

Special City Council Meeting
January 28, 2016
7:00 PM

A. Call to Order: The Special Meeting of the Richmond City Council was called to order by President Verlin Springer for the limited purposes set forth on the Call for Special City Council Meeting signed by all council members. Mayor Scott Snow arrived at 7:16 PM

Council Members Present: Karen Peters, Helen Feuerborn, Verlin Springer and Doug McIntosh.

Staff present: Marla Gadelman.

Guests Present: Rob Pearce and Jeff Wilson

1. Consider authorizing, developing and approving an economic incentive policy for economic development tax abatements. Council was provided a draft of an Economic Incentive Policy drafted by the City Clerk. Extensive discussion was held on what would qualify for tax abatement and what would not qualify. Payment in lieu of Taxes was also extensively discussed. The length of granting of the tax abatement was discussed and the Council determined that five years would be the maximum years allowed. The amount of initial investment or number of jobs to be created was discussed. The Clerk will need assistance in completing the Cost/Benefit Analysis Worksheet provided by the Department of Commerce. The Clerk provided a copy of sample Applications for tax abatements and was instructed to draft an Application based on Ottawa's application and deliver a copy to Mr. Pearce. After further discussion, the Clerk amended the following section of the proposed policy as follows:

3. TAX ABATEMENTS. Tax abatements granted shall be within the parameters set forth below:

A. For a new or existing qualifying business that makes an initial investment or an additional investment of at least \$100,000.00 in real property and/or equipment or that creates the equivalent of five (5) full time jobs, the property tax abatement shall be as follows:

<u>Year</u>	<u>Abatement</u>
1	100%
2	80%
3	60%
4	40%
5	20%

In order for a qualifying business (refer to Article 11, Section 13) to be eligible over the length of the abatement provided for above, the jobs created must be filled by the requisite number of full-time employees by the end of the first year in which the abatement is effective and must maintain these positions throughout the entirety of the abatement period.

After further discussion, Verlin Springer made a motion to adopt the current revised proposed Economic Incentive Policy (see attached). Karen Peters seconded the motion. Vote 4-0, motion passed.

2. Urgent Repairs to Water Plant. Mayor Snow explained that Doyle Sobba informed him that three gentlemen from Kansas Rural Water Association inspected our water plant and determined that our plant is in need of repairs. KRWA is available to do the repairs next week. Some of the repairs needed are: a bearing needs replaced in the clarifier, a couple pump motors need replaced, and the filter media and filters need changed. KRWA will provide the pump motors. The filter media is probably the most expensive repair. There is no firm amount available at this time, but KRWA estimates the repairs may be as much as \$10,000 or more. After discussion, Doug McIntosh made a motion to authorize Doyle Sobba to have repairs made at the water treatment plant up to \$15,000. Verlin Springer seconded the motion. Vote 4-0, motion passed.

Helen Feuerborn made a motion to adjourn the meeting. Doug McIntosh seconded the motion. Vote 4-0, motion passed. Time: 8:15 PM.

APPROVED:

By:


Shelden Snow, Mayor

ATTEST:


Maria Gadelman, City Clerk

**CITY OF RICHMOND, KANSAS
ECONOMIC INCENTIVE POLICY**

1. **PURPOSE.** The purpose of this statement is to establish the official policy and procedures of the City of Richmond for the granting of property tax abatement for property meeting the requirements set forth in Article 11, Section 13 of the Kansas Constitution.

2. **DEFINITIONS.** Article 11, Section 13 of the Kansas Constitution states that a new or existing business whose use of property meets one of the following criteria is eligible:

- A. Manufactures
- B. Research and development or
- C. Storing of goods traded in interstate commerce.

3. **TAX ABATEMENTS.** Tax abatements granted shall be within the parameters set forth below:

- A. For a new or existing qualifying business that makes an initial investment or an additional investment of at least \$100,000.00 in real property and/or equipment or that creates the equivalent of five (5) full time jobs, the property tax abatement shall be as follows:

<u>Year</u>	<u>Abatement</u>
1	100%
2	80%
3	60%
4	40%
5	20%

In order for a qualifying business (refer to Article 11, Section 13) to be eligible over the length of the abatement provided for above, the jobs created must be filled by the requisite number of full-time employees by the end of the first year in which the abatement is effective and must maintain these positions throughout the entirety of the abatement period.

4. **MINIMUM PAYMENT IN LIEU OF TAXES.** Any qualifying business receiving a tax abatement pursuant to this policy statement shall be required, during any year in which taxes are abated 100%, to make a minimum payment in lieu of taxes which equals the amount of property tax which was paid or was payable for the most recent year on the appraised valuation of the real estate, including either land only, or building together with land, prior to the construction of new buildings or added improvements to buildings on such property, or prior to the acquisition of the property, by the qualifying business. This payment shall be made to the County Clerk.

5. SALE OR TRANSFER. Any tax abatement granted pursuant to the policy statement shall automatically expire and terminate upon the sale or transfer of controlling interest in the qualifying business to which tax abatement was granted.

6. APPLICATION REQUIRED. A qualifying business shall apply for tax abatement by filing written application with the City Council. Tax abatement application must be made prior to construction. The City Council is hereby authorized and empowered to prepare a standard application which, upon completion, will provide the Council with adequate and sufficient information to determine whether tax abatement should be granted. The accuracy of the information provided in the application shall be verified by the applicant. Any misstatement of or error in fact may render the application null and void and may be cause for the repeal of any resolution adopted in reliance on said information.

7. INITIAL REVIEW PROCEDURE. Upon receipt of the completed application form, the City Clerk shall determine (a) whether the application is complete and sufficient for review, and (b) whether, under the Kansas Constitution, this Statement and any other applicable laws, the applicant business is eligible for tax abatement. If the application is incomplete, the City Clerk shall immediately notify the applicant, noting the need for such changes or additions as deemed necessary. If questions arise as to whether the business is legally eligible for tax abatement, the matter shall be referred to the City's legal advisor, who shall consult with the applicant business. If the application is found to be complete, and is for a purpose which appears to be authorized by law, the City Clerk shall so notify the City Council.

8. COST/BENEFIT ANALYSIS. According to K.S.A. 79-251, a cost/benefit analysis will be required for the tax abatement to be granted. This cost/benefit analysis shall include the effect of the exemption on state revenues.

9. INITIAL BOARD ACTION. Upon receiving the application from the City Clerk, the Council shall determine whether to reject the request or to further consider the request. Upon a favorable vote for further consideration, the Council shall schedule a public hearing thereon.

10. NOTICE AND HEARING. No tax abatement shall be granted prior to a public hearing thereon. Notice of the public hearing shall be published at least seven (7) days prior to the hearing in the official city newspaper stating the time and place. The hearing may be held at a regular or special meeting of the Council. Upon request, the City Clerk shall provide a copy of the application being reviewed. The applicant business shall be invited, but not required, to attend the public hearing.

11. SPECIAL ASSESSMENTS. Any tax abatement granted for real property under this statement shall not affect the liability of such property for any special assessment levied or to be levied against such property.

12. ANNUAL REVIEW. The extent, qualifying conditions and term of any tax abatement granted hereunder shall be subject to annual review and determination by the City Council to insure that the qualifying criteria of the business for the tax abatement continue to exist. An annual review of the abatement agreement shall be submitted by the business entity to

the City Council no later than January 5 during the length of the tax abatement period. The Council's review shall be completed no later than February 15 of each year.

13. AMENDMENT. The Tax Abatement portion (No. 3 herein) of this policy may be restructured for a specific case should the City Council vote to do so.

THIS POLICY WAS ENACTED AND RESOLVED BY THE City of Richmond, Kansas, attested by the City Clerk, this _____ day of _____, 2016.

CITY OF RICHMOND, KANSAS

By: _____
Mayor Sheldon S. Snow

Member – City Council

ATTEST:

Marla Gadelman, City Clerk