustainability of our central business district. The project will add 22 underground parking spaces on site.

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.)

Describe Other Quality of Life Benefits Resulting From Project:

Enhanced street scape on Vermont Street, adding to the overall vitality of Downtown Lawrence. The project will help promote the need for a downtown grocery store as well as the need for high speed fiber cable. Project will add ornamental street lights to Vermont Street. Project principles are long term Lawrence citizens who have contributed generously in time and work to our community.

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.

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								100	
Average Annual Salary for Full-Time, Construction Workers (during construction period): \$7,569,413 total construction cost x 60% labor cost = \$4,541,647 / \$45,500 = 99.82 full time construction jobs.								\$45,500	
Construction Period (months): 12 months									
For Expansion, # of Full-Time Employees Currently Working in Lawrence: 0									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	.5	15600						
	2	.5	15600						
	3	.5	15600						
	4	.5	16000						
	5	.5	16000						
	6	.5	16500						
	7	.5	16500						
	8	.5	16500						
	9	.5	17000						
	10	.5	17000						
Total	.5	17000							
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:								N/A	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								N/A	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period: .5									

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.)

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	0
% of Health Care Premium Covered by Company	0
% of Employees with Company Provided Retirement Program	0
Will You Provide Job Training for Employees? (Y/N)	N/A
If Yes, Please Describe:	
What is the Lowest Hourly Wage Offered to New Employees?	\$15.00
What Percentage of Your New Employees Will Receive this Wage?	100
Will You Provide Additional Benefits to Employees? (Y/N)	No

If Yes, Please Describe:

NRA Eligibility Statement

If applying for an NRA, please describe how your project meets one of the following state statute requirements for eligibility:

(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:

The proposed project site, being the result of a devastating fire in 1990, leaves the site incompatible with the existing commercial district. The current state renders the site useless and contributes to the overall deterioration of the economic neighborhood thereby substantially impairing the sound growth of the municipality and creating an economic detriment to the public.

(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:

This project is located in Downtown Lawrence next to a building listed on the Federal Historic Register. The original buildings, the Lawrence House Hotel and the Miller Print Shop, were lost to a fire on December 24, 1990, thereby leaving this lot vacant and non-productive. Since the fire, this area has lost much vitality. Building on this vacant lot will greatly help to revive this part of our downtown and add definition to the long term sustainability of our downtown.

Disclosures

Company Form of Organization: L.L.C.

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.

Company Principals:

Robert J. Schumm

Sandra J. Schumm

List all subsidiaries or affiliates and details of ownership:

Subsidiary : N/A

Principals: Robert J. Schumm

Sandra J. Schumm

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?

Yes

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

No

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

City Commission 1990 – Rezoning case filed by developer J.V.J. of Cleveland, OH. for a cornfield mall. Case decided in favor of defendants in both State and Federal court. The City won big time!

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

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: _____

Robert J Schumm
(Please Print)

Signature _____

[Signature]
Sandra J. Schumm

Date: _____

6-28-2017



June 27, 2017

Mr. Robert Schumm
719 Massachusetts Street
Lawrence, KS 66047

RE: Vermont Place, 815 Vermont Street, Lawrence, Kansas

Dear Mr. Schumm:

RCB Bank is interested in providing financing for Vermont Place at 815 Vermont Street. This is not a commitment to lend nor a promise to set an interest rate. It is a discussion using interest rates and terms that RCB Bank has provided on similar projects in Kansas and Oklahoma. A project cost of \$8,750,000.00 is anticipated with an eighteen month construction phase and debt financing of \$3,750,000.00.

A large construction project would be priced at Wall Street Journal Prime Rate plus .75% fixed for 18 months with an origination fee of \$18,750.00 and a document fee of \$295.00. An owner's title insurance policy for \$8,750,000.00 of coverage; a mortgagee title insurance policy for \$3,750,000.00, recording fees, mortgage registration tax and closing fees would be approximately \$18,000.00.

When the project is complete, the construction loan will be refinanced by a long term loan to amortize over 25 years at a variable rate. The rate would be Wall Street Journal Prime Rate plus .75% and adjust every 5 years at .75% above the index rate.

Please contact me if you have any questions or need additional information.

Sincerely,

Chris L. Kollman
Market President
RCB Bank
1201 Wakarusa Drive, Ste. B2
Lawrence, KS 66049



The Lawrence Community Housing Trust Program
2518 Ridge Court, Suite 103, Lawrence, Kansas 66046

842.5494 ♦ FAX 785.842.7570 ♦ lawrencelandtrust@yahoo.com ♦ www.tenants-to-homeowners.org

8/1/17

City Manager's Office
PO Box 178
Lawrence, KS 66044

To the City Commissioners and City Staff,

I am writing this letter at the request of Bob Schumm. In an effort to address the need to increase affordable housing, we as a community are working hard to find creative partnerships to enable developers (for profit and not-for-profit) to build and thus disperse modestly priced units throughout Lawrence. The proposed Vermont Place Project could be an excellent example of this type of needed partnership. As it is proposed currently, it will be developed into 11 ownership condo units. We would consider it creating affordable housing if 1 of these units could be offered at an "affordable price" which would be defined as a price that is affordable for the appropriate household size making 70% of Median Family Income allowing mortgage, interest, taxes, insurance, lease fee and homeowner's association fee to be no more than 30% of monthly gross.

Example: A household of 1 making 70% of MFI in 2017 would make \$34,800. This means they would have a monthly gross of \$2,902, so 30% would be \$870. The total housing cost could not be more than \$870. If Bob sells the unit for \$95,000 that would be a \$538 payment for principal and interest at 4.125%. Our lease fee is \$25 per month. If the HOA fee for this unit is \$150 that would leave \$157 for taxes and insurance. Using a 1.3% (\$102/mo) for taxes and \$480/year (\$40/mo) for condo insurance, that would be 142 for taxes and insurance and an affordable house payment per month of \$855—under the \$870 which is 30% of a household of 1 making 70% of median income at \$34,800.

The city could allow the LCHT Program to approve the "affordable price" using this type of formula. We know there will be variables in income guidelines, property taxes, insurance prices and interest rates. The builder would control price and initial HOA fees to make sure the property was affordable initially. So the builder would insure that the price and HOA fees would allow for someone in this target market. The city may create a policy on when and how that price would be approved, but it makes sense that TTH could help with that process and ensure that sales prices meet targeted incomes. The LCHT Program would find an eligible buyer within their program parameters (no guaranteed timeframe) and would require deed restrictions and covenants that the LCHT Program would steward to ensure the subsidy would be retained and recycled buyer after buyer using the LCHT Program restricted resale formula. In this way, TTH would provide required pre-purchase education and post-purchase support as well as participating



The Lawrence Community Housing Trust Program
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lenders to help all buyers who purchase the property over time.

In conclusion, if the developer subsidizes the initial price of one condo for \$95,000, TTH would find a buyer and when the developer sells it to the eligible buyer, TTH would simultaneously put on deed restrictions. A \$95,000 purchase price for a downtown condo unit is affordable given the measurements we use. It may not be affordable to all or fit everyone's needs, but we have seen a lot of need for more affordable housing for single people who do not need a large house. We applaud this project for being one of the first to show how affordable housing can be implemented into a development for the benefit of all, and we encourage the city commission to support projects like these that agree to a mixed income development that scatters affordable units among other units and subsidizes that affordability through incentives and some profit donation so that we all give a little bit to this effort. If Bob Schumm is willing to do this in the Vermont Place Project, I reiterate my support for it and believe this would create an affordable downtown unit within a mixed income development.

Sincerely,

Rebecca Buford
Executive Director,
The Lawrence Community Housing Trust



Benefit-Cost Analysis Summary

Vermont Place NRA & IRB Request

City of Lawrence, Kansas
July 2017 revision

Introduction

Vermont LLC is requesting reconsideration of a 10-year, 75% Neighborhood Revitalization Area (NRA) rebate and an Industrial Revenue Bonds (IRB) sales tax exemption on construction materials to support the development of two vacant parcels, located at approximately 800-815 Vermont Street in the Downtown Lawrence business district, into a mixed-use, commercial and residential project.

This request was originally considered in December 2016 by the City Commission, but did not proceed. The Applicant is requesting reconsideration given the City did not have of an economic development policy in place at the time that addressed affordable housing requirements. (The new policy, adopted January 2017, specifies affordable housing requirements.) and the removal of any personal residence within the project participating in receiving NRA rebates.

Actions to Date

Originally a Request Letter and Incentives Application were received May 18, 2016 from the Applicant requesting a 10-year Neighborhood Revitalization Area (NRA) with an 85% rebate provided annually for years 1 through 5 and a 50% rebate provided annually for years 6 through 10. Industrial Revenue Bond (IRB) financing was also requested to receive a sales tax exemption on construction materials.

As a result of gap analysis findings, the Applicant submitted a revised Request Letter and Incentives Application on October 10, 2016 requesting a 10-year Neighborhood Revitalization Area (NRA) with a 75% rebate provided annually. Industrial Revenue Bond (IRB) financing was also requested to receive a sales tax exemption on construction materials expenses.

The request was considered by the Affordable Housing Advisory Board (AHAB) at their October 10, 2016 meeting. AHAB voted 6 to 0, with one abstention, to recommend the affordable housing aspects of the project to the City Commission.

The request was considered by PIRC at their November 1, 2016 meeting. PIRC reviewed the request and voted 4 to 2 to recommend the project, as requested (75% NRA rebate, 10-year period) to the City Commission.

The City Commission received AHAB's and PIRC's recommendation at their December 6, 2016 meeting. However, the project was not approved at the 10-year, 75% NRA rebate level and did not proceed to the County or School Board for NRA consideration.

At the July 11, 2017 meeting, the Commission received the reconsideration request and referred it to PIRC for review and recommendation. The Commission also authorized the project to be considered under the original fee schedule for NRAs and IRBs that was in place at the time the project was originally considered



Benefit-Cost Analysis

**Revised July 2017 for Vermont Place
NRA & IRB Request**

and allow the original dedication of one affordable housing unit for this project, since current policy does not address rounding when the required set-aside percentage equates to a partial unit. A public hearing date of September 19, 2017 was set.

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Project Overview

The Applicant is proposing the construction of a multi-level, mixed use commercial and residential development that will be located on two adjacent City lots (Vermont Street Lot 51 and N 45, lot 53) at approximately 800-815 Vermont Street. The applicant currently owns both lots, which have been vacant since 1990. Plans call for the project to have five levels as well as an underground parking facility. **Note project parameters have not changed since originally proposed.**

Vermont Place Project (with Underground Parking)			
Level	Type	Size (SF)	# Units
Basement	Underground Parking	10,695	22
Floor 1:	Commercial	7,788	Tenant Dependent
Floor 2:	Office	6,504	30
Floor 3:	Residential Condominiums	7,957	11
Floor 4:	Residential Condominiums	6,474	
Floor 5:	Private Condominium	2,845	1

Total Rentable SF: 14,292

Total Saleable SF: 17,276

The first floor is anticipated to support retail and/or commercial tenants. The second floor is anticipated to be divided into 30 individual offices (approximately 150-300 square feet), each taking advantage of common area shared space and amenities (e.g. restrooms, reception area, high-speed fiber, office support equipment).

Twelve residential units are planned to be included on floors 3-5. Floors three (3) and four (4) are anticipated to support eleven (11) "for sale" residential condominiums. For technical analysis, floor five (5) is assumed to be the owner's private residence.

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Unchanged from the original request, the Applicant will also provide one, fully finished condo and underground parking space to be held in perpetuity as affordable housing.

AH Assumptions			
SF	# Units	# BD	# Parking
600	1	1	1
Applicant's Affordable Housing Subsidy			
	AH Unit	Market Unit	Subsidy
Sales Proceeds	\$91,086	\$129,438	\$38,352
Finishing Costs (\$102/SF)*	\$61,200	\$0	\$61,200
Parking Space (Basement)	\$54,340	\$0	\$54,340
Total	\$206,627	\$129,438	\$153,892

*Fully Finished Unit

The affordable housing condo will be fully finished and its sale restricted to income-qualified households. This unit represents approximately 8% of the total residential units and 3.5% of the total residential square footage as designated affordable housing.

Affordable Housing Unit			
	Total	AH	% of total
Residential Units	12	1	8.3%
Residential SF	17,276	600	3.5%

The remaining condos will vary in size from 739 to 2,845 square feet and will be sold unfinished (aka warm shell). Final finishes of these condos will be the responsibility of the buyer.

Analysis

The Applicant is requesting the City Commission reconsider the request for the same project and incentives package, with the exception that the Owner's personal residence would be shielded from NRA rebates. In addition, current data and recent cost and revenue estimates are to be incorporated to bring analysis up-to-date. Estimated fiscal impacts to taxing jurisdictions are examined through a benefit-cost analysis and project financial feasibility is examined through a "But For" analysis (gap analysis).

The following presents analytical results based on economic development policy in place when the project was first considered. Data and estimates have been updated for current analysis. Adjustments have been incorporated within analytical models to reflect recent legislative changes now requiring exclusion of the school district's capital outlay mill levy from NRAs.

Benefit-Cost Analysis (BCA)

Based on information received through an updated incentives application (received June 28, 2017) and gap analysis performed June 2017 the National Development Council, staff conducted analysis of the benefits and costs associated with the project utilizing the City's economic development benefit-cost 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 benefit-cost model:

Assumptions	
Total Capital Investment	\$9,675,629
Property Valuation for Property Tax Revenues	\$7,690,854
Net New Full-Time Jobs Created	n/a (part-time only)
Average Annual Salary Per Net New Full-Time Position	n/a (part-time only)
Total Estimated Sales Tax Exemption Savings (City, County, State)	\$283,621
Total Estimated NRA Rebate (10 years, 75%)	\$1,019,888
2016 Mill Levy	130.970

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

- **Capital Investment & Job Creation**

According to the incentives application received, the project is valued at approximately \$9.7 million (\$8,973,522 in building capital investment + \$700,000 land value)

Although the model does not consider part-time or temporary positions, the applicant has indicated the project will support one part-time position paying approximately \$17,000 annually and 100 temporary construction jobs paying an average annual salary of \$45,500.

- **Estimated IRB Sales Tax Exemption**

Based on the applicant's estimation of construction expenses (\$9,275,979), an IRB used to obtain a sales tax exemption on construction materials would be worth approximately \$274,013 in total sales tax savings.

Total estimated cost would be \$66,845 to the City, \$11,557 to the County, and \$205,219 to the State (\$283,621 total).¹ The below assumes all construction materials are delivered to the site and subject to local sales taxes.

Summary of Estimated Sales Tax Savings: Vermont Place IRB			
City	Tax Rate	Estimated Sales Tax Amount	Total
City Sales Tax	1.55%	\$48,937	\$66,845
City Portion of Countywide 1% Sales Tax	0.57%	\$17,908	
County	Tax Rate	Estimated Sales Tax Amount	Total
County Portion of Countywide 1% Sales Tax	0.37%	\$11,557	\$11,557
State	Tax Rate	Estimated Sales Tax Amount	Total
State	6.50%	\$205,219	\$205,219
Other	Tax Rate	Estimated Sales Tax Amount	Total
Other County Municipalities Portion of Countywide 1% Sales Tax	0.07%	\$2,107	\$2,107
Total	9.05%	\$285,728	\$285,728

¹ 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 (\$2,107) 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.

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Breakout of Sales Tax Savings Estimations

Total Construction Costs	Materials Expense %	Estimated Materials Cost
\$9,673,522	32.64%	\$3,157,210

Vermont Place: Construction Sales Tax Exemption		
Taxing Jurisdiction	Tax Rate (Jan 2017)	Est Sales Tax Amount
City	1.55%	\$48,937
County	1.00%	\$31,572
City Portion of 1% Countywide Sales Tax		\$17,908
County Portion of 1% Countywide Sales Tax		\$11,557
Other County Municipalities Portion of 1% Countywide Sales Tax		\$2,107
State	6.50%	\$205,219
Total	9.05%	\$285,728
City Total		\$66,845
County Total		\$11,557

- Base Property Taxes**

In its present condition, the two lots generate approximately \$7,200 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 Tax Information							
Property Address	Appraised			Assessed			Property Tax (est.)
	Land	Improvements	Total	Land	Improvements	Total	
800 Vermont Street, Block 2	\$234,000	\$0	\$234,000	\$28,080	\$0	\$28,080	\$3,678
800 Vermont Street, Block 3	\$222,300	\$0	\$222,300	\$26,676	\$0	\$26,676	\$3,494
Total	\$456,300	\$0	\$456,300	\$54,756	\$0	\$54,756	\$7,171

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

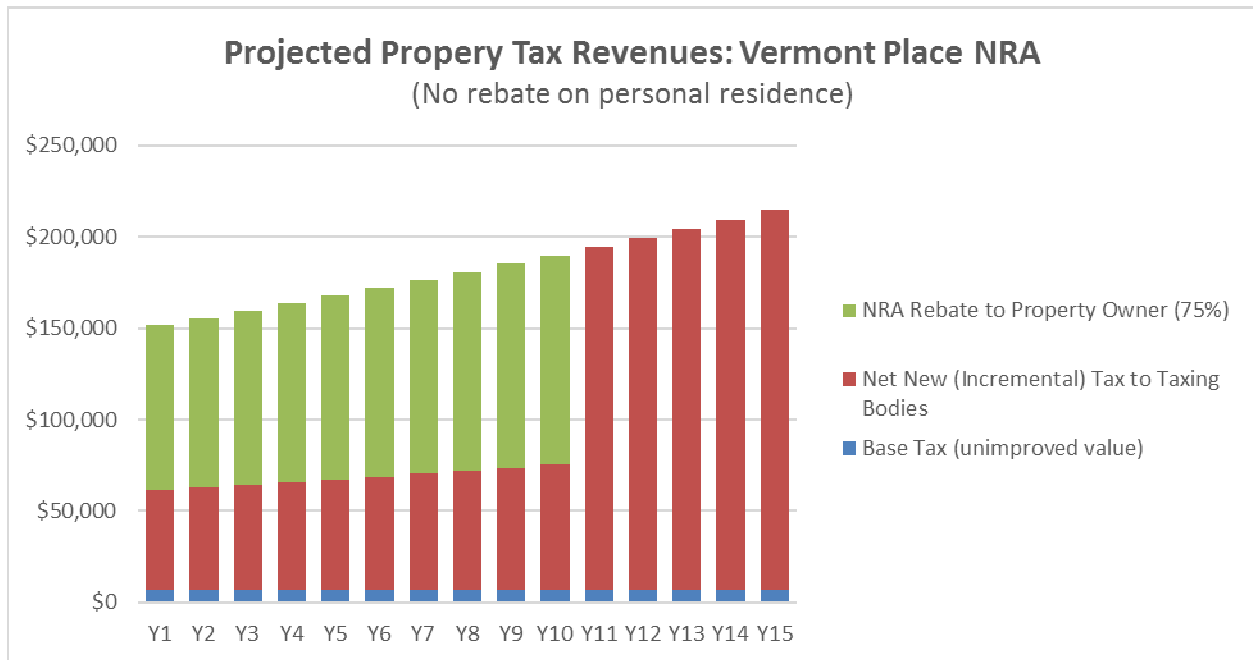
- Projected Property Tax Revenues**

The below shows property tax projections for the incentive period as well as five years after the incentives expire. Amounts are broken out by the base taxes (or what the property would have originally generated if the property had not been improved), net new tax revenues, and annual NRA rebate to be provided to the property owner. Note the "Base Tax" is shielded from NRA rebates and will continue to be paid by the property owner throughout the incentives period.

Projected Tax Revenues											Change in Net Tax Revenues
	NRA Rebate Period										
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	
Base Tax (<i>unimproved value</i>)	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$71,714
Net New (Incremental) Tax to Taxing Bodies	\$54,224	\$55,628	\$57,068	\$58,544	\$60,057	\$61,607	\$63,197	\$64,826	\$66,496	\$68,207	\$609,854
NRA Rebate to Property Owner (75%)	\$90,415	\$92,820	\$95,284	\$97,810	\$100,399	\$103,053	\$105,774	\$108,562	\$111,420	\$114,349	
Total Tax	\$151,811	\$155,620	\$159,524	\$163,526	\$167,628	\$171,832	\$176,142	\$180,559	\$185,087	\$189,728	750.40%

Projected Tax Revenues						Change in Net Tax Revenues (Y1-15)
	Post Rebate Period					
	Y11	Y12	Y13	Y14	Y15	
Base Tax (<i>unimproved value</i>)	\$7,171	\$7,171	\$7,171	\$7,171	\$7,171	\$107,571
Net New (Incremental) Tax to Taxing Bodies	\$187,314	\$192,189	\$197,187	\$202,310	\$207,561	\$1,596,415
NRA Rebate to Property Owner (75%)	\$0	\$0	\$0	\$0	\$0	
Total Tax	\$194,485	\$199,361	\$204,359	\$209,481	\$214,732	1384.05%

Above projections assume mill levy is held steady (to account for future tax lid) and a 2.5% annual inflation factor on property valuation.



- Evaluation Period**

The benefit-cost 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 benefit-cost ratio than shown in the below analysis. A 15-year evaluation period thus produces a relatively conservative estimate of longer-term project benefits.

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

- Benefit-Cost Model Results:**

The following table shows benefit-cost model results for a 15-year evaluation period. As can be seen, the project exceeds the 1.25 benefit-cost ratio threshold for the City and County with a 10 year, 75% NRA rebate and a stand-alone IRB that captures sales tax exemption savings on construction materials.

Vermont Place					
Description	City	County	USD*	State*	Total Value
10 Year, 75% NRA Rebate	1.82	2.74	n/a	n/a	\$1,019,888
Stand-alone IRB for Sales Tax Exemption					\$283,621
Total					\$1,303,508

*State and School District does not have any costs associated with the project since it will not add full-time employees and thus no new households are assumed to be created.

The table below 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	1.82	\$66,845	\$268,631	\$335,476
County	2.74	\$11,557	\$369,932	\$381,489
State*	n/a	\$205,219	\$0	\$205,219
USD*	n/a	\$0	\$381,325	\$381,325
Totals		\$283,621	\$1,019,888	\$1,303,508

For model output, see **Addendum C**.

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 its request for the NRA and IRB incentives demonstrate that a 75% NRA rebate and approval of IRBs to exempt eligible sales taxes are reasonable and help to avoid financing gaps that could make the project economically unfeasible and unlikely to proceed.

The NDC report is included in **Addendum D**.



Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Dear Mayor and City Commissioners,

June 28, 2017

Please accept this letter as a request to revisit my application to establish an NRA and an IRB for the project known as Vermont Place LLC.

The original vote for this project was taken on 13 December, 2016 and failed by a 2-3 vote. While the project has not changed two important elements affecting this project have changed.

The first change is that the City Commission had not updated its Economic Development policy when my project was considered. At the time of the vote, there seemed to be a "mixed sense" of what the parameters of the policy should be in determining the length of time and the overall percentage rebate applicable to each project. In January of 2017, the City Commission did pass an updated comprehensive Economic Development policy. This policy allows for more flexibility in determining each project on its own merits.

The second change, from the time of the original vote, was that all residential units as well as commercial units were requesting an incentive tax rebate. As of this writing, I would offer that any residential unit that I might live in, would not request a tax rebate, thereby taking away the possibility that I would receive a discounted property tax bill for my personal benefit.

I believe the above two points mark a substantial change from the time of the original application request.

Additionally, there are two concerns I have regarding this request for reconsideration. First, is that this request should be treated under the original schedule of fees for an NRA and an IRB in place at the time of initial application. Noteworthy is the fact that this project has not changed in size or scope but would only be reconsidered because the City Commission has a newly updated Economic Development Incentive policy. In fact several aspects of my project as proposed encouraged the commission to update its ED policy and are included in that policy. I respectfully request that the fee schedule in place at the time of my original application be applied to this project upon this reconsideration review. Second, is the schedule of affordable housing units required under the new ED policy. The policy calls for 10% of the housing units to be in the affordable category for projects between 4 and 49 units. Above that 15% is required. Under my original application, I offered one unit out of 12 total units as affordable housing.

That translated to 8.3% of the total. This situation presents a question of mathematical rounding which is not detailed in the updated policy. Rounding up dictates that I should have to dedicate two units or 16.7% of the total which is greater than the requirement for a project of 50 or more units. I again respectfully request that you allow the original proposal with the dedication of one affordable housing unit for this project to be acceptable in order to conform to your new policy. Of importance here is that this unit will be affordable in perpetuity while others seeking incentives offer only a 15 year life of rented units for affordability. Also this unit includes a dedicated underground parking space and the total subsidy is estimated to be \$154,300. Changes that increase the number of affordable units in this project may require a greater participation by the city in the NRA rebate in order for this project to be feasible.

Regarding my revised application, all of the numerical entries have been reviewed and updated to reflect a current scenario as well as withdrawing any personal residency from the tax rebate total. Your consultant, Mr. Tom Jackson, has conducted this review and it would be necessary for him to be in attendance in order to answer questions and advise you about the project pro-forma. I would ask that you advise staff to establish an appropriate calendar for this project as soon as possible.

Finally I would like to state that I believe my project conforms to the major points of your updated Economic Development Policy which was approved by a 5/0 vote of the City Commission. The project supports the following policy criteria:

- A. Affordable Housing
- B. Sustainability – LEED designation
- C. Primary job creation: Non-primary businesses provide goods and services to local businesses and consumers
- D. In-fill Development
- E. Revitalization of underutilized property
- F. Promotion of downtown density
- G. Tax base growth
- H. Onsite parking

I. Universal design standards – Full accessibility

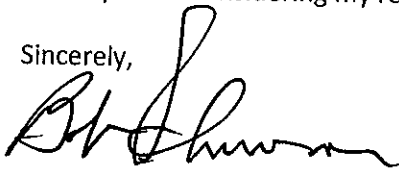
J. Project to attract retirees

K. Above average wages – Hi-tech Office environment will support above average wages and salaries.

Commissioners, I hope the above information along with positive recommendations from your Project Consultant and your City Management Staff present a strong case for additional review for re-consideration. I am always available to visit with each of you at your convenience.

Thank you for considering my request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Schumm', written in a cursive style.

Bob Schumm,

Vermont Place LLC

Copy: Tom Marcus, City Manager

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:	Bob and Sandra Schumm (Revised Application)
Title:	Developer/Owner
Organization:	Schumm Property Company
Address 1:	719 Massachusetts Street, Lawrence, Ks. 66044
Address 2:	
Phone:	(785) 766-0888
Email:	schummfoods@gmail.com
Fax:	(785) 842-4025

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)	75%	10 years
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)	\$9,750,000	n/a
Community Improvement District (CID)		
Other (Please Describe):		

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.

Project Information		
Name of Company Seeking Incentive(s):	Schumm Property Company	
Project Type (check one):	Expansion:	
	New Facility:	X
Company Type (check one):	Existing Local Company:	X
	Out-of-Area Company Locating Locally:	
Current Company Address:	719 Massachusetts Street	
Location of Proposed New Facility/Expansion Project:	815 Vermont Street	
Describe the Company's Plans to Develop or Expand in the Community: Five story building to include commercial, office, condos and on site parking.		
Operations Start Date at the Expansion or New Facility:	2019	
Industry NAICS # for the New or Expanded Facility (6-digit code):	531120	
Describe the Primary Industry the New or Expanded Facility Will Support: Expansion and long term stabilization of Downtown Lawrence.		

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):	50,463 sq. ft.		
Estimated Size of Land for New Facility (acres):	11,115 sq. ft.		
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):			
Year	Buildings & Other Real Property Improvements	Land	Total
1		\$700,000	\$700,000
2	\$8,973,522		\$8,973,522
3			
4			
5			
6			
7			
8			
9			
10			
Total	\$8,973,522	\$700,000	\$9,673,522
Will land be leased from the City or County (Y/N):	No		
If yes, Monthly Lease Rate for Land:	N/A		

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.

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		\$1819.00
Electricity		\$5439.00
Phone		\$612.00
Cable		\$3138.00
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		N/A
Annual Operating Expenses after Expansion/Relocation:		\$424,836.00
% of Additional Operating Expenses Anticipated to be Spent Locally:		100%
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		35%
Anticipated Annual Gross Profits:		Unknown

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: Vermont Place L.L.C.	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	No
If you are leasing the building or land, and you are seeking a tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner. Not leasing the building or land.	
Total Cost of <u>Initial</u> Construction for the Project:	\$9,673,522
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	\$3,157,210

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)		Yes
Will the project seek or be designed to LEED certification standards? (Y/N)		Yes
If yes, please indicate level:	Certification	X
	Silver	
	Gold	
	Platinum	
Please describe environmentally friendly features of the project: LED Lighting throughout. Water efficient plant scape on east side and north side of building. Energy efficient heating and air conditioning systems installed. Facility to be built to the 2012 International Energy Conservation Code. Project will achieve a "certified" LEED designation but will not be inspected and verified by the LEED association. Project will strive to get to silver status.		
Please describe anticipated positive environmental impacts resulting from the project: This project is infill development which will use existing city infrastructure ie, Streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities. Creating more mixed use density for the downtown reduces the City's cost per capita of the maintenance and repair of these infrastructure assets.		
Please describe anticipated negative environmental impacts and planned remediation efforts: There are no apparent negative environmental impacts.		

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.

Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project:

Project continues to add critical mass to Downtown Lawrence. It will eliminate a vacant lot. Allows for more than 30 class A office spaces featuring high capacity fiber to be dedicated to entrepreneurship in the community. This facility will attract existing and new high tech personnel to live and work in Lawrence. Additionally, more living units will be available downtown thereby allowing for the long term sustainability of our central business district. The project will add 22 underground parking spaces on site.

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.)

Describe Other Quality of Life Benefits Resulting From Project:

Enhanced street scape on Vermont Street, adding to the overall vitality of Downtown Lawrence. The project will help promote the need for a downtown grocery store as well as the need for high speed fiber cable. Project will add ornamental street lights to Vermont Street. Project principles are long term Lawrence citizens who have contributed generously in time and work to our community.

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.

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								100	
Average Annual Salary for Full-Time, Construction Workers (during construction period): \$7,569,413 total construction cost x 60% labor cost = \$4,541,647 / \$45,500 = 99.82 full time construction jobs.								\$45,500	
Construction Period (months): 12 months									
For Expansion, # of Full-Time Employees Currently Working in Lawrence: 0									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	.5	15600						
	2	.5	15600						
	3	.5	15600						
	4	.5	16000						
	5	.5	16000						
	6	.5	16500						
	7	.5	16500						
	8	.5	16500						
	9	.5	17000						
	10	.5	17000						
Total	.5	17000							
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:								N/A	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								N/A	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period: .5									

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.)

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	0
% of Health Care Premium Covered by Company	0
% of Employees with Company Provided Retirement Program	0
Will You Provide Job Training for Employees? (Y/N)	N/A
If Yes, Please Describe:	
What is the Lowest Hourly Wage Offered to New Employees?	\$15.00
What Percentage of Your New Employees Will Receive this Wage?	100
Will You Provide Additional Benefits to Employees? (Y/N)	No

If Yes, Please Describe:

NRA Eligibility Statement

If applying for an NRA, please describe how your project meets one of the following state statute requirements for eligibility:

(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:

The proposed project site, being the result of a devastating fire in 1990, leaves the site incompatible with the existing commercial district. The current state renders the site useless and contributes to the overall deterioration of the economic neighborhood thereby substantially impairing the sound growth of the municipality and creating an economic detriment to the public.

(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:

This project is located in Downtown Lawrence next to a building listed on the Federal Historic Register. The original buildings, the Lawrence House Hotel and the Miller Print Shop, were lost to a fire on December 24, 1990, thereby leaving this lot vacant and non-productive. Since the fire, this area has lost much vitality. Building on this vacant lot will greatly help to revive this part of our downtown and add definition to the long term sustainability of our downtown.

Disclosures

Company Form of Organization: L.L.C.

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.

Company Principals:

Robert J. Schumm

Sandra J. Schumm

List all subsidiaries or affiliates and details of ownership:

Subsidiary : N/A

Principals: Robert J. Schumm

Sandra J. Schumm

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?	Yes
--	-----

Has the Company, developer or any affiliated party had judgments recorded against them?	No
---	----

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

City Commission 1990 – Rezoning case filed by developer J.V.J. of Cleveland, OH. for a cornfield mall. Case decided in favor of defendants in both State and Federal court. The City won big time!

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

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: Robert J Schumm
(Please Print)

Signature: [Signature] Date: 6-28-2017
Sandra J. Schumm



June 27, 2017

Mr. Robert Schumm
719 Massachusetts Street
Lawrence, KS 66047

RE: Vermont Place, 815 Vermont Street, Lawrence, Kansas

Dear Mr. Schumm:

RCB Bank is interested in providing financing for Vermont Place at 815 Vermont Street. This is not a commitment to lend nor a promise to set an interest rate. It is a discussion using interest rates and terms that RCB Bank has provided on similar projects in Kansas and Oklahoma. A project cost of \$8,750,000.00 is anticipated with an eighteen month construction phase and debt financing of \$3,750,000.00.

A large construction project would be priced at Wall Street Journal Prime Rate plus .75% fixed for 18 months with an origination fee of \$18,750.00 and a document fee of \$295.00. An owner's title insurance policy for \$8,750,000.00 of coverage; a mortgagee title insurance policy for \$3,750,000.00, recording fees, mortgage registration tax and closing fees would be approximately \$18,000.00.

When the project is complete, the construction loan will be refinanced by a long term loan to amortize over 25 years at a variable rate. The rate would be Wall Street Journal Prime Rate plus .75% and adjust every 5 years at .75% above the index rate.

Please contact me if you have any questions or need additional information.

Sincerely,

Chris L. Kollman
Market President
RCB Bank
1201 Wakarusa Drive, Ste. B2
Lawrence, KS 66049

Addendum B: Staff Memo on Project NRA Eligibility

**Memorandum
City of Lawrence
City Attorney's Office**

TO: City Commission
FROM: Toni R. Wheeler, City Attorney *trw*
C: Thomas M. Markus, City Manager
Diane Stoddard, Assistant City Manager
Britt Crum-Cano, Economic Development Coordinator
DATE: July 27, 2016
RE: Schumm Property Company's Application and Eligibility for Neighborhood Revitalization Act (NRA) Incentive

The City Commission requested our office provide an opinion on whether the application submitted by Robert and Sandra Schumm and Schumm Property Company is eligible for Neighborhood Revitalization Act (NRA) tax rebates under state law. We conclude the proposed project satisfies at least one of the conditions described in subsection (c) of K.S.A. 12-17,115, and amendments thereto. Provided the Governing Body finds the condition exists and that rehabilitation or redevelopment of the area is necessary to protect the public health, safety, or welfare of Lawrence residents, then the project will be eligible for the NRA incentive.

Brief Background of Neighborhood Revitalization Act (NRA)

The Kansas Legislature enacted the NRA in 1994. Its purpose is to improve blighted areas in municipalities by incentivizing property owners to improve their properties through the use of property tax rebates. Under the law, a municipality is authorized to designate an area as a neighborhood revitalization area and develop a corresponding revitalization plan for the area. A special fund is established and all or a portion of the increment in the ad valorem property taxes resulting from the taxpayer's improvements to his or her property in the designated area is credited to the fund. The tax increment (or percentage approved by the governing body) is returned to the taxpayer in the form of a rebate.

Neighborhood Revitalization Area Defined

The Act defines a neighborhood revitalization area as follows:

"Neighborhood revitalization area" means:

(1) 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) an area which by reason of the presence of a substandard 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 or 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.”

K.S.A. 12-17,115(c).

The proposed NRA area will comprise a single lot near the middle of the 800 block of Vermont Street. The land has been vacant since a 1990 fire destroyed an historic structure on the lot. A hair salon, bakery, restaurant, and extended stay hotel are located north of the subject lot; to its south is an office building that contains a law office, dental office, and an optometrist’s office. The City’s Carnegie Library is located on the south end of the block. A map is attached for your reference.

The vacant lot that is the subject of the Schumms’ application meets the “incompatible land use relationships” condition identified in K.S.A. 12-17,115(c)(2). The subject lot is located amid an otherwise thriving commercial area, but has remained undeveloped and virtually useless for many years. As a vacant lot, the subject lot is incompatible with other land uses on the block and the commercial uses along Massachusetts Street. Since the area meets at least one of the conditions listed in the statute, it can be designated as a revitalization area if the governing body makes the necessary finding that the rehabilitation of the area is necessary to protect the welfare of the Lawrence residents.

Please let me know if you need additional information.

Benefit-Cost Analysis
Revised July 2017 for Vermont Place
NRA & IRB Request



815 Vermont Neighborhood Revitalization Area

0 200 400 Feet

City of Lawrence

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Addendum C: CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for Sales Tax Exemption

Project Summary

Capital Investment in Plant:	\$8,973,522
Annual Local Expenditures by Firm:	\$424,836
Retained Jobs (part-time):	0.5 Model does not consider impact of part-time jobs
Average Wage per Retained Job (part-time):	n/a Model does not consider impact of part-time jobs
Indirect Jobs Created:	0
Economic Value per Indirect Job:	\$0
Total New Households:	-
Discount Rate:	5.75%
Cost and Revenue Escalation:	1.50%
Number of Years Evaluated:	15

Incentives

IRB Offered	Y
Value of IRB Construction Sales Tax:	\$283,621 Does not include County Other sales tax (\$2,107)
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	\$1,019,888

Value of All Incentives Offered: \$1,303,508

Value of All Incentives per Job per Year:	n/a Model does not consider impact of part-time jobs
Value of Incentives in Hourly Pay:	n/a Model does not consider impact of part-time jobs
Value of Incentives per Dollar Invested:	\$0.15

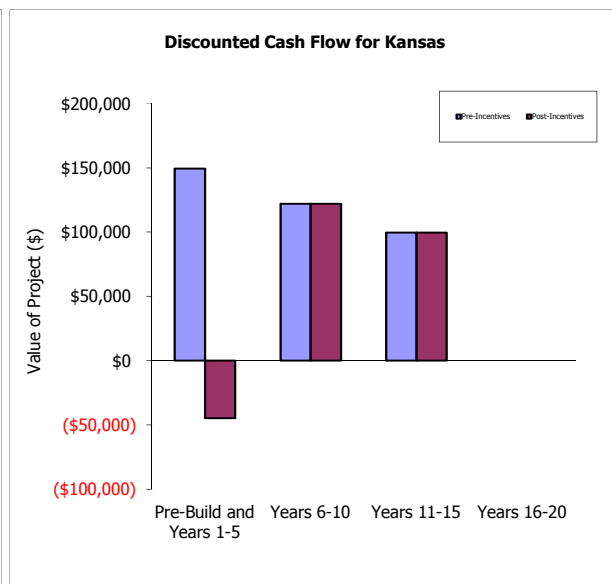
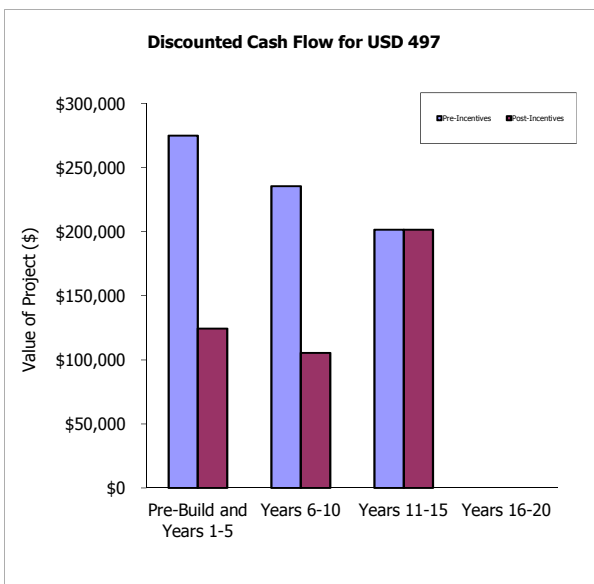
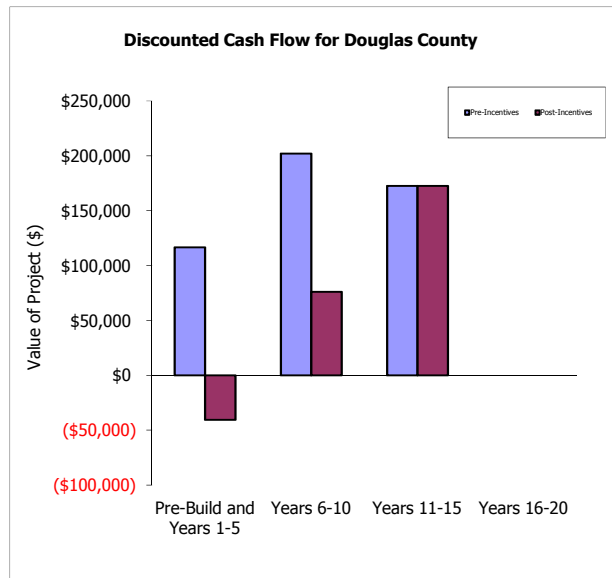
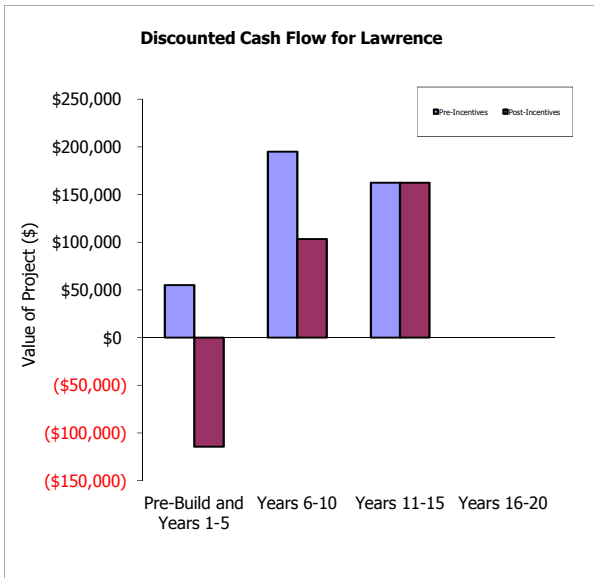
Summary of Results

Returns for Jurisdictions	Lawrence	Douglas County	USD 497	State of Kansas
Revenues	\$923,244	\$952,179	\$1,109,765	\$573,064
Costs	\$195,253	\$126,721	\$0	\$0
Revenue Stream, Pre-Incentives	\$727,991	\$825,457	\$1,109,765	\$573,064
Value of Incentives Offered	\$335,476	\$381,489	\$381,325	\$205,219
Revenue Stream with Incentives	\$392,515	\$443,969	\$728,440	\$367,845
Returns for Jurisdictions, Discounted	Lawrence	Douglas County	USD 497	State of Kansas
Discount Rate	5.75%			
Discounted Cash Flow, Without Incentives	\$412,304	\$491,202	\$711,888	\$371,196
Benefit/Cost Ratio, Without Incentives	3.23	5.10	n/a	n/a
Discounted Cash Flow, With Incentives	\$151,408	\$208,041	\$431,270	\$177,137
Benefit/Cost Ratio, With Incentives	1.82	2.74	n/a	n/a

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for Sales Tax Exemption

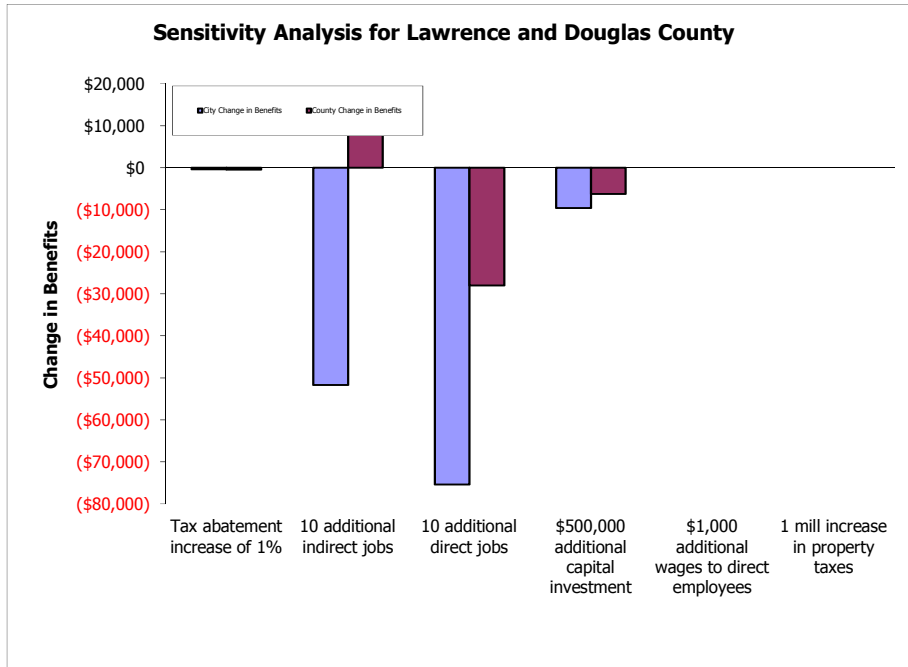
Graphs of Benefits and Costs by Time Period, with and Without Abatement



Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for Sales Tax Exemption

Sensitivity Analysis



Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$54,196	(\$195,253)	(\$90,659)	(\$231,717)	(\$231,717)
2	\$55,383	\$0	(\$24,448)	\$30,935	(\$200,782)
3	\$56,598	\$0	(\$25,097)	\$31,500	(\$169,282)
4	\$57,840	\$0	(\$25,762)	\$32,077	(\$137,204)
5	\$59,111	\$0	(\$26,444)	\$32,666	(\$104,538)
6	\$60,410	\$0	(\$27,144)	\$33,267	(\$71,271)
7	\$59,514	\$0	(\$27,860)	\$31,654	(\$39,617)
8	\$60,087	\$0	(\$28,594)	\$31,493	(\$8,124)
9	\$61,433	\$0	(\$29,347)	\$32,086	\$23,962
10	\$62,811	\$0	(\$30,119)	\$32,692	\$56,654
11	\$64,220	\$0	\$0	\$64,220	\$120,874
12	\$65,662	\$0	\$0	\$65,662	\$186,536
13	\$67,138	\$0	\$0	\$67,138	\$253,674
14	\$68,648	\$0	\$0	\$68,648	\$322,322
15	\$70,193	\$0	\$0	\$70,193	\$392,515
16	\$0	\$0	\$0	\$0	\$392,515
17	\$0	\$0	\$0	\$0	\$392,515
18	\$0	\$0	\$0	\$0	\$392,515
19	\$0	\$0	\$0	\$0	\$392,515
20	\$0	\$0	\$0	\$0	\$392,515

Douglas County: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$53,216	(\$126,721)	(\$44,352)	(\$117,858)	(\$117,858)
2	\$54,530	\$0	(\$33,667)	\$20,863	(\$96,995)
3	\$55,877	\$0	(\$34,561)	\$21,315	(\$75,680)
4	\$57,256	\$0	(\$35,478)	\$21,779	(\$53,901)
5	\$58,671	\$0	(\$36,417)	\$22,254	(\$31,647)
6	\$60,120	\$0	(\$37,379)	\$22,740	(\$8,907)
7	\$61,604	\$0	(\$38,366)	\$23,238	\$14,332
8	\$63,126	\$0	(\$39,377)	\$23,749	\$38,081
9	\$64,686	\$0	(\$40,414)	\$24,272	\$62,352
10	\$66,284	\$0	(\$41,477)	\$24,807	\$87,159
11	\$67,921	\$0	\$0	\$67,921	\$155,080
12	\$69,599	\$0	\$0	\$69,599	\$224,680
13	\$71,319	\$0	\$0	\$71,319	\$295,999
14	\$73,082	\$0	\$0	\$73,082	\$369,081
15	\$74,888	\$0	\$0	\$74,888	\$443,969
16	\$0	\$0	\$0	\$0	\$443,969
17	\$0	\$0	\$0	\$0	\$443,969
18	\$0	\$0	\$0	\$0	\$443,969
19	\$0	\$0	\$0	\$0	\$443,969
20	\$0	\$0	\$0	\$0	\$443,969

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$61,851	\$0	(\$33,805)	\$28,046	\$28,046
2	\$63,403	\$0	(\$34,704)	\$28,698	\$56,744
3	\$64,993	\$0	(\$35,626)	\$29,368	\$86,112
4	\$66,624	\$0	(\$36,570)	\$30,054	\$116,165
5	\$68,295	\$0	(\$37,538)	\$30,757	\$146,922
6	\$70,008	\$0	(\$38,531)	\$31,478	\$178,400
7	\$71,764	\$0	(\$39,548)	\$32,216	\$210,616
8	\$73,564	\$0	(\$40,590)	\$32,974	\$243,590
9	\$75,408	\$0	(\$41,659)	\$33,750	\$277,339
10	\$77,299	\$0	(\$42,754)	\$34,545	\$311,885
11	\$79,237	\$0	\$0	\$79,237	\$391,122
12	\$81,224	\$0	\$0	\$81,224	\$472,346
13	\$83,260	\$0	\$0	\$83,260	\$555,606
14	\$85,347	\$0	\$0	\$85,347	\$640,953
15	\$87,487	\$0	\$0	\$87,487	\$728,440
16	\$0	\$0	\$0	\$0	\$728,440
17	\$0	\$0	\$0	\$0	\$728,440
18	\$0	\$0	\$0	\$0	\$728,440
19	\$0	\$0	\$0	\$0	\$728,440
20	\$0	\$0	\$0	\$0	\$728,440

State of Kansas: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$34,221	\$0	(\$205,219)	(\$170,998)	(\$170,998)
2	\$34,751	\$0	\$0	\$34,751	(\$136,247)
3	\$35,291	\$0	\$0	\$35,291	(\$100,956)
4	\$35,838	\$0	\$0	\$35,838	(\$65,118)
5	\$36,395	\$0	\$0	\$36,395	(\$28,723)
6	\$36,960	\$0	\$0	\$36,960	\$8,238
7	\$37,534	\$0	\$0	\$37,534	\$45,772
8	\$38,118	\$0	\$0	\$38,118	\$83,890
9	\$38,710	\$0	\$0	\$38,710	\$122,600
10	\$39,312	\$0	\$0	\$39,312	\$161,913
11	\$39,924	\$0	\$0	\$39,924	\$201,837
12	\$40,545	\$0	\$0	\$40,545	\$242,382
13	\$41,176	\$0	\$0	\$41,176	\$283,558
14	\$41,818	\$0	\$0	\$41,818	\$325,376
15	\$42,469	\$0	\$0	\$42,469	\$367,845
16	\$0	\$0	\$0	\$0	\$367,845
17	\$0	\$0	\$0	\$0	\$367,845
18	\$0	\$0	\$0	\$0	\$367,845
19	\$0	\$0	\$0	\$0	\$367,845
20	\$0	\$0	\$0	\$0	\$367,845

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$51,249	(\$184,636)	(\$85,730)	(\$219,117)	(\$219,117)
2	\$49,524	\$0	(\$21,861)	\$27,662	(\$191,455)
3	\$47,858	\$0	(\$21,222)	\$26,636	(\$164,819)
4	\$46,248	\$0	(\$20,600)	\$25,649	(\$139,170)
5	\$44,694	\$0	(\$19,995)	\$24,699	(\$114,470)
6	\$43,193	\$0	(\$19,408)	\$23,786	(\$90,685)
7	\$40,238	\$0	(\$18,837)	\$21,402	(\$69,283)
8	\$38,417	\$0	(\$18,282)	\$20,135	(\$49,148)
9	\$37,142	\$0	(\$17,743)	\$19,399	(\$29,749)
10	\$35,909	\$0	(\$17,219)	\$18,690	(\$11,059)
11	\$34,719	\$0	\$0	\$34,719	\$23,660
12	\$33,568	\$0	\$0	\$33,568	\$57,228
13	\$32,456	\$0	\$0	\$32,456	\$89,684
14	\$31,381	\$0	\$0	\$31,381	\$121,065
15	\$30,343	\$0	\$0	\$30,343	\$151,408
16	\$0	\$0	\$0	\$0	\$151,408
17	\$0	\$0	\$0	\$0	\$151,408
18	\$0	\$0	\$0	\$0	\$151,408
19	\$0	\$0	\$0	\$0	\$151,408
20	\$0	\$0	\$0	\$0	\$151,408

Douglas County: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$50,322	(\$119,831)	(\$41,941)	(\$111,449)	(\$111,449)
2	\$48,761	\$0	(\$30,105)	\$18,655	(\$92,793)
3	\$47,248	\$0	(\$29,224)	\$18,024	(\$74,770)
4	\$45,782	\$0	(\$28,368)	\$17,414	(\$57,355)
5	\$44,362	\$0	(\$27,535)	\$16,826	(\$40,529)
6	\$42,985	\$0	(\$26,726)	\$16,259	(\$24,270)
7	\$41,652	\$0	(\$25,940)	\$15,712	(\$8,558)
8	\$40,360	\$0	(\$25,176)	\$15,184	\$6,626
9	\$39,108	\$0	(\$24,434)	\$14,674	\$21,300
10	\$37,895	\$0	(\$23,713)	\$14,182	\$35,483
11	\$36,720	\$0	\$0	\$36,720	\$72,202
12	\$35,581	\$0	\$0	\$35,581	\$107,783
13	\$34,477	\$0	\$0	\$34,477	\$142,260
14	\$33,408	\$0	\$0	\$33,408	\$175,669
15	\$32,372	\$0	\$0	\$32,372	\$208,041
16	\$0	\$0	\$0	\$0	\$208,041
17	\$0	\$0	\$0	\$0	\$208,041
18	\$0	\$0	\$0	\$0	\$208,041
19	\$0	\$0	\$0	\$0	\$208,041
20	\$0	\$0	\$0	\$0	\$208,041

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$58,488	\$0	(\$31,967)	\$26,520	\$26,520
2	\$56,695	\$0	(\$31,033)	\$25,662	\$52,183
3	\$54,957	\$0	(\$30,124)	\$24,833	\$77,015
4	\$53,272	\$0	(\$29,241)	\$24,031	\$101,046
5	\$51,639	\$0	(\$28,383)	\$23,256	\$124,302
6	\$50,056	\$0	(\$27,549)	\$22,506	\$146,808
7	\$48,521	\$0	(\$26,739)	\$21,782	\$168,590
8	\$47,033	\$0	(\$25,951)	\$21,082	\$189,672
9	\$45,591	\$0	(\$25,186)	\$20,405	\$210,076
10	\$44,193	\$0	(\$24,443)	\$19,750	\$229,826
11	\$42,837	\$0	\$0	\$42,837	\$272,663
12	\$41,523	\$0	\$0	\$41,523	\$314,187
13	\$40,250	\$0	\$0	\$40,250	\$354,437
14	\$39,015	\$0	\$0	\$39,015	\$393,452
15	\$37,818	\$0	\$0	\$37,818	\$431,270
16	\$0	\$0	\$0	\$0	\$431,270
17	\$0	\$0	\$0	\$0	\$431,270
18	\$0	\$0	\$0	\$0	\$431,270
19	\$0	\$0	\$0	\$0	\$431,270
20	\$0	\$0	\$0	\$0	\$431,270

State of Kansas: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$32,360	\$0	(\$194,059)	(\$161,700)	(\$161,700)
2	\$31,075	\$0	\$0	\$31,075	(\$130,625)
3	\$29,841	\$0	\$0	\$29,841	(\$100,784)
4	\$28,656	\$0	\$0	\$28,656	(\$72,128)
5	\$27,519	\$0	\$0	\$27,519	(\$44,609)
6	\$26,426	\$0	\$0	\$26,426	(\$18,182)
7	\$25,378	\$0	\$0	\$25,378	\$7,195
8	\$24,371	\$0	\$0	\$24,371	\$31,566
9	\$23,404	\$0	\$0	\$23,404	\$54,970
10	\$22,475	\$0	\$0	\$22,475	\$77,445
11	\$21,584	\$0	\$0	\$21,584	\$99,029
12	\$20,728	\$0	\$0	\$20,728	\$119,756
13	\$19,906	\$0	\$0	\$19,906	\$139,662
14	\$19,116	\$0	\$0	\$19,116	\$158,778
15	\$18,358	\$0	\$0	\$18,358	\$177,137
16	\$0	\$0	\$0	\$0	\$177,137
17	\$0	\$0	\$0	\$0	\$177,137
18	\$0	\$0	\$0	\$0	\$177,137
19	\$0	\$0	\$0	\$0	\$177,137
20	\$0	\$0	\$0	\$0	\$177,137

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Addendum D: Gap Analysis (NDC)



MEMORANDUM

Date: June 28, 2017

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

From: Tom Jackson, Senior Director, National Development Council

RE: Updated and Revised Gap Financing Analysis for Proposed Mixed-Use Development at 815 Vermont Street

The National Development Council (NDC), in a memorandum dated October 3, 2016, provided an analysis of the reasonableness of development incentives requested by the Schumm Property Company, LLC (hereinafter, the "Developer") for the development of a mixed-use project at 815 Vermont Street (the "Project"). This memorandum reviews an update to that analysis based on modifications to the Project's financials and the Developer's request, as follows:

- The project's hard constructions costs were adjusted upward by 5.05% over 2016 estimates given industry trends through the first quarter of 2017.
- Projected rents and operating expenses were raised by 3% consistent with the annual escalators projected in the initial analysis.
- Condominium sale prices, residential valuations and commercial valuations were increased by 2% over 2016 projections based on the trends identified by the Douglas County Assessor's office.
- Interest rate projections for initial financing and refinancing were adjusted upward given recent rate increases approved by the Federal Reserve and anticipated future adjustments.
- Projected bank underwriting for minimum debt coverage ratio was lowered to 1.20 to 1.00 given continued strengthening in the Lawrence real estate market.
- Property and sales tax burdens and rebate amounts were adjusted to reflect current levies and rates and adjusted project costs.
- Property taxes available for the NRA rebate were reduced given the State of Kansas's exemption (under Senate Bill 19) of school district capital levies from local government NRA, TIF and abatement incentives for incentives where public hearings weren't conducted before May 1, 2017.
- The Developer has not requested Neighborhood Revitalization Area (NRA) benefits associated with the condominium he intends to purchase for personal use.

NDC has analyzed a request by the Developer for a 75% Neighborhood Revitalization Area (NRA) property tax rebate and approval of Industrial Revenue Bond (IRB) financing during construction to provide a sales tax exemption for the development of the Project. The Project will redevelop two vacant parcels of land owned by the Developer into a five-story mixed-use building that will include:

- One level of underground parking with 22 spaces
- A first floor designed for retail, restaurant and commercial uses with 7,788 square feet of leasable space
- A second floor with 6,504 square feet of leasable space that will be divided into approximately 30 individual offices of 150-300 square feet each.
- Three floors (#3, #4 and #5) of for-sale residential condominiums totaling 12 units
 - The unit mix is currently configured as:
 - One Bedroom – 3 units
 - Two Bedroom – 8 units
 - Three Bedroom – 1 unit
 - A 600 square foot, one-bedroom unit on the 3rd floor will be fully finished and its sale will be restricted to income-qualified households.
 - The remaining 11 units will vary in size from 739 to 2,845 square feet and will be sold partially finished. Final finishes will be the responsibility of the condominium buyers and are estimated for the purposes of this analysis at \$102 per square foot (adjusted from \$100 per square foot in the initial review).

NDC has had extensive discussions regarding the Project with the Developer since the City received the original request for assistance in the fall of 2016. The Developer has supported its assumptions and projections on the Project's original and adjusted development costs, condominium sales proceeds and operating 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 its request for NRA and IRB incentive financing and NDC's analysis of the request:

- A Development Budget based on:
 - Architectural designs by Hernly Associates of Lawrence. The designs are characterized by the Developer as having progressed through the schematic

stage and ready to move into the design-development and construction documents stages.

- Multiple preliminary construction estimates, based on the schematic designs and prepared and updated by:
 - First Construction LLC of Lawrence
 - RF Benchmark Construction of Eudora and Manhattan, Kansas
 - B. A. Green Construction of Lawrence
- Bid comparisons compiled by the Developer
- Soft cost estimates completed by the Developer and supported with average cost documentation from the Developer and Project design team.
- Proforma statements of annual operating revenues and expenses (the Proforma) that were supported by:
 - Rent and vacancy surveys of the Lawrence market prepared by Collier's International (2016 and 2017 Lawrence Market Snapshots)
 - Rent rolls and associated lease rates for the Developer's existing multiple tenant, small office space on Massachusetts Street.
 - Developer estimates of Common Area Maintenance (CAM) expenses by floor
 - Absorption and associated vacancy rates provided by the Developer as refined through requests from NDC.
 - Property tax estimates prepared by the Developer as advised by the County Appraiser's office.
- Projected gross and net condominium sales proceeds and a three-year sales schedule prepared by the Developer and refined during the course of the review given design changes and additional documentation on sales in the Lawrence market, comparisons of amenities and broker opinions.
- A letter of interest with preliminary terms for commercial financing from RCB Bank in Lawrence dated June 27, 2017. This updated analysis projects that the minimum Debt Coverage Ratio has improved (fallen) since the initial review while lending rates have risen.
- Project narratives from the Developer describing the development team and the Project's components and benefits.

Documentation that has not yet been available for review includes:

- A detailed appraisal report (FIRREA-compliant) that provides:
 - A third party opinion on the Fair Market Value of the proposed Project
 - Verification of estimates of revenues, expenses and vacancy rates for the retail and commercial space
 - Verification of residential condominium sale prices per square foot and likely absorption rates.
- A final commitment letter and term sheet from the Project's senior lender.

NDC's analysis of the Project's proposed financing sources and uses, projected net operating revenue, net condominium sales proceeds, property appreciation and associated returns on invested equity suggests that a NRA rebate of 75% of available property tax increment over 10 years, combined with an IRB sales tax exemption on eligible project costs is reasonable. As noted above, the Developer has modified its request to eliminate NRA rebate incentives associated with the residential condominium Mr. Schumm expects to purchase.

The reasonableness of the requests has been evaluated given the following:

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

	Amount	% of Total
Total Project Costs	\$9,675,629	100.00%
Project Sources		
Projected Bank Loan	\$3,404,489	35.19%
Net Condominium Sales Proceeds	\$3,688,600	38.12%
Required from Developer	\$2,582,540	26.69%
Total Sources	\$9,675,629	100.00%

2) The estimated permanent bank debt projected by the Developer, \$3,404,489, exceeds NDC's projection of debt capacity by \$303,170 given the Developer's estimate of operating revenues and expenses and underwriting criteria (1.20 Debt Coverage Ratio (DCR), 80% Loan To Value (LTV) ratio) proposed by the prospective lender's preliminary term sheet and adjusted by NDC for a more favorable DCR.

- a. The interest rates modeled in NDC's analysis start with an adjusted rate of 4.75% and increase to 6.25% given a projected refinance of the outstanding principal at the end of Year 5 of operations.
 - b. The maximum projected loan amount is also influenced by the capitalization rate. This rate has been identified by area appraisers for other observed sales and for proposed projects in the 7.0-7.77% range, depending on their location, proposed uses, and other factors. NDC's analysis projects a capitalization rate of 7.0%, at the lower end of this range given the Project's favorable location. The final capitalization rate will be determined by the appraisal report.
 - c. Pending completion of the appraisal report, the Developer has done a thorough job of documenting prevailing lease rates in the Lawrence market and associated Project revenues and expenses. The projected rents for the first and second floors of the project appear to be in the upper range for similar space in Downtown Lawrence.
- 3) The anticipated presales and sales of the 12 residential condominiums provide \$3,688,600 in financing that reduce debt, equity and gap financing requirements.
- a. The unfinished market rate condominiums are projected to sell for \$229.50 per square foot.
 - b. The finished, affordable unit is projected to sell for approximately \$161.50 per square foot for a total price of \$96,900. The provision of the affordable unit reduces the Developer's sales proceeds, net of realtor/broker charges, by an estimated \$38,352 and the estimated finishing costs of \$102 per square foot brings the total additional cost of the unit to \$99,552. The prorated value of the parking space assigned to the unit, \$54,340, increases the total subsidy to \$153,892.
 - c. The appraisal report ordered by the Project's senior lender will verify or advise adjustments to net condominium sales proceeds.
- 4) The Developer, using construction estimates provided by the three firms identified above, originally estimated the incremental cost of the underground parking at \$1,138,020. Given the 5.05% inflation factor used for this updated review, the estimated cost of this feature rises to \$1,195,490. While the Developer has noted that few developments in the area provide underground parking, the appraisal report should address how this amenity may positively impact the Project's commercial lease rates and condominium sale prices.
- 5) The NRA incentive, according to an opinion issued by the Attorney General of Kansas, is only payable to the owner of the property that is responsible for the taxes. With the sale of each condominium, the ownership of the unit would pass from the Developer to the buyer. The

Developer has indicated that it will require the assignment of any NRA rebate for each condo unit back to the Developer as part of its sales agreements.

- a. The market rate residential condos will be sold without final finishes, and the Developer estimates that finishing costs will average \$100 to \$200 per square foot. NDC's analysis added an additional \$1.70 million, or \$102 per square foot, in appraised residential value to the sales prices for the units that are not restricted for affordability to determine the valuation for property tax estimates.
- b. Returns to the Developer associated with this 75% NRA rebate are outlined below. If the Developer is not able to take an assignment of the residential condominium property tax rebates, the estimated rebate in Year 1 would drop by over 50% from \$96,674 to \$44,806. Given this reduction, the returns on invested equity outlined in the following section, would drop dramatically.

6) The Developer's commitment of an equity contribution of \$2,582,540 was based on the difference between projected project costs and the combination of projected bank financing and net sales proceeds.

- a. Given a 10-year rebate of 75% of the available increment in the completed Project's property taxes, excluding the Developer's unit; an IRB exemption of sales taxes on eligible construction costs; after-tax cash flows on 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 invested equity is estimated at 7.43%.
 - 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 an 8.0% to 10% IRR would be an appropriate range for investments in and near the Massachusetts Street business district. The projected return of 7.43% for this project falls below this range.
 - ii. If the NRA incentives were reduced to 50% for ten years, the estimated IRR would decline to 6.98%. Without any level of NRA incentives, the estimated IRR would fall to 6.12%.
 - iii. The discounted value of the 75% NRA incentive over 10 years, given a target IRR of 8%, is approximately \$673,175. The undiscounted rebates are projected to total \$1,019,888.
- b. The estimated IRB incentive totals \$283,621 and reduces the need for an equal amount of additional Developer equity. Without the IRB incentive, but with a

75% NRA rebate for 10 years, the Developer's estimated IRR would decrease to 6.77%.

- c. Absent both the NRA and IRB incentives, the estimated IRR would decrease to 5.58%.

7) Without the 75% NRA and IRB incentives, the Project's financing gap can be estimated by subtracting the projected net sales proceeds and its calculated debt and equity capacity from total project costs as follows:

- a. If 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 9% (the middle of the target range); then,
- c. Without the NRA incentives outlined above, the project would face an estimated financing gap of \$1,065,243.
- d. If the IRB incentive is also withdrawn, the estimated financing gap would increase to \$1,323,372.

Conclusion: The documents, discussions and responses presented by the Developer in support of its request for incentives, as outlined above, demonstrate that a 75% NRA rebate and approval of IRBs to exempt eligible sales taxes are reasonable and help to avoid financing gaps that could make the project economically unfeasible and unlikely to proceed. If the appraisal report for financing, final terms for the senior debt, updated project costs and projected net sales proceeds are substantially different from what the Developer has projected, NDC will review this evaluation as requested by the City.

Benefit-Cost Analysis

Revised July 2017 for Vermont Place
NRA & IRB Request

Addendum E: October 19, 2016 Technical Report

Technical Report

Vermont Place NRA & IRB Request

City of Lawrence, Kansas
October 19, 2016

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Executive Summary

Vermont LLC is requesting a 10-year, 75% NRA rebate and an Industrial Revenue Bonds (IRB) sales tax exemption on construction materials to support the development of two vacant parcels, located at approximately 800-815 Vermont Street in the Downtown Lawrence business district, into a mixed-use, commercial and residential project.

The project is anticipated to add:

- 1st Floor: Commercial/Retail (7,788 square feet of leasable space)
- 2nd Floor: Entrepreneurial Offices (6,504 square feet of leasable space, divided into ~30 offices)
- 3rd-5th Floors: Residential, 12 condominiums, one of which will be permanently set aside for affordable housing
- On-Site Underground Parking: 22 spaces

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.

Vermont Place					
Description	City	County	USD*	State*	Total Value
10 Year, 75% NRA Rebate	1.78	2.56	n/a	n/a	\$1,013,295
Stand-alone IRB for Sales Tax Exemption					\$272,011
Total					\$1,285,306

*State and School District does not have any costs associated with the project since it will not add full-time employees and thus no new households are assumed to be created.

Technical Report

Vermont Place 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	1.78	\$64,276	\$287,056	\$351,333
County	2.56	\$10,930	\$395,359	\$406,289
State	n/a	\$196,805	\$0	\$196,805
USD	n/a	\$0	\$330,879	\$330,879
Totals		\$272,011	\$1,013,295	\$1,285,306

As per the Gap analysis conducted by National Development Council (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 substantially 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	\$73,660	546%
Improved property	\$475,677	

After the NRA expires, the improved property will be fully on the tax rolls, delivering significantly higher tax revenues as compared to if the property was left undeveloped.¹

Property Tax Revenue After NRA Period (total over years 11-15)		
	Tax Revenue	% Change
Unimproved property	\$36,830	2,653%
Improved property	\$1,013,750	

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.

Introduction

Vermont Place LLC (Robert and Sandra Schumm, applicant and property owners) is proposing the development of a multi-level, mixed-use, commercial, office and residential project on two long-vacant lots located at approximately 800-815 Vermont Street in downtown Lawrence. The Property Owner currently owns the vacant lots and wishes to develop the property to productive use.

The Applicant is requesting economic development assistance for the project to proceed, including a 10-year, 75% 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.

Project Overview

The Applicant is proposing the construction of a multi-level, mixed use commercial and residential development that will be located on two adjacent City lots (Vermont Street Lot 51 and N 45, lot 53) at approximately 800-815 Vermont Street. The applicant currently owns both lots, which have been vacant since 1990. Plans call for the project to have five levels as well as an underground parking facility:

Vermont Place Project			
Level	Type	Size (SF)	# Units
Floor 1:	Commercial	7,788	Tenant Dependent
Floor 2:	Office	6,504	30
Floors 3-5:	Residential (condominiums)	17,276	12
Underground	Subterranean Parking		22

The first floor is anticipated to support retail and/or commercial tenants. The second floor is anticipated to be divided into 30 individual offices (approximately 150-300 square feet), each taking advantage of common area shared space and amenities (e.g. restrooms, reception area, high-speed fiber, office support equipment). Floors 3-5 will support 12 for sale residential condominiums.

The Applicant is proposing to set aside one, 1-bedroom condominium for affordable housing and to keep that unit designated as affordable in perpetuity. This represents approximately 8% of the total residential units and 3.5% of the total residential square footage as designated affordable housing.

	Total	AH	% of total
Residential Units	12	1	8.3%
Residential SF	17,276	600	3.5%

Technical Report

Vermont Place NRA & IRB Request

In addition, the affordable housing condo will be fully finished and its sale restricted to income-qualified households. The below table shows estimated value of the Applicant's affordable housing subsidy.

Applicant's Affordable Housing Subsidy			
	Affordable Unit	Market Rate Potential	Applicant's Subsidy*
Sales Proceeds (net of broker fee)	\$89,000	\$127,000	\$38,000
Finishing Costs at \$100/sf	\$60,000	\$0	\$60,000
Total Applicant Affordable Housing Subsidy:			\$98,000

*Note: Unit includes an underground parking space – prorated cost is \$51,728 per space.

The remaining condos will vary in size from 739 to 2,845 square feet and will be sold unfinished (aka warm shell). Final finishes of these condos will be the responsibility of the buyer.

Request for Assistance

Originally a Request Letter and Incentives Application were received May 18, 2016 from the Applicant requesting a 10-year Neighborhood Revitalization Area (NRA) with an 85% rebate provided annually for years 1 through 5 and a 50% rebate provided annually for years 6 through 10. Industrial Revenue Bond (IRB) financing was also requested in order to receive a sales tax exemption on construction materials.

As a result of gap analysis findings (**See Addendum F**), the Applicant submitted a revised Request Letter and Incentives Application (**See Addendum A.**) on October 10, 2016 requesting a 10-year Neighborhood Revitalization Area (NRA) with a 75% rebate provided annually. Industrial Revenue Bond (IRB) financing is also being requested to receive a sales tax exemption on construction materials 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 property owner over a period of time to help offset development 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:**

As per the Staff memo dated July 27, 2016 (see **Addendum B**), Staff believes the project as proposed will meet State NRA eligibility criteria.

City Policy Eligibility

Resolution 6954 (see **Addendum C**) 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.”²

- **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.

² Resolution 6954, Section 4: Amount of Rebate

- **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:

Vermont Place: 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	Y
	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.	Y
	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.)³ and City policy (Ordinance 8253, **see Addendum D**). 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:

³ 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

Vermont Place 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.	Business expansion of long-time local businessman.	Y
	Encourage existing industry to expand.	Project is a continued investment in downtown by the applicant.	Y
	Assist new business start-ups	Office space will be designed to support entrepreneurs, offering affordable rent and shared equipment	Y
	Recruit new companies from out-of-state and internationally	Although it is not specifically recruiting, it will accommodate entrepreneurs, either local or coming from out of the area.	--
	Encourage high technology and research based businesses.	Office space is envisioned to support business operations, which may be related to technology driven companies. This is not guaranteed though.	--
	Encourage training and development of Lawrence area employees	N/A	N
	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.	Mr. Schumm has been actively involved in civic improvements and has supported community progress for many years.	Y
	2b: Promotes infill through the development of vacant lots, the rehabilitation of deteriorated properties or the adaptive reuse of historic properties.	Project will replace two long vacant (since 1990) and unproductive lots located in the downtown area.	Y
	2c: Enhance Downtown	Project will replace two vacant, unproductive lots with productive commercial, office and residential space, increasing area density and supporting the economic viability of downtown.	Y
	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). Energy efficient heating and air condition systems will be installed. Facility to be built to the 2012 International Energy Conservation Code and will meet Energy Star criteria.	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 of employment growth through its entrepreneurial offices and tax base growth by accommodating more property tax revenues with the conversion of a vacant lot to productive use. Project will support infill development and density.	Y

Continued

Technical Report

Vermont Place NRA & IRB Request

3	Prospective tenant shall show the financial capacity to complete the proposed project and successfully market the bonds.	Owners have successfully completed and operated several downtown businesses for many years. Land is owned outright by property owner and will be part of project equity. Owner has been working with Corner Bank and letter dated 5-2-16 indicates a willingness to participate in the project.	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	N
	Information Technology	N/A	N
	Aviation and Aerospace	N/A	N
	Value-Added Agriculture	N/A	N
	Light Manufacturing and Distribution	N/A	N
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:	Project has the potential to bring in new revenues from outside the community through its entrepreneurial offices.	--
	Project enhances local quality of life:	Project will add critical mass to Downtown Lawrence, eliminate two vacant lots, and allow for 30+ Class A office spaces featuring high capacity fire to be dedicated to entrepreneurship in the community. Facility will be designed to attract new high tech personnel to live and work in Lawrence. More living units will be available downtown to support long-term sustainability for the central business district.	Y

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 12 residential units above commercial space.	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 will have residential units	n/a
Preferred Qualities for Residential Projects:			
	Infill or redevelopment:		Y
	Mixed -Use		Y
	Downtown Location		Y

- 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 are examined through a cost-benefit analysis and project financial feasibility is examined through a “But For” analysis (gap analysis), 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	
Total Capital Investment	\$9,275,979
Property Valuation for Property Tax Revenues	\$7,539,853
Net New Full-Time Jobs Created	n/a (part-time only)
Average Annual Salary Per Net New Full-Time Position	n/a (part-time only)
Total Estimated Sales Tax Exemption Savings (City, County, State)	\$272,011
Total Estimated NRA Rebate (10 years, 75%)	\$1,013,295

- **Capital Investment & Job Creation**

According to the incentives application received, approximately \$9.3 million will be invested in redeveloping the property.

Although the model does not consider part-time or temporary positions, the applicant has indicated the project will support one part-time position paying approximately \$17,000 annually and 100 temporary construction jobs paying an average annual salary of \$45,500.

Technical Report

Vermont Place NRA & IRB Request

- Estimated IRB Sales Tax Exemption**

Based on the applicant's estimation of construction expenses (\$9,275,979), an IRB used to obtain a sales tax exemption on construction materials would be worth approximately \$274,013 in total sales tax savings.

Total estimated cost would be \$64,276 to the City, \$10,930 to the County, and \$196,805 to the State (\$272,011 total).⁴ The below assumes all construction materials are delivered to the site and subject to local sales taxes.

<i>Summary of Estimated Sales Tax Savings: Vermont Place IRB</i>			
City	Tax Rate	Estimated Sales Tax Amount	Total
City Sales Tax	1.55%	\$46,930	\$64,276
City Portion of Countywide 1% Sales Tax	0.57%	\$17,346	
County	Tax Rate	Estimated Sales Tax Amount	Total
County Portion of Countywide 1% Sales Tax	0.36%	\$10,930	\$10,930
State	Tax Rate	Estimated Sales Tax Amount	Total
State	6.50%	\$196,805	\$196,805
Other	Tax Rate	Estimated Sales Tax Amount	Total
Other County Municipalities Portion of Countywide 1% Sales Tax	0.07%	\$2,002	\$2,002
Total	9.05%	\$274,013	\$274,013

⁴ 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 (\$2,002) 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.

Breakout of Sales Tax Savings Estimations

Total Construction Costs	Materials Expense %	Estimated Materials Cost
\$9,275,979	32.64%	\$3,027,765

Vermont Place: Construction Sales Tax Exemption		
Taxing Jurisdiction	Tax Rate (July 2016)	Est Sales Tax Amount
City	1.55%	\$46,930
County	1.00%	\$30,278
City Portion of 1% Countywide Sales Tax		\$17,346
County Portion of 1% Countywide Sales Tax		\$10,930
Other County Municipalities Portion of 1% Countywide Sales Tax		\$2,002
State	6.50%	\$196,805
Total	9.05%	\$274,013
City Total		\$64,276
County Total		\$10,930

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Vermont Place NRA & IRB Request

- **Base Property Taxes**

In its present condition, the two lots generate approximately \$7,400 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 Tax Information							
Property Address	Appraised			Assessed			Property Tax (est.) 0.134522
	Land	Improvements	Total	Land	Improvements	Total	
800 Vermont Street, Block 2	\$234,000	\$0	\$234,000	\$28,080	\$0	\$28,080	\$3,777
800 Vermont Street, Block 3	\$222,300	\$0	\$222,300	\$26,676	\$0	\$26,676	\$3,589
Total	\$456,300	\$0	\$456,300	\$54,756	\$0	\$54,756	\$7,366

- **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)	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$73,660
Incremental Tax	\$142,344	\$146,180	\$150,111	\$154,141	\$158,272	\$162,505	\$166,845	\$171,293	\$175,852	\$180,526	\$1,608,070
Total Tax	\$149,710	\$153,546	\$157,477	\$161,507	\$165,638	\$169,871	\$174,211	\$178,659	\$183,218	\$187,892	\$1,681,730

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 approximately \$73,700. 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 total amount of property tax attributed to project improvements over the same ten year term is approximately \$1,608,070 and is known as the “Incremental Tax”. The Incremental Tax is subject to NRA rebates.

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Vermont Place NRA & IRB Request

With a 75% NRA rebate provided over a 10-year period, the total amount of property tax due from the property owner would be approximately \$475,700 as compared to \$73,700 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	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$7,366	\$73,660
Net New Incremental Tax Revenue	\$35,586	\$36,545	\$37,528	\$38,535	\$39,568	\$40,626	\$41,711	\$42,823	\$43,963	\$45,131	\$402,017
Total Tax Revenue Received	\$42,952	\$43,911	\$44,894	\$45,901	\$46,934	\$47,992	\$49,077	\$50,189	\$51,329	\$52,497	\$475,677
NRA Rebate (75%) on Incremental Tax	\$106,758	\$109,635	\$112,584	\$115,606	\$118,704	\$121,879	\$125,134	\$128,470	\$131,889	\$135,394	\$1,206,052
Total Unadjusted Tax	\$149,710	\$153,546	\$157,477	\$161,507	\$165,638	\$169,871	\$174,211	\$178,659	\$183,218	\$187,892	\$1,681,730

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.⁵

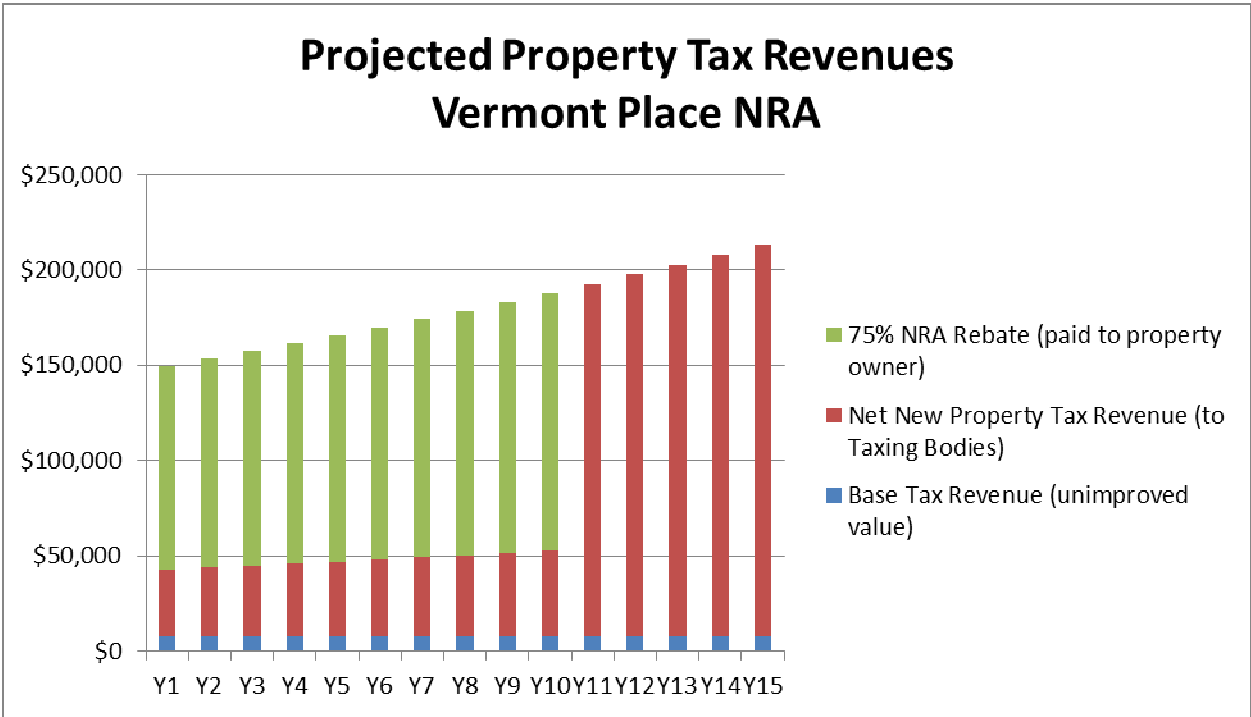
Property Tax Revenue During NRA (total over years 1-10)		
	Tax Revenue	% Change
Unimproved property	\$73,660	546%
Improved property	\$475,677	

Property Tax Revenue After NRA Period (total over years 11-15)		
	Tax Revenue	% Change
Unimproved property	\$36,830	2,653%
Improved property	\$1,013,750	

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

⁵ Real property tax projections provided by NDC.

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 75% 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.

- **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, 75% NRA rebate and a stand-alone IRB that captures sales tax exemption savings on construction materials.

Vermont Place					
Description	City	County	USD*	State*	Total Value
10 Year, 75% NRA Rebate	1.78	2.56	n/a	n/a	\$1,013,295
Stand-alone IRB for Sales Tax Exemption					\$272,011
Total					\$1,285,306

*State and School District does not have any costs associated with the project since it will not add full-time employees and thus no new households are assumed to be created.

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

- **Conclusion—Model Results:**

The cost-benefit ratio threshold can be met for the taxing jurisdictions. The table below 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	1.78	\$64,276	\$287,056	\$351,333
County	2.56	\$10,930	\$395,359	\$406,289
State	n/a	\$196,805	\$0	\$196,805
USD	n/a	\$0	\$330,879	\$330,879
Totals		\$272,011	\$1,013,295	\$1,285,306

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 its request for the NRA and IRB incentives demonstrate that a 75% NRA rebate and approval of IRBs to exempt eligible sales taxes 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 (**Addendum F**).

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	Mixed-use, downtown project anticipated to bring additional retail and commercial activity to the central business district. Offices anticipated to foster entrepreneurial activity with potential for enhancing economy. Residential component to add density, vibrancy to district, supporting additional downtown investment.
2 The kinds of jobs created in relation to the types of skills available from the local labor market	The project is anticipated to attract and support high tech jobs through its entrepreneurial offices.
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,	Approximately 35% of project revenues are anticipated to come from non-local sources. Additional out of area revenues may potentially be gained by fostering small business growth through project's entrepreneurial offices.
4 The potential of the business for future expansion and additional job creation.	Thirty (30) class A office spaces (featuring high capacity fiber) will be dedicated to fostering entrepreneurship within the community. The facility will attract existing and new high tech personnel to live and work in Lawrence.
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,	The project will eliminate a long vacant lot, replacing it with residential, office, and commercial space that will help add critical mass to Downtown and support the long term sustainability of the central business district.
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, and	Environmentally friendly features of the project include LED lighting throughout, water efficient plant scape on east and north sides of the building, energy efficient heating and air condition systems will be installed, facility to be built to the 2012 International Energy Conservation Code. Although the project will not seek LEED certification, it is anticipated to be built to certification standards.
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, and	Project will be in-fill development, using existing city infrastructure (e.g. streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities). Creating more mixed-use density for the downtown reduces the City's cost per capita for the maintenance and repair of infrastructure assets. Enhanced street scape on Vermont Street will add to the overall vitality of Downtown. The project will help projected the need for a downtown grocery store as well as the need for high speed fiber cable. Project will add ornamental street lights to Vermont Street.
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.	The project requires completion of historic review and site planning, but it is presumed that the project can comply with all city codes.

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

- Project provides an opportunity to develop two long-vacant parcels to productive use.
- Project provides an opportunity to promote density and vibrancy within Downtown.
- Project provides an opportunity to support infill development.
- Office space will support entrepreneurial activity, potentially leading to additional economic benefits.

Performance Agreement

Per City policy, the property owner/developer 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 owner/developer 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 downtown design guidelines. Failure to comply with these requirements would nullify any incentives approved.
- Project construction to commence within three years of NRA Plan adoption.
- Evidence of compliance with affordable housing provisions

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 substantially (546%) over property tax revenues generated if the property was not developed. Property tax revenues are anticipated to increase even more dramatically once the NRA expires as compared to if the property was left undeveloped.

PIRC Requested Action

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

Technical Report

Vermont Place 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:	Bob and Sandra Schumm
Title:	Developer/Owner
Organization:	Schumm Property Company
Address 1:	719 Massachusetts Street, Lawrence, Ks. 66044
Address 2:	
Phone:	(785) 766-0888
Email:	schummfoods@gmail.com
Fax:	(785) 842-4025

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)	75%	10 years
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)	\$9,300,000	n/a
Community Improvement District (CID)		
Other (Please Describe):		

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

Vermont Place NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Project Information		
Name of Company Seeking Incentive(s):	Schumm Property Company	
Project Type (check one):	Expansion:	
	New Facility:	X
Company Type (check one):	Existing Local Company:	X
	Out-of-Area Company Locating Locally:	
Current Company Address:	719 Massachusetts Street	
Location of Proposed New Facility/Expansion Project:	815 Vermont Street	
Describe the Company's Plans to Develop or Expand in the Community: Five story building to include commercial, office, condos and on site parking.		
Operations Start Date at the Expansion or New Facility:	2017	
Industry NAICS # for the New or Expanded Facility (6-digit code):	531120	
Describe the Primary Industry the New or Expanded Facility Will Support: Expansion and long term stabilization of Downtown Lawrence.		

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):	50,463 sq. ft.		
Estimated Size of Land for New Facility (acres):	11,115 sq. ft.		
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):			
Year	Buildings & Other Real Property Improvements	Land	Total
1		\$700,000	\$700,000
2	\$8,575,979		\$8,575,979
3			
4			
5			
6			
7			
8			
9			
10			
Total	\$8,575,979	\$700,000	\$9,275,979
Will land be leased from the City or County (Y/N): No			
If yes, Monthly Lease Rate for Land: N/A			

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

Vermont Place NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		\$1783.00
Electricity		\$5332.50
Phone		\$600.00
Cable		\$3076.67
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		N/A
Annual Operating Expenses after Expansion/Relocation:		\$416,506.00
% of Additional Operating Expenses Anticipated to be Spent Locally:		100%
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources:		35%
Anticipated Annual Gross Profits:		Unknown

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: Vermont Place L.L.C.	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	No
If you are leasing the building or land, and you are seeking a tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner. Not leasing the building or land.	
Total Cost of <u>Initial</u> Construction for the Project:	\$9,275,979
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	\$3,027,765

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

Addendum A: Applicant Request Letter and Incentives Application

Environmental Information	
Will the new facility meet Energy STAR criteria? (Y/N)	Yes
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: LED Lighting throughout. Water efficient plant scape on east side and north side of building. Energy efficient heating and air conditioning systems installed. Facility to be built to the 2012 International Energy Conservation Code. Project will strive to achieve a "certified" LEED designation but will not be inspected and verified by the LEED association.	
Please describe anticipated positive environmental impacts resulting from the project: This project is infill development which will use existing city infrastructure ie, Streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities. Creating more mixed use density for the downtown reduces the City's cost per capita of the maintenance and repair of these infrastructure assets.	
Please describe anticipated negative environmental impacts and planned remediation efforts: There are no apparent negative environmental impacts.	

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.

Addendum A: Applicant Request Letter and Incentives Application

Additional Community Benefits	
Describe Other Local Economic Benefits Resulting From Project:	
Project continues to add critical mass to Downtown Lawrence. It will eliminate a vacant lot. Allows for more than 30 class A office spaces featuring high capacity fiber to be dedicated to entrepreneurship in the community. This facility will attract existing and new high tech personnel to live and work in Lawrence. Additionally, more living units will be available downtown thereby allowing for the long term sustainability of our central business district. The project will add 22 underground parking spaces on site.	
Describe Other Quality of Life Benefits Resulting From Project:	
Enhanced street scape on Vermont Street, adding to the overall vitality of Downtown Lawrence. The project will help promote the need for a downtown grocery store as well as the need for high speed fiber cable. Project will add ornamental street lights to Vermont Street. Project principles are long term Lawrence citizens who have contributed generously in time and work to our community.	

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

Vermont Place NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								100	
Average Annual Salary for Full-Time, Construction Workers (during construction period): \$7,589,413 total construction cost x 60% labor cost = \$4,541,647 / \$45,500 = 99.82 full time construction jobs.								\$45,500	
Construction Period (months): 12 months									
For Expansion, # of Full-Time Employees Currently Working in Lawrence: 0									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	.5	15800						
	2	.5	15800						
	3	.5	15800						
	4	.5	16000						
	5	.5	16000						
	6	.5	16500						
	7	.5	16500						
	8	.5	16500						
	9	.5	17000						
	10	.5	17000						
Total	.5	17000							
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:								N/A	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								N/A	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period: .5									

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.)

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	0
% of Health Care Premium Covered by Company	0
% of Employees with Company Provided Retirement Program	0
Will You Provide Job Training for Employees? (Y/N)	N/A
If Yes, Please Describe:	
What is the Lowest Hourly Wage Offered to New Employees?	\$15.00
What Percentage of Your New Employees Will Receive this Wage?	100
Will You Provide Additional Benefits to Employees? (Y/N)	No

Addendum A: Applicant Request Letter and Incentives Application

If Yes, Please Describe:

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: The proposed project site, being the result of a devastating fire in 1990, leaves the site incompatible with the existing commercial district. The current state renders the site useless and contributes to the overall deterioration of the economic neighborhood thereby substantially impairing the sound growth of the municipality and creating an economic detriment to the public.
(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: This project is located in Downtown Lawrence next to a building listed on the Federal Historic Register. The original buildings, the Lawrence House Hotel and the Miller Print Shop, were lost to a fire on December 24, 1990, thereby leaving this lot vacant and non-productive. Since the fire, this area has lost much vitality. Building on this vacant lot will greatly help to revive this part of our downtown and add definition to the long term sustainability of our downtown.

Addendum A: Applicant Request Letter and Incentives Application

Disclosures	
Company Form of Organization: L.L.C.	
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.	
Company Principals: Robert J. Schumm Sandra J. Schumm	
List all subsidiaries or affiliates and details of ownership:	
Subsidiary : N/A	
Principals: Robert J. Schumm	
Sandra J. Schumm	
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?	Yes
Has the Company, developer or any affiliated party had judgments recorded against them?	No
If the answer to any of the above question is yes, please explain:	
City Commission 1990 – Rezoning case filed by developer J.V.J. of Cleveland, OH. for a cornfield mall. Case decided in favor of defendants in both State and Federal court. The City won big time!	

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

Technical Report

Vermont Place 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: Robert J Schumm
(Please Print)

Signature: [Signature] Date: 10-8-16

Sandra J. Schuman

Sandra J. Schuman 10/8/16

Addendum A: Applicant Request Letter and Incentives Application

Vermont Place LLC

Vermont Place is a proposed multi-use development featuring commercial space, high tech office space, and living units, as well as a subterranean parking structure. The land is currently vacant, and the strong attraction to locate downtown presents an opportunity to develop this property at this time.

Vermont Place will be located on two city lots, Vermont Street Lt 51 and N 45 Lt 53, which combined are 95 feet wide and 117 feet deep. The approved structure will be five stories in height and provide for 22 underground parking places. The first floor which has a total of 7,788 rentable square feet will be rented to commercial tenants. The second floor will feature approximately 30 individual offices of about 150-300 square-feet. These offices will be outfitted with a high- speed fiber optic support system. Floors three through five will be developed as condominiums. The entire building will be equipped with LED lighting as well as energy efficient heating and cooling equipment. The facility will be built to the 2012 International Energy Conservation Code which will result in a high degree of energy efficiency.

The north lot was the original site of the Lawrence House Hotel. The Kansas Sanborn Fire Insurance Map of downtown Lawrence shows that the hotel was in place in 1883. Railroad tracks located in Vermont Street allowed for trains carrying passengers to pull up in front of the hotel so that guests could get off the train and walk up to the hotel. The hotel was viable for many years but eventually ceased operating as a hotel. Other businesses occupied the structure on the first floor, one of which extended the first floor to the east property line, thereby altering the façade in a negative manner. An addition was added to the west side extending the first floor to the alley. Some of these businesses were: Dusty Rhodes Heating and Air, NAPA Auto Parts, Alley Cat Records, and others. In the early 1980's Bob and Sandra Schumm bought the property with the intent of restoring this historic property. After the purchase they commenced with renting out the first floor.

Addendum A: Applicant Request Letter and Incentives Application

The south lot of the proposed site was owned by Harlan W and Frances M Miller, and they operated the Miller Print Shop there for over 40 years. Once again, according to the Sanborn Maps, the Miller Print Shop was originally a hotel, albeit a much smaller hotel than the Lawrence House, showing up on the same 1883 map as the Lawrence House.

Of additional historic importance is that research shows tall buildings were located on three corners of the intersection of 8th and Vermont, formerly known as Vermont and W. Henry. The northwest lot hosted Market House, which later became City Hall as well as home to the Douglas County government. This building was approximately four stories in height. The northeast corner was occupied by the YMCA and later was converted to the WREN building. It was 3 and ½ stories high. Finally, located on the southeast corner, was the Fraternal Aid Building with a large, four story façade. Originally, large buildings in the area were somewhat the norm.

On December 24th, 1990 a fire broke out in the Miller Print Shop, and gusty winds from the south pushed the fire from the Miller shop into the Lawrence House as fire fighters on the scene worked to contain the blaze. Ultimately both structures were totally destroyed, and the remaining walls were ordered to be razed by the Chief Building Inspector, thus creating the two vacant lots that exist today.

The site is located next to the Lucy Hobbs Taylor House, which is listed on the National Historic Register as well as the Lawrence Historic register. The proposed site is located within the environs of this historic structure and, therefore, the plans have been reviewed and approved on a 4-0 vote by the Lawrence Historic Resources Commission. Stan Hernly of Hernly and Associates Architects expertly prepared and amended the plans during the process which lasted a little over three months including three HRC meetings. There were many alterations to the original plan but, in the end, by working with the HRC, a better plan exists today.

Addendum A: Applicant Request Letter and Incentives Application

After the plans had been approved by the HRC, B. A. Green Construction estimated the cost of the project. Their construction estimate came in at \$7,700,000. Not included in this price are the land cost and the project soft costs which total about \$1,403,074. Subsequently, more comprehensive estimates were received from Benchmark Construction of Eudora and First Construction of Lawrence with “all in” costs totaling \$9,275,979. Benchmark Construction priced the parking level at their high range of \$1,025,910. Extrapolating costs from the B. A. Green proposal for the subterranean parking structure, place the cost for it at \$1,138,020 or \$51,728 per space. This project will provide for an estimated 100 full-time construction jobs at an average wage of \$45,500 per year. The project will take 12 months to complete.

Previously the City Commission has received emails on 6/25/15 and 9/27/15 advising them of the project and its municipal journey. Staff has been consulted along the way with regards to incentives available for this project. Once the estimated costs were presented from the B. A. Green Co. on November 6th, it became obvious that the cost of parking was at such an exorbitant amount per space that the project could not support it. Therefore, at this time, an application for Economics Development Support/Incentives is being submitted.

The long-term goal of downtown has always been to try to encourage new, mixed-use developments with the most emphasis on constructing new living units. This infill development provides for commercial space, living units, parking, but most of all approximately 30 new high tech office spaces, which will be supported by a common office infrastructure that will feature- high speed fiber in which high- tech entrepreneurs can prosper. Developments like this help support the call for a neighborhood grocery store downtown.

This development makes good economic sense for our city. Currently the two lots that comprise the site pay annual property taxes of \$5,977. The County Appraiser estimates the projected annual property taxes to range from \$131,388 to \$209,462 per year once the building is completed. Therefore, completion of this project assures the City of a nice increase to the tax base.

Addendum A: Applicant Request Letter and Incentives Application

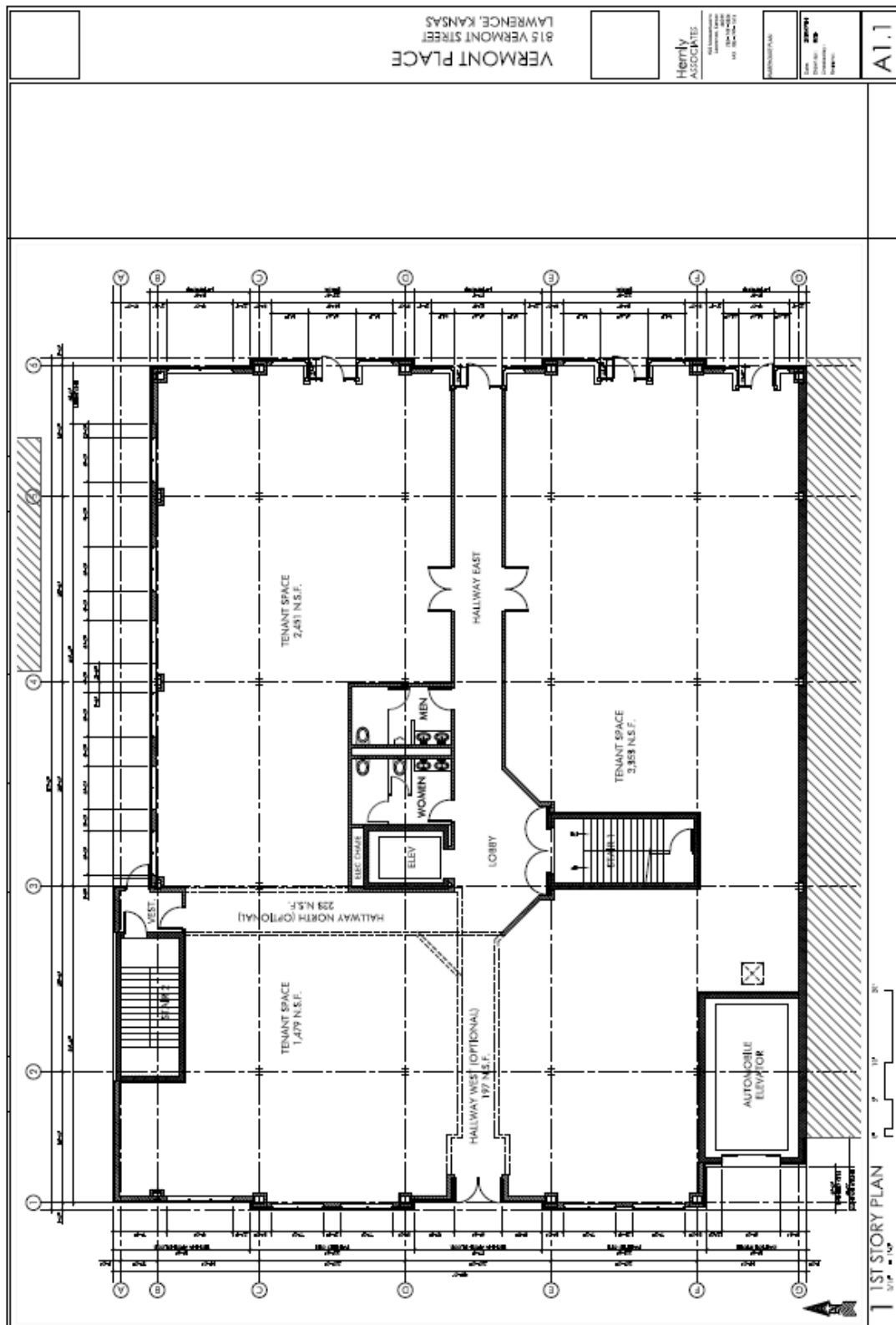
This project will definitely help support the long term viability of Downtown Lawrence, enhancing a soft area of Vermont Street. Currently, there are no living units on Vermont Street from 6th street to 11th street. By offering new living and commercial space opportunities and encouraging high tech entrepreneurship, this project will greatly contribute to the long term goal of sustaining Downtown Lawrence.

Addendum A: Applicant Request Letter and Incentives Application



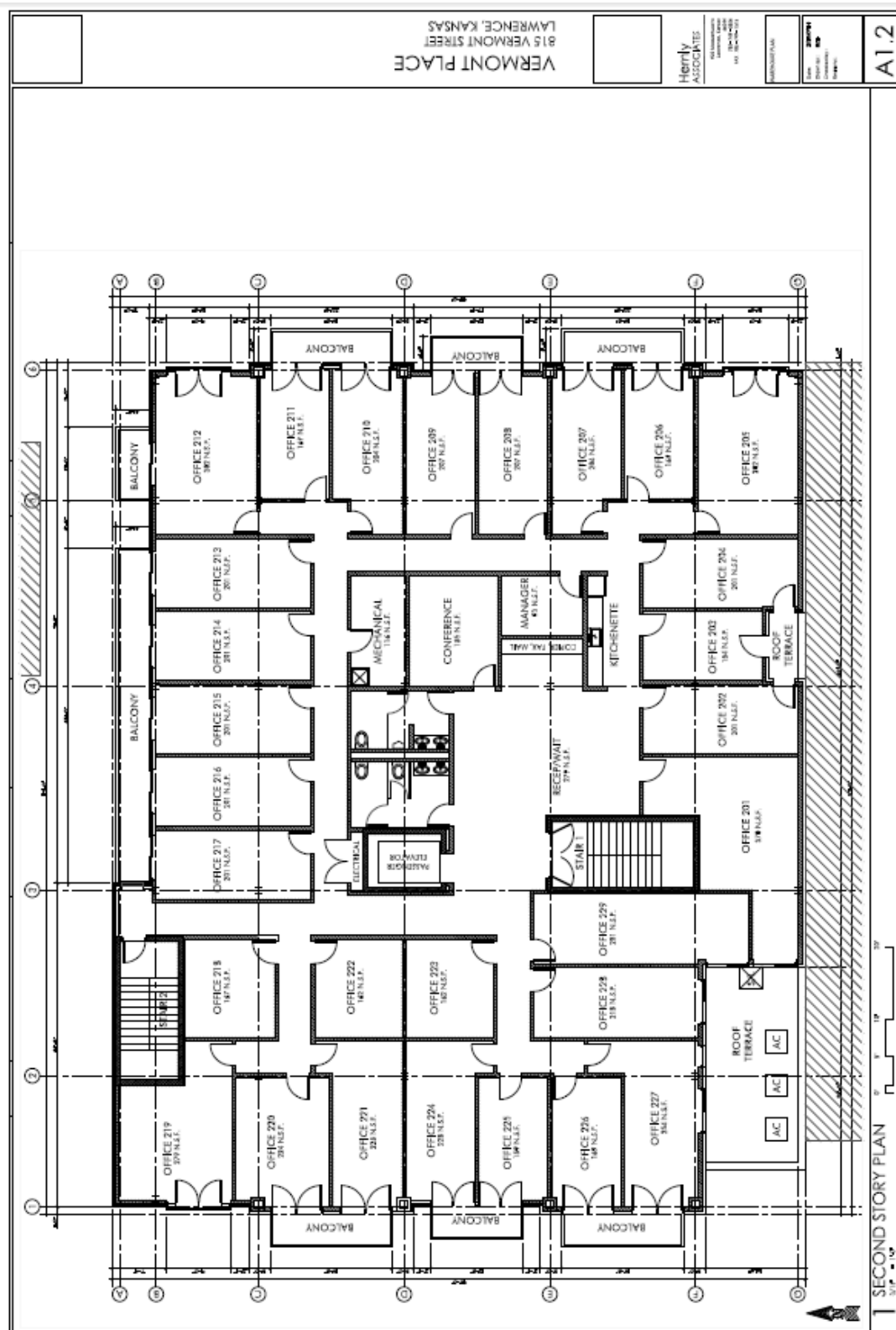
Vermont Place NRA & IRB Request

Addendum A: Applicant Request Letter and Incentives Application

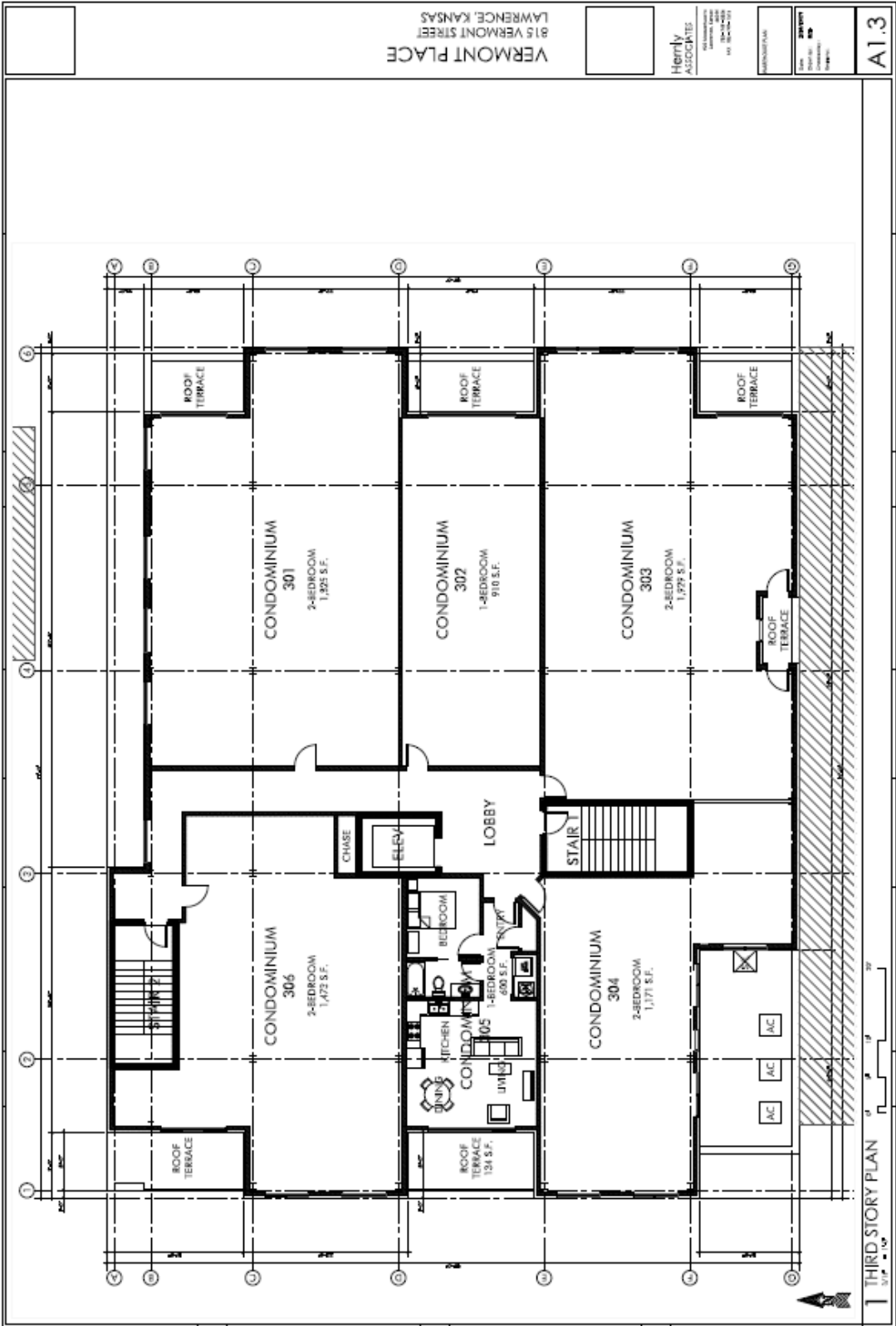


Vermont Place NRA & IRB Request

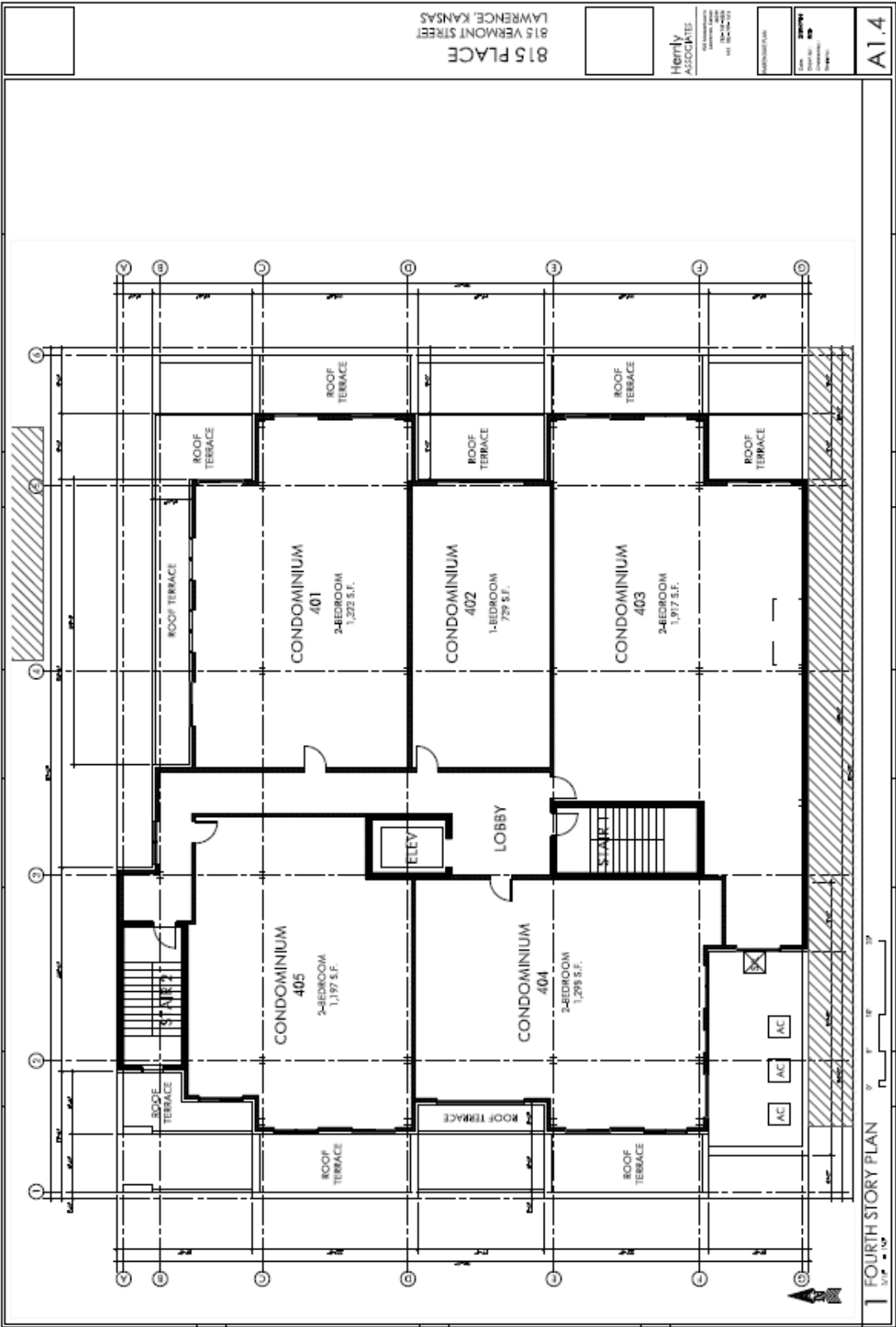
Addendum A: Applicant Request Letter and Incentives Application



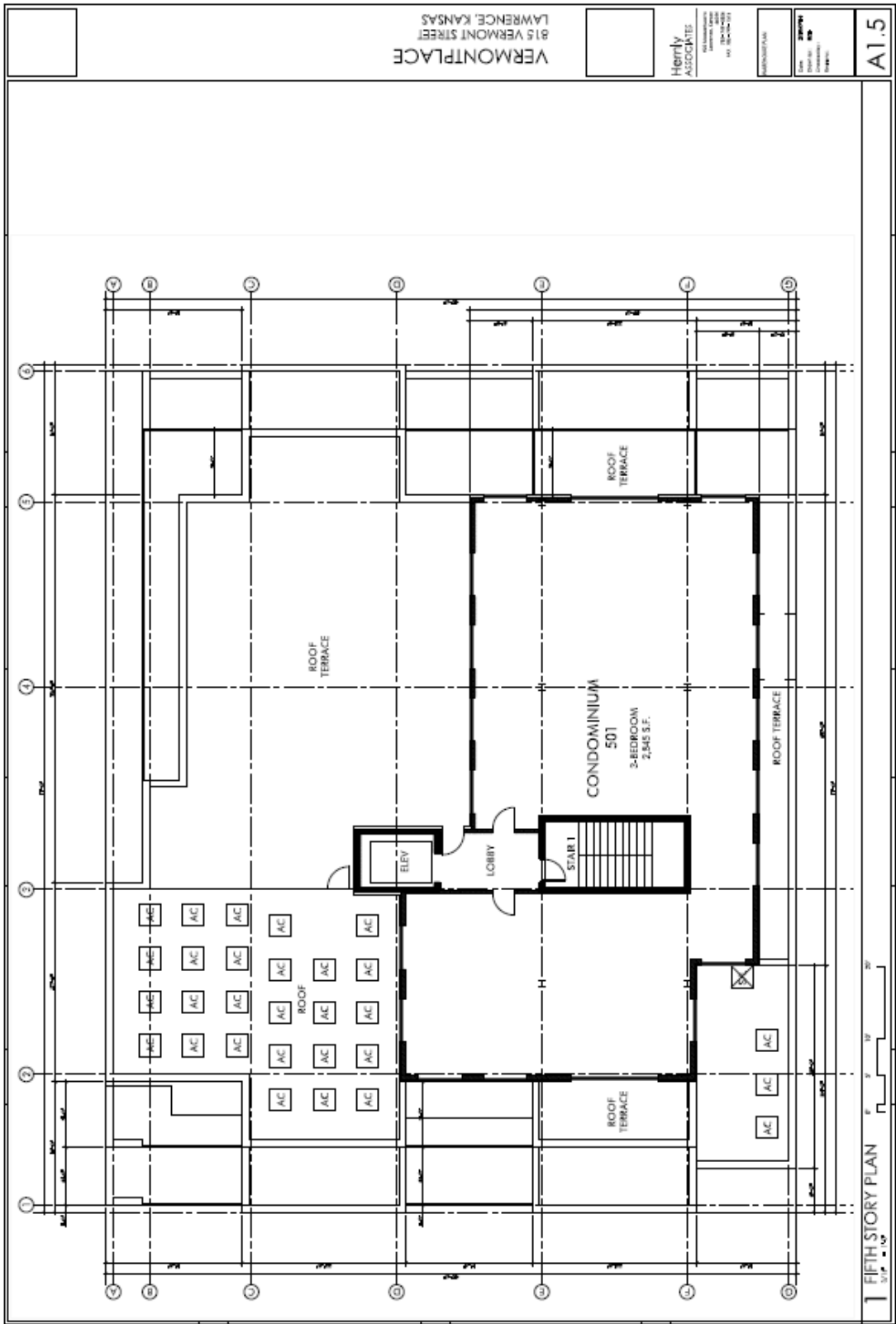
Addendum A: Applicant Request Letter and Incentives Application



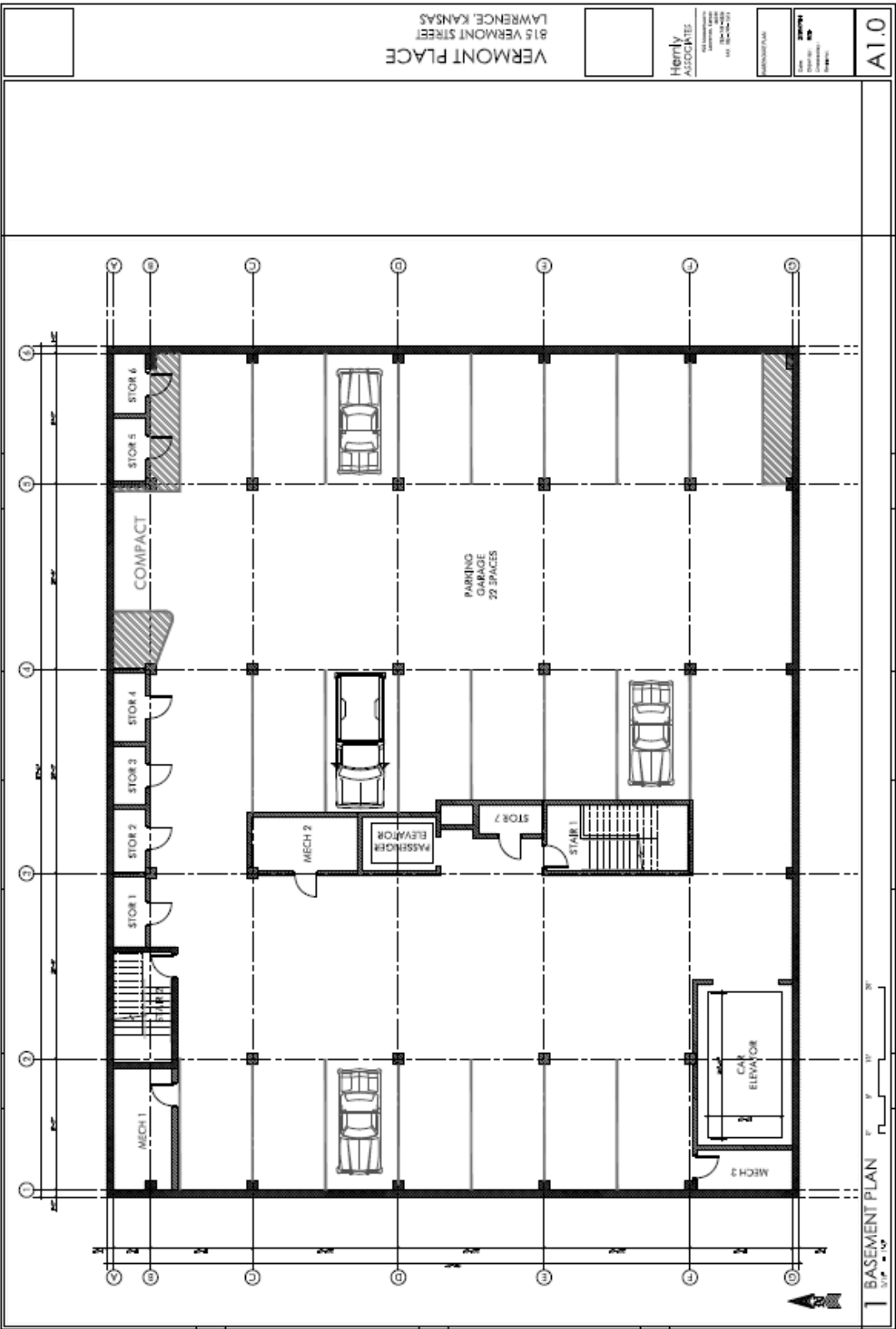
Addendum A: Applicant Request Letter and Incentives Application



Addendum A: Applicant Request Letter and Incentives Application



Addendum A: Applicant Request Letter and Incentives Application



Addendum B: Staff Memo on Project NRA Eligibility

Memorandum City of Lawrence City Attorney's Office

TO: City Commission
FROM: Toni R. Wheeler, City Attorney *trw*
C: Thomas M. Markus, City Manager
Diane Stoddard, Assistant City Manager
Britt Crum-Cano, Economic Development Coordinator
DATE: July 27, 2016
RE: Schumm Property Company's Application and Eligibility for Neighborhood Revitalization Act (NRA) Incentive

The City Commission requested our office provide an opinion on whether the application submitted by Robert and Sandra Schumm and Schumm Property Company is eligible for Neighborhood Revitalization Act (NRA) tax rebates under state law. We conclude the proposed project satisfies at least one of the conditions described in subsection (c) of K.S.A. 12-17,115, and amendments thereto. Provided the Governing Body finds the condition exists and that rehabilitation or redevelopment of the area is necessary to protect the public health, safety, or welfare of Lawrence residents, then the project will be eligible for the NRA incentive.

Brief Background of Neighborhood Revitalization Act (NRA)

The Kansas Legislature enacted the NRA in 1994. Its purpose is to improve blighted areas in municipalities by incentivizing property owners to improve their properties through the use of property tax rebates. Under the law, a municipality is authorized to designate an area as a neighborhood revitalization area and develop a corresponding revitalization plan for the area. A special fund is established and all or a portion of the increment in the ad valorem property taxes resulting from the taxpayer's improvements to his or her property in the designated area is credited to the fund. The tax increment (or percentage approved by the governing body) is returned to the taxpayer in the form of a rebate.

Neighborhood Revitalization Area Defined

The Act defines a neighborhood revitalization area as follows:

"Neighborhood revitalization area" means:

- (1) 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) an area which by reason of the presence of a substandard 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 or 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.”

K.S.A. 12-17,115(c).

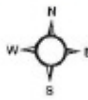
The proposed NRA area will comprise a single lot near the middle of the 800 block of Vermont Street. The land has been vacant since a 1990 fire destroyed an historic structure on the lot. A hair salon, bakery, restaurant, and extended stay hotel are located north of the subject lot; to its south is an office building that contains a law office, dental office, and an optometrist's office. The City's Carnegie Library is located on the south end of the block. A map is attached for your reference.

The vacant lot that is the subject of the Schumms' application meets the "incompatible land use relationships" condition identified in K.S.A. 12-17,115(c)(2). The subject lot is located amid an otherwise thriving commercial area, but has remained undeveloped and virtually useless for many years. As a vacant lot, the subject lot is incompatible with other land uses on the block and the commercial uses along Massachusetts Street. Since the area meets at least one of the conditions listed in the statute, it can be designated as a revitalization area if the governing body makes the necessary finding that the rehabilitation of the area is necessary to protect the welfare of the Lawrence residents.

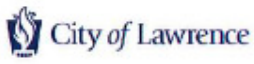
Please let me know if you need additional information.

Technical Report

Vermont Place NRA & IRB Request



815 Vermont Neighborhood Revitalization Area



Addendum C: 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.

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 D: 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

Vermont Place 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.

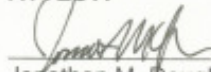
SECTION ELEVEN. This Ordinance shall take effect and be in force from and after its adoption and publication as provided by law.

Adopted this 18th day of May, 2010.

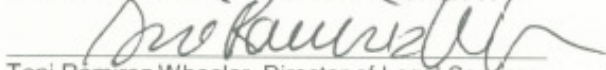
APPROVED:


Mike Amyx, Mayor

ATTEST:


Jonathan M. Douglass
City Clerk

APPROVED AS TO FORM AND LEGALITY:


Toni Ramirez Wheeler, Director of Legal Services

Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for Sales Tax Exemption

Project Summary

Capital Investment in Plant:	\$8,575,979
Annual Local Expenditures by Firm:	\$416,506
Retained Jobs (part-time):	0.5
Average Wage per Retained Job (part-time):	n/a Model does not consider impact of part-time jobs
Indirect Jobs Created:	0
Economic Value per Indirect Job:	\$0
Total New Households:	-
Discount Rate:	5.64%
Cost and Revenue Escalation:	1.00%
Number of Years Evaluated:	15

Incentives

IRB Offered	Y
Value of IRB Construction Sales Tax:	\$272,011 Does not include County Other sales tax (\$2,002)
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	\$1,013,295
Value of All Incentives Offered:	\$1,285,306
Value of All Incentives per Job per Year:	n/a Model does not consider impact of part-time jobs
Value of Incentives in Hourly Pay:	n/a Model does not consider impact of part-time jobs
Value of Incentives per Dollar Invested:	\$0.15

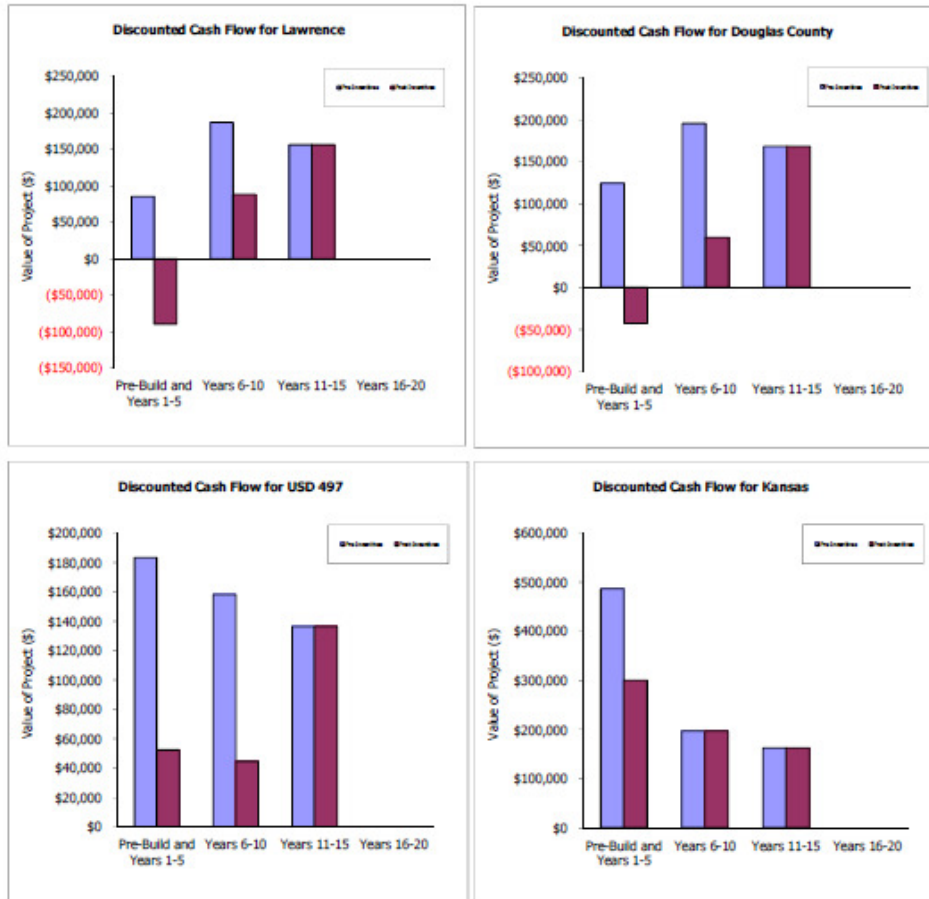
Summary of Results				
Returns for Jurisdictions	Lawrence	Douglas County	USD 497	State of Kansas
Revenues	\$936,394	\$931,729	\$739,503	\$1,179,218
Costs	\$210,520	\$125,983	\$0	\$0
Revenue Stream, Pre-Incentives	\$725,874	\$805,746	\$739,503	\$1,179,218
Value of Incentives Offered	\$351,333	\$406,289	\$330,879	\$196,805
Revenue Stream with Incentives	\$374,542	\$399,457	\$408,623	\$982,413
Returns for Jurisdictions, Discounted	Lawrence	Douglas County	USD 497	State of Kansas
Discount Rate	5.64%			
Discounted Cash Flow, Without Incentives	\$428,470	\$488,393	\$477,972	\$846,094
Benefit/Cost Ratio, Without Incentives	3.15	5.10	n/a	n/a
Discounted Cash Flow, With Incentives	\$155,208	\$185,489	\$233,128	\$659,791
Benefit/Cost Ratio, With Incentives	1.78	2.56	n/a	n/a

Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for Sales Tax Exemption

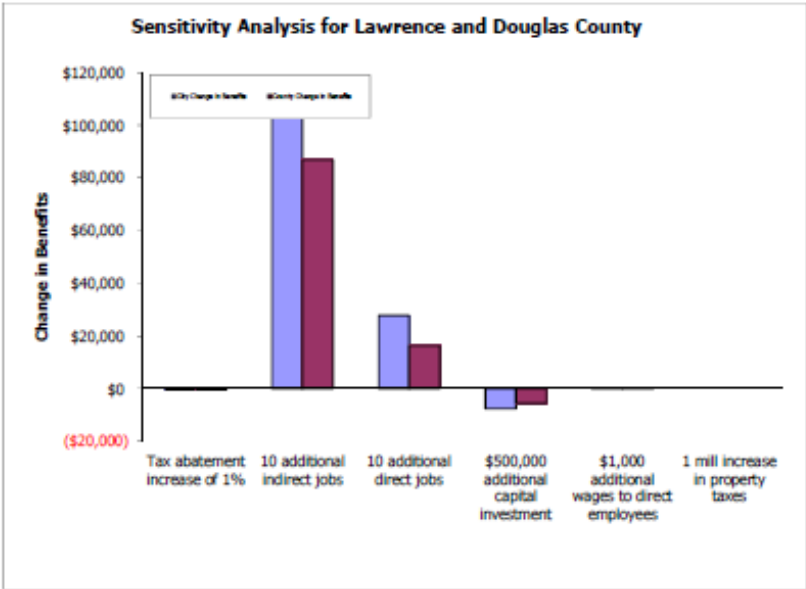
Graphs of Benefits and Costs by Time Period, with and Without Abatement



Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project
Scenario: 75%, 10-Year NRA Rebate, IRB for Sales Tax Exemption

Sensitivity Analysis



Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$109,991	(\$210,520)	(\$89,686)	(\$190,215)	(\$190,215)
2	\$52,926	\$0	(\$26,095)	\$26,832	(\$163,383)
3	\$54,026	\$0	(\$26,796)	\$27,229	(\$136,154)
4	\$55,150	\$0	(\$27,516)	\$27,635	(\$108,519)
5	\$56,301	\$0	(\$28,253)	\$28,048	(\$80,471)
6	\$57,477	\$0	(\$29,009)	\$28,468	(\$52,003)
7	\$56,676	\$0	(\$29,783)	\$26,893	(\$25,110)
8	\$57,212	\$0	(\$30,577)	\$26,635	\$1,524
9	\$58,444	\$0	(\$31,391)	\$27,053	\$28,577
10	\$59,705	\$0	(\$32,226)	\$27,479	\$56,057
11	\$60,995	\$0	\$0	\$60,995	\$117,052
12	\$62,315	\$0	\$0	\$62,315	\$179,366
13	\$63,666	\$0	\$0	\$63,666	\$243,032
14	\$65,048	\$0	\$0	\$65,048	\$308,080
15	\$66,462	\$0	\$0	\$66,462	\$374,542
16	\$0	\$0	\$0	\$0	\$374,542
17	\$0	\$0	\$0	\$0	\$374,542
18	\$0	\$0	\$0	\$0	\$374,542
19	\$0	\$0	\$0	\$0	\$374,542
20	\$0	\$0	\$0	\$0	\$374,542

Douglas County: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$68,066	(\$125,983)	(\$45,927)	(\$103,844)	(\$103,844)
2	\$52,283	\$0	(\$35,940)	\$16,343	(\$87,500)
3	\$53,591	\$0	(\$36,906)	\$16,685	(\$70,816)
4	\$54,932	\$0	(\$37,897)	\$17,035	(\$53,781)
5	\$56,306	\$0	(\$38,913)	\$17,393	(\$36,387)
6	\$57,714	\$0	(\$39,953)	\$17,760	(\$18,627)
7	\$59,157	\$0	(\$41,020)	\$18,136	(\$491)
8	\$60,635	\$0	(\$42,114)	\$18,521	\$18,030
9	\$62,150	\$0	(\$43,235)	\$18,916	\$36,946
10	\$63,703	\$0	(\$44,384)	\$19,319	\$56,265
11	\$65,295	\$0	\$0	\$65,295	\$121,560
12	\$66,926	\$0	\$0	\$66,926	\$188,485
13	\$68,597	\$0	\$0	\$68,597	\$257,082
14	\$70,310	\$0	\$0	\$70,310	\$327,392
15	\$72,065	\$0	\$0	\$72,065	\$399,457
16	\$0	\$0	\$0	\$0	\$399,457
17	\$0	\$0	\$0	\$0	\$399,457
18	\$0	\$0	\$0	\$0	\$399,457
19	\$0	\$0	\$0	\$0	\$399,457
20	\$0	\$0	\$0	\$0	\$399,457

Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$41,073	\$0	(\$29,289)	\$11,784	\$11,784
2	\$42,125	\$0	(\$30,078)	\$12,047	\$23,831
3	\$43,204	\$0	(\$30,887)	\$12,317	\$36,147
4	\$44,309	\$0	(\$31,716)	\$12,593	\$48,740
5	\$45,443	\$0	(\$32,566)	\$12,876	\$61,617
6	\$46,604	\$0	(\$33,437)	\$13,167	\$74,783
7	\$47,795	\$0	(\$34,330)	\$13,464	\$88,248
8	\$49,015	\$0	(\$35,246)	\$13,769	\$102,017
9	\$50,266	\$0	(\$36,184)	\$14,082	\$116,099
10	\$51,548	\$0	(\$37,145)	\$14,403	\$130,502
11	\$52,862	\$0	\$0	\$52,862	\$183,364
12	\$54,209	\$0	\$0	\$54,209	\$237,573
13	\$55,590	\$0	\$0	\$55,590	\$293,163
14	\$57,005	\$0	\$0	\$57,005	\$350,168
15	\$58,456	\$0	\$0	\$58,456	\$408,623
16	\$0	\$0	\$0	\$0	\$408,623
17	\$0	\$0	\$0	\$0	\$408,623
18	\$0	\$0	\$0	\$0	\$408,623
19	\$0	\$0	\$0	\$0	\$408,623
20	\$0	\$0	\$0	\$0	\$408,623

State of Kansas: Annual Results (not discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$317,146	\$0	(\$196,805)	\$120,342	\$120,342
2	\$54,993	\$0	\$0	\$54,993	\$175,335
3	\$55,926	\$0	\$0	\$55,926	\$231,262
4	\$56,878	\$0	\$0	\$56,878	\$288,140
5	\$57,849	\$0	\$0	\$57,849	\$345,988
6	\$58,839	\$0	\$0	\$58,839	\$404,828
7	\$59,850	\$0	\$0	\$59,850	\$464,677
8	\$60,881	\$0	\$0	\$60,881	\$525,558
9	\$61,933	\$0	\$0	\$61,933	\$587,490
10	\$63,006	\$0	\$0	\$63,006	\$650,496
11	\$64,101	\$0	\$0	\$64,101	\$714,598
12	\$65,219	\$0	\$0	\$65,219	\$779,817
13	\$66,360	\$0	\$0	\$66,360	\$846,177
14	\$67,524	\$0	\$0	\$67,524	\$913,701
15	\$68,712	\$0	\$0	\$68,712	\$982,413
16	\$0	\$0	\$0	\$0	\$982,413
17	\$0	\$0	\$0	\$0	\$982,413
18	\$0	\$0	\$0	\$0	\$982,413
19	\$0	\$0	\$0	\$0	\$982,413
20	\$0	\$0	\$0	\$0	\$982,413

Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$104,122	(\$199,287)	(\$84,901)	(\$180,065)	(\$180,065)
2	\$47,429	\$0	(\$23,384)	\$24,045	(\$156,021)
3	\$45,831	\$0	(\$22,732)	\$23,099	(\$132,921)
4	\$44,288	\$0	(\$22,096)	\$22,192	(\$110,729)
5	\$42,800	\$0	(\$21,478)	\$21,322	(\$89,408)
6	\$41,362	\$0	(\$20,876)	\$20,487	(\$68,921)
7	\$38,610	\$0	(\$20,290)	\$18,320	(\$50,601)
8	\$36,895	\$0	(\$19,719)	\$17,176	(\$33,424)
9	\$35,679	\$0	(\$19,164)	\$16,515	(\$16,909)
10	\$34,504	\$0	(\$18,623)	\$15,880	(\$1,029)
11	\$33,368	\$0	\$0	\$33,368	\$32,339
12	\$32,271	\$0	\$0	\$32,271	\$64,611
13	\$31,211	\$0	\$0	\$31,211	\$95,822
14	\$30,187	\$0	\$0	\$30,187	\$126,010
15	\$29,198	\$0	\$0	\$29,198	\$155,208
16	\$0	\$0	\$0	\$0	\$155,208
17	\$0	\$0	\$0	\$0	\$155,208
18	\$0	\$0	\$0	\$0	\$155,208
19	\$0	\$0	\$0	\$0	\$155,208
20	\$0	\$0	\$0	\$0	\$155,208

Douglas County: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$64,434	(\$119,260)	(\$43,476)	(\$98,303)	(\$98,303)
2	\$46,852	\$0	(\$32,207)	\$14,646	(\$83,657)
3	\$45,462	\$0	(\$31,308)	\$14,154	(\$69,503)
4	\$44,113	\$0	(\$30,433)	\$13,680	(\$55,823)
5	\$42,804	\$0	(\$29,581)	\$13,222	(\$42,601)
6	\$41,533	\$0	(\$28,752)	\$12,781	(\$29,820)
7	\$40,300	\$0	(\$27,945)	\$12,355	(\$17,465)
8	\$39,103	\$0	(\$27,159)	\$11,944	(\$5,521)
9	\$37,941	\$0	(\$26,394)	\$11,547	\$6,027
10	\$36,814	\$0	(\$25,650)	\$11,165	\$17,191
11	\$35,720	\$0	\$0	\$35,720	\$52,912
12	\$34,659	\$0	\$0	\$34,659	\$87,571
13	\$33,629	\$0	\$0	\$33,629	\$121,200
14	\$32,629	\$0	\$0	\$32,629	\$153,829
15	\$31,659	\$0	\$0	\$31,659	\$185,489
16	\$0	\$0	\$0	\$0	\$185,489
17	\$0	\$0	\$0	\$0	\$185,489
18	\$0	\$0	\$0	\$0	\$185,489
19	\$0	\$0	\$0	\$0	\$185,489
20	\$0	\$0	\$0	\$0	\$185,489

Addendum E: Detailed CBA Model Results

Cost-Benefit Model Results: Vermont Place project

Scenario: 75%, 10-Year NRA Rebate, IRB for 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	\$38,881	\$0	(\$27,726)	\$11,155	\$11,155
2	\$37,750	\$0	(\$26,954)	\$10,796	\$21,951
3	\$36,650	\$0	(\$26,202)	\$10,448	\$32,399
4	\$35,583	\$0	(\$25,470)	\$10,113	\$42,512
5	\$34,545	\$0	(\$24,757)	\$9,789	\$52,300
6	\$33,538	\$0	(\$24,063)	\$9,475	\$61,775
7	\$32,559	\$0	(\$23,387)	\$9,172	\$70,948
8	\$31,609	\$0	(\$22,729)	\$8,880	\$79,828
9	\$30,686	\$0	(\$22,089)	\$8,597	\$88,424
10	\$29,790	\$0	(\$21,466)	\$8,323	\$96,748
11	\$28,919	\$0	\$0	\$28,919	\$125,667
12	\$28,073	\$0	\$0	\$28,073	\$153,740
13	\$27,252	\$0	\$0	\$27,252	\$180,992
14	\$26,455	\$0	\$0	\$26,455	\$207,447
15	\$25,681	\$0	\$0	\$25,681	\$233,128
16	\$0	\$0	\$0	\$0	\$233,128
17	\$0	\$0	\$0	\$0	\$233,128
18	\$0	\$0	\$0	\$0	\$233,128
19	\$0	\$0	\$0	\$0	\$233,128
20	\$0	\$0	\$0	\$0	\$233,128

State of Kansas: Annual Results (discounted)					
Year	Revenues	Costs	Incentives	Net	Cumulative
Pre-Operation	\$0	\$0	\$0	\$0	\$0
1	\$300,224	\$0	(\$186,303)	\$113,920	\$113,920
2	\$49,281	\$0	\$0	\$49,281	\$163,202
3	\$47,443	\$0	\$0	\$47,443	\$210,645
4	\$45,676	\$0	\$0	\$45,676	\$256,320
5	\$43,977	\$0	\$0	\$43,977	\$300,297
6	\$42,343	\$0	\$0	\$42,343	\$342,640
7	\$40,772	\$0	\$0	\$40,772	\$383,411
8	\$39,261	\$0	\$0	\$39,261	\$422,673
9	\$37,808	\$0	\$0	\$37,808	\$460,481
10	\$36,411	\$0	\$0	\$36,411	\$496,892
11	\$35,068	\$0	\$0	\$35,068	\$531,960
12	\$33,775	\$0	\$0	\$33,775	\$565,735
13	\$32,532	\$0	\$0	\$32,532	\$598,267
14	\$31,337	\$0	\$0	\$31,337	\$629,604
15	\$30,187	\$0	\$0	\$30,187	\$659,791
16	\$0	\$0	\$0	\$0	\$659,791
17	\$0	\$0	\$0	\$0	\$659,791
18	\$0	\$0	\$0	\$0	\$659,791
19	\$0	\$0	\$0	\$0	\$659,791
20	\$0	\$0	\$0	\$0	\$659,791

Addendum F: 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, Senior Director, National Development Council

RE: Gap Financing Analysis for Proposed Mixed-Use Development at 815 Vermont Street

Pursuant to its agreement with the City, the National Development Council (NDC) has analyzed a request by the Schumm Property Company, LLC (hereinafter, the "Developer") 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 815 Vermont Street (the "Project"). The Project will redevelop two vacant parcels of land owned by the Developer into a five-story mixed-use building that will include:

- One level of underground parking with 22 spaces
- A first floor designed for retail, restaurant and commercial uses with 7,788 square feet of leasable space
- A second floor with 6,504 square feet of leasable space that will be divided into approximately 30 individual offices of 150-300 square feet each.
- Three floors (#3, #4 and #5) of for-sale residential condominiums totaling 12 units
 - The unit mix is currently configured as:
 - One Bedroom – 3 units
 - Two Bedroom – 8 units
 - Three Bedroom – 1 unit
 - A 600 square foot, one-bedroom unit on the 3rd floor will be fully finished and its sale will be restricted to income-qualified households.
 - The remaining 11 units will vary in size from 739 to 2,845 square feet and will be sold partially finished. Final finishes will be the responsibility of the condo buyers and are estimated to range in cost from \$100 To \$200 per square foot.

NDC has discussed the Project with the Developer on multiple occasions over the past two months in person, by phone and via email. The Developer has supported its assumptions and

projections on the Project's development costs, condominium sales proceeds and operating 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 its request for NRA and IRB incentive financing and NDC's analysis of the request:

- A Development Budget based on:
 - Architectural designs by Hernly Associates of Lawrence. The designs are characterized by the Developer as having progressed through the schematic stage and ready to move into the design-development and construction documents stages.
 - Multiple preliminary construction estimates, based on the schematic designs and prepared by:
 - First Construction LLC of Lawrence
 - RF Benchmark Construction of Eudora and Manhattan, Kansas
 - B. A. Green Construction of Lawrence
 - Bid comparisons compiled by the Developer
 - Soft cost estimates completed by the Developer and supported with average cost documentation from the Developer and Project design team.
- Proforma statements of annual operating revenues and expenses (the Proforma) that were supported by:
 - Rent and vacancy surveys of the Lawrence market prepared by Collier's International (2016 Lawrence Market Snapshot)
 - Rent rolls and associated lease rates for the Developer's existing multiple tenant, small office space on Massachusetts Street.
 - Developer estimates of Common Area Maintenance (CAM) expenses by floor
 - Absorption and associated vacancy rates provided by the Developer as refined through requests from NDC.
 - Property tax estimates prepared by the Developer as advised by the County Appraiser's office.
- Projected gross and net condominium sales proceeds and a three-year sales schedule prepared by the Developer and refined during the course of the review given design changes and additional documentation on sales in the Lawrence market, comparisons of amenities and broker opinions.

Technical Report

Vermont Place NRA & IRB Request

815 Vermont
October 3, 2016
Page 3

- A letter of interest with preliminary terms for commercial financing from Corner Bank of Lawrence dated May 2, 2016. Additional detail on bank underwriting criteria and terms was provided by Corner Bank by email, dated August 4, 2016, in response to questions from NDC that were conveyed by the Developer.
- Project narratives from the Developer describing the development team and the Project's components and benefits.

Documentation that has not yet been available for review includes:

- A detailed appraisal report (FIRREA-compliant) that provides:
 - A third party opinion on the Fair Market Value of the proposed Project
 - Verification of estimates of revenues, expenses and vacancy rates for the retail and commercial space
 - Verification of residential condominium sale prices per square foot and likely absorption rates.
- A final commitment letter and term sheet from the Project's senior lender.

NDC's analysis of the Project's proposed financing sources and uses, projected net operating revenue, net condominium sales proceeds, property appreciation and associated returns on invested equity suggests that a NRA rebate of 75% of available property tax increment over 10 years, combined with an IRB sales tax exemption on eligible project costs is reasonable. The reasonableness of the requests has been evaluated given the following:

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



	Amount	% of Total
Total Project Costs	\$9,275,979	100.00%
Project Sources		
Projected Bank Loan	\$3,404,489	36.70%
Net Condominium Sales Proceeds	\$3,616,086	38.99%
Required from Developer	\$2,255,404	24.31%
Total Sources	\$9,275,979	100.00%

- 2) The estimated permanent bank debt projected by the Developer, \$3,404,489, exceeds NDC's projection of debt capacity by \$473,367 given the Developer's projected operating

proforma and underwriting criteria (1.25 debt coverage ratio, 80% loan to value) proposed by the prospective lender's preliminary term sheet.

- a. The interest rates modeled in NDC's analysis start with the lender's current proposed rate of 4.25% and increase to 5.50% given a projected refinance of the outstanding principal at the end of Year 5 of operations.
 - b. The maximum projected loan amount is also influenced by the capitalization rate. This rate has been identified by area appraisers for other observed sales and for proposed projects in the 7.0-7.77% range, depending on their location, proposed uses, and other factors. NDC's analysis projects a capitalization rate at the lower end of this range given the Project's favorable location. The final capitalization rate will be determined by the appraisal report.
 - c. Pending completion of the appraisal report, the Developer has done a thorough job of documenting prevailing lease rates in the Lawrence market and associated Project revenues and expenses. The projected rents for the first and second floors of the project appear to be in the upper range for similar space in Downtown Lawrence.
- 3) The anticipated presales and sales of the 12 residential condominiums provide \$3,616,086 in financing that reduces debt, equity and gap financing requirements.
- a. The unfinished market rate condominiums are projected to sell for \$225 per square foot.
 - b. The finished, affordable unit is projected to sell for approximately \$158 per square foot for a total price of \$95,000. The provision of the affordable unit reduces the Developer's sales proceeds, net of realtor/broker charges, by approximately \$38,000 and the estimated finishing costs of \$100 per square foot brings the total additional cost of the unit to \$98,000.
 - c. The appraisal report ordered by the Project's senior lender will verify or advise adjustments to net condominium sales proceeds.
- 4) The Developer, using construction estimates provided by the three firms identified above, has estimated that the incremental cost of the underground parking is \$1,138,020. While the Developer has noted that few developments in the area provide underground parking, the appraisal report should assign value to this amenity that can positively impact the Project's commercial lease rates and condominium sale prices.
- 5) The NRA incentive, according to an opinion issued by the Attorney General of Kansas, is only payable to the owner of the property that is responsible for the taxes. With the sale of each condominium, the ownership of the unit would pass from the Developer to the buyer. The

Developer has indicated that it will require the assignment of any NRA rebate for each condo unit back to the Developer as part of its sales agreements.

- a. Because the market rate residential condos will be sold without final finishes, and the Developer estimates that finishing costs will average \$100 to \$200 per square foot, NDC's analysis added an additional \$1.58 million, or \$100 per square foot, in appraised residential value to the sales prices for the Project to determine the valuation for property tax estimates.
 - b. With the addition of the value of the residential finishes, and the assumed ability of the Developer to receive assignments of the individual condo owner rebates, the Developer's initial consideration of a NRA rebate of 85% for the total project with the unfinished sales was adjusted down to a 75% rebate based on the estimated assessment on the completed and fully-valued residential condos.
 - c. Returns to the Developer associated with this 75% NRA rebate are outlined below. If the Developer is not able to take an assignment of the residential condominium property tax rebates, the estimated rebate in Year 1 would drop by over 50% from \$106,758 to \$45,561. Given this reduction, the returns on invested equity outlined in the following section, would drop dramatically.
- 6) The Developer's commitment of an equity contribution of \$2,255,404 was sized based on the difference between projected project costs and the combination of projected bank financing and net sales proceeds.
- a. Given a 10-year rebate of 75% of the available increment in the completed Project's property taxes and an IRB exemption of sales taxes on eligible 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 7.94%.
 - 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 an 8.0% to 10% IRR would be an appropriate range for investments in and near the Massachusetts Street business district. The projected return of 7.94% is just below the bottom of this range.
 - ii. If the NRA incentives were reduced to 50% for ten years, the estimated IRR would decline to 7.39%. Without any level of NRA incentives, the estimated IRR would fall to 6.36%.

- iii. The discounted value of the 75%NRA incentive over 10 years, given a target IRR of 8%, is approximately \$795,897. The undiscounted rebates would total \$1,206,052.
 - b. The estimated IRB incentive totals \$274,013 and reduces the need for an equal amount of additional Developer equity. Without the IRB incentive, but with a 75% NRA rebate for 10 years, the Developer's estimated IRR would decrease to 7.23%.
 - c. Absent both the NRA and IRB incentives, the estimated IRR would decrease to 5.78%.
- 7) Without the 75% NRA and IRB incentives, the Project's financing gap can be estimated by subtracting the projected net sales proceeds and its calculated debt and equity capacity from total project costs as follows:
- a. If 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 9% (the middle of the target range); then,
 - c. Without the NRA incentives outlined above, the project would face an estimated financing gap of \$1,246,492.
 - d. If the IRB incentive is also withdrawn, the estimated financing gap would increase to \$1,520,505.

Conclusion: The documents, discussions and responses presented by the Developer in support of its request for incentives, as outlined above, demonstrate that a 75% NRA rebate and approval of IRBs to exempt eligible sales taxes are reasonable and help to avoid financing gaps that could make the project economically unfeasible and unlikely to proceed. If the appraisal report for financing, final terms for the senior debt, updated project costs and projected net sales proceeds are substantially different from what the Developer has projected, NDC will review this evaluation as requested by the City.

Addendum G: 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, or 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
NRA & IRB Process Calendar (2017)

Date/Location	Event	Parties	Status/Notes
July 6, 2017	Gap Analysis	NDC/Applicants	Done
July 6, 2017	CBA Analysis	City/Applicants	Done
	Technical Summary Report	City	
n/a AHAB City Commission Room, City Hall	Affordable Housing Advisory Board	City and Applicant	Nothing changed for AH
July 11, 2017 (Tuesday) City Commission Room, City Hall, 5:45 pm	City Commission meeting: Discussion on reconsideration of Vermont St Project. If appropriate refer to PIRC and set date for public hearing on	City and Applicant	Done Critical for Applicant to Attend NDC to Attend
August 23, 2017 (Wednesday)	Notify USD 497 and Douglas County of NRA item discussions and determine how they wish to process request	City	Done: Emailed 8-23-18
September 14, 2017 (Thursday) PIRC City Manager's Conf. Room, City Hall, 1:00-2:00 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
September 1, 2017 (Friday)	Publish Notice of Public Hearing (2 consecutive weeks)	City	Done: Affidavit received 9-12-17. <i>Publish 1X/week for two consecutive weeks.</i>
September 11, 2017 (Monday)			
September 19, 2017 (Tuesday) City Commission Room, City Hall, 5:45 pm	Public Hearing: Open & continue to October 3, 2017.	City and Applicant	
October 3, 2017 (Tuesday) City Commission Room, City Hall, 5:45 pm	Public Hearing: City Commission meeting (1st Reading):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 Bonds for a sales tax exemption on project construction materials.	City and Applicant	Critical for applicant to attend NDC to attend
October 2, 2017 (Monday)	Deadline for School Board packet.	City	Done: Materials sent 8-23-17. <i>USD 497 requires materials by the Monday before the School Board meets</i>
October 9, 2017 (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
October 6, 2017 (Friday)	Deadline for County Commission packet	City	Done: Materials sent 8-23-17. <i>County Commission requires materials by the Friday before the County meets</i>
October 11, 2017 (Wednesday) County Courthouse 2nd Floor Courtroom, 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
November 7, 2017 (Tuesday) City Commission Room, City Hall, 5:45 pm	City Commission meeting (2nd Reading): adopt second reading ordinance establishing the NRA	City and Applicant	<i>Typically on consent agenda</i>
XXX	Construction Commences	Applicant	
XXX	Publish IRB Notice of Intent	City (G&B)	<i>Publish after Res of Intent adopted, only if project is anticipated to have retail. Notice can be published prior to approval of Resolution of Intent or it must be published at least 7 days prior to adoption of Bond Ordinance. Completed: LJW publication on _____</i>

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 6, 2017
RE: City Commission request for Vermont Place NRA Plan revisions

In response to a request made by the City Commission at the Vermont Place public hearing held on October 3, 2017, legal staff has revised the corresponding NRA plan adding language to tighten up restrictions on the Applicant's private residential use within the project. Below shows original and revised language for the NRA Plan:

Original Plan language:

The Schumms, the Developer, and their affiliates by whatever name or form shall be ineligible for a NRA Tax Rebate on any Parcel Unit within the Neighborhood Revitalization Area used by the Schumms as a personal residence, *i.e.*, as a place where the Schumms or their guests engage in activities associated with a personal residence and daily living, such as cooking, sleeping, bathing, etc.

Revised Plan language:

The Schumms, the Developer, and their affiliates, by whatever name or form, shall be ineligible for an NRA Tax Rebate on any Parcel Unit within the Neighborhood Revitalization Area used by the Schumms as a personal residence, *i.e.*, as a place where the Schumms or their guests engage in activities associated with a personal residence and daily living, such as cooking, sleeping, bathing, *etc.*, regardless of whether the Schumms, the Developer, or their affiliates, own, lease, or let the Parcel Unit, regardless of whether any consideration is given therefor, and regardless of whether the Parcel Unit is used as a primary or secondary residence.

NEIGHBORHOOD REVITALIZATION PLAN

For Vermont Place

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Purpose and Factual Findings

This plan is intended to promote the revitalization of an area (*see Part 1, infra*) of the City of Lawrence, Kansas (“the City”), through the rehabilitation, conservation, or redevelopment of the area, which will protect the public health, safety, and welfare of the residents of the City. More specifically, a tax rebate incentive will be made available for certain improvements within the area. The improvements are intended to include a multi-level, mixed-use commercial and residential project with underground parking.

In accordance with the provisions of the Neighborhood Revitalization Act of 1994, codified as amended at K.S.A. 12-17,114 *et seq.* (“the NRA”), the Governing Body of the City has held a public hearing and has considered the existing conditions and alternatives with respect to the designated area, the criteria and standards governing the issuance of tax rebates, and the necessity for interlocal cooperation among other taxing units. Accordingly, the Governing Body of the City has carefully reviewed, evaluated, and determined that the area in question meets one or more of the conditions of the NRA to be designated as a “Neighborhood Revitalization Area.”

Part 1
Legal Description of Neighborhood Revitalization Area

Block 2 Description: Lot Fifty-one (51) on Vermont Street, in the City of Lawrence, Douglas County, Kansas

Block 3 Description: The North 45 feet of Lot 53 on Vermont Street, in the City of Lawrence, Douglas County, Kansas

The above-described real property will be referred to as the “Area.” A map depicting the existing parcels of real estate in the Area is affixed hereto as Exhibit A and is 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 included in the Area, for each lot, separating land and building values, is as follows:

2016 Tax Information						
	Appraised			Assessed		
	Land	Improvements	Total	Land	Improvements	Total
800 Vermont Street, Block 2	\$234,000	\$0	\$234,000	\$28,080	\$0	\$28,080
800 Vermont Street, Block 3	\$222,300	\$0	\$222,300	\$26,676	\$0	\$26,676
Total	\$456,300	\$0	\$456,300	\$54,756	\$0	\$54,756

Part 3
Listing of Owners of Record in Area

The names and addresses of all owners of record of both lots of real estate, located within the Area, are as follows:

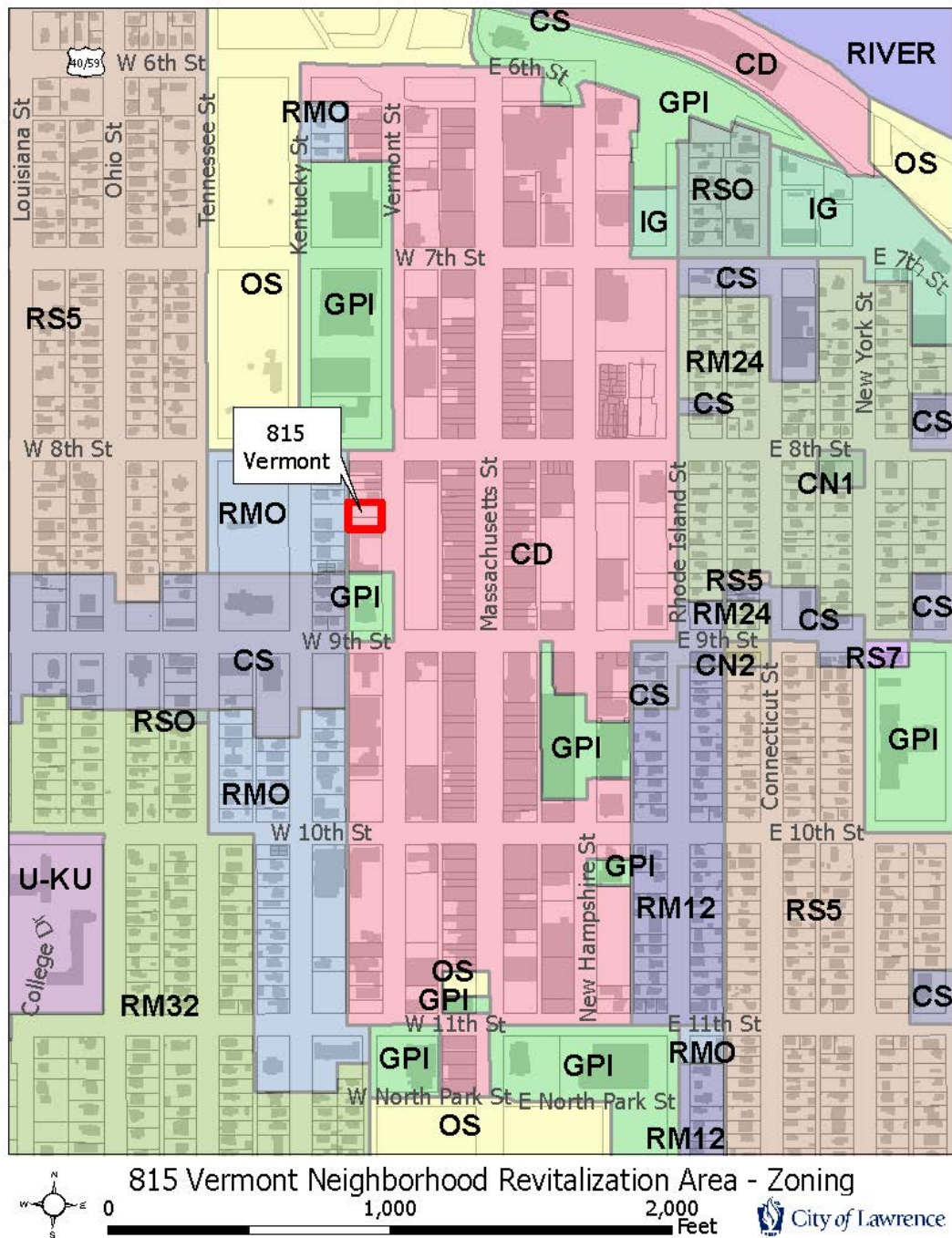
Robert J. Schumm and Sandra J. Schumm – 1720 St. Andrews Drive, Lawrence, KS 66047 (“the Schumms”).

The Schumms intend to cause Vermont Place, L.L.C., as the Developer, to establish condominiums in the structure to be constructed in the Area and to sell those condominiums as individual residential units.

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

A. Existing Zoning Classifications and Boundaries

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



B. Existing and Proposed Land Uses

The lots in the Area are currently undeveloped. Lot 51 of Vermont Street has been used for the last several years as a community garden. The County Appraisal land use records identify Lot 51 as vacant. The north 45 feet of Lot 53 is vacant and Lot 53 of Vermont Street is identified in the County Appraisal land use records as Vacant. The west sides of both lots, where they adjoin the alley, have informally been used from time to time for parking.

The lots in the Area are proposed to be developed with a five-story, mixed-use structure containing retail, office, and residential uses (“Project” or “Structure”). The proposed Structure will contain approximately 50,465 square feet and an underground parking garage that will accommodate approximately 22 automobiles. The overall height of the Structure will be 65 feet.

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. An underground parking garage is planned to provide 22 parking spaces to serve the residents within the Area.

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 Vermont Street. Vermont 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 and local 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 currently vacant land. Accordingly, only new construction in the Area is eligible for the NRA Tax Rebate.

Part 7 Criteria for Determination of Eligibility

The Area consists of two lots that will be developed by Vermont Place, L.L.C. (“the Developer”). The land and new construction within the Area will be eligible for NRA Tax Rebates. In order to be eligible for the NRA tax rebate, the Developer (1) shall pull a building permit for the Project within two years of the effective date of the Ordinance designating the NRA Area and (2) shall

obtain a Certificate of Occupancy as described in Part 11 of this Plan within two years of the date that the building permit is issued for the Project.

Part 8

Contents of Annual Application for Tax Rebate

The “Annual Application for Tax Rebate” shall be submitted by the owner of record of any Parcel Unit of property in the Area that is eligible for the NRA tax rebate. The land and the Structure generally will be referred to as the “Parent Parcel.” Individual condominium units will have discrete parcel numbers and will be considered separate parcels. Each separate parcel, including the Parent Parcel and each separate condominium unit, will be referred to as a “Parcel Unit.” The term “Owner” refers to the legal owner of record for a particular Parcel Unit.

The “Annual Application for Tax Rebate” must contain, at the least, the following:

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; and
10. The signature and date of the Owner certifying the accuracy and validity of the annual application for tax rebate.

The “Annual Application for Tax Rebate” form is affixed hereto as Exhibit B and is incorporated herein by reference.

Part 9

Procedure for Submission of an Application for Tax Rebate

Owners seeking an NRA tax rebate shall complete the “The Annual Application or Tax Rebate” (the form is affixed hereto as Exhibit B). The Annual Application for Tax Rebate, and supporting compliance documentation, shall be submitted annually to the City’s Economic Development Coordinator after property taxes have been paid in full.

Part 10

Standards and Criteria for Review and Approval of Annual Application for Tax Rebate

1. The Parcel Unit, for which an NRA tax rebate is requested, shall comply with all applicable federal, state, and local laws, codes, and regulations in effect at the time the improvements are made and shall remain in compliance with applicable laws, codes, and regulations for the duration of the NRA Tax Rebate Period or the NRA Tax Rebate may be terminated.

2. The Developer shall comply with the Affordable Housing Requirements, as set forth herein, and shall remain in compliance therewith for the duration of the NRA Tax Rebate Period or the NRA Tax Rebate may be terminated. The Developer shall timely provide the City with any information or records reasonably requested by the City to document compliance with the Affordable Housing Requirements.

Affordable Housing Requirements:

The Developer shall make one, one-bedroom, fully-finished, residential unit (“affordable unit”) available for sale in conjunction with the Lawrence Community Housing Trust (LCHT), and said affordable unit shall be one of the first units completed by the Developer. The Developer shall sell the affordable unit directly to a buyer that meets the LCHT income guidelines. LCHT shall hold a second mortgage on the affordable unit in an amount equal to the difference between the market value of the affordable unit and the actual sale price. LCHT will provide a copy of said second mortgage to the City.

Lawrence’s Tenants to Homeowners, Inc., through LCHT, will ensure that the affordable unit remains affordable under the Tenants to Homeowners, Inc., guidelines in subsequent sales of the affordable unit. The LCHT will administer the income guidelines for said affordable unit. The Developer and the City shall have no obligations concerning overseeing such subsequent sales or ensuring that affordable housing requirements are met for any such subsequent sales.

The size of the affordable unit will be not less than 590 square feet and shall have use of one parking space within the Project’s underground parking garage.

The affordable unit shall sell for an “affordable price.” For the purposes of this Plan only, affordable price shall mean the lesser of the following: (1) \$96,900.00; or (2) an amount that will allow a household of one, at or under seventy-percent (70%) median income, to afford the mortgage payment, HOA fee, LCHT affordability fee (\$25.00 per month), and utilities for, at, or under thirty-percent (30%) of the purchaser’s monthly gross income.

The Developer will underwrite the cost of the affordable unit in the amount, approximately, of \$153,892.00.

The affordable unit shall remain affordable into perpetuity, which will be overseen by the LCHT, its successors, or its assigns.

The Developer shall not be eligible to apply for any NRA Tax Rebate until the affordable unit is complete and available for occupancy, as determined by the City.

3. Any Parcel Unit, for which tax payment(s) or special assessment(s) are delinquent, shall not be eligible for an NRA tax rebate until such time as all taxes and assessments for that Parcel Unit have been paid in full. Any taxes paid under protest for an eligible Parcel Unit will suspend the rebate for that Parcel Unit until the tax protest has been resolved. If the Owner of an eligible Parcel Unit appeals the appraised value of the Parcel Unit, no rebate associated with that Parcel Unit will be made to the Owner until there is a final adjudication of that appeal.

4. Following establishment of the increase in assessed value resulting from a specific improvement, the fixed tax rebate percentage shall be applied to any change in assessed value or mill levy during subsequent years (*See Part 11, infra*).
5. For the purposes of this Plan, the “Base Valuation” of a Parcel Unit, eligible for an NRA tax rebate, shall be calculated by dividing the Parcel Unit’s square footage by the gross square footage of the Project, as determined by the Douglas County Appraiser. The gross square footage of the Project will be determined at the time that the first Certificate of Occupancy is issued for any aspect of the Project. The County Appraiser may modify the gross square footage of the Project in subsequent years if the gross square footage of the Project is materially changed. For any individual Parcel Unit, other than the Parent Parcel, the square footage of the Parcel Unit will be determined at the time that that unit has been framed-in, with floors, walls, and ceilings in place (i.e., “white box”), and upon transfer of ownership. If the square footage of a Parcel Unit later changes (*e.g.*, if a Parcel is expanded or two Parcel Units are combined), then the County Appraiser may adjust the square footage attributable to said Parcel Unit(s).
6. If a Parcel Unit, for which an “Annual Application for Tax Rebate” has been filed, meets the eligibility and review criteria contained in this Plan for an NRA tax rebate, then the Economic Development Coordinator shall approve the application. If the Parcel Unit, for which an “Annual Application for Tax Rebate” has been filed, does not meet the eligibility and review criteria contained in this Plan for an NRA tax rebate, then the Economic Development Coordinator shall disapprove the application. If an applicant for an NRA tax rebate is aggrieved by the Economic Development Coordinator’s disapproval of an “Annual Application for Tax Rebate,” then the applicant may appeal said disapproval to the City’s Governing Body by filling a written Notice of Appeal with the Economic Development Coordinator. Said Notice of Appeal must be filed with the Economic Development Coordinator within 28 days of the date of the Economic Development Coordinator’s disapproval of the application and shall set forth, in detail, why the applicant believes the disapproval to be erroneous. The Governing Body shall hear any such appeal in a timely fashion thereafter and its decision shall be the final decision of the City.

Part 11

Statement Specifying Amount and Years of Eligibility of Rebate

Provided that the requirements of this Plan are satisfied, the Owner of each Parcel Unit will be eligible for a NRA tax rebate as set forth herein:

Program Period: The NRA fund and NRA tax rebate incentive program shall expire at the conclusion of the NRA Tax 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 NRA Tax Rebate Amount under this Plan or materially increases the Schumms’, the Developer’s, or any Owner’s obligations or duties under the Plan shall be effective without the affected entity’s prior written consent. If there is no tax increment generated for a specific Parcel Unit, due to a diminution of assessed values, no NRA Tax Rebate shall be provided for that Parcel Unit. The Schumms, the Developer, and all Owners shall receive at least thirty (30) days prior written notice of any proposed amendment or modification to the Plan.

Rebate Period: The NRA Tax Rebate Period shall commence on the first full year after Project Completion. For the purposes of this Plan, it is understood and agreed that Project Completion refers to the date when a Certificate of Occupancy is issued by the City for any portion of the Project and the same is filed with the Douglas County Appraiser. If individual condominium units remain unfinished within the Project after a Certificate of Occupancy has been issued for the Project, it shall have no effect on the NRA Tax Rebate Period.

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

Rebate Amount:

Residential: 75%

Commercial: 75%

The Schumms, the Developer, and their affiliates, by whatever name or form, shall be ineligible for an NRA Tax Rebate on any Parcel Unit within the Neighborhood Revitalization Area used by the Schumms as a personal residence, *i.e.*, as a place where the Schumms or their guests engage in activities associated with a personal residence and daily living, such as cooking, sleeping, bathing, *etc.*, regardless of whether the Schumms, the Developer, or their affiliates, own, lease, or let the Parcel Unit, regardless of whether any consideration is given therefor, and regardless of whether the Parcel Unit is used as a primary or secondary residence.

The Owners of the Parcel Units, at the time property taxes are paid in full, will be eligible for their respective share of an NRA Tax Rebate on the incremental taxes associated with improvements to the Area ("Tax Increment"). The Tax Increment will equal the property tax assessment against the Area for the first year after the improvements add to the assessed value of the Area (the first year of the Rebate Period) reduced by the property tax assessed against the Area for the base year (the year this Plan is approved). In other words, the base year assessed value will be determined without the value that the improvements add to the assessed value of the Area. The Tax Increment will be reassessed each year, based on the new appraised value for that particular tax year. In other words, the Area will be re-appraised each year. Then the fixed rebate percentage set forth in Section 10, Part 5 will be applied to any change in assessed value or mill levy during subsequent years for the NRA Tax Rebate Period, as outlined above.

Provided the requirements of this Plan have been satisfied, the specific NRA Tax Rebate amount for each eligible Parcel Unit will be determined based upon that Parcel Unit's relative square footage as a proportion of the gross square footage of the Structure.

Douglas County will retain an annual administrative fee of \$650.00 for each "Annual Application for Tax Rebate" filed.

Timing of Annual Tax Rebate Payment: Provided that the Owner of the Parcel Unit 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 Governing Body of the City, then, upon payment of property taxes in full by the Owner(s), the NRA Tax 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. If property taxes

are paid under protest, then the NRA Tax Rebate will not be paid until the next regular distribution date, following final resolution of the tax protest.

Part 12

Additional Requirements

1. This NRA Plan and NRA Tax Rebate Program are subject to approval of each local taxing unit: the City, Douglas County, and USD 497. The participating taxing units will enter into a cooperative agreement concerning the implementation of this Plan and the payment of NRA 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 affixed hereto as Exhibit C and is incorporated herein by reference. The City acknowledges and agrees that the base property value shall be based upon the appraised value determined by the Douglas County Appraiser in the year in which the Ordinance establishing the NRA first becomes effective (the year in which this Plan is approved).
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. For each subsequent Parcel Unit that is completed (*i.e.*, framed and finished to the "white box" stage), the Developer shall submit a subsequent Certificate of Project Completion for the Parcel Unit.
4. The Developer shall, within 10 days of closing the sale of a residential condominium unit or any other Parcel Unit within the Area, notify the City's Economic Development Coordinator of the name and contact information of the new Owner. The Developer shall additionally provide annual notification to the City's Economic Development Coordinator of the following information with respect to the Project: Parcel Unit Number; Parcel Unit Owner of Record, including name and contact information; Square Footage of the Parcel Unit; and Type of Use of the Parcel Unit. That information shall be provided on the form attached hereto as Exhibit E, which is incorporated herein by reference. If for any reason the Developer fails to provide that information to the City, then the individual Parcel Unit Owner must provide the information for the Owner's Parcel Unit(s). The information must be submitted to the City no later than November 1 of each year of the Plan or the Parcel Unit will not be eligible for the NRA Tax Rebate for the applicable tax year.
5. Construction or redevelopment activities must be located in the Area and begin after the effective date of the Ordinance establishing the Area to be eligible for the NRA Tax Rebate.
6. 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 or County be obligated to cover such rebates from other City or County funds.

7. Some improvements, regardless of cost, may not result in an increase in assessed value and thus would not make the property eligible for an NRA 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 Parcel Unit 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.

8. If this Plan is repealed or the rebate criteria changed, any Parcel Unit that has become eligible for an NRA Tax Rebate shall remain eligible for the remaining Term of the Plan, provided eligibility and review criteria, contained in this Plan for an NRA tax rebate, are otherwise satisfied.
9. 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 this NRA incentive.
10. To the extent any party determines that a party 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 cure any such default and to come into compliance with the terms of this Plan. Failure to cure in a timely fashion may be grounds for termination of this Plan or grounds for the injured party to seek an appropriate remedy at law or in equity.

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

Vermont Street Place 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
VERMONT PLACE**

THIS AGREEMENT ("Agreement") is entered into this ____ day of _____, 2017, by and between the City of Lawrence, Kansas ("City"), the Board of Commissioners of Douglas County, Kansas ("County"), and Unified School District No. 497, Douglas County, State of Kansas ("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.*

RECITALS

- A.** The Kansas Neighborhood Revitalization Act of 1994 ("NRA"), codified as amended at K.S.A. 12-17,114 *et seq.*, establishes a program whereby municipalities may provide certain incentives for property owners to improve aging and deteriorating property, to stimulate new construction, or to stimulate the rehabilitation, the conservation, or the redevelopment of an area, as a means to protect the public health, safety, and welfare of the residents of the municipality.
- B.** K.S.A. 12-17,119 provides that, when a Neighborhood Revitalization Area is established, all local taxing jurisdictions shall enter into agreements to address the rights and obligations of the Parties and to further the purposes of the NRA.
- C.** Here, there has been filed with the City, an application to revitalize, under the NRA, undeveloped real property located at 800 Vermont Street, Lawrence, Douglas County, Kansas.
- D.** The local taxing jurisdictions, referred to as Parties herein, desire to maximize the economic development opportunities available under the NRA and to comply with the NRA by entering into this Agreement.
- E.** Through this Agreement, the Parties desire to set out the terms and conditions of participation in the NRA.
- F.** Under the Agreement, the City and County will have primary responsibility for the procedural aspects of NRA implementation and administration, and this Agreement establishes the specific rights and obligations of the Parties, as described in more detail below.

NOW, THEREFORE, in light of the mutual promises and obligations contained herein, and in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

TERMS

1. **Purpose.** The purpose of this Agreement is to establish a program for neighborhood revitalization under the NRA and to allow the Parties to work together to facilitate the rehabilitation, conservation, and redevelopment of the designated Neighborhood Revitalization Area, in order 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 7, 2017 the Governing Body of the City approved Ordinance No 9303, adopting an NRA Plan in substantially the same form and content as contained in **Exhibit A**, which document is affixed hereto and is incorporated herein by reference ("the 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 that the City, in behalf of all Parties, shall administer the Plan, as adopted by the City, or as it may subsequently be 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 unilaterally and shall only be amended in a writing signed by all Parties hereto, which consent and cooperation shall not be unreasonably withheld.
2. **Duration.** This Agreement shall commence after it has been approved by and is fully executed by the Parties, the commencement date of which is set forth at the top of page one hereof, and shall expire upon the expiration of the NRA Tax Rebate Period or the termination of the Plan, whichever occurs earlier.
3. **Termination.** The Parties agree that termination of this Agreement by any Party prior to the period set forth in Paragraph 2, *supra*, would adversely impact the Plan and, consequently, this Agreement may only be terminated with ninety (90) days' written notice. 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. The Parties further agree that if this Agreement is terminated, or if the Plan is repealed or the rebate criteria changed, then any Parcel Unit (as defined in the Plan) that has become eligible for rebate shall remain eligible for the remaining Term of the Plan, provided that all eligibility requirements of the Plan are otherwise satisfied.

4. Financing.

- (a)** Any improvement must meet the requirements established by the Plan.
- (b)** The County shall calculate the annual NRA Tax 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. The County annually will calculate and inform the City of the specific rebate amount due each Parcel Unit Owner.
- (c)** Douglas County will retain an administrative fee of \$650.00 for each “Annual Application for Tax Rebate” submitted by a Parcel Unit Owner.
- (d)** Within thirty (30) days of distribution of the tax increment from the County to the NRA Fund, the City will disburse the NRA Tax 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 subject to rebate 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 upon their tax rate for the applicable tax year.

5. Additional City Responsibilities.

- (a)** The City’s Economic Development Coordinator shall be responsible for receiving compliance information and documentation for annual rebates from the Owner(s) under the Plan, and will provide that information to the County Appraiser as specified in the Plan. The City’s Economic Development Coordinator shall review each “Annual Application for NRA Tax Rebate” and shall, based on the eligibility criteria of the Plan, either approve or disapprove the application. The City’s Economic Development Coordinator will forward notice of application approval or rejection to the County by December 1.
- (b)** Upon payment of property taxes by the Parcel Unit Owner and provided the Parcel Unit Owner is in compliance with the Plan, the City shall issue the appropriate NRA Tax Rebate to the Parcel Unit Owner 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 Plan.
- (c)** NRA Tax Rebates shall not be distributed to an Owner until all property taxes for the Parcel Unit, as defined in the Plan, are paid in full. If a Parcel Unit Owner pays taxes or special assessments under protest, no rebate will

be distributed to that Parcel Unit Owner until the next regular distribution date after the protest has been finally resolved.

6. Additional County Responsibilities.

- (a)** The County is responsible for calculating the Tax Increment, as outlined in the Plan, each year.
- (b)** The County is responsible for calculating the individual Parcel Unit Owner's base valuation as outlined in the Plan, Part 10, section 5, and the Parcel Unit Owner's respective rebate amount as outlined in the Plan, Part 11.
- (c)** 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, as provided in the Plan.
- (d)** The County Appraiser will notify the City and the County Clerk of the valuation.
- (e)** The County Treasurer will monitor real estate tax delinquencies for Parcel Units participating in the Program. The County Treasurer will notify the City if a Parcel Unit becomes ineligible for the program due to tax or special assessment delinquencies.

7. 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.

8. 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.

9. 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.

10. Governing Law. This Agreement, the Plan, and the rights of all Parties hereto shall be governed by and construed according to the laws of the State of Kansas.

[Signature Pages Follow]

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.

CITY OF LAWRENCE, KANSAS

THOMAS M. MARKUS
City Manager

ATTEST:

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 7, 2017
through Ordinance No. 9303

[See Attached]