

COUNCIL ACTION FORM

Meeting Date: July 13, 2023

Staff Contact: Ryan Denk

Agenda Item: Consider approval of Resolution No. 119-2023 establishing the date and time of a public hearing regarding the establishment of a redevelopment district for the 50th & Rainbow Development

Background/Description of Item: The City is proposing as a financing vehicle for the feature park the use of Tax Increment Financing ("TIF"). Tax Increment Financing under Kansas law is generally a two-step process. The first substantial step is to establish a TIF redevelopment district. This step requires findings under the TIF Act necessary to determine that the redevelopment district exists in an eligible area under the TIF Act, including a possible finding of a "conservation area," which is defined by the TIF Act as follows:

(d) "Conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:

- (1) Dilapidation, obsolescence or deterioration of the structures;
- (2) illegal use of individual structures;
- (3) the presence of structures below minimum code standards;
- (4) building abandonment;
- (5) excessive vacancies;
- (6) overcrowding of structures and community facilities; or
- (7) inadequate utilities and infrastructure.

The City is required to hold a public hearing prior to making findings required for the establishment of a TIF redevelopment district, including findings necessary for the declaration of a "conservation area." Prior to holding such a public hearing, the City is required to adopt a resolution providing notice of the required public hearing. Such resolution is the action item before Council. The proposed resolution establishes a public hearing date of September 14, 2023. Pursuant to the TIF Act, notice of the public hearing will be directly provided to the county and school district, and the resolution will be published in the official City newspaper. Following the public hearing, the governing body will consider an ordinance to establish the TIF redevelopment district.

The second step required after the establishment of a redevelopment district under the TIF Act is the adoption of a TIF redevelopment plan(s). TIF project plan requirements include the following information:

- (1) A summary of the TIF feasibility study done as required by the TIF Act;
 - (2) a reference to the district plan that identifies the redevelopment project area that is set forth in the project plan that is being considered;
 - (3) a description and map of the redevelopment project area to be redeveloped;
 - (4) a relocation assistance plan as applied to any displaced landowners within a district;
 - (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area;
- and
- (6) any other information the governing body deems necessary to advise the public of the intent of the project plan.

The feasibility study required for a project plan includes the following information:

(1) A study which shows whether a redevelopment project's benefits and tax increment revenue and other revenue are expected to exceed or be sufficient to pay for the redevelopment project costs; and

(2) For bonded projects, a feasibility study must also include:

(A) A statement of how the taxes obtained from the project will contribute significantly to the economic development of the jurisdiction in which the project is located;

(B) a statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the redevelopment project. If a portion of local sales and use taxes is so committed, the applicant shall describe the following:

(i) The percentage of sales and use taxes collected that are so committed; and

(ii) the date or dates on which the local sales and use taxes pledged to other uses can be pledged for repayment of special obligation bonds;

(C) an anticipated principal and interest payment schedule on the bonds;

At the time of consideration of a TIF project plan, similar procedural requirements apply, including a resolution setting public hearing, publishing notice, providing notice to the county and school district, public hearing and subsequent ordinance adoption of the project plan by a required 2/3rds vote of the governing body.

The TIF project plan will establish permitted uses and reimbursement for project costs from the proposed TIF project. The proposed TIF in question is a public TIF meaning that all revenues from the TIF would flow to the City for eligible redevelopment project costs under the TIF Act, and no TIF revenues would be used to reimburse a private developer. The intended primary use of these TIF revenues includes the development of the proposed feature City park.

Staff Comments/Recommendation: Staff recommends adoption of the proposed Resolution Establishing the Date and Time of a Public Hearing Regarding the Establishment of a Redevelopment District Pursuant to K.S.A. 12-1770 et seq..

Budget Impact: No budget impact is associated with adoption of the Resolution.

Suggested Motion:

I move to approve Resolution 119-2023 Establishing the Date and Time of a Public Hearing Regarding the Establishment of a Redevelopment District Pursuant to K.S.A. 12-1770 et seq.