

MANAGERS REPORT

DATE: June 2, 2022
TO: Mayor Benage and City Council
FROM: Ty Lasher, City Manager
RE: June 7, 2022 Agenda

Proclamation (Item V):

National Flag Week - Flag Day occurs every year on June 14th, the date the United States Flag was created. The week of June 14th is designated as “National Flag Week” which will be June 12–18, 2022.

Consent Agenda (Item VII)

Contains only the minutes of the May 17th City Council meeting.

Appropriations Ordinance (Item VIII)

This reporting period includes two payroll periods as well as bonded capital project expenses totaling \$494,923.32.

City Requested Appearances (IX)

MKEC- Mayor Benage asked MKEC to attend the meeting to discuss quantity changes that resulted in the last change order. MKEC will share their research on bid quantities verses actual amounts and answer any questions.

Waste Connections – Herschel West would like to request a 2% fee increase for trash and recycling fees effective July 1, 2022.

Appointment and Swearing-In of New Councilmember (Items A-B)

Councilmember Diane Wynn resigned her seat, effective May 1, 2022. Mayor Benage requested interested parties to submit a letter of interest and resume to him by May 19th. Following the Council Vacancy Policy, Mayor Benage shared the applicants with Council and asked for their input. He has selected Tyler Dehn to fill the vacant seat. This seat will be up for a new term in November of 2023. After Tyler is confirmed, the City Clerk will swear him in with the Oath of Office.



Revised IRB Policy (Item C):

Included in your packet is a copy of the current Comprehensive Economic Development Policy approved in 2008 and revised in 2012. Rather than tackle the entire policy at once, I have pulled out the IRB section for you to review and address revisions. I have also been working on the TIF section separately for input at the June 14th workshop. There are several pieces to the IRB policy including tax abatements that outline and define the use of IRB's and related tax abatements. The sections you will want to pay close attention to are application and renewal fees, origination fee, waivers and tax exemptions.

IRB Amending Resolution for Catholic Care Center (Item D):

The Catholic Care Center is making some improvements to their facilities as well as refinancing a portion of previous debt. Since Catholic Care operates as a non-profit, they do not pay property taxes or sales taxes. However, utilizing an IRB does have additional benefits such as federal income tax-exempt interest rates, which are available to 501c(3) organizations, as long as there is local government issuer of municipal bonds. As with All IRB's, the city is not liable for the debt nor does it appear on the city's financial statements. Council approved a Resolution of Advisability for issuing the IRB at the May 3rd meeting which included an origination fee and annual administration fee. The Catholic Care Center (CCC) Board feels the fee is excessive and is asking the fee be reduced or eliminated.

I wanted to explain how the fee was calculated. CCC could use the Kansas Development Finance Authority (KDFA) to issue the bonds so I reviewed their fees (copy included in your packet). Based on the IRB amount and formula for KDFA, below is what they would charge and what I included in the resolution. As noted at the meeting, the sum of these fees equals \$125,000 or .5% of the IRB and in line with current practices.

Application Fee: Waived

Issuers Fee:	.35% for \$10 million = \$35,000	Resolution \$35,000
	.20% for \$15 million = \$30,000	Resolution \$30,000

Annual Fee:

.04% on \$25 million = \$10,000	Not in Resolution
.04% on \$22.5 million = \$9,000 + \$5,000 flat fee = \$14,000	Resolution is \$13,000
.04% on \$20 million = \$8,000 + \$5,000 flat fee = \$13,000	Resolution is \$13,000
.04% on 17.5 million = \$7,000 + \$5,000 flat fee = \$12,000	Resolution is \$12,000
.04% on 15 million = \$6,000	Resolution is \$6,000
.04% on \$12.5 million = \$5,000	Resolution is \$5,000
.04% on \$10 million = \$4,000	Resolution is \$4,000
.04% on \$7.5 million = \$3,000	Resolution is \$3,000
.04% on 5 million = \$2,000	Resolution is \$2,000
.04% on \$2.5 million = \$1,000	Resolution is \$1,000
Bel Aire annual fee is \$1,000	Resolution is \$1,000

IRB's can be issued by a municipality, state or county. The jurisdiction where the business resides can issue the IRB or the business can go to another entity but must be approved to do so by the municipality where the business is located. In other words, Bel Aire can issue the IRB for CCC or if CCC wants to go to another issuer, Bel Aire must approve that happening. Included in your packet is a list of all the IRBs issued by Bel Aire, the amount of the IRB, as well as origination fee. You can see that 10 have a 1% fee with one being .5% and three having none. Here are the reasons for the three with no fee: Concierge SRC (Tierra Verde) was done with many other incentives to get some kind of commercial going and waived by the City Council at that time. Buzzi was waived as they paid for half the rail siding in the Sunflower Commerce Park with the other half coming from a grant. Epic Sports was waived as we were directly competing with Andover for the large company with 200 employees. Can't remember why Empire was .5%. I can also tell you that SCKEDD and Homestead Affordable Housing are both not-for-profits. As you can see, all business received property tax abatements that vary based on job creation and investment.

The concern I have in adjusting the fee below .5% or waving the fee is that it becomes much more difficult for me to explain why CCC is getting the lower fee. Every business asks to have the fee lowered or waived. In my view, lowering the fee for one will be lowering the fee for all. I understand the thought that a not-for-profit should be waived. However, SCKEDD is a non-profit and was assessed a 1% origination fee as well as later on the agenda Homestead Senior Housing is being consider for an IRB with a 1% origination fee. I assure you I am not trying to penalize not-for-profits but merely trying to maintain a structure that is fair to any business.

On the agenda is an amending resolution for your consideration that has the fee portion blank. You can simply deny the amending resolution which means the original resolution with fee structure approved at the May 3rd meeting stands. You can approve the amending resolution and insert the fee you determine or no fee. I do not believe the tabling the item will be an option for Catholic Care.

IRB Ordinance for Homestead Senior Residences (Item E)

At the February 15th meeting, Council approved a Letter of Intent to issue an Industrial Revenue Bond (IRB) for the Homestead Senior Residences to construct senior living apartments. Then at the April 5th meeting, Council held a public hearing where taxpayers and interested parties were given the opportunity to speak on the matter. At the same meeting the Council approved a Resolution to start the process of issuing the bonds. The Ordinance to issue the bonds now comes before Council for approval.

If Council determines non-profits should pay a different origination fee than the 1% included in the documents or be waived all together, this item will need amended to include that new fee.

Waste Connections Request for 2% Increase in Fees (Item F):

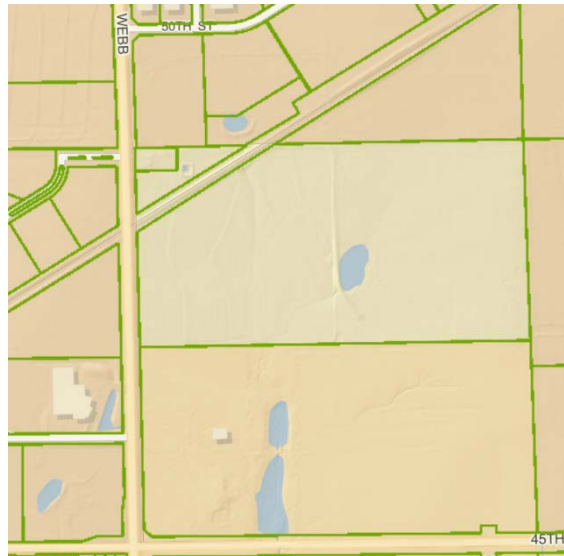
The solid waste collection and recycling agreement with Waste Connections that was approved in 2016 allows for Waste Connections to request a 2% fee increase annually. Included in your packet is a letter requesting such an increase, as well as the agreement. Council approved a 1.5% increase in 2017, nothing in 2018, 2019 or 2020 and 1% in 2021. Herschel West with Waste Connections will be at the meeting to explain the need and answer any questions.

Consent to Annex Agreement (Item G)

This is the first annexation Bel Aire has considered in 20 years as the city purchased 2,000 acres and annexed the land at the time of purchase. The property owner is asking for the parcel to be annexed via a consent form. Below you will find the statute that deals with annexations as well as the portion of our water agreement with Wichita that requires their approval. Under state statutes the highlighted sections allow for the annexation via simple vote and I received an email approval from City Manager Bob Layton that Wichita approves. The right-of-way along Webb is already in the city so that is not a consideration. Bel Aire City limits touch the tract on the north, east and west with Jabara land adjoining the south.

There may be questions regarding the benefit of annexing this partial so I have addressed several:

- Water and sewer lines run along Webb and can serve the site. This adds utility paying customers.
- Bel Aire will control planning and zoning. Any zoning and plating will go through the Bel Aire Planning Commission as well as City Council. If it remains in the county or City of Wichita, zoning and plating go through the MAPD.
- If the property were zoned industrial to match the surrounding sites and were to house six Epic Sports facilities, the city would receive \$915,000 annually in property taxes.



2-520. Conditions which permit unilateral annexation; exceptions; ordinance; severability of ordinance where annexation invalid; limitations. (a) Except as hereinafter provided, the governing body of any city, by ordinance, may annex land to such city if any one or more of the following conditions exist:

- (1) The land is platted, and some part of the land adjoins the city.

(4) The land lies within or mainly within the city and has a common perimeter with the city boundary line of more than 50%.

(7) The land adjoins the city and a written petition for or consent to annexation is filed with the city by the owner.

12-520a. Resolution; hearing; notice; publication; sketch of area; criteria considered at hearing; consent, effect.

(f) No resolution, notice and public hearing required under the provisions of this section shall be required as a prerequisite to the annexation of land owned by or held in trust for the city or any agency thereof or land all of the owners of which petition for or consent thereto in writing.

2. **AMENDMENT OF SERVICE AREAS.** Both parties agree to void restrictions in paragraph 6.5 requiring Bel Aire to submit an administrative application, parcels to have an unbroken boundary line, and to be within the jurisdictional boundary in order for Wichita to grant amendments of service areas. Wording preventing changes to the service area based solely on these requirements are repealed. Parties agree to amend the map of the service area. Paragraph 6.5 is hereby amended in the following manner:

- a. **AMENDED PARAGRAPH 6.5:** The Bel Aire Service Area described herein may be augmented The Bel Aire Service Area described herein may be augmented directly by the Governing Bodies of Bel Aire and Wichita, once each calendar year upon notice to the Wichita City Manager directly from the Bel Aire City Manager. Irrespective of the number of real estate tracts or parcels involved in the request, the cumulative area covered by such an annual request shall not exceed 320 acres. The Wichita City Manager shall not unreasonably withhold approval of such a request, but may accept, deny or place conditions on any such request as deemed reasonable.
- b. **AMENDED SERVICE AREA:** The Bel Aire service area shall be the same as the Bel Aire urban growth area identified in 2035 Urban Growth Areas Map. No approval shall be required to expand service to areas within these parameters. See attached EXHIBIT 2.

Annexation Ordinance (Item H)

If Council accepts the Consent to Annex, then you may consider the Annexation Ordinance which officially brings the parcel into the city limits. The Ordinance will require a roll call vote of the Councilmembers.

Charter Ordinance Amending The Terms Of Elected Officials (Item I)

Council had several workshops regarding term limits and duration last spring and summer. In 2021, Council requested a survey be collected during the November 2021 election period to see what the public thought about limits. The results were published to Council in January for review and discussion. Last month the Mayor requested this ordinance be prepared to give Council a chance to consider moving this forward before November 2022 ballots are prepared (this timeline gives sufficient time for any protest to be added to the November ballot). If approved, this Charter Ordinance shall be published once each week for two consecutive weeks in the official city newspaper and shall take effect sixty-one days after its final publication, unless a sufficient petition for a referendum is filed. If a referendum is held, this ordinance shall become effective on the day after approved by a majority of the electors voting thereon.

Bid for water services installation in Chapel Landing 3rd (Item J)

Chapel Landing 3rd (53rd East of Oliver) is unique in the fact that most of the homes are being constructed simultaneously. On May 25th staff received a request for water services from the builder. There are 28 services that need installed before the driveways can be poured. This bid is for the installation of the meter cans, meter setters, rings and lids. Staff will follow behind the contractor to install the meters. Three local contractors submitted bids. The low bidder, UMC, can also provide the shortest lead time to begin the project. Staff recommends Council accept the bid from UMC in the amount of \$38,600.00.

Development Agreements (Items K-M)

City Code requires that the Developer file a Development Agreement with the final plat. The Development Agreement outlines the Developer's responsibilities before and after construction. Three agreements now come before Council for approval.

Prairie Preserve – This development is zoned Estate Residential with larger lots. Staff have worked with the Developer to make sure that two unique features, the private sewer system and the streets will meet requirements. The Developer will be responsible for the maintenance of the private sewer system. Sedgwick County Fire Department has commented that they are okay with the narrower than normal streets (24 feet in width instead of 29 feet) as long as no parking is allowed on either side of the street. With the larger lot size and longer drives, enough parking should be available off-street.

Skyview at Block 49 3rd – Dedications on the final plat of Skyview 3rd were approved by Council on March 1st.

Chapel Landing 5th – Dedications on the final plat for this development were approved by Council on April 5th.

Professional Services Agreement, Chapel Landing 5th Phase 1 (Item N)

The Developer for Chapel Landing 5th is ready to move forward with the design phase of the project. He is requesting Garver be the engineers. The costs associated with the project will be financed through a bond and spread as special assessments against the benefiting lots. Staff recommends Council accept the Agreement for Professional Services with Garver in the amount of \$267,900.00.

Tree Board Appointment (Item O)

The Tree Board has one remaining position vacant. Jesse Miller recently moved to Bel Aire and is interested in serving on the Tree Board. Mayor Benage spoke with Jesse as well as Tree Board President Gary Northwall regarding the position. Mayor Benage would like to appoint Jesse to the Tree Board. His term will expire in June 2026.

**June Workshop:**

The regularly scheduled workshop for June is on the 14th at 6:30 pm. So far I have an introduction to the 2023 Budget, CIP, Sign Codes and TIF policy.