



MINUTES
SPECIAL CITY COMMISSION MEETING
THURSDAY, MARCH 15, 2007
7:00 P.M.

The Special Meeting of the City Commission was held at 7:00 p.m. in the City Commission Room. Mayor Bruce Snead and Commissioners Tom Phillips, Mark Hatesohl, Jayme Morris-Hardeman, and Ed Klimek were present. Also present were the City Manager Ron R. Fehr, Deputy City Manager Diane Stoddard, Assistant City Manager Jason Hilgers, City Attorney Bill Frost, City Clerk Gary S. Fees, Youth in Government Representative Sean Weston, 5 staff, and approximately 68 interested citizens.

PLEDGE OF ALLEGIANCE

Mayor Snead led the Commission in the Pledge of Allegiance.

COMMISSIONER COMMENTS

Mayor Snead welcomed Youth in Government representative Sean Weston.

CONSENT AGENDA

FINAL PLAT – HERITAGE SQUARE SOUTH ADDITION

Dee R. Ross, 2304 Brockman Street, asked how much money this project has cost the taxpayers of Manhattan.

Mayor Bruce Snead and City Manager Ron Fehr responded to questions regarding the Heritage Square South Addition and expenditures of City funds for this project.

After discussion, Commissioner Hatesohl moved to accept the easements and rights-of-way, as shown on the Final Plat of Heritage Square South Addition, located approximately 3,600 feet east of the Manhattan city limits along the south side of US Highway 24, based on conformance with the Manhattan Urban Area Subdivision Regulations. Commissioner Morris-Hardeman seconded the motion. On a roll call vote, motion carried 5-0.

GENERAL AGENDA

PUBLIC HEARING – ADOPT – SOUTH END REDEVELOPMENT PROJECT REDEVELOPMENT PLAN

Jason Hilgers, Assistant City Manager and Redevelopment Coordinator, presented the item and answered questions from the Commission.

Rick Kiolbasa, Dial Realty, informed the Commission that property acquisitions are going well and that Dial will continue to secure additional agreements.

David MacGillivray, City's Financial Advisor, Springstead, Inc., provided additional information on the item and answered questions from the Commission.

Jason Hilgers, Assistant City Manager and Redevelopment Coordinator, provided a breakdown of City related expenses for the project and financial impact.

Mayor Snead opened the public hearing.

Karen McCulloh, 1516 Leavenworth Street, representing the Manhattan/Riley County League of Women Voter's, informed the Commission the importance of the public process and urged the Commission to go back to the drawing board to improve the design of the south project; and make sure the south area is sustainable and represents a forward thinking Manhattan.

Ken Cope, Vice President of Central Division, O'Reilly Auto Parts, made reference to the letter sent to the City Commission and City Staff objecting to the proposed resolution due to the lack of a suitable relocation property offer from Dial Realty and the City of Manhattan.

Bruce Michal, 315 South 4th Street, Manhattan Pawn Shop, informed the Commission that his business has been operating since 1979 and stated that Dial Realty's offer falls way short for him to relocate his business. He said there is a big difference between fair price and replacement cost.

Karen Mayse, 3340 Newbury Street, urged the Commission to embrace the principles of sustainability and to include all stakeholders in the discussion of the downtown area.

Susanne Siepl-Coates, Faculty Member, College of Architecture, Planning and Design, Kansas State University, 315 North 15th Street, informed the Commission that she was excited about the possibilities of what can occur in the South District, but voiced concerns with the proposed development regarding pedestrian movement, lack of amenities, and integrated housing.

GENERAL AGENDA (CONTINUED)

PUBLIC HEARING – ADOPT – SOUTH END REDEVELOPMENT PROJECT REDEVELOPMENT PLAN (CONTINUED)

Ruth Schrum, 720 Midland Avenue, asked the Commission if the bonds being proposed were junk bonds, and voiced concern that City funds paying for the development will come from citizen sales tax, and was concerned with the historic properties in the area.

Jason Hilgers, Assistant City Manager and Redevelopment Coordinator, and David MacGillivray, Springstead, Inc., responded to questions regarding the bonds, investment ratings and provided additional information on the importance of the moral obligation.

Andy Kane, D.A. Davidson, Denver, Colorado, provided additional information on bonds, high yield securities, and rating structure for these securities.

Lyle Butler, President, Manhattan Area Chamber of Commerce, responded to concerns raised on the connectivity and design of the north, south, and central core areas. He informed the Commission that a nine member steering committee is currently discussing the matter and that much public discussion has occurred on this item.

Mike Conkwright, Manager, Bud's Auto Service, provided the Commission with background information about his family business and asked for adequate compensation to replace what they currently have.

Janice Flanary, Partner, Art Craft Printers, informed the Commission that their business was displaced when the Mall was built and stated that she was not satisfied with the offer from Dial Realty. She asked the Commission to take a hard look at the businesses that will be impacted by this decision.

Gary Coats, 315 North 15th Street, Faculty Member, College of Architecture, Planning and Design, Kansas State University, reiterated the importance of the design of this project and voiced concern with the lack of citizen input in the design process.

Stella Swenson, Manhattan Data Systems, 300 Yuma Street, informed the Commission that this is the second time they have been relocated and that the value of a comparable property is almost double of their current appraised property value; and, stated they needed what they currently have in order to continue their business.

Dee R. Ross, 2304 Brockman Street, asked if additional tax dollars would be used for what the developer should be paying for and asked when the mill levy would be coming down.

GENERAL AGENDA (CONTINUED)

PUBLIC HEARING – ADOPT – SOUTH END REDEVELOPMENT PROJECT REDEVELOPMENT PLAN (CONTINUED)

Ron Fehr, City Manager, answered questions regarding the infrastructure and proposed method of payment.

Hearing no other comments, Mayor Snead closed the public hearing.

ORDINANCE NO. 6612 – ADOPT – SOUTH END REDEVELOPMENT PROJECT REDEVELOPMENT PLAN

Sean Weston, Youth in Government representative, voiced support for a variety of retailers and local businesses, and stated that national retailers are not very unique.

Ron Fehr, City Manager, provided clarification on the redevelopment area, sales taxes to be used to pay off the bonds, and answered questions regarding historical properties.

After discussion, Commissioner Morris-Hardeman moved to approve Ordinance No. 6612 adopting the South Project Redevelopment Plan. Commissioner Hatesohl seconded the motion.

Rick Kiolbasa, Dial Realty, provided additional information about the project and answered questions from the Commission.

After discussion, on roll call vote, motion carried 5-0.

At 9:17 p.m., the Commission took a brief recess

SOUTH END REDEVELOPMENT PROJECT - FINAL DEVELOPMENT AGREEMENT

Jason Hilgers, Assistant City Manager and Redevelopment Coordinator, presented the item and answered questions from the Commission.

Bill Frost, City Attorney, provided clarification on the loan to construct and equip the Conference Center.

Bob Welstead, Dial Realty, informed the Commission that much work has been done by the City's legal staff and Dial Realty, that the Agreement is fair and equitable, and that Dial Realty is ready to do its part to make this a reality. He then answered questions from the Commission regarding leases and project costs.

GENERAL AGENDA (CONTINUED)

SOUTH END REDEVELOPMENT PROJECT - FINAL DEVELOPMENT AGREEMENT (CONTINUED)

Helen Roser, P.O. Box 1814, Manhattan, asked about the capacity of the conference center.

Ron Fehr, City Manager, provided additional information on the conference center capacity and feasibility.

Bob Strawn, 1551 Williamsburg Court, informed the Commission that the citizens of Manhattan need to understand the scope of the conference center and asked why the City was buying back the bonds.

Ron Fehr, City Manager; Jason Hilgers, Assistant City Manager and Redevelopment Coordinator; and Bill Frost, City Attorney, provided additional information on the conference center and bond structure of the north and south projects.

After discussion, Commissioner Morris-Hardeman moved to approve the Final Development Agreement for the South Project Area with Dial Realty and authorize the Mayor and City Clerk to execute the agreement. Commissioner Hatesohl seconded the motion. On a roll call vote, motion carried 5-0.

RESOLUTION NO. 031507-A - SOUTH END REDEVELOPMENT PROJECT – CONDEMNATION OF PROPERTIES

Jason Hilgers, Assistant City Manager and Redevelopment Coordinator, presented the item.

Bill Frost, City Attorney, provided additional information on the condemnation and negotiation process.

Rick Kiolbasa, Dial Realty, provided an update to the Commission on contracts secured from property owners.

Roger Schultz, 4741 Tuttle Creek Boulevard, owner of Car Clinic property at 214 Colorado Street, stated that he was empathetic with property owners because of the high replacement costs and informed the Commission that he couldn't exchange his current property for another because of property tax implications.

GENERAL AGENDA (CONTINUED)

RESOLUTION NO. 031507-A - SOUTH END REDEVELOPMENT PROJECT – CONDEMNATION OF PROPERTIES (CONTINUED)

Ron Fehr, City Manager, and Bill Frost, City Attorney, informed the Commission of the process that will need to take place in order to move the project forward and answered additional questions from the Commission.

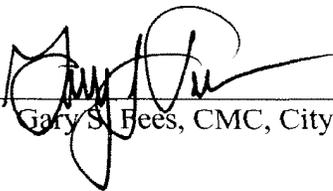
After discussion, Commissioner Hatesohl moved to approve Resolution No. 031507-A, declaring it necessary to acquire the subject properties by condemnation and directing that surveys of the subject properties be completed and filed with the City Clerk. Commissioner Phillips seconded the motion.

Rick Kiolbasa, Dial Realty; Ron Fehr, City Manager; and Bill Frost, City Attorney, provided additional information on the timeline of the project and answered questions from the Commission.

After discussion, on a roll call vote, motion carried 5-0.

ADJOURNMENT

At 10:45 p.m. the City Commission adjourned.



Gary S. Fees, CMC, City Clerk