

CITY COMMISSION AGENDA MEMO
July 8, 2021

FROM: Robert K. Ott, P.E., Director of Public Works

MEETING: July 20, 2021

SUBJECT: Authorize the Mayor and City Clerk to Execute a Development Agreement with Manhattan Retirement Foundation; and Set the Date for a Public Hearing to Create a Benefit District for Transportation Project (Meadowlark Entrance and US-24 Left Turn Lane and Frontage Road) (ST2110)

PRESENTER: Robert K. Ott, P.E., Director of Public Works

BACKGROUND

On February 16, 2021, the City Commission approved Ordinance No. 7528 amending a previous ordinance related to the final development plan of Meadowlark Hills Retirement Community Residential PUD. **One of the conditions of approval was the issuance of a permit by the Kansas Department of Transportation (KDOT) to authorize improvements to the existing entrance on Tuttle Creek Boulevard (US-24).**

The proposed Meadowlark Centerpointe Physicians Clinic will be located at the west side of US-24/Tuttle Creek Boulevard and north of the Blue Hills Shopping Center, on Lot 2 of the Meadowlark Hills Retirement Community, Unit Five, in the City of Manhattan, Riley County, Kansas.

DISCUSSION

A condition in approving the Planned Unit Development (PUD) was for Meadowlark to secure a permit from KDOT for improvements to the entrance of Tuttle Creek Boulevard (US-24). Discussion between the owners and KDOT have occurred with KDOT offering to contribute towards the construction cost of increasing the northbound left turn lane on US-24 at the entrance.

KDOT has, or will, enter into a contract with Meadowlark which authorizes Meadowlark to construct the Highway 24 Project. In addition, KDOT has agreed to contribute one-half of the **construction** cost of that Project, up to a maximum of \$150,000. It is presently

estimated that the construction cost of the Highway 24 Project is \$157,900; therefore, KDOT's estimated contribution is \$78,950. It is important to note that there are more costs associated with the Highway 24 Project than construction costs. The TOTAL estimated cost of the Highway 24 Project is \$246,718.75.

Meadowlark also desires to remove and replace the frontage road that connects the Highway 24 entrance to the Physicians Clinic and also to Blue Hills shopping Center. Therefore, there are two separate parts of the Improvements related to the Highway 24 access to Meadowlark Hills. The first is an extension of the left turn lane on north bound Highway 24 (the "Highway 24 Project"). The second is the removal and replacement of the frontage road from the Highway 24 access point, southerly through a portion of the Meadowlark property and the Dollar General lot to its connection to the parking lot of Blue Hills Shopping Center (the "Frontage Road Project").

Meadowlark is proposing to enter into a Development Agreement with the City which authorizes Meadowlark to construct both parts of these improvements as public infrastructure. The proposed Agreement is attached.

In addition, Meadowlark is requesting the formation of a benefit district to fund all these improvements, less that portion funded by KDOT. Meadowlark is requesting that the City Commission establish this district through the "public hearing" process rather than through a "petition" process. The "public hearing" process requires the City Commission to pass a Resolution setting the date at which the City Commission can conduct that hearing before setting the parameters of the District, which are: a) the General Nature of the Improvement; b) a description of the Benefit District which will be assessed for the cost of the Improvement; c) the Method by which the assessments will be determined for the benefitting properties; and, d) How the costs will be apportioned between the benefitting properties and the City at Large.

The parameters proposed by Meadowlark are set forth as Exhibit E to the Agreement. They include a benefit district consisting of Meadowlark's new Lot 2 and the 3 separate tracts making up Blue Hills Shopping Center. They propose that the benefit district's share of the cost be assessed against all of those properties on an equal share per square foot basis.

The estimated **total** cost of the Public Improvements is \$547,543.75; Highway 24 Project--\$246,718.75 and Frontage Road Project--\$300,825. Therefore, the benefit district will fund an estimated amount of \$468,593.75 (\$547,543, total cost, less \$78,950, KDOT'S contribution.)

City Administration has suggested to Meadowlark that they would support a proposal where the City would contribute 80% of that portion of the Highway 24 Project not funded by KDOT. Therefore, the estimate of the City's contribution would be \$134,215. ($\$246,718.75 - \$78,950 = \$167,768.75 \times 80\% = \$134,215$)

To establish a benefit district to do both parts of this Project, the two parts must be combined into one; and there must be an apportionment of the total cost between the benefitting properties and the City-At-Large. Based upon City Administration's position that the City should contribute \$134,214, that dollar amount represents 28.642% of the cost being funded by the benefit district process ($\$134,214 \div \$468,593.75$). Therefore, the parameters of the benefit district reflect an Apportionment of the Cost of: City-At -Large 28.642% and Benefit District 71.358%.

Summary of Improvements

PART I. (the "Highway 24 Project")

The design and construction of a left turn lane on US-24 Highway to add 310 feet to the northbound US-24 left turn lane at the median crossover 945 feet north of the US-24/Kimball Avenue intersection.

PART II. (the "Frontage Road Project")

The design and construction of the removal and replacement of the frontage road, on dedicated public right-of-way, from its entrance to US-24, then south thru the Meadowlark and Dollar General property to where the frontage road connects to the parking lot of Blue Hills Shopping Center. The grades will be adjusted for better road improvements and storm sewer drainage installed. Pavement will be replaced with 8-inch concrete pavement and new storm water inlets added to drain storm water to the adjacent Highway 24 ditch. The improvements will be constructed to City Standards and the portion on KDOT right-of-way will be approved by KDOT.

Tracts of Real Estate Proposed to be Included in the Improvement District to be Assessed:

Tract 1 (Meadowlark Hills)- 38.1% of the benefit district's share.

Tract 2 (Dollar General)-15.7% of the benefit district's share.

Tract 3 (RLD)-38.1% of the benefit district's share.

Tract 4 (Dara's)-8.1% of the benefit district's share.

FINANCING

Construction and design costs associated with the project is established at an estimated \$547,543.75. With a contribution of 50%, up to a maximum of \$150,000 from KDOT for the left turn lane Part I portion. The remained of the project Part I and Part II to be funded by the benefit district. Based upon the current language as drafted in the resolution, the estimated cost to the City-At-Large is approximately \$134,215 to be paid from the Bond and Interest Fund.

ALTERNATIVES

It appears the Commission has the following alternatives concerning the matter at hand. The City Commission may:

1. Authorize the Mayor and City Clerk to execute a Development Agreement with Manhattan Retirement Foundation, Inc. which sets forth the parameters of the benefit district.
2. Approve Resolution No. 072021-D setting the date of a public hearing to create the benefit district by that process.
3. Decline to approve the Agreement and/or decline to approve the Resolution and direct the property owners to modify the Agreement and/or the benefit district parameters as suggested by the Commissioners.
4. Table the request.

RECOMMENDATION

City Administration recommends the City Commission approve Resolution No. 072021-D setting the date for a public hearing for the creation of a benefit district and approve an Agreement for Construction of Public Infrastructure with Owner/Developer and Contractor for transportation improvements.

POSSIBLE MOTION

Approve Resolution No. 072021-D setting August 17, 2021, as the date for a public hearing for the creation of a benefit district and approve and authorize the Mayor and City Clerk to execute an Agreement for Construction of Public Infrastructure with Owner/Developer and Contractor for Meadowlark Entrance and US-24 Left Turn Lane and Frontage Road) (ST2110) transportation improvements.

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Enclosures:

1. Agreement for Construction of Public Infrastructure
2. Resolution No. 072021-D
3. Map of Benefit District Area