

City Commission of Arkansas City Special Call Meeting Minutes

The Arkansas City Board of City Commissioners met in special session at 12 p.m. January 26, 2017, in the City Manager's Office at City Hall, 118 W. Central Ave., in Arkansas City.

Mayor Duane L. Oestmann called the meeting to order at noon. Those also present at roll call were Commissioner Charles Tweedy III and Commissioner Karen Welch. Commissioner Jay Warren joined the meeting in progress at 12:04 p.m. and Commissioner Dan Jurkovich arrived at 12:07 p.m.

City employees present were City Manager Nick Hernandez, City Attorney Tamara Niles and City Clerk Lesley Shook. Citizens in attendance included Ken Harader, Charles White, Patricia White, Cowley CourierTraveler reporter Cody Griesel and Ark City Daily Bytes reporter Jeni McGee.

Business

Real Estate Purchase Agreement **Resolution No. 2017-01-3073**

City Clerk Shook presented for discussion a resolution approving a real estate purchase agreement with Red-Wood Development, Inc., of Joplin, Missouri, for the City-owned property located at 1401 S. Sixth St.

City Manager Hernandez said conversations with Red-Wood started 2 1/2 years ago. At that time, the State of Kansas was not interested in the proposal, but the company received the go-ahead about six months ago.

The plan is for 36 income-based and 12 market-rate units, for a total of 48, Hernandez said. This agreement is the next step in the process. Red-Wood needs it on file in order to apply for Low Income Housing Tax Credits.

Hernandez said the agreement states everything that has been discussed, such as completing the walking path around Veterans Memorial Lake, constructing a public restroom and extending a sewer line to the property.

The agreement gives Red-Wood five years to pursue tax credits, because the likelihood of being funded the first time is very low and it usually takes multiple tries, and allows 36 months to build once the credits are awarded.

In return, the City would transfer the property to Red-Wood at no cost and likely abate 90 percent of the property taxes for the first 10 years in accordance with the Neighborhood Revitalization Program.

Hernandez said that in the near future, he will propose to the commission to remove or amend the cap of \$200,000 on a single parcel from that program, which can be detrimental to multi-family housing projects.

He said Neighborhood Revitalization only comes into play if Red-Wood doesn't pursue Industrial Revenue Bonds.

Commissioner Tweedy asked if IRBs were an option. Hernandez said Red-Wood would prefer private financing.

City Attorney Niles said the public might question why the City wouldn't charge for the land, but explained that the public improvements that Red-Wood will pay for and then deed over to the City functions as a cost swap.

She said there also is a benefit to the City for redeveloping that area, especially when the abatements will expire.

Hernandez said the price of the sewer line and restroom would be at least \$50,000, plus \$5,000 for the trail.

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Mayor Oestmann asked if the City will have any input in the trail improvements. Hernandez said they will have to meet Americans with Disabilities Act requirements from the existing trailhead back to the parking lot area.

Niles said the contract specifies the trail will be the same type as that already in place, which is an asphalt trail.

Commissioner Tweedy asked when the Phase I environmental report would take place. Hernandez said it would be on Red-Wood's timeline. Niles said a negative report could end up nullifying the purchase agreement.

Commissioner Jurkovich asked about the City's recourse after closing. Niles said after 36 months have passed, if Red-Wood still has not built the housing complex, the City can demand payment of the appraised value.

Commissioner Jurkovich asked how the property could be kept looking nice in the future if it is not maintained appropriately. Niles suggested the City would need to enforce its property maintenance code.

Commissioner Jurkovich made a motion to approve the resolution. Commissioner Warren seconded the motion.

A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the resolution approved and given Resolution No. 2017-01-3073.

Adjournment

Commissioner Welch moved to adjourn the meeting. Commissioner Tweedy seconded the motion. A voice vote was unanimous in favor of the motion. Mayor Oestmann declared the meeting adjourned at 12:24 p.m.

THE ARKANSAS CITY
BOARD OF CITY COMMISSIONERS

Duane L. Oestmann, Mayor

ATTEST:

Lesley Shook, City Clerk

Prepared by:

Andrew Lawson, Public Information Officer