

(Published in the *Russell County News* on February 21, 2019)

ORDINANCE NO. 1920

AN ORDINANCE OF THE CITY OF RUSSELL, KANSAS ADOPTING A 2019 HOTEL PROJECT PLAN FOR USE IN CONJUNCTION WITH A PREVIOUSLY ESTABLISHED REDEVELOPMENT DISTRICT, AND MAKING CERTAIN FINDINGS IN CONJUNCTION THEREWITH.

WHEREAS, the City of Russell, Kansas (the "City") desires to promote, stimulate and develop the general and economic welfare of the City by providing for the development and redevelopment of certain eligible areas located within the City; and

WHEREAS, pursuant to the provisions of K.S.A. 12-1770 *et seq.*, as amended (the "Act"), the City is authorized to establish redevelopment districts within defined eligible areas of the City, and the governing body of the City has by Ordinance No. 1917 established a redevelopment district under the Act in such an eligible area (the "Hotel Russell Redevelopment District 2019 "); and

WHEREAS, pursuant to the Act, the City is authorized to approve redevelopment project plans for the completion of redevelopment projects within the Hotel Russell Redevelopment District 2019 and to finance all or a portion of the costs of such redevelopment projects; and

WHEREAS, each redevelopment project plan approved by the governing body of the City must be prepared in consultation with the City's planning commission (which must make a finding that such redevelopment project plan is consistent with the intent of the comprehensive general plan for the development of the City) and must include: (a) a summary of the feasibility study done as defined in K.S.A. 12-1770a; (b) a reference to the redevelopment district plan established under K.S.A. 12-1771 that identifies the redevelopment project area that is set forth in the project plan that is being considered; (c) a description and map of the redevelopment project area to be redeveloped; (d) the relocation assistance plan required by K.S.A. 12-1777; (e) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and (f) any other information the governing body deems necessary to advise the public of the intent of the project plan; and

WHEREAS, prior to the adoption of any redevelopment project plan the governing body must conduct a public hearing on such matters after giving notice of such hearing in accordance with the provisions of the Act; and

WHEREAS, the governing body of the City has been presented a proposed redevelopment project within the Hotel Russell Redevelopment District 2019 (the "2019 Hotel Project") and has prepared a redevelopment project plan in conjunction therewith (the "2019 Hotel Project Plan"); and

WHEREAS, the planning commission of the City has heretofore determined that the proposed 2019 Hotel Project Plan is consistent with the comprehensive plan for development of the City; and

WHEREAS, the governing body of the City has heretofore, pursuant to Resolution No. 01-19 called a public hearing under the provisions of the Act in connection with such proposed 2019 Hotel Project Plan and the financing of the same; and

WHEREAS, a public hearing was held this date, after Resolution No. 01-19 was duly published, delivered or mailed notice in accordance with the provisions of the Act, specifically including mailing or delivery of copies of Resolution No. 01-19 and the proposed 2019 Hotel Project Plan to the Board of County Commissioners of Russell County, the Board of Education of Unified School District No. 407 and each owner and occupant of land within the proposed redevelopment project area; and

WHEREAS, upon reviewing the proposed 2019 Hotel Project Plan, and considering the information and public comments received at the public hearing conducted this date, the governing body of the City hereby deems it advisable to adopt the 2019 Hotel Project Plan and determine the method of financing the 2019 Hotel Project Plan; and

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF RUSSELL, KANSAS:

Section 1. Redevelopment Project. The 2019 Hotel Project is a redevelopment project within the Hotel Russell Redevelopment District 2019, all as more fully described in the proposed 2019 Hotel Project Plan.

Section 2. Adoption of Redevelopment Project Plan. The proposed 2019 Hotel Project Plan attached hereto as *Exhibit A* is incorporated herein by reference, including the changes referenced in the recitals to this Ordinance. The 2019 Hotel Project Plan contains the information required by the Act, specifically including the information and changes referenced above in the preamble of this Ordinance. In this regard, the 2019 Hotel Project Plan total costs are estimated to be \$7,970,256, of which the City expects that approximately \$1,207,000 will be paid from tax increment financing referenced in the following section. The 2019 Hotel Project Plan is hereby adopted for use in the Hotel Russell Redevelopment District 2019.

Section 3. Project Financing. It is anticipated that the City will, from tax increment (as prescribed in K.S.A. 12-1775) generated in the Hotel Russell Redevelopment District 2019 or from special obligation tax increment bonds, pay all or a portion of the costs of the 2019 Hotel Project, and certain financing costs, all in accordance with the 2019 Hotel Project Plan, with any such bonds to mature in not more than 20 years, from the date of this ordinance. The feasibility study contained within the 2019 Hotel Project Plan demonstrates that the benefits derived from the 2019 Hotel Project and the available tax increment and other revenue available under K.S.A. 12-1774(a)(1) will exceed the cost or be sufficient to pay the costs of the 2019 Hotel Project.

Section 4. Further Action. The Mayor, City Manager, Interim City Manager, City Clerk and other officials and employees of the City, including the City Attorney, the City's Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Ordinance.

Section 5. Effective Date. This Ordinance shall become effective upon its passage by 2/3 vote of the governing body of the City and publication in the official newspaper of the City.

PASSED by the governing body of the City of Russell, Kansas, on February 5, 2019. The Mayor not having approved the ordinance on or before the next regular meeting, took effect without the Mayor's signature as of February 19, 2019.



City Clerk

CERTIFICATE

I, the undersigned City Clerk of the City of Russell, Kansas (the "City"), hereby certify that the above and foregoing is a true and correct copy of the original Ordinance No. 1920 (the "Ordinance") of the City; that said Ordinance was passed by the governing body on February 5, 2019; that the record of the final vote on its passage is found on page ____ of journal ____; that it was published in the official newspaper of the City on February 21, 2019; and that the Ordinance has not been modified, amended or repealed and is in full force and effect as of this date.

DATED: February __, 2019.



Clerk

EXHIBIT A

2019 HOTEL PROJECT PLAN

**PROJECT PLAN FOR
THE 2019 HOTEL PROJECT**

**IN THE
HOTEL RUSSELL REDEVELOPMENT DISTRICT 2019**

SECTION 1: PURPOSE

The City of Russell, Kansas, has prepared the following redevelopment plans pursuant to K.S.A. 12-1772(a) for the 2019 Hotel Project, which is a redevelopment project within the redevelopment district known as Hotel Russell Redevelopment District 2019.

SECTION 2: REDEVELOPMENT PLANS

The redevelopment plans for the 2019 Hotel Project include the following:

(1) Summary of the feasibility study

A feasibility study as defined by K.S.A. 12-1770a has been prepared for the 2019 Hotel Project and is attached as *Exhibit A*. The study shows that the benefits tax increment revenue and other revenues derived from the projects will be sufficient to pay for the project costs that are to be funded from such revenues or a bond issue payable from such revenues.

(2) Reference to the redevelopment district plan

The redevelopment plans for the 2019 Hotel Project have been prepared with reference to the district plan established pursuant to K.S.A. 12-1771 for the Hotel Russell Redevelopment District 2019. The plans include (i) construction of a 4-story hotel on Parcel A and related site work; (ii) site preparation, grading, and infrastructure development on Parcel B, for the purpose of creating one or more developable commercial/retail pad sites; (iii) construction of new public infrastructure located within the Hotel Russell Redevelopment District 2019; and (iv) eligible soft costs and financing costs related to the project. These plans are encompassed by the district plan for Hotel Russell Redevelopment District 2019, as these plans and the district plan are essentially the same.

(3) Descriptions and maps of the areas to be redeveloped

Descriptions of the areas to be redeveloped by the 2019 Hotel Project are attached hereto in *Exhibit B*. Maps of the areas to be redeveloped by the 2019 Hotel Project are attached in *Exhibit C*. The redevelopment project areas identified in this paragraph are all within the boundaries of the Hotel Russell Redevelopment District 2019.

(4) Relocation assistance plan

No relocation of residents or buildings is expected, but, if such relocation becomes necessary, the relocation assistance plans required by K.S.A. 12-1777 for the 2019 Hotel Project are as follows:

(i) Relocation payments shall be made to persons, families and businesses who move from real property or who move personal property from real property as a result of the acquisition of the real property by the City as a part of the 2019 Hotel Project. Such payments shall not be less than \$500.00.

(ii) No persons or families residing in the redevelopment district shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be a decent, safe, sanitary and otherwise standard dwelling.

(iii) Reasonable compensation shall be paid for any damages sustained by any retailer, as defined by K.S.A. 79-3702, and amendments thereto, by reason of the liquidation of inventories necessitated by the relocation.

(iv) These relocation assistance plans shall become effective upon the approval and adoption of the respective 2019 Hotel Project by the governing body of the City of Russell.

(5) Description of the facilities proposed to be constructed

The facilities proposed to be constructed or undertaken as a part of 2019 Hotel Project are: a 63 to 75 room limited service hotel on a portion of Parcel A, located on the west side of Fossil Street, north of I-70. The proposed project will be a 4 story hotel built with an EIFS and Stone exterior. Hotel Features include:

- Indoor Swimming Pool
- Fitness Room
- Approximately 75 parking stalls

The 2019 Hotel Project also includes making Parcel B ready for additional commercial/retail use, and site preparation, grading and the construction of related infrastructure within the Hotel Russell Redevelopment District 2019.

(6) Other information deemed necessary to advise the public of the intent of the project plans

Not applicable at this time.

EXHIBIT A

FEASIBILITY STUDY

PROPERTY TAX WORKSHEET		
BASE YEAR VALUATION	\$	49,640.00
BASE YEAR ASSESSED VALUE	\$	12,410.00
PRESENT TAX		\$
	2,257.45 ASSUMED	
STABILIZED VALUES		
HOTEL VALUATION	\$	2,600,000.00
ASSESSED VALUE	\$	650,000.00
RETAIL SITE VALUATION	\$	600,000.00
ASSESSED VALUE	\$	150,000.00

Mill Levy	0.198571
TIF Eligible Mill Levy	0.177071

TIF CALCULATION WORKSHEET (UPON STABILIZATION)		
AMOUNT OF TIF AD VAL TAX	\$	141,656.80
TIF INCREMENT	\$	139,399.35
Hotel Only	\$ 112,838.70	
Retail Site Only	\$ 26,560.65	
CITY & COUNTY SALES TAX INCREMENT		2.00%
PROFORMA STABILIZED SALES TAXES	\$	58,000.00
PORTION TO DEVELOPER	\$	58,000.00
Hotel Only	\$ 34,000.00	
Retail Site Only	\$ 24,000.00	
PRESUMED YEARLY TIF	\$	197,399.35
Hotel Only	\$ 146,838.70	
Retail Site Only	\$ 50,560.65	
20 year gross TIF value	\$	3,947,986.98

Revenue Assumptions - Stabilized		
Annual Sales - Hotel	\$	1,700,000.00
Annual Sales - Retail	\$	1,200,000.00

CID WORKSHEET (UPON STABILIZATION)		
Annual CID of 2% on Hotel	\$	34,000.00
Annual CID of 1% on Outlot/Retail	\$	12,000.00
22 year gross CID value	\$	1,012,000.00

Net Present Value \$ 554,000.00

IRB WORKSHEET		
Est. Value-Sales Tax Exemption	\$	300,000.00

TGT WORKSHEET (UPON STABILIZATION)		
Transient Guest Tax Earned/yr.	\$	68,000.00
Developer's Portion	\$	34,000.00
10 year gross 50% TGT Rebate	\$	340,000.00

Net Present Value \$ 250,000.00

ESTIMATED EXPENSES: <i>Includes Applicable Sales Tax</i>		ELIGIBILITY MATRIX	
		TIF	CID
Land, Site Grading & Dirt Work	\$ 747,000.00	\$ 747,000.00	\$ -
Private Drives/Parking	\$ 275,000.00	\$ 150,000.00	\$ 125,000.00
Private Utility Infrastructure	\$ 175,000.00	\$ -	\$ 175,000.00
Vertical Construction	\$ 4,800,000.00	\$ -	\$ 4,800,000.00
Legal and Title Insurance	\$ 95,000.00	\$ 95,000.00	\$ -
ALTA, Geotech & Testing	\$ 40,000.00	\$ 40,000.00	\$ -
Tap/Meter Fees and Permit Fees	\$ 40,000.00	\$ 40,000.00	\$ -
Civil Engineering and Hotel Design	\$ 250,000.00	\$ 50,000.00	\$ 200,000.00
Appraisal and Lender's Fees	\$ 85,000.00	\$ 85,000.00	\$ -
FF&E	\$ 1,463,255.72	\$ -	\$ 1,463,255.72
TOTAL EST. EXPENSES	\$ 7,970,255.72	\$ 1,207,000.00	\$ 6,763,255.72

Excluding contingencies, capitalized interest, working capital, and developer fees.

EXHIBIT B

DESCRIPTION OF REDEVELOPMENT PROJECT AREAS

PARCEL A: All of Lot 11 and the North 66.50' of Lot 10, further described as: Beginning at a point on the West lot line of Lot 10, 133.50' North of the Southwest corner of a 1/2" rebar, the True Point of Beginning; thence East a distance of 268.16' to a 1/2" rebar; thence Northwesterly along the East lot line, the arc of a curve having a degree of curve of 2°36' and a radius of 2203.64' a distance of 67.82' to the Northeast corner of Lot 10, a 1/2" rebar; thence West on the North lot line a distance of 252.85' to the Northwest corner, a 1/2" rebar; thence South on the West lot line a distance of 66.50', the Point of Beginning;

AND

The South 99.85' of Lot 12, further described as: Beginning at a point on the West lot line of Lot 12, 90.00' South of the Northwest corner a 1/2" rebar, the True Point of Beginning; thence South on the West lot line a distance of 99.85' to the Southwest corner, a 1/2" rebar; thence Northeasterly on the South lot line a distance of 199.65' to the Southeast corner, a 1/2" rebar; thence Northwesterly along the East lot line, the arc of a curve having a degree of curve of 2°36' and a radius of 2,203.64', a distance of 32.51' and continuing 67.45' on tangent to the curve to a 1/2" rebar; thence Southwesterly a distance of 200.00' to the Point of Beginning,

All in Block 3, Witt-Carter Addition to the City of Russell, Russell County, Kansas.
and

PARCEL B: The South 133.50' of Lot 10, Block 3, Witt-Carter Addition to the City of Russell, Russell County, Kansas, further described as:

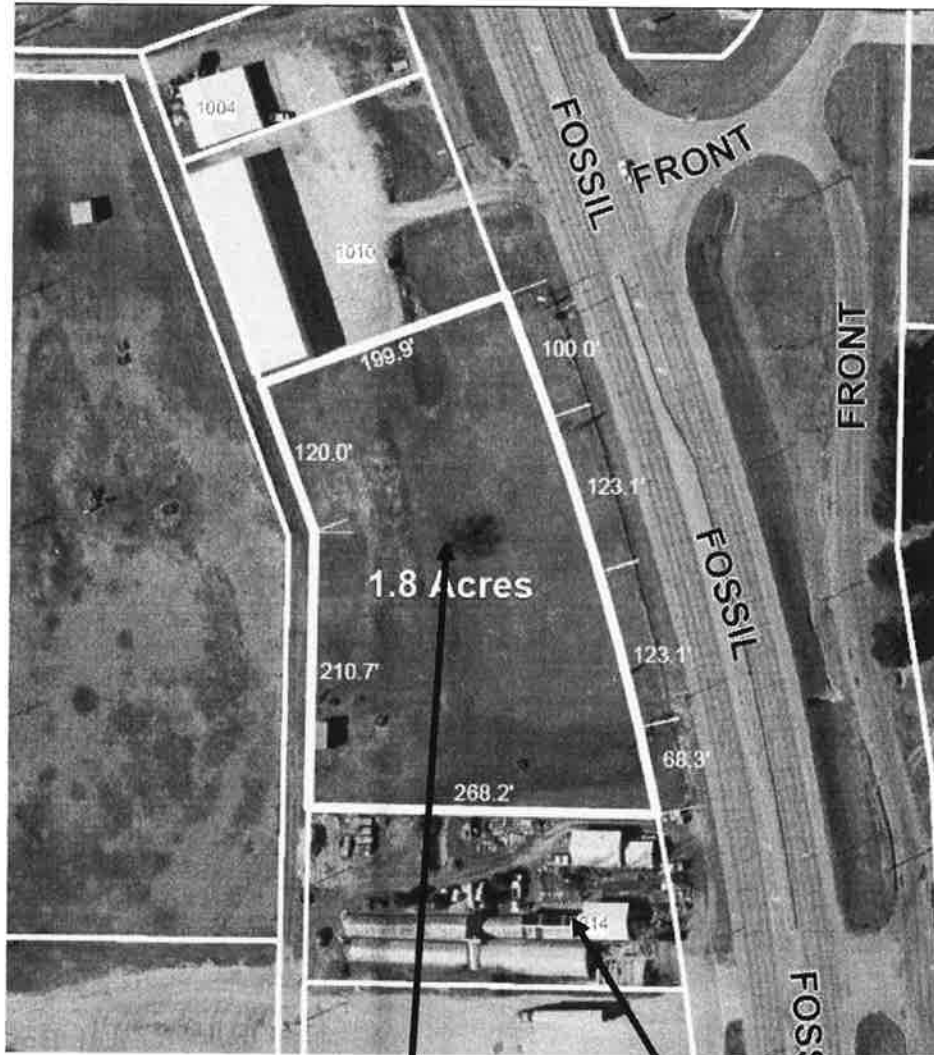
Beginning at the Southwest corner of Lot 10, the True Point of Beginning; thence East on the South lot line a distance of two hundred ninety-two and sixty one hundredths feet (292.60') to the Southeast lot corner; thence Northwesterly along the East lot line, the arc of a curve having a degree of curve of 2°36' and a radius of two thousand two hundred three and sixty-four one hundredths feet (2203.64'), a distance of one hundred thirty-six and fifteen one hundredths feet (136.15') to a 1/2" rebar; thence West a distance of two hundred sixty-eight and sixteen one hundredths feet (268.16') to a 1/2" rebar; thence South on the West lot line a distance of one hundred thirty-three and fifty one hundredths feet (133.50') to the Point of Beginning.

The foregoing real estate is generally described as being located in an area of the City:

An area bounded on the west by a line that is approximately 200 to 300 feet west of Fossil Street/U.S. 281, on the north by a line extending southwest from the intersection of Front Street and Fossil Street/U.S. 281 (just south of a parcel with a street address of 1010 S. Fossil Street), on the east by Fossil Street/U.S. 281 and on the south by a parcel with a street address of 1214 S. Fossil Street

EXHIBIT C

MAP OF 2019 HOTEL PROJECT AREAS



Parcel A	Parcel B
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