

**ABILENE CITY COMMISSION - STUDY SESSION AGENDA**  
**DWIGHT D. EISENHOWER MUNICIPAL BUILDING - 419 N. BROADWAY AVENUE**  
**December 21, 2015 - 7:00 pm**

1. **PUBLIC COMMENTS**. Persons who wish to address the City Commission may do so when called upon by the Mayor. Comments on personnel matters and matters pending before court are not permitted. Speakers are limited to three minutes. Any presentation is for informational purposes only. No action will be taken.
2. **STRATEGIC DISCUSSION**
  - a. **Article: "Key Considerations for Shaping the Future" by Robert J. O'Neill, Jr.**
3. **ITEMS TO BE PLACED ON THE REGULAR AGENDA**
  - a. **An Ordinance amending the 2015 Budget of the City of Abilene, Kansas. (*Note: A Public Hearing will precede this item allowing those with objections to provide concerns to the City Commission for consideration.*)**
  - b. **A Resolution approving a Real Estate Donation Agreement concerning the conveyance of certain real property to the Land Bank of the City of Abilene, Kansas.**
4. **ITEMS PROPOSED FOR THE CONSENT AGENDA**
  - a. **Meeting Minutes: December 14, 2015 regular meeting**
5. **ITEMS FOR PRESENTATION AND DISCUSSION**
  - a. **Thunderstruck, Inc. Property Tax Abatement**
6. **REPORTS**
  - a. **City Manager's Report**
7. **ANNOUNCEMENTS** (*Meetings at Abilene Public Library unless otherwise provided*)
  - a. **CITY OFFICES CLOSED, December 24 and 25 (Christmas)**
  - b. **City Commission Meeting, December 28 at 4:00 pm**
  - c. **CITY OFFICES CLOSED, January 1 (New Year's Day)**
  - d. **Commission Study Session, January 5 at 7:00 pm (City Hall)**
  - e. **NW 11th Street Public Information Meeting, January 7 at 6:00 pm (Location TBD)**
  - f. **City Commission Meeting, January 11 at 4:00 pm**
  - g. **STAR Bond Committee Meeting, January 11 at 6:00 pm**
  - h. **Planning Commission, January 12 at 4:30 pm**

# Foreword: Key Considerations for Shaping the Future

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Robert J. O'Neill Jr.  
Executive Director, ICMA

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This past October, during the annual summit of the Society of Local Chief Executives, I attended a stimulating session on the Future of Local Government in the United Kingdom. The session led me to my own inquiry on the future of the public sector and local government, and on how our communities and their leaders will shape that future. What are the big ideas that will transform our communities into great, sustainable places to live, work, and play?

My intention is not to predict with any degree of certainty but to provoke a discussion of what public sector leaders and, specifically, the local government management profession should be focused on in the next decade.

## 1. The Importance of the City-State

For the first time in history, more people live in cities than in rural areas. This is true throughout the world, but unlike in other countries, people in the United States live not in megacities but in metro regions made up of many jurisdictions. This fragmentation heightens our sense of community but complicates our efforts to achieve results around the larger issues of our time—such as job creation, safety, education, environment, health care, and infrastructure—all of

which require multisector, multidisciplinary, and intergovernmental approaches.

Economies are now driven multinationally, nationally, and regionally. Yet most policies and organizational structures in the United States do not reflect this reality and, in fact, impede our ability to provide results that matter. Thus, the first big challenge is to develop incentives and disincentives to encourage multijurisdictional and multistate action while preserving the community identity that we value so highly.

## 2. Organization of the Future

For the last hundred years, we basically have structured our local government organizations in the same way—that is, to leverage specialization through separate departments for police, fire, recreation, engineering, public works, social services, and the like. Yet today we live in a time of disruptive change, and the issues we face are more complex and interrelated than ever before.

Tomorrow's local government organizations will need to produce results on issues that require multisectoral and multidisciplinary solutions. We will need to organize around outcomes and networks, not

silos. The successful management of our traditional agencies and departments will be essential—but not sufficient—for success. In this environment, the stand-alone department will be the dinosaur of the future. We will need to develop approaches to organizations that are integrated partnerships achieved within a multidisciplinary environment and focused not on functions and disciplines but on outcomes and results.

### **3. Workforce of the Future**

Leading the workforce of the future will be challenging. We will need to articulate clearly the appeal of public service and specifically of local government. What will be the equivalent of President Kennedy's call to serve? We at the local level have a great and compelling story to tell. We do BIG things that matter every day to those we serve.

Our workforce will increasingly be made up of five generations. We will often have different tiers of wages and benefits for the same class of employees. What will be the new social contract for this workforce?

No longer can it be simply decent wages and great benefits, both of which will always be challenged. What if, instead, it is doing meaningful work in a leading organization that improves the quality of life for residents, workers, and visitors? And what if we commit to investing in the growth and development of the workforce so that, because of that commitment to continuous learning and high performance, work in local government is seen as a résumé-enhancing experience? Perhaps these should be the elements of our new social contract.

### **4. Leadership and Management**

In light of the fiscal and political challenges of the federal and state governments, communities will have to decide for themselves what services are important and how they will pay for them, given the fact that they will receive little help from their intergovernmental partners. We have entered the Decade of Local Government. This will require leadership from elected and appointed officials articulating clear community values and priorities, shaping big ideas, and facilitating defined outcomes. Leadership and management will be at a premium. To quote the popular phrase, "Vision without execution is called hallucination"; in the future, effective leadership and management will be required to build levels of trust through transparency, engagement, performance, and accountability.

### **5. Open-Source World**

Daniel Pink has described how the ubiquitous nature of information has changed the role of city staffs

forever. Historically, our staffs have been the technical experts, possessing knowledge and information unique to them. Today and in the future, however, that knowledge and expertise will be combined with the ability to successfully aggregate, facilitate, and organize the flow of information from multiple sources and "experts."

The result of this change in knowledge and information management will be a shift of power from the institution to the individual. Crowd-sourcing, apps, and organic solutions to problem solving and funding create more opportunities for coproduction among individuals, the civic sector, ad hoc groups, and local government. The value proposition for local government now is to integrate these activities so that the whole is greater than the sum of the parts.

### **6. High-Tech, High-Touch Engagement**

Rapidly evolving technologies and social media present enormous opportunities to involve many more stakeholders on many more issues and decisions than ever before. The challenge is to integrate the benefits of the reach of these new technologies with a renewed emphasis on newly designed high-touch approaches. Using design of high-touch engagements to build shared values, relationships, and understanding of different perspectives married to the reach and frequency of new technologies can create a powerful vision and opportunity for a renewed emphasis on citizenship.

### **7. Evidence-Based Decision Making and Accelerating Continuous Improvement**

In the 1930s, Clarence Ridley, Herbert Simon, and ICMA helped define public sector performance management as we know it today. While much effort has been expended in this area, we have not moved the state of the art very far. Today, the technologies that have been developed for the private sector—technologies that provide real-time information and analysis across multiple data sets that can be used to improve performance, enhance customer experience, develop new products and services, and anticipate consumer demand—are available and can be applied to local government. Through services such as ICMA Insights™, which combines industry-leading analytics with one of the largest repositories of U.S. local government performance metrics, we can apply comparative performance tools across vast numbers of local governments and apply predictive analytics to some of the more complex service delivery issues of our time.

One approach with huge potential would be to accelerate the adaptation of new ideas and innovations

across local government. If we could reduce the time it takes from when a good idea is developed to when it becomes the state of the practice, we could improve performance and outcomes substantially. We need to understand more about what hinders the replication of good ideas in local government and use new technology to accelerate real-time learning and exchange.

## 8. Finance

One of our biggest challenges facing local government is how to finance services in the 21st century. The revenue systems for most local governments are based on approaches developed for the economies of the 19th and 20th centuries. Designing a fairer, more equitable system for the major drivers and economic generators of this century will test our political will.

We have benefited from and yet neglected many generations' worth of investment in our infrastructure. For too long, our water systems, electrical grids, transportation systems, wastewater treatment facilities, and public buildings have been left untended. As Lawrence Summers asked in a *Washington Post* commentary, "Is it any wonder that the American people have lost faith in the future and in institutions of all kinds?"<sup>1</sup> If we can't maintain and sustain the basic infrastructure of the nation, how can we articulate the requirement for development as well as repair and shape the bold new investments needed for us to compete in the global economy?

## 9. Formula for Success

Over the past decade we have seen communities work to restore community and renew citizenship. We have seen communities and regions take matters into their

own hands, selecting and financing the programs and projects they deem vital to their own quality of life and competitive future. All these communities have used a basic formula:

Transparency  
 + Engagement  
 + Performance  
 + Accountability

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TRUST

Time and again we have seen that trust becomes the currency that produces the investments needed to ensure our future quality of life. Working in local government's favor is the trust that people have in that level of government, which is much higher than their trust in either federal or state government. ICMA's examination of the results of local-level referenda between 2010 and 2012 revealed that, on average, more than 70% of the initiatives that authorized local government expenditures or revenue sources passed.<sup>2</sup> How is this possible? Trust. Trust is and will be the working capital of innovation in communities and local governments.

The bottom line is that communities do not stay the same. They either get better or get worse. Those that require their local government organizations to be ethical, transparent, accountable, and results oriented, and to function as effective forums for identifying community needs and priorities, are the ones that will succeed. They will be the communities that work across boundaries to provide essential services in the most efficient and effective manner possible. And they will be the resilient communities of the future.

## Notes

1 Lawrence Summers, "People Have Lost Faith with Companies and Governments," *Washington Post*, December 7, 2014, [washingtonpost.com/opinions/people-have-lost-faith-with-companies-and-governments/2014/12/07/2af26d3e-7cc0-11e4-b821-503cc7efed9e\\_story.html](http://www.washingtonpost.com/opinions/people-have-lost-faith-with-companies-and-governments/2014/12/07/2af26d3e-7cc0-11e4-b821-503cc7efed9e_story.html).

2 Bob O'Neill, "Leadership and the Profession: Where To from Here?," *Public Management*, March 2013, 22.

ORDINANCE NO. \_\_\_\_

**AN ORDINANCE AMENDING THE 2015 BUDGET FOR THE CITY OF ABILENE, KANSAS IN CONFORMANCE WITH THE CASH BASIS AND BUDGETARY LAWS OF THE STATE OF KANSAS**

**WHEREAS**, the governing body desires to amend its 2015 Budget in order to comply with the cash basis and budgetary laws of the State of Kansas;

**WHEREAS**, in accordance with Kansas law, the City conducted a public hearing at its December 28, 2015 regular meeting to provide interested citizens with an opportunity to be heard concerning the proposed budget amendments; and

**WHEREAS**, after careful deliberation, the governing body has determined that in order to comply with the cash basis and budgetary laws of the State of Kansas, it will be necessary to amend the 2015 Budget of the City of Abilene, Kansas.

**THEREFORE, BE IT ORDAINED, BY THE GOVERNING BODY OF THE CITY OF ABILENE, KANSAS:**

**SECTION ONE.** Municipal Budget; Amended. That the governing body hereby approves amendments to the 2015 Budget for the City of Abilene, as prepared on forms prescribed by the State of Kansas and attached hereto as **Exhibit A**.

**SECTION TWO.** Implementation. That the City Manager is authorized and directed to implement and to administer, within the budgetary funding limits and within adopted City policy and relevant State and City laws and regulations, said approved amendments.

**SECTION THREE.** Appropriation of Funds. That the 2015 Budget of the City of Abilene, as hereby amended, shall constitute an appropriation of the money so budgeted, and the City Manager shall be authorized to adjust salaries, including exempt positions, to pay payrolls and claims, and to make interfund transfers as provided in said Budget of the City of Abilene; provided that such payments and transfers made shall be deducted from the accounts so appropriated, and that total of payments made by Fund shall not exceed the amount appropriated by Fund.

**SECTION FOUR.** Certified Budget to County Clerk. The Finance Director shall be directed to submit a certified copy of the 2015 Budget, as hereby amended, to the County Clerk.

**SECTION FIVE.** Effective Date. This Ordinance shall become effective and in full force from and after its passage, adoption and publication in the official City newspaper.

**PASSED AND APPROVED** by the Governing Body of the City of Abilene, Kansas this \_\_\_ day of December, 2015.

**CITY OF ABILENE, KANSAS**

By: \_\_\_\_\_  
Dennis P. Weishaar, Mayor

ATTEST:

\_\_\_\_\_  
Penny Soukup, CMC  
City Clerk

**EXHIBIT A**

**2015 Amended Budget**

**for the**

**City of Abilene, Kansas**

**December 28, 2015**







**Notice of Budget Hearing for Amending the  
2015 Budget**  
The governing body of  
**City of Abilene**

will meet on the day of December 28, 2015 at 4:00 pm at Commission Chambers, Abilene Public Library 209 NW 4th Street for the purpose of hearing and answering objections of taxpayers relating to the proposed amended use of funds.

Detailed budget information is available at City Hall, 419 N Broadway Street, Abilene, KS 67410 and will be available at this hearing.

**Summary of Amendments**

<b>Fund</b>	2015 Adopted Budget			2015 Proposed Amended Expenditures
	Actual Tax Rate	Amount of Tax that was Levied	Expenditures	
Airport	1.142	59,304	85,427	2,769,850
Bond & Interest	10.010	519,674	778,030	820,987
			0	0
			0	0
			0	0
			0	0

Marcus Rothchild

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Official Title: Finance Director

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION APPROVING A REAL ESTATE DONATION AGREEMENT  
CONCERNING THE CONVEYANCE OF CERTAIN REAL PROPERTY TO THE LAND  
BANK OF THE CITY OF ABILENE, KANSAS**

**WHEREAS**, the governing body established a Land Bank for the City of Abilene, Kansas with the adoption of Ordinance No. 3265;

**WHEREAS**, the governing body serves as the Board of Trustees (“Trustees”) for said Land Bank; and

**WHEREAS**, the Trustees have the authority to accept donations of real estate as provided by K.S.A. 9-1401 et seq., and amendments thereto, and Ordinance No. 3265.

**NOW, THEREFORE BE IT RESOLVED**, by the City Commission of the City of Abilene, as follows:

**SECTION ONE. Agreement**. That a Real Estate Donation Agreement is hereby adopted as attached hereto as **Exhibit A**.

**SECTION TWO. Implementation**. The Mayor is hereby authorized to execute the aforementioned Agreement, and the City Manager shall be authorized to enforce the provisions as provided therein and in applicable resolutions, ordinances, and laws.

**SECTION THREE. Effective Date**. That the effects of this Resolution shall be in full force after its approval by the governing body.

**PASSED AND APPROVED** by the Governing Body of the City of Abilene, Kansas this \_\_\_\_ day of December, 2015.

**CITY OF ABILENE, KANSAS**

By: \_\_\_\_\_  
Dennis P. Weishaar, Mayor

ATTEST:

\_\_\_\_\_  
Penny Soukup, CMC  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Aaron O. Martin, City Attorney

**EXHIBIT A**

**Real Estate Donation Agreement**

**December 28, 2015**

## REAL ESTATE DONATION AGREEMENT

This Real Estate Donation Agreement (“Agreement”) is entered into this \_\_\_\_ day of December, 2015, by Kelly Dunn Construction, Inc. (“Donor”), and the City of Abilene Land Bank (“Land Bank”).

1. **Donation and Acceptance.** Donor agrees to donate, convey, and transfer to Land Bank, and Land Bank agrees to receive and accept from Donor, the following described real estate in Dickinson County, Kansas:

See Exhibit A attached hereto,

together with all appurtenances, permanent improvements and fixtures (the “Property”), upon the terms and conditions of this Agreement.

2. **Donative Intent.** The Property will be donated at no cost to Land Bank, subject to Land Bank’s responsibility for the expenses set forth in Section 3 below. Donor is advised to seek its own legal and/or tax counsel regarding the donation contemplated in this Agreement and has not relied on any representation from Land Bank related to the donation provided in this Agreement. Land Bank makes no representation regarding the fair market value of the Property or any tax related benefits or consequences of the transaction contemplated in this Agreement.

3. **Payment of Expenses.** Expenses shall be allocated between the parties as follows:

3.1 **Land Bank.** Land Bank shall pay any attorneys’ fees and expenses incurred by Land Bank in the preparation and performance of this Agreement.

3.2 **Donor.** Donor shall pay all of the following items:

- (a) The title insurance premium;
- (b) The escrow and closing fee, if any;
- (c) The cost of recording the deed; and
- (d) Any attorneys’ fees and expenses incurred by Donor in the preparation and performance of this Agreement.

4. **Escrow Agent.** First American Title Insurance Company, 315 Broadway, Abilene, Kansas, is designated as the Escrow Agent of the parties and shall hold this Agreement, the deed, the title insurance policy, and all other papers of transfer pending the complete fulfillment of this Agreement. The Escrow Agent shall receive and disburse all amounts to be paid under this Agreement.

5. **Evidence of Title.** As soon as reasonably possible after execution of this Agreement, Donor shall obtain and deliver to Land Bank a commitment for an owner’s title insurance policy in the amount of \$ \_\_\_\_\_, insuring Land Bank’s title to the Property, subject only to liens, encumbrances, exceptions, or qualifications set forth in this Agreement, and those which shall be discharged by Donor at or before Closing. Land Bank shall

have ten (10) days after receipt to examine the title insurance commitment and to notify Donor in writing of any requirements to make the title marketable, in Land Bank's reasonable discretion.

6. **Closing Date and Possession.** The Closing Date shall be on or before December 31, 2015. "Closing" means the settlement of the obligations of Donor and Land Bank to each other under this Agreement, including the delivery to Land Bank of a warranty deed in a proper form for recording so as to transfer to Land Bank fee simple title to the Property, free of all encumbrances except as herein stated. Land Bank shall take possession of the Property immediately following the Closing.

7. **Restrictions, Easements, Limitations, Taxes.** Land Bank shall take title subject to zoning restrictions, covenants and matters appearing on the plat or of record; public utility easements of record; and taxes and special assessments prorated to the Closing Date, if available, and, if not, based upon taxes and assessments for the prior calendar year.

8. **Conveyance.** Donor shall properly execute a general warranty deed conveying the Property to Land Bank free and clear of all liens and encumbrances whatsoever, except as herein provided, and shall place such deed in escrow with the Escrow Agent as soon as may be reasonably possible. At Closing, the Escrow Agent shall deliver the warranty deed and other documents to the Property to Land Bank.

9. **Mechanic's Liens.** Donor certifies that at Closing there will be no lien claimants, potential lien claimants, or improvements to the Property for 120 days prior to Closing Date.

10. **Condition of Property.** Except as otherwise provided herein, Donor is making no warranties of any kind regarding the condition of the Property, and Land Bank is not asking for any warranties from Donor. Therefore, Land Bank acknowledges that it has inspected the Property and agrees to accept it "as is."

11. **Default.** If Donor is unable or fails to furnish title or possession as agreed in this Agreement, Land Bank may terminate this Agreement by written notice to Donor and the parties shall be released from all obligations hereunder.

12. **Authority.** Donor represents and warrants that Donor has the power to enter into this Agreement and to execute and deliver this Agreement and to perform all duties and obligations imposed upon it hereunder, and neither the execution or delivery of this Agreement, nor the consummation of the conveyance contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement conflict with or will result in the breach of any of the terms, conditions or provisions of any agreement or instrument to which Donor, or any partner or related entity or affiliate of Donor, is a party or by which Donor, or any partner or related entity or affiliate of Donor, or any of Donor's assets is bound. Donor agrees to execute such further documents and take such further actions as may be reasonably required to evidence and document the representations and warranties contained in this section.

13. **Assignment.** This Agreement or any right or interest in the Property shall not be assigned by either Donor or Land Bank.

14. **No Commission.** The parties stipulate that they have not consulted with any real estate broker or salesperson with respect to this transaction, and that no commissions arising from this transaction are due and owing.

15. **Real Estate Reporting Person.** The parties agree that the Escrow Agent is the real estate reporting person as that term is defined under Internal Revenue Code Section 6045(e). Donor agrees to provide Escrow Agent with a written statement, certified under penalties of perjury, setting forth Donor's correct name, address, and taxpayer identification number. The parties further agree that Escrow Agent shall be required to file the informational return required by Internal Revenue Code Section 6045.

16. **Representation of Parties.** Land Bank is represented by the law firm of Clark, Mize & Linville, Chartered, Salina, Kansas. Donor acknowledges that neither Land Bank nor Land Bank's legal counsel has provided legal or tax advice related to the transaction contemplated by this Agreement. Donor is advised that it has the right to such independent legal and/or tax counsel of its own choosing to represent it herein and to advise it with respect to this matter. Donor acknowledges that it has either consulted separate counsel of its own choosing or has elected to proceed without separate counsel.

17. **Time.** Time is of the essence of this Agreement.

18. **Persons Bound-Copies.** This Agreement shall extend to and bind the heirs, executors, administrators, trustees, successors, and authorized assigns of the parties, and may be executed in any number of counterparts, each of which shall be deemed an original, or in multiple originals, and all such counterparts or originals shall for all purposes constitute one agreement.

19. **Merger Clause.** These terms are intended by the parties as a complete, conclusive and final expression of all the conditions of their Agreement. No other promises, statements, warranties, agreements or understandings, oral or written, made before or at the signing thereof, shall be binding unless in writing and signed by all parties and attached hereto.

{Signature Page Follows}

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives.

**“DONOR”**  
**KELLY DUNN CONSTRUCTION, INC.**

\_\_\_\_\_

**“LAND BANK”**

**CITY OF ABILENE LAND BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Penny Soukup, CMC, City Clerk

Form: \_\_\_\_\_  
Legal Counsel

**RECEIPT BY ESCROW AGENT**

The undersigned hereby acknowledges receipt of the executed original of this Agreement, and agrees to act as Escrow Agent and Real Estate Reporting Person as defined under Internal Revenue Code Section 6045(e). This receipt is executed this \_\_\_\_\_ day of December, 2015.

**FIRST AMERICAN TITLE INSURANCE COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**  
**LEGAL DESCRIPTION OF PROPERTY**

**Parcel No. 1:**

*A parcel of land located in the Northeast Quarter of Section Eighteen (18), Township Thirteen (13) South, Range Two (2) East of the 6<sup>th</sup> Principal Meridian in City of Abilene, Dickinson County, Kansas, more particularly described as follows: Commencing at the Southeast corner of said Northeast Quarter; thence on an assumed bearing of N 00°00'00" E along said East line a distance of 40.00 feet; thence N 89°58'11" W a distance of 60.00 feet to the intersection of the West right-of-way of Van Buren Street and the North right-of-way line of the Northwest Eighth Street, said Point also being the Point of Beginning of the parcel to be described; thence N 89°58'11" W along said North right-of-way line a distance of 1265.91 feet to point on the West line of the East Half of said Northeast Quarter; thence N 00°05'27" E along said West line a distance of 949.86 feet; thence S 89°57'15" E along said West line a distance of 949.86 feet; thence S 89°57'15" E a distance of 11264.44 feet to a point on said West right-of-way line; thence S 00°00'00" E along said West right-of-way line a distance of 949.52 feet to the Point of Beginning. EXCEPT a parcel of land located in the Northeast Quarter of Section Eighteen (18), Township Thirteen (13) South, Range Two (2) East of the 6<sup>th</sup> Principal Meridian in City of Abilene, Dickinson County, Kansas, more particularly described as follows: Beginning at the Southeast corner of said Northeast Quarter; thence on an assumed bearing of N 89°58'11" W along the South line of said Northeast Quarter a distance of 284.99 feet; thence N 00°00'00" E a distance of 364.65 feet; thence N 90°00'00" W a distance of 334.99 feet; thence N 00°00'00" E a distance of 420.00 feet; thence N 90°00'00" W a distance of 10.00 feet; thence N 00°00'00" E a distance of 205.21 feet; thence S 89°57'15" E a distance of 629.96 feet to a point on the East line of said Northeast Quarter; thence S 00°00'00" E along said East line a distance of 989.50 feet to the Point of Beginning.*

**Parcel No. 2:**

*Lot 1, Block 6, Cedar Ridge Estates No. 1 to the City of Abilene, Dickinson County, Kansas.*



**Abilene City Commission Minutes  
Abilene Public Library  
December 14, 2015 @ 4:00 p.m.  
Abilene, Kansas**

**1. Call to Order**

**2. Roll Call** – City Commission Present: Mayor Weishaar, Commissioners Ray, Payne, Marshall and Shafer.

Staff Present: City Manager Dillner, Finance Director Rothchild, City Attorney Martin, Deputy City Clerk Mohr, Public Works Director Schrader, Parks & Recreation Director Foltz, Community Development Director Shea, Convention and Visitors Bureau Director Purkis and Fire Chief Sims.

Others Present: Mike Heronemus, Tony Geiger, Bruce Dale, Cole Hiatt and Deb Sanders.

**3. Pledge of Allegiance** - Mayor Weishaar led the Pledge of Allegiance.

**Consent Agenda**

4. Agenda Approval for the December 14, 2015 City Commission Meeting
5. Meeting Minutes: November 23, 2015, Regular Meeting
6. Acceptance of Third Quarter Financial Statements and Utilization Statistics from Memorial Health Systems.
7. Approval of 2016 Cereal Malt Beverage Licenses

Motion by Commissioner Ray, seconded by Commissioner Marshall to approve the Consent Agenda as presented. Motion carried unanimously 5-0.

**Public Comments and Communications**

**7. Public Comments.** Persons who wish to address the City Commission regarding items not on the agenda and that are under the jurisdiction of the City Commission may do so when called upon by the Mayor. Comments on personnel matters and matters pending before court are not permitted. Speakers are limited to three (3) minutes.

Any presentation is for informational purposes only. No action will be taken.

Mayor Weishaar asked for any comments or communications from the public that are not on the agenda.

There were no public comments or communications.

**8. Declaration.** At this time City Commissioners may declare any conflict or communication they have had that might influence their ability to impartially consider today's issues.

There were no declarations.

## Proclamations and Recognition

### **9. Recognition of Convention and Visitors Bureau Director Glenda Purkis**

City Manager Dillner recognized Convention and Visitor Bureau Director Glenda Purkis as she is retiring from the City of Abilene after eight years of service.

Mayor Weishaar thanked Glenda for her service to the City of Abilene.

## Public Hearings

### **10. A Public Hearing for the purpose of hearing and answering objections from the public relating to proposed Impact Fees to recover the cost of certain water and sanitary sewer improvements in the Dawson Cottage Addition to the City of Abilene, Kansas.**

City Manager Dillner said per State Statute and the City's Ordinance regarding its impact fee policy, the City Commission is required to conduct a public hearing prior to establishing an impact fee. What we are proposing is the establishment of two impact fees. One would be to reimburse the City for certain water infrastructure improvement costs related to the Dawson Cottage Addition. The other is for certain sanitary sewer improvements related to the Dawson Cottage Addition.

City Manager Dillner said the first on the agenda is sanitary sewer improvements. As part of the Dawson Cottage Addition Project there were sanitary sewer taps that were installed connecting individual properties to the existing sanitary sewer main. Although these taps were not authorized or included in the petition for public improvements so they were not eligible to be included in the benefit district to finance the improvements. The City funded a portion of that project at large with the understanding that it would recover its costs through the imposition of an impact fee which will be allocated on a per square foot basis equal to 14.7257 cents per square foot. In addition to that, the property owners will be required to pay interest at a compound rate of 1.97% per year as long as that impact fee is outstanding. The desire of the ordinance is that the impact fee will be paid prior to the issuance of a building permit for each individual lot.

City Manager Dillner said the City also did some water line improvements including the relocation of a water meter. We are proposing the we include a portion of those costs in an impact fee and a portion of the costs will be borne by the City because the City benefits from the relocation of the water service and the property owner does as well so those costs will be shared 50/50.

City Manager Dillner said the at-large cost of the water line project in the ordinance is \$12,367.31 of which the per square foot basis is equal to 12.29 per square foot and again it will be assessed interest at a compound rate of 1.97 % per year as long as those are outstanding.

City Manager Dillner said in addition, because these are impact fees there is a protest petition period. The ordinance will be published once each week for two consecutive weeks in the newspaper then would become effective 60 days after its final publication unless within 60 days of its final publication a petition signed by a number of electors of the City not less than 10% of the number of electors who voted in the last election. We do not anticipate any objections. We are dealing with two property owners and they agree with the impact fees.

Mayor Weishaar opened the public hearing at 4:11 p.m.

Mayor Weishaar closed the public hearing at 4:12 p.m.

### Old Business

11. There was no old business.

### New Business

**12. Consideration of an Ordinance establishing an Impact Fee for the purpose of recovering the cost of certain sanitary sewer improvements in the Dawson Cottage Addition to the City of Abilene, Kansas.**

Motion by Commissioner Ray, seconded by Commissioner Payne to adopt Ordinance No. 3287 **AN ORDINANCE ESTABLISHING AN IMPACT FEE FOR THE PURPOSE OF RECOVERING THE COST OF CERTAIN SANITARY SEWER IMPROVEMENTS IN THE DAWSON'S COTTAGE ADDITION TO THE CITY OF ABILENE, KANSAS.** Motion carried unanimously 5-0.

**13. Consideration of an Ordinance establishing an Impact Fee for the purpose of recovering the cost of certain water improvements in the Dawson Cottage Addition to the City of Abilene, Kansas.**

Motion by Commissioner Shafer, seconded by Commissioner Ray to adopt Ordinance No. 3288 **AN ORDINANCE ESTABLISHING AN IMPACT FEE FOR THE PURPOSE OF RECOVERING THE COST OF CERTAIN WATER LINE IMPROVEMENTS IN THE DAWSON'S COTTAGE ADDITION TO THE CITY OF ABILENE, KANSAS.** Motion carried unanimously 5-0.

**14. Consideration of a Resolution appointing an ad hoc committee to make certain recommendations concerning a potential STAR Bond Project for the City of Abilene, Kansas.**

City Manager Dillner said this resolution would establish an ad hoc committee to study a potential STAR Bond project for the City of Abilene. The scope of the committee is to make certain recommendations for the governing body some considerations shall be: whether to pursue a STAR Bond project and partnership with the State of Kansas, recommendation on the geometric boundaries of the STAR Bond project and recommendations on a project scope to be studied further for inclusion in a potential STAR Bond project application to the State of Kansas. The committee will consist of the following: Brian Williams, Tim Holm, Ann Manning, Jennifer Waite, Angela Rindels, Deb Sanders, Meredith Sleichter, Kristine Meyer, Todd Moore, Tony Geiger, Diane Miller, Rick Williamson and Kyle Campbell.

Motion by Commissioner Marshall, seconded by Commissioner Payne to approve Resolution No. 121415-1 **A RESOLUTION ESTABLISHING AN AD HOC COMMITTEE TO MAKE CERTAIN RECOMMENDATIONS CONCERNING A STAR BOND PROJECT FOR THE CITY OF ABILENE, KANSAS.** Motion carried unanimously 5-0.

**15. Consideration of a Resolution approving an Agreement for Preliminary Engineering Services for the 2016 Buckeye KLINK Project.**

City Manager Dillner said this resolution would approve an agreement for preliminary engineering services for the KLINK project. This project includes Buckeye Avenue from 21<sup>st</sup> Street to 2400 Ave., or the North City

limits. The preliminary total project cost is \$398,308.00 of which the City will be responsible for \$113,227.00. The agreement is with Kaw Valley Engineering.

Motion by Commissioner Marshall, seconded by Commissioner Payne to approve Resolution No. 121415-2 **A RESOLUTION APPROVING AN AGREEMENT FOR PRELIMINARY ENGINEERING SERVICES FOR THE 2016 KLINK PROJECT ON BUCKEYE AVENUE.** Motion carried unanimously 5-0.

**16. Consideration of a Resolution approving an Agreement for Preliminary Engineering Services for the 14<sup>th</sup> Street and Buckeye Avenue Geometric Improvement Project.**

City Manager Dillner said the 14<sup>th</sup> and Buckeye intersection project is a Geometric Improvement Project from the Kansas Department of Transportation. The preliminary project cost is \$504,352.00 of which the City's share is \$50,435.29. The cost of the engineering services is \$61,915.20. It is a 90% KDOT program. This agreement would get us started on the preliminary engineering on the project.

Motion by Commissioner Ray, seconded by Commissioner Payne to approve Resolution No. 121415-3 **A RESOLUTION APPROVING AN AGREEMENT FOR PRELIMINARY ENGINEERING SERVICES FOR KDOT GEOMETRIC IMPROVEMENT PROJECT AT THE INTERSECTION OF 14<sup>TH</sup> STREET AND BUCKEYE AVENUE.** Motion carried unanimously 5-0.

**17. Consideration of a motion to declare a 2008 Ford Ranger with animal boxes, fertilizer spreader, and John Deere wagon surplus property and authorizing its sale via public auction.**

City Manager said we are requesting that the proposed items be designated as surplus property. All of the items have either been replaced or are no longer needed by the departments. We are requesting that they be declared surplus property so we can sell them on Purple Wave.

Motion by Commissioner Marshall, seconded by Commissioner Payne to declare a 2008 Ford Ranger with animal boxes, fertilizer spreader and John Deere garden wagon as surplus and authorize them to be sold on Purple Wave. Motion carried unanimously 5-0.

**18. Consideration of a motion to recess into executive session for ten minutes for the purpose of discussing the City Manager's annual evaluation.**

Motion by Commissioner Ray, seconded by Commissioner Marshall to recess into executive session at 4:29 p.m. for ten minutes to discuss the City Manager's annual evaluation to include the City Commission. Motion carried unanimously 5-0.

**19. Consideration of a motion to return from executive session with only those items in the previous motion mentioned and no action being taken.**

Motion by Commissioner Payne, seconded by Commissioner Ray to return from executive session at 4:39 p.m. Motion carried unanimously 5-0.

**20. Consideration of a motion to recess into executive session for ten minutes for the purposes of conducting the City Manager's annual evaluation to include the City Manager and City Attorney.**

Motion by Commissioner Shafer, seconded by Commissioner Marshall to recess into executive session at 4:41 p.m. for ten minutes for the purpose of the conduction the City Manager's annual evaluation to include the City Manager and City Attorney. Motion carried unanimously 5-0.

Motion by Commissioner Marshall, seconded by Commissioner Payne to return from executive session at 4:51 p.m. Motion carried unanimously 5-0.

Mayor Weishaar there was no action taken today, we have completed the written form and we will further discuss any other changes to be made to his contract to be announced at the next meeting.

## **Reports**

### **21. City Manager Reports**

All of the paving of the streets has been completed for this year.

We will be conducting a second meeting regarding the NW 11<sup>th</sup> Street project on January 7th at 6:00 p.m., location to be determined.

The City Christmas Party is this Friday, December 18<sup>th</sup> at 6:00 p.m. at the CVB.

Glenda's retirement reception is Wednesday, December 16<sup>th</sup> from 2:00 to 4:00 at the CVB.

#### **a. Expenditure Report**

### **Adjournment**

### **22. Consideration of a motion to adjourn the December 14, 2015 City Commission meeting.**

Motion by Commissioner Shafer seconded by Commissioner Payne to adjourn at 4:58 p.m. Motion carried unanimously 5-0.

(Seal)

\_\_\_\_\_  
Dennis P. Weishaar, Mayor

ATTEST:

\_\_\_\_\_  
Shayla L. Mohr  
Deputy City Clerk

**CLARK, MIZE & LINVILLE  
CHARTERED**

PETER L. PETERSON  
JOHN W. MIZE  
GREG A. BENGTON  
PAULA J. WRIGHT  
ERIC N. ANDERSON  
DUSTIN J. DENNING  
PETER S. JOHNSTON  
JARED T. HIATT  
JOSHUA C. HOWARD  
AARON O. MARTIN  
JACOB E. PETERSON  
JESSICA L. STOPPEL

ATTORNEYS AT LAW  
129 S. EIGHTH, P.O. BOX 380  
SALINA, KANSAS 67402-0380  
TELEPHONE: (785) 823-6325  
FAX: (785) 823-1868

128 N. MAIN  
LINDSBORG, KANSAS 67456  
TELEPHONE: (785) 227-2010

[www.cml-law.com](http://www.cml-law.com)

C.L. CLARK (1908 – 2004)  
JAMES P. MIZE (1910 – 1988)

AUBREY G. LINVILLE  
L.O. BENGTON  
MICKEY W. MOSIER  
RETIRED

**MEMORANDUM**

**TO:** David Dillner, City Manager  
**FROM:** Aaron Martin, City Attorney  
**CC:** Daniel Shea, Community Development Director  
**RE:** Ad Valorem Tax Exemption for 401 Cottage Avenue  
**DATE:** December 18, 2015

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**ISSUE:**

Whether the City may exempt all or a portion of 401 Cottage Ave. (the "Property") from ad valorem taxation pursuant to Article 11, § 13 of the Kansas Constitution?

**FACTS:**

The Property is a large commercial building owned by TSB Enterprise, LLC. Although the Property consists of a single building, there are multiple spaces within the building to accommodate different uses. A portion of the Property is currently leased to the Great Plains Theatre. Thunderstruck, Inc. is, or will be, leasing a separate portion of the remaining space for use in connection with its business of manufacturing and distributing pickup truck bumpers and related equipment. A third area of the Property is currently vacant, but may be used in the future.

Thunderstruck, Inc. has filed an application requesting the City's grant of a 10-year exemption from ad valorem tax on the Property, on the basis that the Property will be used for an "economic development purpose."

**DISCUSSION:**

Pursuant to Article 11, § 13 of the Kansas Constitution, the City may:

exempt from all ad valorem taxation all or any portion of the appraised valuation of . . . buildings, together with the land upon which such buildings are located, and all tangible personal property associated therewith used exclusively by a business for the purpose of . . . [m]anufacturing articles of commerce . . . .

(emphasis added). As indicated above, a threshold requirement is that the building be “used exclusively” for an economic development purpose. The Kansas Supreme Court has defined the phrase “used exclusively” to mean that “the use made of the property sought to be exempted from taxation must be only, solely, and purely for the purposes stated, and without participation in any other use.” (emphasis added).

Applying this definition, the Kansas Supreme Court has held that, where a single building is under single ownership so that it is listed for taxation as a single entity, the nonexempt use of any portion of the building renders the entire building taxable. Accordingly, the Court has refused to allow any portion of a 10-story building to be exempted from taxation, where one of the floors was used for a non-exempt purpose. The Court rejected the notion that a portion of a building may qualify for exemption, if other portions of the same building do not qualify for exemption.

In addition, the Kansas Supreme Court has held that Article 11, § 13 of the Kansas Constitution does not grant ad valorem tax exemption to property rented or leased for profit even though the property is being used by the renter solely for an economic development purpose. Applying this rule, the Court has refused to allow the city of Kansas City, Kansas to exempt a commercial building for economic development purposes, because the applicant was leasing the building from the owner, and the owner’s leasing of the building was deemed a separate and distinct “use,” which precluded a finding a “exclusive use” by the applicant/tenant.

Applying these rules to Thunderstruck, Inc.’s application, the City could not grant an exemption for all or a portion of the Property, because the Property is not “used exclusively” for economic development purposes. Thunderstruck, Inc.’s proposed manufacturing operations would only occupy a portion of the building. At least some of the Property is also being used for other purposes by Great Plains Theatre. In addition, both of the occupants, Thunderstruck, Inc. and the Great Plains Theatre, are using the Property under a lease arrangement with the owner, TSB Enterprise, LLC. Because the leasing of property for a profit is viewed as a separate and distinct “use” under Kansas law, this fact alone would likely prevent a finding of “exclusive use.”

**AD VALOREM TAX EXEMPTION APPLICATION**  
**ABILENE, KANSAS**

File number \_\_\_\_\_  
Date \_\_\_\_\_

**Applicant** Thunderstruck Inc. **Contact Person** Cason Brown  
**Address** 1630 Copper Court Salina, Ks. 67401 **Phone number** 785-827-5200  
**Principal Officers/Directors of the applicant business** Cason Brown, Virginia Brown, Dale Jones  
**Addresses** 1630 Copper Court Salina, Ks. 67401

**Land-owner and owner of buildings occupied or to be occupied by the business** \_\_\_\_\_  
TSB Enterprise L.L.C.

**Address** 1630 Copper Court Salina Ks. 67401  
**Description of the nature of the applicant business (attach if necessary)** \_\_\_\_\_  
Manufacture and distribute pickup truck bumpers and grille guards

**Applicant's history/experience (attach if necessary)** \_\_\_\_\_  
Thunderstruck was started in Lamasa Tx. in 2002. in 2008 we bought it and moved it to salina where it has grown from just a hand full of employees to over 20. We are now ready for our next move to a large facility where we will have room for future growth.

**List of principal competition in local market** None

**Description of proposed project or improvements, including estimated costs, plus the percentage of tax exemption requested (attach if necessary)** We will be taking warehouse space and turning it into a manufacturing facility. We will be removing some office space, installing electric service for fab shop, weld shop and powder coating; Improvements to the building estimates are electrical \$75,000, ventilation \$25,000, equipment \$350,000, remodel office \$50,000. We are seeking an 100% tax exemption.

**Description and the estimated value of existing tangible personal property that will be replaced, and, therefore, removed from the tax rolls, as a result of the proposed project or improvements (attach if necessary)** \_\_\_\_\_

**Submit the following materials with this application:**

- a) Site plan of the proposed project or improvements.
- b) If an existing business, average monthly employment figures for the past 12 months.
- c) Number of new jobs to be created by job title and projected wages for each position.
- d) Statement explaining why the requested tax exemption is a critical factor in determining whether the proposed project is to be completed.

Designated completion date, not to exceed 36 months \_\_\_\_\_

In determining the acceptance of a proposed tax exemption, the Abilene City Commission must consider the objectives of the Tax Exemption Policy.

\*\*\*\*\***APPLICANT'S AND OWNER'S ACKNOWLEDGEMENT**\*\*\*\*\*

All the statements and information herein are true. I agree to abide by all restrictions and conditions lawfully binding upon me and acknowledge that this application for preliminary tax exemption approval may be revoked if such statements are false or if I fail to abide by all conditions of approval. I understand that acceptance of this application does not imply that my request will be approved and that City staff is not authorized to speculate concerning the final decision of the City Commission.

Applicant's signature \_\_\_\_\_

Date \_\_\_\_\_

Owner's signature JB \_\_\_\_\_

Date 9-10-15

\*\*\*\*\***TO BE FILLED OUT BY THE CITY CLERKS OFFICE**\*\*\*\*\*

Date filed \_\_\_\_\_

Tentative date of City Commission hearing \_\_\_\_\_

# A Tax Abatement Cost-Benefit Analysis of Thunderstruck Inc.

The firm is located in: City of Abilene

Report Printed: 9/28/2015

**Description of the firm's location or expansion in the community:**

The reason we are expanding is that we have an opportunity to keep our product-line expansion alive and for better research development of new products. This enables us to take advantage of opportunities in different markets with a bigger building. Another reason is the demand by our customers today and the future for Kansas made products like Thunderstruck's truck accessories. Our customer loyalty growing.

**This report includes an analysis of costs and benefits from the firm for the following taxing entities where the firm is or will be located. These taxing entities are considering tax abatements or incentives for the firm:**

<b>City:</b>	<b>Abilene</b>
<b>County:</b>	<b>Dickinson</b>
<b>School District:</b>	<b>USD 435 Abilene</b>
<b>Special Taxing District:</b>	<b>Hospital District #1</b>
<b>State of Kansas</b>	

**Contents of this report:**

About this Cost-Benefit Analysis Report	Page 2
Summary of Costs and Benefits for all Taxing Entities	Page 5
The Economic Impact that the Firm will have on the Community	Page 6
<b>Costs and Benefits for:</b>	
City:	Abilene Page 7
County:	Dickinson Page 8
School District:	USD 435 Abilene Page 9
Special Taxing District:	Hospital District #1 Page 10
State of Kansas	Page 11

This Kansas Tax Abatement Cost Benefit Analysis (CBA) is prepared by the Kansas Department of Commerce for the benefit and use of the State of Kansas and its local units of government. This model was developed to assess the costs and benefits property tax abatement and economic development incentives have on state revenues. The Department of Commerce makes no representations, guarantees, or warranties as to the accuracy, completeness, or suitability of the analysis or information contained in this CBA. The Kansas Department of Commerce specifically disclaims any and all liability for any claims or damages that may result from other uses of the analysis in this CBA.

## **About this Cost-Benefit Analysis Report**

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This cost-benefit analysis report was prepared using a computer program that analyzes economic and fiscal impact. The report shows the impact that the firm, its employees and workers in spin-off jobs will have on the community and the state.

The economic impact over the next ten years is calculated along with the accompanying public costs and benefits for the State of Kansas and the taxing entities included in this analysis.

The analysis also shows the effect of tax abatements and incentives that may be considered for the firm.

Here is how the analysis was performed:

1. Data was entered for the state and community's tax and other rates; the firm and its employees; tax abatements and other incentives being considered for the firm; construction activity; and expected visitors.
2. Using the data entered, as well as some rates built into the computer program, calculations were made of the economic impact of the firm along with the related costs and benefits.

The calculations of impact include direct, indirect and induced impact. Regional economic multipliers, specific to the firm's industry group, were used by the program to calculate the direct and induced or spin-off jobs and earnings in the community.

These are the report sections:

### **Summary of Costs and Benefits for all Taxing Entities**

This report page summarizes the costs and benefits for all taxing entities resulting from the firm and from new direct, indirect and induced jobs.

### **The Economic Impact that the Firm will have on the Community**

This report page shows the number of direct, indirect and induced jobs that will be created in the community, the number of new residents and additional school children, and increases in local personal income, retail sales, economic activity and the property tax base in the first year and over the next ten years.

### **Benefits and Costs for Each Taxing Entity**

These report pages summarize the costs and benefits for the State of Kansas and for each taxing entity as a result of the firm locating or expanding in the Kansas community.

The public benefits include additional revenues from the firm and employees for the taxing entities - - -sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, Payments in lieu of taxes (PILOT) by the firm and additional school funding. Public costs include the additional costs of public services for new residents and the firm, costs of educating new students that move to the school district, along with tax abatements and incentives provided to the firm.

In addition to a presentation of public costs and benefits, this report also computes the present value of net benefits to be received by each taxing entity; the payback period for incentives and taxes to be abated; the rate of return on investment for each entity, and, cost benefit ratios.

### **Payback Period**

The investment payback period for each taxing entity was computed. This analysis views the financial incentives, including tax abatement, that the taxing entities are considering for the firm as an investment that the public will be making in the company. The payback period, therefore, is the number of years that it will take each taxing entity to recover the cost of incentives from the net annual benefits that they will receive. This payback period also shows the point in time where the cost and benefits are equal for the level and length of tax abatements and incentives being granted. The payback period is a basis for judging the appropriateness of providing incentives to a firm. Generally, the shorter the payback period the better the investment.

### Present Value

The present value of the expected cash flow over the next ten years for each entity was computed. Present value is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. The analysis uses a discount rate that is entered to make the dollars comparable—by expressing them in today's dollars (present value). Generally, a positive present value indicates an acceptable investment.

### Rate of Return on Investment

The rate of return on investment for each taxing entity was also computed. As with the computation of payback, the rate of return analysis views the incentives that each taxing entity is considering as an investment that the public will be making in the company. The rate of return, therefore, is the compound rate of return, over the next ten years, on each taxing entity's investment in the firm. Generally, a positive compound rate of return is considered desirable.

### Benefit to Cost Ratio

The benefit to cost ratio for each taxing entity was also computed. This ratio compares public benefits over a ten year period from the new or expanding firm to public costs during the same period. For example, a benefit to cost ratio of 1.55 (or 1.55 to 1) shows that ten year benefits are 155 percent of public costs. Conversely, a benefit to cost ratio of .75 shows that public benefits are only 75 percent of public costs—costs exceed benefits. Generally, a benefit to cost ratio of 1.30 to 1 is considered acceptable for a taxing entity to grant tax abatements and other financial incentives to a firm.

## **How were the benefits and costs determined?**

### **City, County, Special Taxing District and State Benefits and Costs**

The Cost Benefit Analysis (CBA) operates with the assumption that 70% of the jurisdiction's revenues and expenditures supports its citizens, and 30% supports its businesses. Therefore, 70% of the revenues/costs (divided by number of residents) are calculated as the average revenue/cost per resident; 30% of these revenues/costs (divided by the number of workers in the jurisdiction) are calculated as the average revenue/cost per worker.

The CBA predicts potential benefits and costs from residents by multiplying the number of new employees moving to the jurisdiction by the average revenue/cost per resident. Benefits and costs from the business expansion are predicted by multiplying the average revenue/cost per worker.

Collection of sales taxes, transient guest taxes and property taxes as well as utility enterprises and franchise fees are potential benefits from an expansion.. Other revenues include fees, permits, license, and other charges.

The program predicts costs by removing utility enterprise expenditures and internal transfers from the general operating budget, and reducing the result to a cost per resident and a cost per worker.

### **School District Benefits and Costs**

Property taxes as well as state and federal payments per full time student are used to predict benefits a school district may realize. The Kansas Department of Education condenses the school district's budget to a cost per student. One new student will not cause the addition of a new classroom or the hiring of another teacher, so it would not be fair to estimate the impact of new students using the average cost per student. The program utilizes a marginal cost per student (10% of the average cost per student, unless a different percentage is requested) to predict the cost to the district when a new student is added. Revenue per student is calculated from the amount of state and federal payment per student that the district receives.

The business predicts the average family size of new employees moving to the jurisdiction and the number of school age children in the family. The CBA can work with percentages, as in a family size of 2.5.

### **Indirect Jobs**

The ripple or spin-off economic activity created by an expansion generates indirect or induced benefits. The number of jobs this activity generates depends largely on the type of business that is expanding and what types of jobs will be needed to support not only the business, but the new employees and their families. The program uses a default of 10% of the number of new employees to predict these jobs. The percentage can be adjusted, depending on community conditions, which also determine whether the indirect workers will be moving from out of state or out of county.

### **Formulas used in this analysis**

- **Present Value** = (Total Benefits (for the year) + 1+Discount Rate (5.5%))<sup>Number of Years Abated</sup>
- **Compound Rate of Return** = ((Present Value of Total Costs + Present Value of Total Benefits)<sup>(1/Number of Years Abated)</sup>)-1
- **Benefit to Cost Ratio** = Present Value of Total Benefits + Present Value of Total Costs
- **Payback Period** = The point where total benefits equal or surpass total costs.

K.S.A. 79-213 (g) allows governmental bodies to seek assistance provided by the Kansas Department of Commerce (COMMERCE) in preparing an application requesting exemption from property taxes. COMMERCE prepared this cost benefit analysis as a service under this statute utilizing data gathered by the requesting governmental body, and makes no recommendation to the Board of Tax Appeals either for or against approval of a request for tax abatement.

## Summary of Costs and Benefits for all Taxing Units

### Benefits:

	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Corporate and Personal Income Taxes	Additional School Funding	Other Revenues (Including PILOT)	Total Benefits
City: Abilene	\$23,073	\$80,842	(\$31,278)			\$145,414	\$218,050
County: Dickinson	\$5,077	\$107,429				\$62,405	\$174,912
USD 435 Abilene		\$105,048			\$4,696,513		\$4,801,561
Hospital District #1		\$2,057				\$35,471	\$37,529
State of Kansas	\$726,206	\$3,705		\$2,458,565		\$1,034,333	\$4,222,809

### Costs, Incentives and Taxes Abated:

	Costs of Services for the Firm and New Residents	Costs of Educating New Students	Taxes Abated	Incentives	Total Taxes Abated & Incentives	Total Costs
City: Abilene	\$156,399		\$21,707	\$0	\$21,707	\$178,106
County: Dickinson	\$44,401		\$23,209	\$0	\$23,209	\$67,611
USD 435 Abilene		\$295,120	\$26,095		\$26,095	\$321,215
Hospital District #1	\$11,648		\$1,090		\$1,090	\$12,738
State of Kansas	\$412,074	\$210,151	\$813	\$0	\$813	\$623,039

### Net Benefits:

	Total Benefits	Present Value of Total Benefits	Total Costs (Includes Taxes Abated and Incentives)	Present Value of Total Costs	Benefit to Cost Ratio (Over 10 Years)
City: Abilene	\$218,050	\$157,720	\$178,106	\$128,472	1.23 : 1
County: Dickinson	\$174,912	\$127,444	\$67,611	\$51,839	2.46 : 1
USD 435 Abilene	\$4,801,561	\$3,432,651	\$321,215	\$227,942	15.06 : 1
Hospital District #1	\$37,529	\$35,204	\$12,738	\$11,952	2.95 : 1
State of Kansas	\$4,222,809	\$2,868,553	\$623,039	\$429,514	6.68 : 1

### Other

	Net Benefits	Present Value of Net Benefits	Taxes Abated & Incentives	Present Value of Taxes Abated and Incentives	Payback Period for Taxes Abated and Incentives and	Compound Rate of Return (Over 10 Yrs)
City: Abilene	\$39,944	\$29,176	\$21,707	\$18,141	2 Years	2.07%
County: Dickinson	\$107,301	\$75,605	\$23,209	\$19,675	2 Years	9.41%
USD 435 Abilene	\$4,480,346	\$3,204,709	\$26,095	\$21,808	1 Years	31.15%
Hospital District #1	\$24,791	\$23,252	\$1,262	\$911	1 Year	11.41%
State of Kansas	\$3,599,770	\$2,438,491	\$813	\$680	1 Year	20.91%

**The Economic Impact of this expansion by Thunderstruck Inc.**

NAICS Code 332999 - Fabricated metal manufacturing

	<u>In the first year</u>	<u>Over the next ten years</u>
*Number of new direct and indirect jobs to be created	19	77
Number of new residents in the community	0	0
Number of additional students in the local school district	8	40
**Increase in local personal income	\$413,904	\$5,794,656
***Increase in local retail sales	\$144,866	\$2,028,130
Increase in the community's property tax base	\$650,000	\$461,432
Land	\$0	\$0
Buildings	\$150,000	\$195,716
Furniture, fixtures & Equipment	\$350,000	\$70,000
Residential Property	\$12,880	\$201,666

\*The Employment Multiplier for NAICS Code 332999 is 1.9333. The Employment Multiplier is used to estimate the total change in the number of direct and indirect jobs as a result of the expansion.

\*\*The Earnings Multiplier for NAICS Code 332999 is 1.7246. The Earnings Multiplier is used for estimating to what degree more personal income will be generated.

\*\*\*The Percentage of Gross Salaries expected to be spent on retail sales is 0.35

Property taxes to be abated by the following taxing entities:

City	<input checked="" type="checkbox"/>	Special Taxing District 1	<input checked="" type="checkbox"/>
County	<input checked="" type="checkbox"/>	Special Taxing District 2	<input type="checkbox"/>
School District	<input checked="" type="checkbox"/>	The State	<input checked="" type="checkbox"/>

Percent of property taxes to be abated on:

	Land	Buildings and Improvements	Furniture, Fixtures & Equipment
Year 1	100.00%	100.00%	100.00%
Year 2	90.00%	90.00%	90.00%
Year 3	80.00%	80.00%	80.00%
Year 4	70.00%	70.00%	70.00%
Year 5	60.00%	60.00%	60.00%
Year 6	50.00%	50.00%	50.00%
Year 7	40.00%	40.00%	40.00%
Year 8	30.00%	30.00%	30.00%
Year 9	20.00%	20.00%	20.00%
Year 10	10.00%	10.00%	10.00%

**City of: Abilene**

**Benefits:**

Year	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Other Municipal Revenues (Including PILOT)	Total
Construction Period	\$608	\$0	\$0	\$0	\$608
1	\$2,242	\$5,520	(\$800)	\$5,071	\$12,033
2	\$2,111	\$5,844	(\$1,099)	\$6,943	\$13,799
3	\$2,595	\$7,304	(\$1,451)	\$8,993	\$17,440
4	\$3,126	\$7,041	(\$1,862)	\$11,088	\$19,393
5	\$3,581	\$7,944	(\$2,341)	\$13,301	\$22,484
6	\$659	\$8,323	(\$2,576)	\$13,700	\$20,106
7	\$4,433	\$8,496	(\$3,541)	\$18,257	\$27,645
8	\$1,028	\$9,523	(\$3,895)	\$18,643	\$25,298
9	\$1,238	\$10,114	(\$4,285)	\$19,202	\$26,269
10	\$1,453	\$10,733	(\$9,427)	\$30,216	\$32,975
Total	\$23,073	\$80,842	(\$31,278)	\$145,414	\$218,050

**Costs:**

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	City Costs for the firm and Municipal Services for New Residents	Total Costs, Taxes Abated & Incentives
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$5,004	\$0	\$5,004	\$8,421	\$13,425
2	\$4,184	\$0	\$4,184	\$7,340	\$11,524
3	\$3,436	\$0	\$3,436	\$9,402	\$12,838
4	\$2,760	\$0	\$2,760	\$11,580	\$14,340
5	\$2,155	\$0	\$2,155	\$13,881	\$16,036
6	\$1,621	\$0	\$1,621	\$14,298	\$15,918
7	\$997	\$0	\$997	\$18,871	\$19,869
8	\$764	\$0	\$764	\$19,437	\$20,201
9	\$520	\$0	\$520	\$20,020	\$20,541
10	\$266	\$0	\$266	\$33,147	\$33,413
Total	\$21,707	\$0	\$21,707	\$156,399	\$178,106

**Net Benefits (or Costs)**

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$608	\$0	\$608	\$608	\$0
1	\$12,033	\$13,425	(\$1,392)	(\$1,392)	\$4,743
2	\$13,799	\$11,524	\$2,275	\$2,044	\$3,759
3	\$17,440	\$12,838	\$4,602	\$3,919	\$2,926
4	\$19,393	\$14,340	\$5,053	\$4,079	\$2,228
5	\$22,484	\$16,036	\$6,448	\$4,934	\$1,649
6	\$20,106	\$15,918	\$4,187	\$3,037	\$1,176
7	\$27,645	\$19,869	\$7,776	\$5,346	\$686
8	\$25,298	\$20,201	\$5,097	\$3,321	\$498
9	\$26,269	\$20,541	\$5,728	\$3,538	\$321
10	\$32,975	\$33,413	(\$438)	(\$256)	\$156
Total	\$218,050	\$178,106	\$39,944	\$29,176	\$18,141

Discounted payback period for taxes abated and incentives .....	2 Years
Compound rate of return over the next ten years on the city's investment of taxes abated and incentives for the firm .....	2.07%
Benefit/Cost Ratio (Over 10 Years).....	1.23 : 1

**Dickinson County**

**Benefits:**

Year	Sales Taxes	Property Taxes	Other County Revenues (Including PILOT)	Total
Construction Period	\$500	\$0	\$0	\$500
1	\$458	\$6,138	\$8,277	\$14,873
2	\$572	\$6,796	\$2,516	\$9,884
3	\$687	\$9,188	\$3,456	\$13,330
4	\$801	\$8,949	\$4,449	\$14,199
5	\$915	\$10,488	\$5,499	\$16,903
6	\$0	\$11,227	\$5,664	\$16,891
7	\$1,144	\$11,835	\$7,779	\$20,758
8	\$0	\$13,378	\$8,012	\$21,390
9	\$0	\$14,256	\$8,252	\$22,508
10	\$0	\$15,175	\$8,500	\$23,675
<b>Total</b>	<b>\$5,077</b>	<b>\$107,429</b>	<b>\$62,405</b>	<b>\$174,912</b>

**Costs:**

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	County Costs for the firm and County Services for New Residents	Total
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$5,351	\$0	\$5,351	\$5,889	\$11,240
2	\$4,474	\$0	\$4,474	\$1,790	\$6,264
3	\$3,674	\$0	\$3,674	\$2,459	\$6,132
4	\$2,951	\$0	\$2,951	\$3,166	\$6,116
5	\$2,304	\$0	\$2,304	\$3,913	\$6,217
6	\$1,733	\$0	\$1,733	\$4,030	\$5,763
7	\$1,066	\$0	\$1,066	\$5,535	\$6,601
8	\$817	\$0	\$817	\$5,701	\$6,518
9	\$556	\$0	\$556	\$5,872	\$6,428
10	\$284	\$0	\$284	\$6,048	\$6,332
<b>Total</b>	<b>\$23,209</b>	<b>\$0</b>	<b>\$23,209</b>	<b>\$44,401</b>	<b>\$67,611</b>

**Net Benefits (or Costs)**

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$500	\$0	\$500	\$500	\$0
1	\$14,873	\$11,240	\$3,633	\$3,444	\$5,351
2	\$9,884	\$6,264	\$3,620	\$3,253	\$4,019
3	\$13,330	\$6,132	\$7,198	\$6,130	\$3,129
4	\$14,199	\$6,116	\$8,083	\$6,524	\$2,382
5	\$16,903	\$6,217	\$10,686	\$8,176	\$1,763
6	\$16,891	\$5,763	\$11,128	\$8,070	\$1,257
7	\$20,758	\$6,601	\$14,157	\$9,732	\$733
8	\$21,390	\$6,518	\$14,873	\$9,691	\$532
9	\$22,508	\$6,428	\$16,080	\$9,932	\$344
10	\$23,675	\$6,332	\$17,343	\$10,153	\$166
<b>Total</b>	<b>\$174,912</b>	<b>\$67,611</b>	<b>\$107,301</b>	<b>\$75,605</b>	<b>\$19,675</b>

Discounted payback period for taxes abated and incentives .....	2 Years
Compound rate of return over the next ten years on the county's investment of taxes abated and incentives for the firm.....	9.41%
Benefit/Cost Ratio (Over 10 Years).....	2.46 : 1

**School District: USD 435 Abilene**

**Benefits:**

Year	Property Taxes	Additional State, Federal and Other School Funding (Including PILOT)	Total
1	\$6,724	\$205,542	\$212,266
2	\$7,230	\$264,636	\$271,866
3	\$9,297	\$327,090	\$336,386
4	\$8,997	\$393,053	\$402,050
5	\$10,297	\$462,680	\$472,977
6	\$10,877	\$476,560	\$487,437
7	\$11,244	\$613,571	\$624,815
8	\$12,645	\$631,978	\$644,623
9	\$13,448	\$650,937	\$664,386
10	\$14,289	\$670,466	\$684,754
Total	\$105,048	\$4,696,513	\$4,801,561

**Costs:**

Year	Additional Costs	Property Taxes Abated	Total
1	\$11,302	\$6,016	\$17,318
2	\$14,552	\$5,030	\$19,582
3	\$17,986	\$4,130	\$22,116
4	\$25,442	\$3,317	\$24,931
5	\$26,205	\$2,590	\$28,032
6	\$26,205	\$1,948	\$28,154
7	\$33,739	\$1,199	\$34,938
8	\$34,751	\$919	\$35,670
9	\$35,794	\$626	\$36,420
10	\$73,735	\$320	\$74,055
Total	\$295,120	\$26,095	\$321,215

**Net Benefits (or Costs)**

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$212,266	\$17,318	\$194,948	\$184,785	\$5,702
2	\$271,866	\$19,582	\$252,285	\$226,666	\$4,519
3	\$336,386	\$22,116	\$314,270	\$267,637	\$3,518
4	\$402,050	\$24,931	\$377,119	\$304,417	\$2,678
5	\$472,977	\$28,032	\$444,944	\$340,442	\$1,982
6	\$487,437	\$28,154	\$459,284	\$333,094	\$1,413
7	\$624,815	\$34,938	\$589,877	\$405,503	\$824
8	\$644,623	\$35,670	\$608,954	\$396,793	\$599
9	\$664,386	\$36,420	\$627,966	\$387,850	\$386
10	\$684,754	\$74,055	\$610,699	\$357,522	\$187
Total	\$4,801,561	\$321,215	\$4,480,346	\$3,204,709	\$21,808

Discounted payback period for taxes abated and incentives .....	1 Years
Compound rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm .....	31.15%
Benefit/Cost Ratio (Over 10 Years).....	15.06 : 1

**Special Taxing District: Hospital District #1**

**Benefits:**

Year	Property Taxes	Additional Revenues	Total
1	\$251	\$35,471	\$35,723
2	\$241	\$0	\$241
3	\$235	\$0	\$235
4	\$218	\$0	\$218
5	\$209	\$0	\$209
6	\$196	\$0	\$196
7	\$165	\$0	\$165
8	\$174	\$0	\$174
9	\$180	\$0	\$180
10	\$187	\$0	\$187
<b>Total</b>	<b>\$2,057</b>	<b>\$35,471</b>	<b>\$37,529</b>

**Costs:**

Year	Additional Costs	Property Taxes Abated	Total
1	\$11,648	\$251	\$11,899
2	\$0	\$210	\$210
3	\$0	\$173	\$173
4	\$0	\$139	\$139
5	\$0	\$108	\$108
6	\$0	\$81	\$81
7	\$0	\$50	\$50
8	\$0	\$38	\$38
9	\$0	\$26	\$26
10	\$0	\$13	\$13
<b>Total</b>	<b>\$11,648</b>	<b>\$1,090</b>	<b>\$12,738</b>

**Net Benefits (or Costs)**

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$35,723	\$11,899	\$23,823	\$22,581	\$238
2	\$241	\$210	\$31	\$28	\$189
3	\$235	\$173	\$63	\$54	\$147
4	\$218	\$139	\$80	\$64	\$112
5	\$209	\$108	\$101	\$77	\$83
6	\$196	\$81	\$115	\$83	\$59
7	\$165	\$50	\$115	\$79	\$34
8	\$174	\$38	\$136	\$88	\$25
9	\$180	\$26	\$154	\$95	\$16
10	\$187	\$13	\$173	\$102	\$8
<b>Total</b>	<b>\$37,529</b>	<b>\$12,738</b>	<b>\$24,791</b>	<b>\$23,252</b>	<b>\$911</b>

Discounted payback period for taxes abated and incentives .....	1 Year
Compound rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm .....	11.41%
Benefit/Cost Ratio (Over 10 Years).....	2.95 : 1

**State of Kansas**

**Benefits:**

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	Other State Revenues (Including PILOT)	Total
Construction Period	\$10,517		\$0	\$0	\$10,517
1	\$9,994	\$215	\$38,031	\$14,760	\$63,000
2	\$15,375	\$238	\$57,932	\$22,804	\$96,349
3	\$22,933	\$271	\$77,905	\$51,508	\$152,617
4	\$45,096	\$314	\$150,453	\$81,914	\$277,776
5	\$55,090	\$368	\$188,077	\$92,677	\$336,212
6	\$65,344	\$393	\$223,514	\$95,458	\$384,709
7	\$69,821	\$415	\$298,495	\$161,394	\$530,125
8	\$115,313	\$460	\$369,095	\$166,236	\$651,104
9	\$143,756	\$500	\$474,713	\$171,223	\$790,192
10	\$172,969	\$532	\$580,349	\$176,360	\$930,210
Total	\$726,206	\$3,705	\$2,458,565	\$1,034,333	\$4,222,809

**Costs:**

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	State Costs for the firm and Services for New Residents	Cost of Educating New Students	Total
Construction Period	\$0	\$0	\$0	\$0	\$0	\$0
1	\$188	\$0	\$188	\$8,870	\$0	\$9,058
2	\$157	\$0	\$157	\$13,704	\$0	\$13,861
3	\$129	\$0	\$129	\$22,958	\$8,020	\$31,107
4	\$103	\$0	\$103	\$32,754	\$16,522	\$49,380
5	\$81	\$0	\$81	\$38,729	\$17,018	\$55,827
6	\$61	\$0	\$61	\$39,891	\$17,528	\$57,480
7	\$37	\$0	\$37	\$60,992	\$36,108	\$97,138
8	\$29	\$0	\$29	\$62,822	\$37,191	\$100,042
9	\$20	\$0	\$20	\$64,707	\$38,307	\$103,033
10	\$10	\$0	\$10	\$66,648	\$39,456	\$106,114
Total	\$813	\$0	\$813	\$412,074	\$210,151	\$623,039

**Net Benefits (or Costs)**

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and Incentives
Construction Period	\$10,517	\$0	\$10,517	\$9,968	\$0
1	\$63,000	\$9,058	\$53,942	\$51,130	\$178
2	\$96,349	\$13,861	\$82,488	\$74,112	\$141
3	\$152,617	\$31,107	\$121,510	\$103,479	\$110
4	\$277,776	\$49,380	\$228,396	\$184,365	\$83
5	\$336,212	\$55,827	\$280,384	\$214,532	\$62
6	\$384,709	\$57,480	\$327,229	\$237,322	\$44
7	\$530,125	\$97,138	\$432,987	\$297,651	\$26
8	\$651,104	\$100,042	\$551,062	\$359,071	\$19
9	\$790,192	\$103,033	\$687,159	\$424,409	\$12
10	\$930,210	\$106,114	\$824,095	\$482,451	\$6
Total	\$4,222,809	\$623,039	\$3,599,770	\$2,438,491	\$680

Discounted payback period for taxes abated and incentives .....	1 Year
Compound rate of return over the next ten years on the state's investment of taxes abated and incentives for the firm .....	20.91%
Benefit/Cost Ratio (Over 10 years).....	6.68 : 1