

**ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES**

Monday, June 1, 2015

The meeting of the Economic Development and Finance Standing Committee was held on Monday, June 1, 2015, at 6:30 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walker, Townsend, Walters, Murguia and BPU Board Member David Alvey. The following officials were also in attendance: Doug Bach, County Administrator; Lew Levin; Chief Financial Officer; George Brajkovic, Director of Economic Development; Melissa Mundt, Assistant County Administrator; Jody Boeding, Chief Legal Counsel; Gordon Criswell, Assistant County Administrator; Joe Connor, Assistant County Administrator; Rick Mikesic, Accounting Director; Bill Heatherman, County Engineer; and John Pack, Public Works.

Chairman McKiernan called the meeting to order. Roll call was taken and members were present as shown above.

Approval of standing committee minutes from March 9 and 30, 2015. **On motion of Commissioner Walker, seconded by Commissioner Murguia, the minutes were approved.** Motion carried unanimously.

Chairman McKiernan said everyone should have gotten both a blue and a pink sheet regarding our committee agenda tonight. Relative to the original agenda that was sent out, Item No. 3 has now been struck from that agenda. What was Item No. 3 – Resolution: Set Public Hearing for a CID has been struck and a new Item No. 5 has been added to our agenda tonight. That is a communication regarding motor vehicle renewal notices. On the blue sheet that accompanied that you also got the text that goes along with our Item No. 1 which is the 2014 Comprehensive Annual Financial Report (CAFR).

Committee Agenda:**Item No. 1 – 150139...PRESENTATION: 2014 CAFR**

Synopsis: Presentation of the 2014 Comprehensive Annual Financial Report (CAFR), by Allen, Gibbs, and Houlik, LC, the UG's independent auditor, submitted by Rick Mikesic, Accounting Director. It is requested that this item be fast tracked to the June 4, 2015, full commission meeting due to it being time sensitive. Information forthcoming.

Rick Mikesic, Accounting Director, said we are here to present our 2014 CAFR to the standing committee tonight. The action that we are looking for is approval and we would like it to be fast tracked to Thursday evening's full commission meeting. Here with Lew and I tonight are auditors, Allen, Gibbs & Houlik, L.C. (AGH). Shelly and Tara are here with us and I will let Shelly take over.

Shelly Hammond, AGH Sr. Vice-President, said as I understand it we will be doing a more detailed presentation on Thursday to the full commission. I'll keep my comments here brief this evening. Really what I'm reporting to this group here are just a couple of high level points. One is we are issuing what's called an unmodified opinion. That in layman's terms is sometimes referred to as a clean opinion. On your audit that is the highest level of opinion you can get. So that's—the result of the audit is a clean opinion, if you will.

In the packet of information, you also have what we call our annual management letter. I'll go into that in more detail on Thursday, but just a couple of highlight points: there are no new findings, no new controlled efficiencies or matters of that nature to report to you. We do have one repeat item from last year that actually continues to show improvement, but where we still continue to recommend on-going improvement.

We really don't have a lot to report because there isn't anything new and just an update on a prior item. Again, I was just going to keep my comments here this evening brief, but would be glad to take any comments or feedback that you have before the meeting on Thursday.

Action: **Commissioner Walker made a motion, seconded by Commissioner Murguia, to forward and fast track this item to the June 4, 2015 full commission**

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meeting for presentation and approval. Roll call was taken and there were six “Ayes,” Alvey, Walters, Murguia, Townsend, Walker, McKiernan.

Item No. 2 – 150142...RESOLUTION: SAFE ROUTES KCK WALKING SCHOOL BUS GRANT

Synopsis: A resolution authorizing the UG to enter into an agreement with the State of Kansas for the acceptance of a \$120,000 MARC grant to implement and expand the Safe Routes KCK Walking School Bus Expansion, submitted by Lideana Laboy, Public Works.

Bill Heatherman, County Engineer, said this is one of those MARC grants. Tonight’s resolution would authorize us simply to move forward with all the KDOT paperwork etc. In fact the only reason this one is different, it’s a small amount of cash that’s needed for our local match instead of debt. This is the actual initiating document that lets us move forward with the rest of the project.

Action: Commissioner Murguia made a motion, seconded by Mr. Alvey, to approve the resolution as submitted.

Commissioner Murguia said I do have one little question. I’m sorry I didn’t read the details. I saw Safe Routes and I’m thumbs up on that. Is this for which safe routes? **Mr. Heatherman** said what this actually does is gives us funding to support what’s called “Walking School Buses” at ten schools which we are working with the districts. I don’t have the list of all ten that have been nominated. **Commissioner Murguia** said that’s fine I’m good with that. **Mr. Heatherman** said what a walking school bus is, is trained parents and teachers who help take the kids home and teach them safety and the joys of walking home from school. **Commissioner Murguia** said yes I participated with that in Rosedale, so great.

Roll call was taken on the motion and there were six “Ayes,” Alvey, Walters, Murguia, Townsend, Walker, McKiernan.

Item No. 3 – 150135...RESOLUTION: SET PUBLIC HEARING FOR A CID

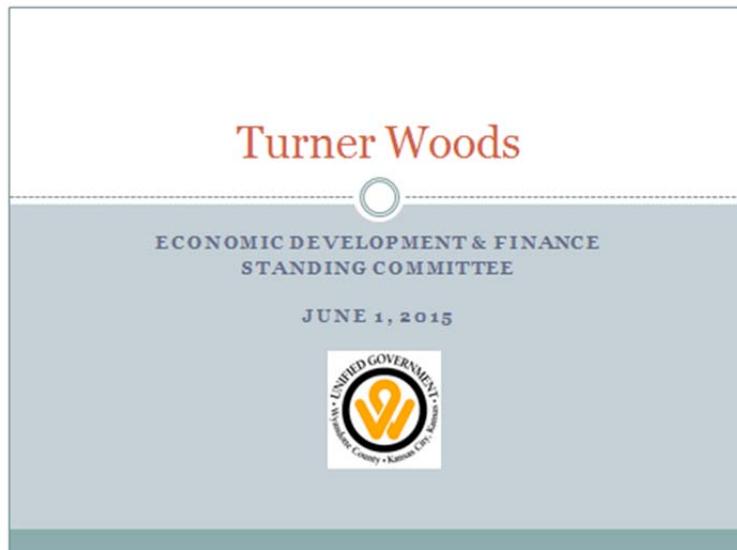
Synopsis: A resolution setting a public hearing date of July 9, 2015, to consider a Community Improvement District (CID) as part of the new \$50M, 246 unit multifamily and parking garage project at the SE corner of Parallel and Village West Parkway as proposed by EPC Real Estate, RED Legacy, KKR, and Humphries Architects, submitted by George Brajkovic, Economic Development Director. On April 27, 2015, the proposed project was presented to the standing committee.

Action: Item was removed from agenda.

Item No. 4 – 150136...PRESENTATION: NORTHPOINT DEVELOPMENT PROPOSED BUSINESS PARK

Synopsis: Presentation of NorthPoint Development's proposal for a business park on the Turner Woods site (130 acres south of both I-70 and Riverview Ave., along the SW corridor of the Turner Diagonal), presented by George Brajkovic, Economic Development Director. NorthPoint is requesting Industrial Revenue Bonds (IRBs) and a Community Improvement District (CID).

Action: For information only.



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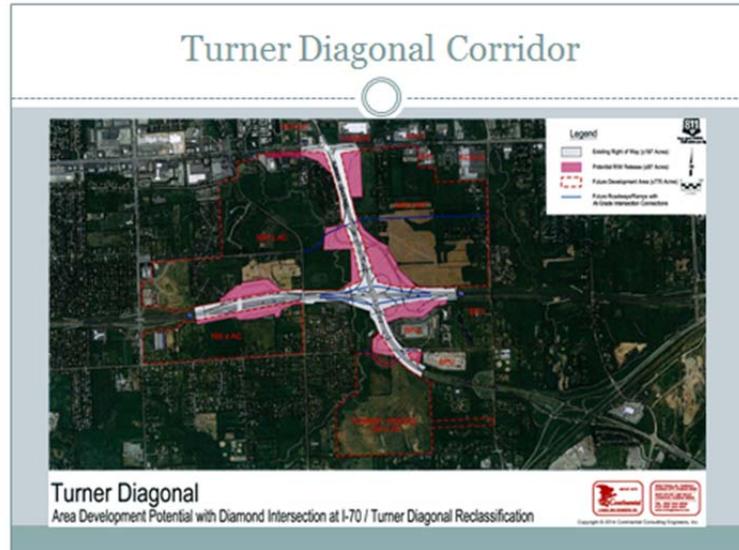


George Brajkovic, Director of Economic Development, said I'll make a couple of quick introductions, but I think you know all these folks since you already said their names. Brent Miles with NorthPoint, Todd LaSala. Brent represents the developer with a proposal for the site. Todd is representing the UG. There are a couple more people: Chase Simmons with Polsinelli is the developer's attorney on this deal, Greg Gaffney is here representing the current property ownership group and Phil Gibbs, Jr. with Continental Engineering. He has kind of helped us with some of our corridor photos and I believe he may be involved on the developers end for design; Greg Kindle with WYEDC and then Anna Krstulic with UG Legal has been a part of this.

Turner Woods, I think some of you are familiar with it because it's been around for a while and initially started as a Residential TIF. I think late last year actually the full commission approved an ordinance actually dissolving that TIF District as a residential area.

In somewhat recent history we actually pursued a large fulfillment center here that ended up being a Macy's project that went to Oklahoma City, but they were looking for a site that could accommodate one million square feet under a single roof. We quickly found that in the metropolitan area there's not a lot of that type of land product available that still has close proximity to a road system that logistic facilities would need to utilize. It kind of brought up the whole discussion back of Turner Woods and what are we really doing, and then we started to actively pursue developers that we knew were in the industrial segment of the market and see if they had some interest.

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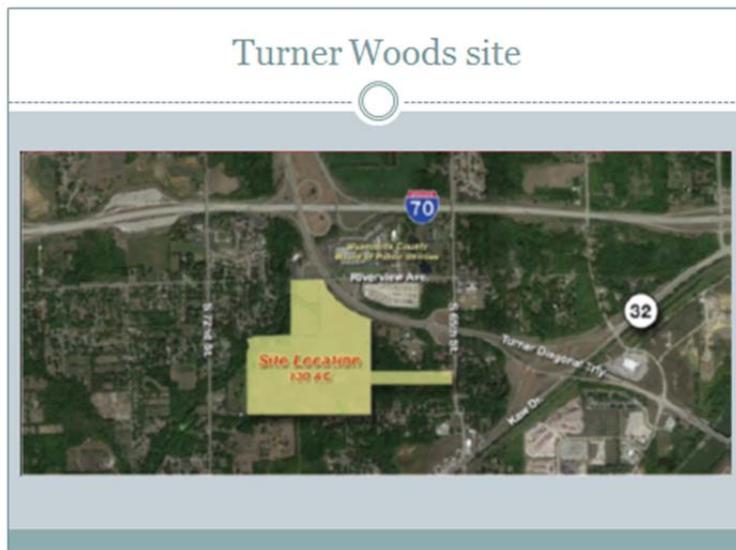


Before we dive right straight into Turner Woods though, I wanted to talk very quickly about the Turner Diagonal Corridor and Greg Kindle is here with WYEDC and I know that they're pursuing a committee that's really looking at identifying new industrial space. When I say industrial, it's probably more in the logistics light manufacturing. It's not that heavy industrial use that Fairfax, that heavy electrical supply, but there's a real need for something a little softer than that.

When we look at the Turner Diagonal Corridor to the north—the top of the page here represents north, is State Avenue. As you travel down Turner Diagonal you're moving towards bypass I-70 and you move down towards K-32. There are a lot of vacant land opportunities here that could potentially serve some sort of light industrial logistic use.

The pink highlighted areas alone represent KDOT right-of-way. If you've ever traveled this area, you know there is really an odd system of meandering off and on ramps that just don't really utilize this corridor to its fullest. I forget the total number of acres. I think it's spelled out there but I just can't read it. Just putting that right-of-way into play what it creates, but when we look at this we see a corridor that could accommodate another five, six hundred type acre site for bringing that type of product here. What really gets us excited then you know State Avenue we have a good transit corridor at 65th & State. You've got the Burke Technical Training Facility with the community college that can do training or on site training. We think this corridor has some great potential.

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At the very bottom of the page is the Turner Woods site that's 130 acres. That's really what we're here to kind of talk about tonight, is some general deal perimeters of what we think it would take to get that site developed.

Again, you see the—it's just a slightly zoomed in image, 130 acres just south of I-70. One of the things you'll see though as you exit from eastbound I-70 onto Turner Diagonal, approaching Riverview Avenue you have a very short ramp system there. As you come off the ramp there's not much capacity here to stack vehicles in particular any sort of semi-trucks that would be associated with logistics or manufacturing type, industrial type setups. That would one thing on the public infrastructure component that we would have to take a look at. We've got some slides later in this presentation that talks about that. In general it's 130 acres. It's all under one ownership; we've got a developer that's interested in purchasing it.

With that here's the concept plan that they've presented and it does show three buildings. I think what I'll do is I'll turn it over to Brent to kind of talk about why they're interested and why they think this type of setup works.

Brent Miles, NorthPoint Development, said you know what we looked at was much like other things that we've done in your community. We think we see what other people don't see. People didn't see luxury apartments at Village West, but we did. People did not want to take on tearing down eight buildings at the Public Levee and going through the brain damage of 26 tenants and asbestos and environmental remediation, but we did. We view this as our next

business park at NorthPoint. We think that the logistics of this site are tremendous, your proximity to I-70, I-635 and 435. We think this is merely an extension of the Kansas Avenue corridor as you come off the Turner Diagonal.

People haven't been able to see it meaning developers for mainly, probably in my opinion, two big reasons. They see the access as it exists today and not what it could be in the future. It doesn't accommodate an industrial park now because of what George said about the access. The off ramp, don't drive it faster than maybe 25 miles per hour. It is not meant for truck traffic or high speed and second if you ever get up on the site and you don't get lost in the weeds, this site has about \$3.2M of grading on it. It has 30 feet of cut and 30 feet of fill. This might mean something to some of you. It has 1.2 to 1.5 million cubic yards that have to be moved on this site. It is a massive, massive, massive grading project.

You have to have a developer that's willing to pay cash for the land which we are. You have to have a developer who's willing to sit on it essentially for almost a year as you do that grading because it's going to take time to grade it and let it settle and surcharge and get all the moisture out of it. It's going to take a long time to do that. You have to have someone who is patient and that's how we operate. We're patient but we're patiently waiting for the next business park because we think this is it. Finding sites of 130 acres with one ownership inside the 435 ring that can be zoned for industrial is a really rare find. Doing it in Wyandotte County is a plus for us because of our track record in relationship with the Commission and with the staff.

We view this, I know several commissioners, Commissioner Walker in particular, has brought it to me several times, I love what you did in Horizons why don't you do it here? This is our version of Horizons here. I was thinking back and I can't think of an industrial park that Wyandotte County has done probably in the last 20 years. Mr. Wilhite has done one off buildings and built a portfolio but not a park. There's not been something like this. Edwardsville is somewhat of a park so that's probably your best example.

We view this in having a park at Kaw Point is successful for us. Our activity at Kaw Point is super strong. I already have one lease done since I've seen you. I'm about to land two to three more leases in my opinion. That's a good indication from you that we'll be strong here. The downside of Kaw Point is it's not part of a portfolio. Somebody comes in and we lease the whole building and they need to grow, what do you do with them? With a portfolio you can say

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to somebody, you're in 100,000 feet now, we can grow you into the next building, 200, 300. Since we control the lease we can rip up their current lease and move them in. That's one big benefit that Riverside Horizons has and it's a selling point that we'll use here.

It's a brain damaging project and we're use to that; three million of on-site grading. There are no streets, there are obviously no utilities, there are wetlands, and I have eight ephemeral streams I have to deal with. I have David Flick on our team working on that with the Corps of Engineers, not to mention what George mentioned before which is the public infrastructure component. You have to do something about the access and then if you haven't been out there, I will use the word that I use not Unified Government uses, you have a deteriorating bridge. You have a bridge that is in not very good shape now. If you haven't been by it, it has jersey barriers. It's just not in very good shape. Comparatively it might be in better shape than some of the other infrastructure, but just generally in long-term, something needs to happen with the Riverview Bridge just because of its age and dilapidation.

That's our plan. These buildings we build that literally built a replica of all three of these buildings whether it is in Riverside, Edgerton or a project at 87th & 71 which we call Three Trails Commerce Center. It is an exact replica. We know how to build these, we know how to lease them and we think we'll be successful with this plan.



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Mr. Brajkovic said one other thing I'd like to point out about the conceptual plan here is really the building sizes that are listed. As we start working on the agreement phase of this, these would be minimum square footage expectations so building one at 391,000 square feet and then building two and three at least 432,000 square feet. That's important to remember because as we get into the incentive structure, there's a special assessment that's assessed on a per square footage basis of the building.

Project Details

- **\$69M Capital Investment**
 - \$9M – site acquisition & on-site infrastructure/grading
 - \$60M for 3 buildings
- **Potential for 600+ jobs**
- **Riverview Ave Bridge Replacement Alternatives**
 - UG responsibility

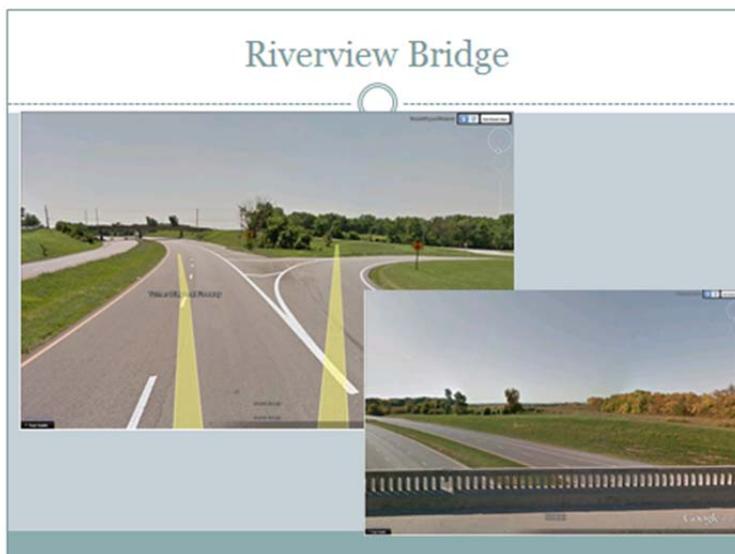
Project details real quick, \$69M total capital investment. As Brent mentioned \$9M for site acquisition and the on-site infrastructure and grading that the developer would be responsible for. Then we're estimating based on the current buildings they build and cost associated with that with the minimum square footage, for those three buildings it's probably at least another \$60M. None of that takes into account what the lessee or the tenants that go in the building and the capital they're going to spend on machinery and equipment. We know that revenue doesn't factor in for us, but it does paint a picture of what's going in here.

The potential for over 600 jobs, worked with Brent to come with an average of how many jobs they produce now in their current business park product over at Horizons. Using that average figure and I can't remember exactly what it was, you probably have it.

Mr. Miles said yes, in Riverside in the last 3.5 years we've built 1.4M square feet of industrial. Essentially we've built Turner Woods in 3.5 years there.

In Riverside that's created 1,224 jobs. We have to report this annually to the city. I didn't do the math here, but I think that's .8 per 1,000 square feet. Here you say maybe conservatively, you look at .5 per 1,000 square feet. That's where you get the 600 jobs. You might see .8 per 1,000. The average salary in Riverside for those jobs is \$41,700. Again, we're required to report that and get it from our tenants at Riverside. We have a pretty good handle on job creation and payroll.

Mr. Brajkovic said we talked about it a little bit in terms of access to the site but the Riverview Avenue Bridge Replacement Alternatives, there's a clear line in the early discussions here that the developer feels that that's a UG cost to bear. We think that getting creative in the incentive structure there's a way to cost share using those incentives and help deflect some of the cost here.

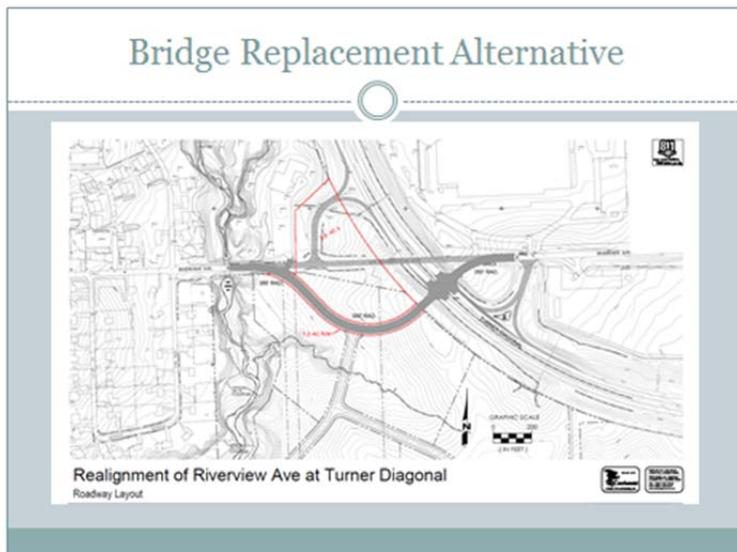


Riverview Avenue Bridge, this is an older image but the image on the left is again as you pull off of I-70 and you're heading south on Turner Diagonal you see that small stacking capacity towards Riverview Avenue. The bridge is in the distance and I'm sure Mr. Heatherman can comment on what the minimum clearance requirements are from KDOT. I noticed this morning as I was driving south, the first bridge I went over it said the clearance height was 14 feet and some change. By the time I got to Riverview Avenue Bridge it was down to 13 feet and some

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change. There was a semi in front of me and it made it through, but I'm not really sure what those requirements are. I'm guessing there is some sort of minimum.

The image then on the right is the view from the bridge looking back towards the Turner Woods site. It's an older image because those side barriers are the original ones that came with the bridge and now we've replaced those with really sturdy jersey barriers.



The Bridge Replacement Alternative, there's been a lot of discussion about this and actually Mr. Heatherman had shared a report that Lochner did. I think it's dated January or December of 2014, where they looked at a variety of things. They didn't look just at replacing the bridge but they studied traffic counts and peak travel times and who needs to come in and out. They came up with a series of options: going to an at grade intersection, so taking the bridge and replacing it with an at grade intersection, to a variety of bridge alternatives. Not just the bridge, but the series of on and off ramps and what that looks like.

Incentive Structure

- **IRBs**
 - 100% abatement, 10 year term – per building
- **CID**
 - 22 year term
 - \$1.04/sqft special assessment
 - 50/50 split with Developer

I don't have all of those numbers with me. I will tell you the range if at grade we were looking at a cost of \$5 to \$7M perhaps in the bridge replacement was north of that, \$10, \$11, \$13M. The magnitude of that again, and those are just estimates that we've seen, but again I think the magnitude of the cost will come in as we kind of talk about the incentive structure and costs.

IRBs, we're contemplating the use of both IRBs and a CID here. It's a structure that might be similar because it's actually what we offered to NorthPoint over at the Central Industrial Park site which is the old RACER site. Each building would be eligible for the use of Industrial Revenue Bonds. Through that process they're entitled to a 10 year pilot. We're proposing to have 100% of tax abatement during that pilot. In place of that we would add back in for each building, concurrent with that 10 year term, a dollar per square foot special assessment. Then we would 50/50 share that special assessment with the developer. They're paying back for their \$9M in site acquisition and grading and their infrastructure and we're using that revenue to offset the cost of the bridge replacement.

So one of the things, maybe a policy point discussion is, so the bridge right now and I think earlier today you guys were talking about CMIP. The last time I looked I didn't see the Riverview Avenue Bridge on the five-year plan. We know it's an issue and so we've got a project that's ready to go. Would we consider going somewhat at-risk, because even under the structure and we've got a slide that kind of closes this presentation that talks about the UG's exposure on this deal, but I think it's something to think about. If we've got a deal that's ready to go and we can mitigate some of our risks by adding some guarantees on revenue generation

from the developer on that. Do we come out a little bit further ahead if we've got at least some new revenue that's dedicated towards that verses waiting and not doing anything on the site. Clearly you've heard from the developer that the current access won't work for what they're trying to develop here.

Todd, I don't know if you want to touch on some of these. These are some of the early things we're talking about, again with UG risk and how we're trying to mitigate some of that.

Todd LaSala said George stated the incentive piece of this very well. For each building that comes on line there would be ten years of abatement. There would also be contractually ten years of CID. In theory for each building as the abatement rolls off at the end of ten years, the CID Special Assessments would end too. This agreement is fairly conditional in nature. It's conditional at the beginning in that the UG doesn't have to build the bridge or the interchange at all unless the developer says they're ready to proceed. Contractually they would give us a notice to proceed, a notice to design, but they would only do that when they're locked and loaded and ready to go with that first 391,000 square foot building. If they don't come through with that between now and say January 31, 2017, then either party can terminate the agreement and walk away and you do not have to do that interchange work. However, if they do come in and say we're coming forward and we've got that first building ready to go, the UG then commits to that infrastructure and has to build the bridge. It's conditional in that respect.

It's important to also point out that in the structure we're working towards it is really only the first building that would ever be guaranteed by the agreement. If they proceed, it's really only the phase 1 building that would be contractually committed to. The other two buildings, I'm sure Brent will tell you, will be really based on market demand and it may happen but contractually they may not.

As George has talked about this structure, the UG is going to rely on that \$.52 a square foot to try and pay back the infrastructure. It turns out to be a little more than \$2M a building if you're looking at 390,000 square foot building.

We're working very hard to strongly incent at least a second building in the project. Now NorthPoint would never be committed to do it contractually but if they don't, they have agreed to help mitigate the risk and the exposure to the UG on the interchange by saying that if they don't

ever do that second building, our \$.52 of the CID remains in place. It will stay there for the entire 22 years. So that gets us somewhere over \$4M against the interchange.

If they build that second building, if and when they do, then if it's after ten years the UG's CID on the first building would roll off. That is really designed to strongly incent the second building and make sure that it happens.

Mr. Brajkovic said to kind of touch on that the current base taxes on that 130 acres is \$4,900 per year. Our share of the CID on each building projects it slightly over \$200,000 a year. As that ten year pilot rolls off those buildings then return to the tax rolls and then we're getting our regular share of the tax revenue that's generated.

Deal Structure- UG Mitigated Risk/Exposure/ROI

- No obligation to replace bridge until Building 1 is confirmed
- UG share of CID revenue alone may not fully cover the Bridge replacement
- ROI
 - Projected 1M + new sqft of Industrial space
 - Projected 600+ new jobs, projected \$42k annual salaries (based on similar Business Park developments by NP)
 - UG has project share in cost of replacing aging infrastructure

I wanted to try to at least touch on the return on the investment for us. Again, you know the site is currently sitting vacant producing \$4,900 a year in taxes. This project it's projecting upwards of 1M new square feet of industrial space. We talked about the 600 jobs. Brent mentioned the average salaries for a like project in the metro area. From staff perspective we feel that the UG has a partner here that's creating a product that allows us to cost share in some of our infrastructure needs on an aging product that we know at some point we're probably going to have to address.

We're obviously available to answer any questions you might have. I know it's probably one of the easiest deal structures we've ever put in front of you so there may not be many questions.

Commissioner Townsend said Mr. LaSala mentioned the word "ready to go" in terms of a building being ready and at that point the UG would become obligated to begin the bridge. What does that mean "ready to go"? Tenants are in or girders are going up, what does that mean, ready to go? **Mr. LaSala** said ready to go would mean it would essentially issue the Notice to Proceed. I most likely will do the grading after closing just because it takes so long. Ready to go means I'm going to commit to building the first \$20M building. The plans are ready, I'm pulling a permit, here I come and then we're building these all speculative.

We talk about kind of guarantee and risk. I'll put my perspective on it which is I can't grade half a site. I can't build half a road so I already have \$9M into it. The minute I start I have \$9M into it. Then I have \$20M into it the minute I give you the Notice to Proceed because I'm going to build the first building. So there is 29 and then the guarantee so I at least have 2M of assessments. If I don't build the other buildings, I have 4M in assessments that go to you. I essentially have \$33M in the interest of building other buildings. I really have to build the other buildings to get my \$9M back on the infrastructure. The site is so topographically challenged that you can't grade half of it; you have to grade it all at once.

Mr. Brajkovic said and just to add to that Commissioner, there is a bit of a timing issue because typically you guys can put a building up in nine months? **Mr. Miles** said all of the demo and everything that you saw; we'll build Kaw Point in 151 days. We can build a 500,000—we're averaging about 130 days for a 500,000 square foot building in Edgerton right now. They'll need something, the Notice to Proceed, the timing of it is important because I can't open that building without the at-grade there. I have to time my Notice to Proceed so that the interchange, I'm going to call it the interchange, it's at-grade. The interchange is done as the building is being delivered. They'll coincide on a timeline. Interchange opens, buildings open, because the worst thing I could have is a building that has no access and I can't lease it, and no tenants.

Commissioner Townsend said well that was a great segway into what would be my next question. From the time that the UG receives the notice, how much time would we have to I guess complete the desired improvements with the interchange and the bridge? **Mr. Miles** said I can pull it out. We're still negotiating that point. For those of you who are around, this is similar I describe this internally as similar to the Village West Phase II Sewers. We had a Notice to Proceed scenario where we gave you notice. There was a sewer that had to be built there. I was

delivering apartments there, they're being built at the same time. Picture two ends of the railroad coming together, you know and at the end they coincide in terms of timing. I can't open my clubhouse or my buildings without a sewer so they have to coincide. We're working on that now. Continental is helping us.

How long will it take to grade as well as how long does it take to design that interchange? How long does it take to build it? Is there a KDOT approval process because of the distance to I-70? That's something that we're all working towards. It's kind of a master schedule once I hand that notice. Are they going to coincide or do I need to hand my notice and commit myself four months ahead of when I typically would start a building to give you enough lead time so that we catch each other. **Commissioner Townsend** said but the plan is to have those two completed at the same time. **Mr. Miles** said hopefully opened the same day.

Commissioner Walters said do I understand that we haven't decided whether we want to replace the bridge or do the at-grade crossing or are we committed to the at-grade crossing? **Mr. Brajkovic** said that's a good question. Public Works issued the study and it listed a variety of options. I think that within that report the opinion was that perhaps a bridge could best serve a replacement bridge with new ramps could best serve this site.

As we sort of look at historical information though, we've already kind of done the switch to the at-grade intersection in the community and that's over at State Avenue. For those of you that might remember what the State Avenue and Turner Diagonal Exchange used to look like, great. For those of you that don't, I have a picture that I can share with you and it's got a—there's about two ramps that come down and the traffic counts at that intersection are higher than what we're experiencing here. I think it's a good question back for Public Works to see where they're at. I think from Economic Development the way we're projecting our share of the

incentive structure, we're in a much better position to cost share the at-grade than we are a replacement bridge. If the at-grade is deemed to be suitable and doesn't present any life safety type issues and we've already done one at State Avenue, why wouldn't we do it here?

Mr. Miles said, commissioner, from my perspective you know from the CID generation that we'll have off the buildings, the site can only accommodate so many square feet, therefore; it can only produce so much CID, therefore; you can only produce so much. Our perspective is, at build out you're probably talking I'm going to give it a big range \$6 to \$9M of total revenue generated; \$6 to \$9M from the studies that we saw can buy you an at-grade. Six to \$9M probably can't buy you a bridge replacement. Now, if there were CMIP or some other funding source that could come into it, that's a decision from you all. All I've told George is my site can't produce \$13M.

Commissioner Walters said well I prefer the at-grade crossing. I think we cleaned up a lot of problems when we did what was done at State Avenue and Turner Diagonal and made it a conventional intersection. That sounds good to me, but believe it or not traffic engineers don't often listen to me, and I'm not one. I like the idea of the at-grade crossing, but it is important you know when we evaluate this. If you're thinking a couple hundred thousand dollars a year if they build one building and if we bite off a new bridge, that's a lot of money that we don't have unless all the buildings are built. We're kind of in a predicament in that situation, right? **Mr. Brajkovic** answered yes. That would be my take on it. Looking at this map, again, I believe this represents the current bridge location and configuration ramp so again to accommodate for that stacking and having a truck turn lane, even if you replace the bridge, you're still moving everything somewhere to the south.

Again, I'm not a traffic engineer either and I've had conversations with Bill Heatherman and I know Bill has strong opinions about what he'd like to see there in terms of preference, but again it's a cost decision. I think that's the discussion again from a policy standpoint. If we've got a project that can cost share and cover most of the cost is that the direction we want to go. **Commissioner Walters** said in your diagram the dark gray road that's lined in red, that would be a public street and that would be the UG infrastructure? **Mr. Brajkovic** said that is correct. **Commissioner Walters** said and then everything south which looks like a driveway would be

the private. **Mr. Brajkovic** said that's correct. **Mr. Miles** said and the private would still be public streets because there are three lots. **Commissioner Walters** said okay. **Mr. Miles** said just to clarify, and again, we're talking about the guarantee. You would at least have a guarantee of \$4M and, again, my words my perspective not staff's; \$4M towards a bridge that I already think that you need to replace. That's my perspective.

Doug Bach, County Administrator, said I guess I'll be a little more direct on this. We're proceeding down the path on this that we're going to an at-grade intersection on it commissioner? We have evaluated that through, looked at it. The premises of this project their financial feasibility covers it from an at-grade perspective.

There are good arguments as to why a bridge makes nice sense here, but I am proceeding under the position that we can do an at-grade here and I've not been told otherwise why we could not. That's where we're at.

Commissioner Townsend said well I think the Administrator took care of the question that I was going to ask. After listening to Commissioner Walters, can we do this project even without the bridge and it sounds like we're going in the direction of the at-grade which sounds like its more feasible economically. **Mr. Bach** said if there's a reason we can't do the at-grade, then we won't be coming back to you in the next meeting seeking approval of final agreement the way this is structured today. **Commissioner Townsend** said so that means we'll have to have some more CMIP talks? **Mr. Bach** said we'll get Mr. Miles to figure a new way to finance different...**Mr. Miles** said I like that. That's a good idea. **Mr. Brajkovic** said let me talk with Mr. Hagendorn then I can tell you how that will go.

Mr. Miles said we looked at again it's a tough project, a tough site, you've got the bridge. I think we all felt that have been working on this for a long time that this was the solution that everybody could live with to get a foreclosed piece of property turned into 1.2M square feet of industrial. This has been sitting foreclosed since 2009. It needs some attention and it needs some capital and we'd like to do both.

Chairman McKiernan said I think this is enormously exciting and we look forward to having you back again and seeing a final proposal on this. Thank you.

Action: No action taken.

Item No. 5 – 150145...COMMUNICATION: MOTOR VEHICLE RENEWAL NOTICES

Synopsis: Communication stating motor vehicle renewal notices will no longer be printed by the state as of August 2015 and recommending the UG take over the notice program, submitted by Debbie Pack, Treasurer.

Chairman McKiernan said everyone should have gotten both a blue and a pink sheet regarding our committee agenda tonight, relative to the original agenda that was sent out. Item No. 3 has now been struck from that agenda. What was Item No. 3 – Resolution: Set Public Hearing for a CID has been struck and a new Item No. 5 has been added to our agenda tonight. That is a presentation or communication regarding motor vehicle renewal notices. In the blue sheet that accompanied that you also got the text that goes along with our Item No. 1 which is the 2014 Comprehensive Annual Financial Report (CAFR).

Chairman McKiernan said as everybody knows the State of Kansas has proposed to no longer mail motor vehicle renewal notices to residents of the state leaving it up to the residents to remember when they're going to renew and to take care of that process online. We have Debbie Pack who's going to give us a presentation. I think, Mr. Bach, do you have anything to set this up? **Mr. Bach** said I think Debbie can begin with the presentation about the situation, the analysis they've done, and then we can go for the recommendation from there.

Debbie Pack, Director of Revenue, said I have Maddie Waldeck my Deputy with me and also Lew Levin just supporting me.

Basically as commissioner said the State has taken a cost savings measure to not send renewal notices with detailed information with the August renewals of 2015. They will be sending a small postcard that just says your renewals due, here's your option to get this

information online. They want you to go online and print your own renewal or call them and type an option 2 to have them help you out which we don't see is going to happen.

What we've come up with—we believe the potential impacts on the office is going to be additional calls to our phone banks, both 311 and the phone bank that we have in our office, for people to obtain their payoff amounts. Obviously, we're going to have additional customers in the office. As you all know or, hopefully, remember we implemented a \$5.00 walk-in renewal fee at the beginning of this year because we're trying to encourage people to renew their tags online or by mail because it's much more cost-effective for us.

We feel that this postcard initiative by the state is going to be very counterproductive to that initiative. We also believe that it's going to increase delinquent property tax because people are just going to downright forget. They're going to get a postcard and not know what it is.

Basically when I brought this to Administration I told them we have two options. One option was to do nothing which was to allow the state to send the postcard and hope that our citizens got it and paid and were able to get this information. Option two was to print our own. The state is going to provide us with a file to print our own notices and from the demonstrations it's going to be a pretty simple file. We've done some initial cost analysis and in order for us to perform this with a third party to outsource it, it's going to be about roughly \$45,000 a year. We have about 75,000 unique renewals that we send out in Wyandotte County. We also looked at performing this in-house but didn't feel that was feasible with the resources that we have.

Administration has authorized us to move forward with the bid process for outsourcing the printing of the renewal notices which is basically going to have an effect in 2015 of probably about \$20,000 on our budget because it won't start until August; and going forward, somewhere around \$45,000.

Now on a good note, I got an email today that the Senate has actually gone in and revised one of the bills that they've got in place right now with their revenue bills. They are trying to put this in statute that the Kansas Department of Revenue must provide this renewal notice. I don't guarantee that's going to happen. My proposal would be that we move forward under the assumption that we will have to provide these and if by some miracle that doesn't happen at least we're ready. We're not going to have a very long time to produce this. We have to notify the state by June 5th which direction we're going because they're not going to mail the postcards if we're going to print our renewal notices. So we're kind of in a short-term frame. If anyone has

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any questions, it really doesn't require any commission action, it was more an information for you all.

David Alvey, BPU Board Member, said if we go on our own and they do not send out the postcards, do they renumerate us for...**Ms. Pack** said no they don't. **Mr. Alvey** said of course not. I'm assuming that the Senators are receiving feedback from the counties complaining that this is an inefficient way to handle this. You have one spot that does it and now you're disseminating to all of the counties and that's simply going to...**Ms. Pack** said it's going to create a lot of inconsistency because of 105 counties right now there's about 12 to 15 that are going to move forward or saying they're going to move forward to do it. Ninety some counties won't be getting renewal notices.

Lew Levin, Chief Financial Officer, said if I may add, just to give you the magnitude of what Motor Vehicle revenue is to the county and all entities within the county including the school districts and the other cities, the Treasury Office collects approximately \$18M in motor vehicle renewals. For the Unified Government budget including city and county, our share of that is approximately \$9M so it's a major revenue source to all taxing entities in Wyandotte County. We just believe the postcard's a less efficient way to invoice our customers and for us to collect the revenue.

Commissioner Townsend said what is it we would be sending out? Would we be, UG, sending out postcards as well or the type of notices that the State used to send out with more detailed information. **Ms. Pack** said we'd be sending out the type of notices the state used to send out. **Commissioner Townsend** said okay, thank you.

Mr. Bach said I want to say it was my analysis when I looked at what Ms. Pack had put together and thought about it from a business case scenario, you're talking about the numbers Lew just put out there that were somewhere in a thousandth of a percent of the cost to do this billing is what you get back in revenues coming back to your community.

If you lose a tenth of those that were coming in to renew it, you're making a very bad business decision. I don't like this from the aspect that what the state is put forth, them just not taking responsibility for something they've done for years where they'd funded. It doesn't make

any sense from that perspective. I don't have any bills that I get at home that I don't get a reminder from the billing company that says here's your bill and tells me what it is and tells me to go pay it. Most of them send you an envelope or they work hard to get you online for that bill payment. They don't try to go real lax about it. Here's a bill you might want to look and see if you have something and not really be any detail; particularly something that's done on an annual basis.

It's really a ridiculous thought process that going to the State to throw this away. To say they wouldn't do this. I don't how we can be attentive to the needs of our citizens by not letting them know it and then increase the level of delinquency where we have our citizens out there getting tickets because of this. Then we collect less revenue in the end. It doesn't take very many car tags to get up to \$46,000.

Chairman McKiernan said I too am disappointed that the State has chosen to shift another cost to the local level rather than continue to be responsible for this. They have been in the past. Even though we are currently trying to incent online renewals, we do know that there's a large percentage of our population who currently don't have access or easy access to the internet and to the ability to print those notices off or to renew online. Like Mr. Bach, I worry that we will see a great uptick in citations for expired tags, expired registration, and that in many cases it'll be a situation where the citizen has simply overlooked or forgotten or not been able to comply. It's just going to create a lot more work across the board. Although I really don't want to spend this money, I think that it's a good responsible move on our part to move forward with this plan as presented.

We look forward to moving and, hopefully, they will follow through on their teaser that they might continue to do this at the state level.

Action: For information only.

Chairman McKiernan adjourned the meeting at 7:25 p.m.

cdm

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