

OTTAWA CITY COMMISSION

Wednesday, December 3, 2025 - 7:00 pm



REGULAR MEETING AGENDA

Ottawa City Hall - 101 S. Hickory

In accordance with Kansas Open Meetings Act (KOMA), the meeting can be viewed live on Channel 23, via Facebook Live or listened to by dialing: 1-312-626-6799 and entering meeting ID 979 6273 3505#. To view on YouTube: <https://www.youtube.com/@ottawaksgov>

If you need this information in another format or require a reasonable accommodation to attend this meeting, contact the City's ADA Coordinator at 785-229-3621. Please provide advance notice of at least two (2) working days. TTY users please call 711.

Citizens may in person, via Zoom or submit comments (300 words or less) for the City Commission to be read during public comment or during discussion on an agenda item.

To submit your comment or request the meeting Zoom link to give a public comment, email publiccomments@ottawaks.gov no later than 4:00 pm on December 3, 2025; all emails must include your name and address. Participants who generate unwanted or distracting noises may be muted by the meeting host. If this happens, unmute yourself when you wish to speak.

I. CALL TO ORDER

II. ROLL CALL _____ Allen _____ Clayton _____ Caylor _____ Crowley _____ Skidmore

III. WELCOME

IV. PLEDGE OF ALLEGIANCE

V. INVOCATION - Pastor Dakota Smith, Ottawa Bible Church

VI. PUBLIC COMMENTS

Subject to the above restrictions, persons who wish to address the City Commission regarding items on the agenda may do so as that agenda item is called. Persons who wish to address the City Commission regarding items not on the agenda and that are under the jurisdiction of the City Commission may do so at this time when called upon by the Mayor. Comments on personnel matters and matters pending in court or with other outside tribunals are not permitted. Speakers are limited to three minutes. Any presentation is for information purposes only. The Governing Body will take comments under advisement.

VII. APPOINTMENTS, PROCLAMATIONS, RECOGNITIONS, AND NOMINATIONS

VIII. CONSENT AGENDA

A. Minutes From November 19, 2025 Meeting (Pp. 3-7)

B. 2026 Cereal Malt Beverage Licenses (Pp. 8-9)

C. Agenda Approval

Motion: _____

Second: _____

Vote: _____

IX. DECLARATION

At this time, I'd like to give the Commissioners a chance to declare any conflict or communication they've had that might influence their ability to consider today's issues impartially.

X. UNFINISHED BUSINESS

A. Review Transient Guest Tax Distribution Framework —Director Landis (Pp. 10-17)

Comments: This item was presented at the November 19, 2025 Regular Meeting and continued for further deliberation.

B. Review of 2026 Community Partner Funding Agreements—City Attorney Finch

Comment: This item was presented at the November 12, 2025 Regular Meeting and continued for future deliberation.

XI. NEW BUSINESS

A. Distribution of Donation to Mayor's Christmas Tree Fund — City Manager Silcott (P. 18)

Comment: A generous donation of \$2,000 was received from Cosentino's Price Chopper as a pass through donation to assist those in need in Ottawa.

Motion: _____ Second: _____ Vote: _____

B. Resolution Supporting Waiver of Statutory Requirement to Use Generally Accepted Accounting Principles (GAAP) Based Accounting for 2026 Financial Reporting — Assistant Director McCurdy (Pp. 19–21)

Comment: Preparing non-GAAP financial reporting allows a citizen to better understand the city's financial position from a budgetary and cash-basis reporting perspective. Continuing the city's current basis of reporting will ensure continuity of financial reporting.

Motion: _____ Second: _____ Vote: _____

C. Resolution Accepting the Final Plat, "Woodridge Estates," located at 1001 E. Wilson St—City Manager Silcott (*attachments forthcoming*)

Comment: The application is for a final plat to allow for 13 residential lots on the parcel.

Motion: _____ Second: _____ Vote: _____

D. Resolution Determining Consideration of Establishing a Reinvestment Housing Incentive District (RHID), Setting a Public Hearing and Adopting a Development Plan for Woodridge Estates Reinvestment Housing Incentive District—Director Landis (Pp. 22–69)

Comment: The Governing Body will consider a resolution considering the establishing of the Woodridge Estates RHID District within the established boundaries, sets the date of Wednesday, January 7, 2026, at 4:00 p.m. for a public hearing, and conveys the intent to adopt the proposed Development Plan.

Motion: _____ Second: _____ Vote: _____

XII. COMMENTS BY CITY MANAGER

XIII. COMMENTS BY GOVERNING BODY

XIV. ANNOUNCEMENTS

- | | | |
|-----------|--------------------------|--|
| A. | December 10, 2025 | City Commission Meeting – 7:00 pm, City Hall |
| B. | December 17, 2025 | City Commission Meeting – 10:00 am, City Hall |

XV. EXECUTIVE SESSION

Motion: I move that the Commission recess into executive session to engage in privileged and confidential communication with the board's attorney, pursuant to the attorney client privilege exception, K.S.A. 75-4319(b)(2). The open meeting will resume in this room at _____ p.m.

XVI. ADJOURN

**Regular Meeting Minutes
City Hall
Minutes of November 19, 2025**

The Governing Body met at 10:00 a.m. on this date for the Regular City Commission Meeting, with the following members present and participating: Mayor Allen, Mayor Pro Tem Clayton, Commissioner Caylor and Commissioner Skidmore. Commissioner Crowley was absent. Mayor Allen called the meeting to order.

Mayor Allen welcomed the audience and led the Pledge of Allegiance to the American flag. Commissioner Skidmore gave the invocation.

Public Comments

No public comments were received.

Appointments, Proclamations, Recognitions, Nominations, and Public Hearings

2025 Employee Service Awards

Mayor Allen recognized the 2025 Employee Service Award recipients. Each year, the League of Kansas Municipalities honors “faithful, continuous service” to Kansas communities. This year, the City of Ottawa is proud to recognize eighteen employees with a combined total of 390 years of service. The Governing Body expressed its appreciation for the dedication and commitment demonstrated by the following employees:

10 Years

Rudy Holden
Jared Russell
Breanna Snyder
Lydia Sierra

15 Years

Eric Heiserman
Ryan Murphy
Brian Hall

20 Years

Brian Demoret

25 Years

Kirt Chapman
Casey Crane
Dave Hunsaker
Leah Thomas

30 Years

Deb Badders
Chad Bentley
Chris Campbell
Chuck Johnson
Adam Weingartner

35 Years

Steve Morton

Consent Agenda

Commissioner Caylor moved to approve the consent agenda, seconded by Mayor Pro Tem Clayton. The consent agenda included the minutes from the November 12, 2025 Regular Meeting; the minutes from the November 10, 2025 Special Call Meeting; the minutes from the August 28, 2025 Planning Commission Meeting; the October 2025 Finance Monthly Report; the October 2025 Partner Agency Reports; and approval of the Regular Meeting agenda. The motion was considered and upon being put, all present voted aye. The Mayor declared the consent agenda duly approved.

Declaration

No declarations were made.

Unfinished Business

Pavement Preservation Plan Update — Director Welsh and Director Landis

Director Welsh and Director Landis presented a comprehensive update on the City's pavement preservation planning efforts. The presentation reviewed the results of the 2024 citywide pavement condition assessment and outlined how those findings informed the development of the 2025 Street Maintenance Plan. Director Welsh reported that approximately four miles of roadway received maintenance treatment in 2025, reflecting a strategy focused on extending pavement life cycles and addressing the highest-priority segments identified through the assessment.

Director Welsh presented an overview of current pavement conditions across the community, including streets rated as requiring full reconstruction and those eligible for mill-and-overlay or surface-preservation treatments. Reconstruction needs represent approximately 18 percent of the network, with an estimated cost of \$13.7 million to rebuild roughly 2.11 miles of roadway. Mill-and-overlay needs account for approximately 20 percent of the network, including brick-street sections, with an estimated cost of \$3.8 million to complete approximately 12.2 miles.

Director Welsh discussed the data-driven approach being used to prioritize projects, emphasizing safety, condition rating, and traffic demand. The presentation also highlighted anticipated construction windows, mapping overlays that will accompany the next phase of the plan, and upcoming engineering work required to prepare projects for bid.

Director Landis discussed long-term financial considerations, including the timing of available revenue streams, the potential use of temporary notes and long-term financing options, and the need to balance annual operating capacity with multi-year capital planning. An updated, fully phased pavement preservation plan—complete with ranking, funding strategies, and public engagement timelines—will be presented in early 2026.

New Business

Third Quarter 2025 Community Partner Report

The Governing Body received third-quarter updates from the Ottawa Library.

Golf Course Update

General Manager Mlynar provided an update on the first year of municipal operations at the Ottawa Golf Course, highlighting strong community engagement and steady progress in both course conditions and programming. He reported that 11,500 rounds have been played year-to-date, including approximately 4,200 pass-holder rounds and 7,300 daily-fee rounds. Total revenue collected through October 2025 is \$342,000, representing approximately 64 percent of year-to-date expenditures.

General Manager Mlynar reviewed key operational metrics, noting that golf cart rentals totaled 6,700 uses and generated \$77,000, while merchandise—including golf balls, gloves, apparel, and tees—and food and beverage sales contributed \$53,000 to the total revenue collected year-to-date.

The update also summarized course improvements completed during the year, including irrigation upgrades, tee reseeded, bunker restoration, tree maintenance and removal, and redefining collars and fairway edges. These improvements have enhanced course playability and helped prepare the facility for increased patronage.

Programming and events have also expanded significantly. Leagues are consistently well attended, with senior, ladies, Thursday night, and couples leagues averaging between 30 and 45 players each.

The junior golf program, facilitated in partnership with the Optimist Club, served 47 youth golfers, and additional programs such as the SNAG (Starting New at Golf) introduction in schools, PGA Junior League implementation, and high school and college team practices have strengthened youth and community engagement. The course also hosted its first annual City Championship, marking a new milestone for municipal operations.

Review of Transient Guest Tax Distribution Framework

Director Landis presented a proposed framework for the allocation of Transient Guest Tax (TGT) revenues beginning in 2026, developed in response to Commission direction to create a transparent and measurable process aligned with community priorities and economic impact. She noted that TGT revenue collection began August 1, 2025, under Ordinance No. 4157-24, which set the City's TGT rate at six percent pursuant to Charter Ordinance No. 23-24.

The framework is built around two primary allocation areas:

1. Annual Sponsorship Program — Up to \$25,000 in yearly funding dedicated to festivals, athletic tournaments, cultural events, and other tourism-driving activities. Sponsorship applications will open January 15, close February 15, and be reviewed by staff using a scoring rubric, with Commission consideration scheduled for March.
2. Annual Community Partner Support / Reduction of Property Tax Reliance — Strategic allocations that may support arts and recreational facilities (including programming and capital improvements), tourism marketing and promotion, community events and partnerships, infrastructure and beautification projects such as wayfinding and downtown enhancements, and broader community partner support through the annual budget process.

Director Landis shared preliminary revenue estimates of approximately \$360,000 annually at the current 6% tax rate, with two percent retained for administration. She explained that allocations may be directed across multiple eligible uses and emphasized that the TGT revenues may be used for any lawful public purpose, consistent with the City's Charter Ordinances.

The Governing Body requested this item be placed on the December 3, 2025 Regular Meeting for further discussion.

Consideration of Severance and Consulting Agreement

City Attorney Finch presented a severance and consulting agreement for the Governing Body's consideration for City Manager Silcott. He outlined the purpose and scope of the agreement, reviewed key terms, and confirmed that the proposed agreement met applicable legal requirements and was prepared in accordance with the City's policies and contract standards.

Commissioner Skidmore made a motion, seconded by Commissioner Caylor, to approve the severance and consulting agreement as presented. The motion was considered and upon being put, all present voted. The Mayor declared the agreement duly approved.

City Manager Comments

City Manager Silcott provided updates on key operational activities across City departments. In Utilities, Electric Production staff removed and cleaned seven generator intercoolers, and at the Water Reclamation Facility, influent pump #4 failed but was successfully replaced with support from the Electric Distribution team. . Public Works crews patched 275 potholes, replaced a stormwater tube at

Kanza Park, and installed engineered wood fiber at Adventureland, Kanza Park, and the Isometric Station.

Upcoming community events include the Mayor's Christmas Tree Lighting at 4:30 p.m. and the Candyland Christmas Parade at 5:30 p.m. on November 29, Christmas Music Bingo at the Ottawa Memorial Auditorium on November 20, and the opening of the 1892 Courthouse cornerstone on December 4. Current open positions include Maintenance Worker (Streets), Police Officer, and Property Improvement Partner.

He concluded with a preview of tentative agenda items for the December 3, 2025 meeting: the Woodridge Estates Final Plat, a resolution to set a public hearing for Woodridge Estates RHID incentives, 2026 Cereal Malt Beverage licenses, a GAAP waiver for Fiscal Year 2026, and a donation to the Mayor's Christmas Tree Fund.

Governing Body Comments

Commissioner Skidmore inquired about moving the December 10, 2025 City Commission meeting from 4:00 pm to 7:00 pm. Mayor Pro Tem Clayton stated he attended Music for Millie which was well attended.

Announcements

- A. November 26, 2025 – City Commission Meeting – 4:00 p.m., City Hall - Cancelled
- B. December 3, 2025 – City Commission Meeting – 7:00 p.m., City Hall
- C. December 10, 2025 – City Commission Meeting – 7:00 p.m., City Hall
- D. December 17, 2025 – City Commission Meeting – 10:00 a.m., City Hall

Executive Session

Recess

Mayor Pro Tem Clayton made a motion, seconded by Commissioner Caylor, to recess into executive session for a period of 30 minutes to engage in privileged and confidential communication with the City's attorney pursuant to the attorney-client privilege exception, K.S.A. 75-4319(b)(2). The open meeting will resume in this room at 11:45 a.m. The motion was considered and upon being put, all present voted aye. The Mayor declared the meeting duly recessed.

Reconvene

Commissioner Caylor made a motion, seconded by Mayor Pro Tem Clayton, to reconvene into open session. The motion was considered and upon being put, all present voted aye. The Mayor declared the meeting duly reconvened at 11:45 a.m.

Recess

Mayor Pro Tem Clayton made a motion, seconded by Commissioner Caylor, to recess into executive session for a period of 15 minutes to engage in privileged and confidential communication with the City's attorney pursuant to the attorney-client privilege exception, K.S.A. 75-4319(b)(2). The open meeting will resume in this room at 12:03 p.m. The motion was considered and upon being put, all present voted aye. The Mayor declared the meeting duly recessed.

Reconvene

Commissioner Caylor made a motion, seconded by Mayor Pro Tem Clayton, to reconvene into open

session. The motion was considered and upon being put, all present voted aye. The Mayor declared the meeting duly reconvened at 12:03 p.m.

Adjournment

There was no further business before the Governing Body, the Mayor declared the meeting duly adjourned at 12:03 p.m.

Melissa Scherman, City Clerk

Agenda Item: VIII.B

**City of Ottawa
City Commission Meeting
December 3, 2025**

TO: Mayor and City Commission
SUBJECT: 2026 Cereal Malt Beverage Applications
INITIATED BY: City Clerk
AGENDA: Consent Agenda

Recommendation: It is recommended that the City Commission approve the 2026 Cereal Malt Beverage applications.

Background: CMB is defined in K.S.A. 41-2701 and amendments, which includes beer containing no more than 6% alcohol by volume when sold by a retailer licensed under the Kansas Cereal Malt Beverage Act. There are two types of CMB licenses:

- Enhanced Cereal Malt Beverage (off-premise): Permits the sale of enhanced CMB in original, unopened containers, not for consumption on the licensed premises.
- Enhanced Cereal Malt Beverage (on-premise): Permits the sale of CMB for use or consumption on the licensed premises and not for resale.

Analysis: The Kansas Department of Revenue has updated its CMB license issuance process, effective September 1, 2025. The key change involves the process for obtaining the State CMB Stamp, which is a critical component of the City's licensing procedure. Under the new process, applicants must now submit their CMB license applications directly to the Kansas Alcoholic Beverage Control (ABC) Division to receive a State CMB Stamp before applying to the City Clerk's Office for the City's CMB Retailer License. The City will issue the license only once after verifying that the State Stamp has been obtained and all local requirements have been met.

All CMB applications for 2026 have been reviewed and approved by the Police Department and City Attorney, with no grounds for denial. The updated procedure ensures that each applicant has met both State and City requirements for licensure.

For Consumption on the Premises: (Renewals)

- Juana and Richard Uht, Pizza Village, Inc.: 330 S Main Street
- Samuel Pacheco II, Maria's Mexican: 314 S Main Street

Not for Consumption on the Premises: (Renewals)

- Casey's Store #2362: 1019 W 7th Street
- Casey's Store #2668: 940 N Main Street
- Casey's Store #2746: 334 N Main Street
- Love's Travel Stop #258: 303 E 27th Avenue

- Morani, Inc., DBA Logan 66: 304 E Logan Street
- Walgreen's Co.#9376: 1445 S Main Street
- SM Trading Corp, DBA Fuel Express 17: 2518 E Logan Street
- Cosentino Group, Inc., DBA Price Chopper: 120 East 19th Street
- Haag Inc, DBA Kicks 66: 1621 S Main Street
- Wal-Mart #382: 2101 S Princeton Street
- Group Fuel Centers, DBA Price Chopper Express: 102 E 9th Street
- Casey's Store #4340: 2243 Princeton Street
- Dollar General Store #4665: 2212 S Princeton Circle Dr 8
- Dollar General Store #21732: 305 N. Main
- Ottawa Golf Course: 1001 E. Logan

Financial Considerations: As outlined in the Municipal Code, Section 4-310, License Fees are as follows:

- General Retailer (On-Premise): \$175 per calendar year
- Limited Retailer (Off-Premise): \$50 per calendar year

Legal Considerations: The licensing process is governed by K.S.A. 41-2701 et seq. and is subject to the Kansas Alcoholic Beverage Control regulations.

Recommendation/Action: It is recommended that the City Commission approve the 2026 Cereal Malt Beverage applications.

Attachments: None

**City of Ottawa
City Commission Meeting
December 3, 2025**

TO: Honorable City Commission
SUBJECT: Transient Guest Tax Distribution Framework
INITIATED BY: City Clerk and Finance Director
AGENDA: Unfinished Business

Recommendation: Staff presented this item on November 19, 2025, and the Governing Body requested that it be placed on the December 3, 2025, agenda for further consideration. Provide feedback and direction for implementation beginning in 2026.

Background: On September 25, 2024, the Governing Body adopted Charter Ordinance No. 23-24 authorizing a Transient Guest Tax (TGT) of up to nine percent (9%). The City subsequently set the rate at six percent (6%) through Ordinance No. 4157-24.



Collection began on August 1, 2025, with the first remittance and reporting due to the City by September 25, 2025. The Governing Body has directed staff to develop a distribution framework to ensure transparent use of revenues and alignment with community priorities.

Analysis: The Transient Guest Tax (TGT) Distribution Framework is designed to balance two key priorities: supporting community-based attractions that drive visitation and ensuring that revenues provide broad taxpayer benefit by reduced reliance on property tax.

1. Annual Sponsorships – Community Impact and Tourism Growth
 - A baseline allocation of \$25,000 will be made available annually for sponsorships of community events, attractions, and tourism initiatives.
 - Applicants must demonstrate a measurable tourism impact (e.g., overnight stays, attendance metrics, economic benefits). Examples include festivals, tournaments, or cultural events that draw visitors from outside Ottawa.
 - The process is competitive and transparent:
 - Applications open January 15 and close February 15 annually.

- Applications are reviewed using a standardized scoring rubric emphasizing alignment with City priorities, measurable outcomes, and economic benefits.
 - Recommendations are presented to the City Commission in March, with final allocation decisions made by Commission vote.
2. Strategic Priorities and Reduction of Property Tax Reliance- Broad Taxpayer Benefit
- The framework also acknowledges that TGT revenues may be used for any lawful public purpose under Charter Ordinances 23-24 and 24-25. This allocation is determined during the annual budget process, allowing flexibility to respond to changing revenue trends and fiscal needs. Suggested eligible uses include:
- Arts & Recreational Facilities: Support for operations, capital improvements, and marketing of venues such as the Ottawa Memorial Auditorium or recreation/sports complexes that attract regional visitors such as the pool, golf course, or Orlis Cox.
 - Marketing & Promotion: Regional advertising, branding campaigns, website development, and media outreach to enhance Ottawa's visibility as a destination.
 - Community Events, Partnerships & Initiatives: Support for nonprofits and public agencies to deliver programs, events and initiatives that measurably increase visitation and tourism impact.
 - Infrastructure & Beautification Projects: Capital investments that enhance the visitor experience in high-traffic areas such as downtown streetscapes, wayfinding signage, and trail improvements.
 - Community Partner Support: Allocation to Community Partners

Financial Considerations: At the six percent (6%) collection rate, revenues are estimated to be approximately \$360,000 for the first full year of collections. 2% administration of collections (estimated \$7,200) will offset administrative costs in the General Fund.

Legal Considerations: The Distribution Framework is consistent with Charter Ordinance No. 23-24 and Charter Ordinance No. 24-25, which authorize local administration and collection of the TGT and allow revenues to be used for any lawful public purpose. No additional legal concerns have been identified.

Recommendation/Action: Provide feedback and direction for implementation beginning in 2026.

Attachments:

X.A.1 TGT Fund Distribution Guidelines

X.A.2 Draft TGT Application

City of Ottawa, Kansas
Transient Guest Tax (TGT) Fund Distribution Guidelines
Effective August 1, 2025

Purpose

The purpose of the guidelines is to establish a clear framework for the allocation of funds generated from the City of Ottawa's Transient Guest Tax (TGT). This tax, levied at six percent (6%) on gross receipts for sleeping accommodations within the city, is intended to support initiatives that promote community attraction, enhance visitor experiences, reduce reliance on property tax for city services, and generate economic benefits.

Uses of TGT Funds

TGT funds may be used for the following lawful public purposes in accordance with Charter Ordinance 23-24, Section 3 "Such funds raised by the transient guest tax may be maintained in the general fund of the City and may be used for any lawful public purpose."

Suggested use of funds include:

- **Arts and Recreational Facilities:** Support for operations, marketing, events, or capital improvements for facilities that enhance tourism and attract regional or state-level visitors.
- **Community Events & Initiatives:** Grants or allocations to non-profit or public-sector partners whose events or programs demonstrably increase tourism or overnight stays (e.g., festivals, athletic tournaments, cultural events).
- **Marketing & Promotion:** Regional advertising, attraction branding, website development, and media outreach to attract guests.
- **Infrastructure or Beautification Projects:** Capital investments that enhance the visitor's experience in attraction-heavy areas.
- **Reduction of Reliance on Property Tax:** Allocation toward the cost of city services, reducing the reliance on property tax.

Distribution Framework

TGT revenue will be allocated according to the following baseline distribution, subject to annual review during the City's budget process:

Allocation Area

Annual Sponsorships Up to \$25,000

Reduction of Property Tax Reliance Commission Direction

Note: Actual amounts may vary annually based on revenue performance and Commission direction.

Annual Sponsorships

Organizations may apply for funding to be used for community events, attractions, and promotion through an annual application process. Eligible applicants must:

- Be located in or serve the City of Ottawa
- Host events or maintain programs that increase visitation or overnight stays
- Provide metrics such as attendance projections, hotel stays, or economic impact

Applications will become available on January 15 for funding allocations in the same calendar year. Completed applications must be submitted by February 15.

In March, the City Commission will be presented with recommendations from staff using a standardized scoring rubric. Final funding decisions will be determined through a vote of the City Commission.

Reduction of Property Tax Reliance

TGT revenues may be used to reduce the reliance on the use of property taxes to support city services and annual community partner appropriations. Determination for allocation will occur during the upcoming year's annual budget approval.

Administration & Reporting

- The City Clerk's Office shall administer TGT collections and maintain records of fund allocation.
- Fund balance should be maintained in accordance with the City's fund balance policy, with consideration for current and future allocations.
- An annual TGT Fund Report will be presented to the City Commission outlining revenues, distributions, and attraction outcomes.



Transient Guest Tax Funding Request for Fiscal Year 2026

Fiscal Year 2026

The City of Ottawa utilizes Transient Guest Tax (TGT) funds to support community initiatives, events, and projects that attract visitors, enhance tourism, and strengthen Ottawa's local economy. Eligible organizations are invited to apply and request TGT allocations through the annual funding process.

The application process ensures transparency, fairness, and accountability in the review and distribution of TGT revenues. Funding is limited and subject to availability with final approval by the City Commission. Applicants are not guaranteed to receive funding, and approved awards may be for an amount less than requested, based on available funds and alignment with City priorities.

Application Process and Timeline

Funding applications will be reviewed by City Staff and provided to the City Commission for review and final approval. Applicants are invited to answer questions from the City Commission on Wednesday, March 18th at 4:00 pm.

The review and award process are expected to progress according to the following schedule:

January 15, 2026:	Applications released
February 16, 2026:	Application submission deadline (5:00 pm)
March 18, 2026:	Review by City Commission
March 25, 2026:	City Commission approval of funding

FY 2026 City of Ottawa Transient Guest Tax Funding Application

Submission Deadline: Wednesday, February 16, 2026, 5:00 PM

By Mail: City of Ottawa
Attn: City Clerk
P.O. Box 60
Ottawa, KS 66067

By Email: Melissa Scherman, City Clerk
cityclerk@ottawaks.gov

Organization Information

Org. Name: _____

Website: _____

Org. Type: _____

Years of Operation: _____

Address: _____

Fiscal Year End Date: _____

Primary Contact Information

Name: _____

Phone #: _____

Email: _____

Agency/Organization Credentials (if applicable)

EIN #: _____

Is your agency registered with the Kansas
Secretary of State as Current or Active?

Yes No

N/A

Comments:

Program/Event Information

Please complete only the fields that apply to your request.

Total TGT Funds Requested: _____

Program/Event Location: _____

Program/Event Name: _____

Program/Event Date(s): _____

Estimated Project/Event Budget: _____

Estimated Attendance: _____

Estimated Overnight Stays: _____

Description of Proposed Use of TGT Funds:

Financial Summary

Program/Event Budget

Provide a summary showing how the requested City TGT funds will support your program or event expenses. Include all revenue sources and clearly identify how TGT funds will enhance or expand your existing program.

If TGT funds are intended to replace another funding source, please explain below which funding streams are being replaced and why.

Revenues: (All Revenues)	2024 Actual	2025 Actual	2026 Estimate
Total Revenue:			

Expenditures: (All Expenses)	2024 Actual	2025 Actual	2026 Estimate
Total Expenditures:			

Comments:

Please provide any additional supporting documentation that you would like to share with the Governing Body, including brochures, additional financial support, etc.

Impact & Performance Measures

Describe measurable goals and expected community outcomes.

List any partnerships or collaborations

Identify how success will be evaluated (e.g., attendance, hotel occupancy, media reach)

Describe prior experience hosting similar events

Agenda Item: XI.A

**City of Ottawa
City Commission Study Session
December 3, 2025**

TO: Mayor and City Commission
SUBJECT: Distribution of Donation to Mayor's Christmas Tree Fund
INITIATED BY: City Manager
AGENDA: New Business

Recommendations: Select recipient(s) for the \$2,000 donation by Cosentino's Price Chopper.

Background: In December 2018, Cosentino's Price Chopper began sending an annual donation for the Mayor's Christmas Tree Fund. The funds have been distributed as follows.

- 2018 - \$1,500 to ECKAN and \$1,500 to Hope House
- 2019 - \$1,500 to ECKAN and \$1,500 to Hope House
- 2020 - \$1,250 to ECKAN and \$1,250 to Hope House
- 2021 - \$2,000 to ECKAN
- 2022 - \$2,000 to ECKAN
- 2023 - \$1,000 to ECKAN and \$1,000 to Hope House
- 2024 - \$1,000 to ECKAN and \$1,000 to Hope House

Analysis: None

Financial Considerations: No direct financial impact to the City. This is a passthrough donation.

Legal Considerations: Approve as to form.

Recommendations/Actions: Select 2025 Recipient(s) who will be presented with the funds at a future Commission meeting

Attachments: None

Agenda Item: XI.B

City of Ottawa
City Commission Meeting
December 3, 2025

TO: Mayor and City Commission
SUBJECT: Resolution supporting the waiver of statutory requirement to use GAAP based accounting for 2026 financial reporting
INITIATED BY: Assistant Finance Director
AGENDA: New Business

Recommendation: Consider approval of a Resolution Authorizing to Request the Director of Accounts and Reports to Waive the Statutory Requirement to use GAAP Based Accounting for the Reporting of Fiscal Year 2026.

Background: Kansas State Statute (K.S.A) [75-1120a](#) sets in place a uniform system of fiscal procedures related to accounting and financial reporting for municipalities to follow. The statute states that unless certain criteria are met, all municipalities within the State of Kansas must ensure accounting and financial reporting meet the guidelines and standards outlined by generally accepted accounting principles (GAAP) as promulgated by the government accounting standards board and the American Institute of Certified Public Accountants and adopted by the rule and regulations of the Kansas Director of Accounts and Reports.

The City of Ottawa has historically opted to waive this statutory requirement under the criteria listed in subsection (c) of K.S.A 75-1120a. This subsection outlines that the Kansas Director of Accounts and Reports may waive the requirements of GAAP reporting upon request by the governing body of any municipality. Upon request the governing body must, by resolution, annually make a finding that financial statements and financial reports prepared in conformity with the requirements of subsection (a) are:

1. not relevant to the requirements of the cash basis and budget laws of this state, and
2. are of no significant value to the Governing Body or the members of the general public of the City of Ottawa.
3. The municipality has no revenue bond ordinances or other ordinances or resolutions of the municipality which require financial statements and financial reports to be prepared in conformity with 75-1120a(a).

Analysis: Preparing non-GAAP financial reporting allows a common reader to better understand the city's financial position from a budgetary and cash-basis reporting perspective. Continuing the city's current basis of reporting will ensure continuity of financial reporting.

Financial Considerations: Failure to waive GAAP reporting requirements will cause a significant increase in the city's annual audit expense, as well as outside consulting costs to convert to and meet future requirements of GAAP reporting.

Legal Considerations: The City Attorney has reviewed the proposed resolution and approved as to form.

Recommendation/Action: It is recommended that the City Commission consider:

1. Take action at the December 3, 2025, Commission Meeting to:
“Approve a Resolution Authorizing to Request the Director of Accounts and Reports to Waive the Statutory Requirement to use GAAP Based Accounting for the Reporting of Fiscal Year 2026”; or
2. Refer Item XI.B to the following regular meeting for continued deliberations.

Attachments:

XI.B.1 Resolution Authorizing to Request the Director of Accounts and Reports to Waive the Statutory Requirement to use GAAP Based Accounting for the Reporting of Fiscal Year 2026

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE CITY OF OTTAWA, KANSAS TO REQUEST THE DIRECTOR OF ACCOUNTS AND REPORTS TO WAIVE THE STATUTORY REQUIREMENT TO USE GAAP BASED ACCOUNTING FOR THE REPORTING OF FISCAL YEAR 2026.

WHEREAS, the City of Ottawa, Kansas has determined that the financial statements and financial reports for fiscal year 2026 to be prepared in conformity with the requirements of K.S.A. 75-1120a(a) are not relevant to the requirements of the cash basis and budget laws of this state of Kansas and are of no significant value to the Governing Body or the members of the general public of the City of Ottawa, and

WHEREAS, there are no revenue bond ordinances or other ordinances or resolutions of the municipality which require financial statements and financial reports to be prepared in conformity with 75-1120a(a) for the City of Ottawa's fiscal year 2026.

NOW, THEREFORE BE IT RESOLVED that the Governing Body does hereby request the Director of Accounts and Reports to waive the requirements of 75-1120a et seq. as they apply to the City of Ottawa, Kansas, for the fiscal year 2026.

BE IT FURTHER RESOLVED that the Governing Body shall cause the financial statements and financial reports of the City of Ottawa to be prepared on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of this State.

ADOPTED this _____ of _____ 2025.

Emily Allen, Mayor

ATTEST:

Melissa Scherman, City Clerk

Agenda Item: XI.D

City of Ottawa
City Commission Regular Meeting
December 3, 2025

TO: Mayor and City Commission
SUBJECT: Resolution determining consideration of establishing a Reinvestment Housing Incentive District (RHID) and related Development Plan and setting a public hearing date for Woodridge Estates
INITIATED BY: Director of Finance
AGENDA: New Business

Recommendation: Consider a Resolution Determining Consideration for Establishing a Reinvestment Housing Incentive District within the City and Adopting a Plan for the Development of Housing and Public Facilities in such Proposed District, Establishing the Date and Time of a Public Hearing on Such Matter, and Providing for Notice of such Public Hearing (Woodridge Estates Reinvestment Housing Incentive District).

Background: The City of Ottawa received an Economic Incentive Application from Legacy Homes of Ottawa LLC, requesting the establishment of a Reinvestment Housing Incentive District (RHID) for the development of thirteen for-sale single-family homes to be located at 1001 E. Wilson St.

The State of Kansas RHID Act allows eligible costs to include 1) infrastructure including streets, sewer, water, stormwater, sidewalks, and electric utilities; or 2) upper floor living in downtown areas; or 3) vertical construction costs where utility infrastructure has been in existence for at least 10 years or the existing lot(s) have been subject to special assessments. This project is eligible under the third criteria of the Act.

On July 16, 2025, the City Commission passed Resolution 1986-25, determining the need for housing within the City of Ottawa and setting forth the legal description of the proposed Reinvestment Housing Incentive District for Woodridge Estates. The resolution and request were submitted to the Kansas Department of Commerce, and a confirmation letter was received on August 14, 2025, supporting the creation of the Woodridge Estates Reinvestment Housing District.

Project Description: The proposed project is for the development of the vacant lot located at 1001 E. Wilson St. into 13 single-family homes, proposed as 1,064 to 1,400 sq ft for sale properties. The proposed market price for these units will be \$212,000 to \$265,000. This subsection of for-sale homes falls within the parameters of housing needs as outlined in the 2025 Housing Study commissioned by the Franklin County Development Council, which states that in the next five years, the city of Ottawa will need an additional 34 new homes in the price range of \$200,000-\$274,999.

Project History: The Woodridge Estates Project began the planning process in the Spring of 2025.

Below is a list of how the project has progressed:

1. **April 3, 2025:** Preliminary Plat received by City Staff.
2. **June 23, 2025:** Final Plat received by City Staff.
3. **August 28, 2025:** Preliminary Plat approved by Planning Commission.
4. **November 12, 2025:** Final Plat approved by Planning Commission.

Analysis: The process for incentive consideration is set as follows:

- ✓ June, 2025 But-For Analysis conducted by financial advisory firm, Baker Tilly, LLC
- ✓ July 14, 2025 Economic Incentive Review Committee met to discuss request
- ✓ July 16, 2025 City Commission determined the need for the creation of a Reinvestment Housing Incentive District through Resolution 1986-25 and submitted request for approval to the Kansas Department of Commerce
- o **Dec. 3, 2025** **City Commission Action Step 2: Consider Resolution defining proposed Development Plan, intent to establish a district, and sets public hearing**
- o January 7, 2026* City Commission Action Step 3: Hold public hearing
- o January 7, 2026* City Commission Action Step 4: Consider Ordinance adopting the Development Plan, establishing the district, and approving the Development Agreement
- o February 6, 2026* End of 30-day protest period for Board of Education and Board of County Commissioners

*Items notated with an * are subject to approval of each prior City Commission Action Item.*

The proposed Resolution, for consideration on December 3, 2025, declares the City's intent to establish within the City an RHID to be known as the "Woodridge Estates Reinvestment Housing Incentive District" and outlines the boundaries of this district. This resolution also conveys the intent to adopt the proposed development plan.

The proposed Development Plan includes the following information:

- Property Ownership: Legacy Homes of Ottawa, LLC
- Proposed development of the vacant lot located at 1001 E. Wilson St.
- Current assessed valuation of the property is \$12,758
- Housing Facilities:
 - o 13 single-family for sale properties (1,064 to 1,400 sq ft)
- Public infrastructure improvements
- A financial feasibility study is provided as an exhibit to the Development Plan

Financial Considerations: The statutorily required feasibility study for the Woodridge Estates RHID has been prepared with financial information for the project provided by the developer, estimates assessed valuation at completion of the project, and provides an estimated maximum pay-as-you-go reimbursement amount for the proposed project as a guidepost for City

consideration in negotiating final terms with the Developer. The feasibility study is attached as Exhibit C in the Development Plan provided as Attachment XI.D.2.

Information provided in the but-for analysis and feasibility study supports the recommended and negotiated maximum reimbursement of \$576,000 plus interest on private loans secured by the Applicant to finance eligible project costs, accepted by the Developer. The Development Agreement outlining the terms and maximum reimbursement cap will be provided to the City Commission for consideration following the public hearing scheduled for January 7, 2026.

Legal Considerations: The proposed Resolution has been prepared by Gilmore Bell, the City’s Bond Counsel, reviewed by City Attorney Finch, and approved as to form. This Resolution conveys the consideration for establishing the Woodridge Estates RHID District within the established boundaries, sets the date of Wednesday, January 7, 2026, at 7:00 p.m. for a public hearing, and conveys the intent to adopt the proposed Development Plan.

Recommendation/Actions: It is recommended that the City Commission consider:

1. Take action at the December 3, 2025, Commission meeting to:
“Approve a Resolution Determining Consideration for Establishing a Reinvestment Housing Incentive District within the City and Adopting a Plan for the Development of Housing and Public Facilities in such Proposed District, Establishing the Date and Time of a Public Hearing on Such Matter, and Providing for Notice of such Public Hearing (Woodridge Estates Reinvestment Housing Incentive District)”; or
2. Refer item XI.D to a future regular meeting for continued deliberations.

Attachments:

- | | |
|--------|---|
| XI.D.1 | Resolution Determining Consideration for Establishing a Reinvestment Housing Incentive District within the City and Adopting a Plan for the Development of Housing and Public Facilities in such Proposed District, Establishing the Date and Time of a Public Hearing on Such Matter, and Providing for Notice of such Public Hearing (Woodridge Estates Reinvestment Housing Incentive District). |
| XI.D.2 | Development Plan – Woodridge Estates Reinvestment Housing Incentive District |
| XI.D.3 | But-For Analysis – Woodridge Estates |

RESOLUTION NO. _____

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF OTTAWA, KANSAS DETERMINING THAT THE CITY IS CONSIDERING ESTABLISHING A REINVESTMENT HOUSING INCENTIVE DISTRICT WITHIN THE CITY AND ADOPTING A PLAN FOR THE DEVELOPMENT OF HOUSING AND PUBLIC FACILITIES IN SUCH PROPOSED DISTRICT; ESTABLISHING THE DATE AND TIME OF A PUBLIC HEARING ON SUCH MATTER, AND PROVIDING FOR THE GIVING OF NOTICE OF SUCH PUBLIC HEARING (WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT)

WHEREAS, the Kansas Reinvestment Housing Incentive District Act, K.S.A. 12-5241 *et seq.* (the “Act”) authorizes any city incorporated in accordance with the laws of the State of Kansas with a population of less than 60,000 to designate reinvestment housing incentive districts within such city; and

WHEREAS, the City of Ottawa, Kansas (the “City”) has a population under 60,000, and therefore constitutes a city as said term is defined in the Act; and

WHEREAS, a Residential Demand Analysis, dated March 2025 (the “Analysis”), has been prepared, a copy of which is on file in the office of the City Clerk; and

WHEREAS, Resolution No. 1986-25, adopted by the governing body of the City (the “Governing Body”), made certain findings relating to the need for financial incentives for the construction of quality housing within the City, declared it advisable to establish a reinvestment housing incentive district pursuant to the Act and authorized the submission of such Resolution and the Analysis to the Kansas Department of Commerce in accordance with the Act; and

WHEREAS, the Secretary of the Kansas Department of Commerce, pursuant to a letter dated August 14, 2025, authorized the City to proceed with the establishment of a reinvestment housing incentive district pursuant to the Act; and

WHEREAS, the City has caused to be prepared a plan (the “Plan”) for the development or redevelopment of housing and public facilities in the proposed Woodridge Estates Reinvestment Housing Incentive District (the “District”) in accordance with the provisions of the Act; and

WHEREAS, the Plan includes:

1. The legal description and map required by K.S.A. 12-5244(a);
2. The existing assessed valuation of the real estate in the proposed District listing the land and improvement values separately;
3. A list of the names and addresses of the owners of record of all real estate parcels within the proposed District;
4. A description of the housing and public facilities project or projects that are proposed to be constructed or improved in the proposed District, and the location thereof;
5. A listing of the names, addresses and specific interests in real estate in the proposed District of the developers responsible for development of the housing and public facilities in the proposed District;

6. The contractual assurances, if any, the Governing Body has received from such developer or developers, guaranteeing the financial feasibility of specific housing tax incentive projects in the proposed District;

7. A comprehensive analysis of the feasibility of providing housing tax incentives in the proposed District as provided in the Act, which shows that the public benefits derived from such District will exceed the costs and that the income therefrom, together with all public and private sources of funding, will be sufficient to pay for the public improvements that may be undertaken in the District.

WHEREAS, the Governing Body proposes to continue proceedings necessary to create a Reinvestment housing Incentive District, in accordance with the provisions of the Act, and adopt the Plan, by the calling of a public hearing on such matters.

THEREFORE, BE IT RESOLVED by the Governing Body of the City of Ottawa, Kansas as follows:

Section 1. Proposed Reinvestment Housing Incentive District. The Governing Body hereby declares an intent to establish within the City a reinvestment housing incentive district. The District is proposed to be formed within the boundaries of the real estate legally described in *Exhibit A* attached hereto, and shown on the map depicting the existing parcels of land attached hereto as *Exhibit B*. A list of the names and addresses of the owners of record of all real estate parcels within the proposed District and the existing assessed valuation of said real estate, listing the land and improvement values separately, is attached hereto as *Exhibit C*.

Section 2. Proposed Plan. The Governing Body hereby further declares its intent to adopt the Plan in substantially the form presented to the Governing Body on this date. A copy of the Plan shall be filed in the office of the City Clerk and be available for public inspection during normal business hours. A description of the housing and public facilities projects that are proposed to be constructed or improved in the proposed District, and the location thereof are described in *Exhibit D* attached hereto. A summary of the contractual assurances by the developer and the comprehensive feasibility analysis is contained in *Exhibit E* attached hereto.

Section 3. Public Hearing. Notice is hereby given that a public hearing will be held by the Governing Body of the City to consider the establishment of the District and adoption of the Plan on January 7, 2026, at City Hall, located at 101 S. Hickory, Ottawa, Kansas 66067, with the public hearing to commence at 7:00 p.m. or as soon thereafter as the Governing Body can hear the matter. At the public hearing, the Governing Body will receive public comment on such matters, and may, after the conclusion of such public hearing, consider the findings necessary for establishment of the District and adoption of the Plan, all pursuant to the Act.

Section 4. Notice of Public Hearing. The City Clerk is hereby authorized and directed to provide for notice of the public hearing by taking the following actions;

1. A certified copy of this resolution shall be delivered to:
 - A. The Board of County Commissioners of Franklin County, Kansas;
 - B. The Board of Education of Unified School District No. 290, Franklin County, Kansas (Ottawa); and
 - C. The Planning Commission of the City of Ottawa, Kansas.

2. This Resolution, specifically including ***Exhibits A*** through ***E*** attached hereto, shall be published at least once in the official newspaper of the City not less than one week or more than two weeks preceding the date of the public hearing.

3. This Resolution, including ***Exhibits A*** through ***E*** attached hereto, are available for inspection at the office of the clerk of the City at normal business hours. Members of the public are invited to review the plan and attend the public hearing on the date announced in this Resolution.

Section 5. Further Action. The Mayor, City Manager, Finance Director, City Clerk and other officials and employees of the City, including the City Attorney and Gilmore & Bell, P.C., are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution.

Section 6. Effective Date. This Resolution shall take effect after its adoption by the Governing Body.

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ADOPTED by the Governing Body of the City of Ottawa, Kansas on December 3, 2025.

(SEAL)

Mayor

ATTEST:

City Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution No. _____ adopted by the Governing Body of the City on December 3, 2025, as the same appear of record in my office.

DATED: December 3, 2025

City Clerk

EXHIBIT A

**LEGAL DESCRIPTION OF PROPOSED
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT**

Lots 1 and 2, Block 6, Riverview Addition to the City of Ottawa, Franklin County, Kansas (3.6 Acres),
Section 25, Township 16, Range 19E¹

¹A replat of this property has been approved by the governing body of the City of Ottawa, Kansas, but not yet recorded as of the date of this resolution. As a result of the replat, the legal description for the property described above is now:

Lots 1-13 and Tract A, Woodridge Estates, a replat of Lots 1 and 2, Block 6, Riverview Addition to the
City of Ottawa, Franklin County, Kansas

EXHIBIT B

**MAP OF PROPOSED
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT**



The proposed District contains tax parcel ID number: 030-087-25-0-10-04-005.00-0.

EXHIBIT C

**NAMES AND ADDRESSES OF THE OWNERS OF RECORD
OF ALL REAL ESTATE PARCELS WITHIN THE PROPOSED
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT
AND THE EXISTING ASSESSED VALUATION OF SAID REAL ESTATE PARCELS
AND NAMES AND ADDRESSES OF THE DEVELOPERS**

Owner of Real Property:	Legacy Homes of Ottawa LLC 1305 S. Elm Street Ottawa, KS 66067
Developer:	Legacy Homes of Ottawa LLC 1305 S. Elm Steet Ottawa, KS 66067
Existing Assessed Valuation of the District:	Land - \$12,750 Improvements - \$0

EXHIBIT D

**DESCRIPTION OF THE HOUSING AND PUBLIC FACILITIES PROJECT OR PROJECTS
THAT ARE PROPOSED TO BE CONSTRUCTED OR IMPROVED IN THE PROPOSED
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT**

The housing and public facility project that are proposed to be constructed include the following:

The housing and public facility project (the “Project”) will include the development of 13 single-family homes located at the northwest corner of North Milner Street and East Wilson Street. The homes have planned square footages ranging from 1,400 square feet to 1,065 square feet. The Project is expected to include land acquisition (the “Land”) and the construction and extension of certain public infrastructure improvements, including, but not limited to, the following anticipated improvements: site preparation, construction of interior streets and roadway, street grading, paving, curbing, guttering, and surfacing, storm sewer, sanitary sewer, underground water, gas and electric services and connections, sidewalks, signage, and related improvements located within the boundaries of the District (collectively, the “Public Improvements”).

EXHIBIT E

SUMMARY OF THE CONTRACTUAL ASSURANCES BY THE DEVELOPER AND OF THE COMPREHENSIVE FEASIBILITY ANALYSIS

Contractual Assurances

The Governing Body of the City of Ottawa will enter into a development agreement with Legacy Homes of Ottawa LLC, the developer. This agreement, as supplemented and amended, will include the project construction schedule, a description of projects to be constructed, financial and other obligations of the developer and financial and administrative support from the City of Ottawa, Kansas.

Feasibility Study

Baker Tilly Municipal Advisors, LLC, has conducted an analysis to determine whether the public benefits derived from the District will exceed the costs and that the income from the District, together with other sources of revenue, will be sufficient to pay for the Public Improvements to be undertaken in the District. The analysis estimates the available property tax revenues that will be generated from the District, less existing property taxes and certain unavailable property tax revenues, to determine the revenue stream available to support reimbursement to the Developer for all or a portion of the costs of financing the Public Improvements. The estimates indicate that the revenue realized from the Project, together with other available sources of revenue, will be adequate to pay the costs of the Public Improvements.

**DEVELOPMENT PLAN
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT
IN THE CITY OF OTTAWA, KANSAS
JANUARY 7, 2026**

DEVELOPMENT PLAN INTRODUCTION

On July 16, 2025, the Governing Body of the City of Ottawa, Kansas (the “City”) adopted Resolution No. 1986-25, that found and determined that:

1. There is a shortage of quality housing of various price ranges in the City despite the best efforts of public and private housing developers;
2. The shortage of quality housing can be expected to persist and that additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in the City;
3. The shortage of quality housing is a substantial deterrent to the future economic growth and development of the City; and
4. The future economic well-being of the City depends on the Governing Body providing additional incentives for the construction or renovation of quality housing in the City.

Based on these findings and determinations, the Governing Body proposed the establishment of a Reinvestment Housing Incentive District within the City pursuant to the Kansas Reinvestment Housing Incentive District Act (K.S.A. 12-5241 *et seq.*).

Following the adoption of Resolution No. 1986-25, such Resolution was published once in the official newspaper of the City, and a certified copy of such Resolution was submitted to the Secretary of Commerce (“Secretary”) for approval of the establishment of the Reinvestment Housing Incentive District in the City, as required by K.S.A. 12-5244(c).

On August 14, 2025, the Secretary provided written confirmation, approving the establishment of the Reinvestment Housing Incentive District (the “District”).

DEVELOPMENT PLAN ADOPTION

K.S.A. 12-5245 states that once the City receives approval from the Secretary for the development of a Kansas Reinvestment Housing Incentive District, the Governing Body may adopt a plan for the development or redevelopment of housing and public facilities within the proposed district.

DEVELOPMENT PLAN

As a result of the shortage of quality housing within the City of Ottawa, Kansas, the City proposes this development plan (the “Development Plan”) to assist in the development of quality housing within the City.

1. The legal description and map of the proposed district are attached as **Exhibits A and B** hereto.
2. The assessed valuation of all real estate within the District for 2025 is approximately \$12,750 on land and \$0 on all improvements, as listed on **Exhibit C**, attached hereto.

3. The names and addresses of the owners of record for the real estate within the District is:

Owner of Real Property:	Legacy Homes of Ottawa LLC 1305 S. Elm Street Ottawa, KS 66067
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4. The housing and public facility project that are proposed to be constructed include the following:

The housing and public facility project (the “Project”) will include the development of 13 single-family homes located at the northwest corner of North Milner Street and East Wilson Street. The homes have planned square footages ranging from 1,065 square feet to 1,400 square feet. The Project is expected to include land acquisition (the “Land”) and the construction and extension of certain public infrastructure improvements, including, but not limited to, the following anticipated improvements: site preparation, construction of interior streets and roadway, street grading, paving, curbing, guttering, and surfacing, storm sewer, sanitary sewer, underground water, gas and electric services and connections, sidewalks, signage, and related improvements located within the boundaries of the District (collectively, the “Public Improvements”).

5. The names, addresses, and specific interests in the real estate in the District of the developer (the “Developer”) responsible for development of the housing and public facilities are:

The Developer and owner of property in the District will be:

Legacy Homes of Ottawa LLC¹
1302 S. Elm Street
Ottawa, KS 66067

6. The Governing Body of the City does not expect to receive any contractual assurances from the Developer guaranteeing the financial feasibility of specific projects within the District; provided, however, that the City and the Developer expect to enter into a Development Agreement (the “Development Agreement”) which, as supplemented and amended from time to time, is expected to include a project construction schedule, a description of projects to be constructed, financial and other obligations of the Developer, and financial and administrative obligations of the City.
7. Baker Tilly Municipal Advisors, LLC, has conducted an analysis to determine whether the public benefits derived from the District will exceed the costs and that the income from the District, together with other sources of revenue, will be sufficient to pay for the Land acquisition and Public Improvements to be undertaken in the District. The analysis estimates the available property tax revenues that will be generated from the District, less existing property taxes and certain unavailable property tax revenues, to determine the revenue stream available to support reimbursement to the Developer for all or a portion of the costs of financing Land acquisition and the Public Improvements. The estimates indicate that the revenue realized from the Project, together with other available sources of revenue, will be adequate to pay the costs of Land acquisition and the Public Improvements.

EXHIBIT A

**LEGAL DESCRIPTION OF PROPOSED
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT**

Lots 1 and 2, Block 6, Riverview Addition to the City of Ottawa, Franklin County, Kansas (3.6 Acres),
Section 25, Township 16, Range 19E¹

¹A replat of this property has been approved by the governing body of the City of Ottawa, Kansas, but not yet recorded as of the date of this resolution. As a result of the replat, the legal description for the property described above is now:

Lots 1-13 and Tract A, Woodridge Estates, a replat of Lots 1 and 2, Block 6, Riverview Addition to the
City of Ottawa, Franklin County, Kansas

EXHIBIT B

**MAP OF PROPOSED RHID BOUNDARIES FOR THE
WOODRIDGE ESTATES REINVESTMENT HOUSING INCENTIVE DISTRICT**



The proposed District contains tax parcel ID number: 030-087-25-0-10-04-005.00-0.

EXHIBIT C

2025 ASSESSED VALUATION

Parcel ID	2025 Assessed Value (Land)	2025 Assessed Value (Improvements)
030-087-25-0-10-04-005.00-0	\$ 12,758	\$ 0.00
Total	\$ 12,758	\$ 0.00

EXHIBIT D

COMPREHENSIVE FINANCIAL FEASIBILITY ANALYSIS

[ATTACHED]



Woodridge Estates Reinvestment Housing Incentive District Financial Feasibility Study

Prepared for the City of Ottawa, Kansas

November 10, 2025

Executive Summary

The City of Ottawa, KS (the “City”) retained Baker Tilly Municipal Advisors (“BTMA”) to review the financial feasibility of providing public financial assistance to Legacy Homes of Ottawa (the “Applicant”) for development of the Woodridge Estates subdivision (the “Project”). Woodridge Estates will include 13 newly constructed single-family homes and will be located at the northwest corner of North Milner Street and East Wilson Street in Ottawa, Kansas.

The Applicant requests public financial assistance for the Project to make the homes affordable, which the City defines as initially priced between \$212,000 and \$265,000. The Applicant seeks up to \$576,000, plus interest (the “Eligible Project Costs”), via a 20-year, 100% property tax redirection (the “Incentive”) through the establishment of a Reinvestment Housing Incentive District (“RHID” and “District”). RHID revenues will fund Eligible Project Costs - including land acquisition, infrastructure and sitework - to enable the Applicant to meet the City’s home affordability goals.

This Comprehensive Feasibility Analysis evaluates whether the public benefits derived from the District will exceed the costs and whether the RHID income, together with other sources of funding, will be sufficient to fund the District public improvements.

BTMA reviewed the Applicant’s pro forma and the underlying assumptions regarding Project financing, construction costs and revenues. BTMA determined that the proposed District’s revenues plus Applicant contributions equal or exceed the RHID Eligible Project Costs.



Project Description

Construction of 13 single-family homes resulting in an estimated 16,272 sq ft of single-family residential development



Eligible Project Costs

Up to \$576,000 in land, infrastructure and site preparation costs, plus interest



Anticipated Revenue

The District is anticipated to generate \$1,139,827 in gross revenues, supporting \$522,589 in Eligible Project Costs at a net present value rate of 7.5%



Conclusion

District revenues plus Applicant contributions are sufficient to support the Eligible Project Costs

Purpose

On July 16, 2025 the City Commission of Ottawa, Kansas adopted Resolution No. 1986-25, making the findings and determinations required to establish the Woodridge Estates Reinvestment Housing Incentive District pursuant to sections 12-5241 through 12-5252 of the Kansas Statutes (the “Act”). The Kansas Secretary of Commerce subsequently approved the findings by letter dated August 14, 2025.

Upon the Secretary of Commerce’s approval of the findings, the Act requires that the City hold a public hearing and adopt a Development Plan which must include, among other elements, a Comprehensive Financial Feasibility Study. This report is the Comprehensive Financial Feasibility Study (the “Study”) for the proposed Woodridge Estates Reinvestment Housing District.

As required by the Act, this Study considers the following:

- Whether the District’s benefits exceed its costs, and
- If the District income, together with other sources of funding, will be sufficient to fund the public improvements to be undertaken in the District.

Reinvestment Housing Incentive Districts (RHIDs) in Kansas

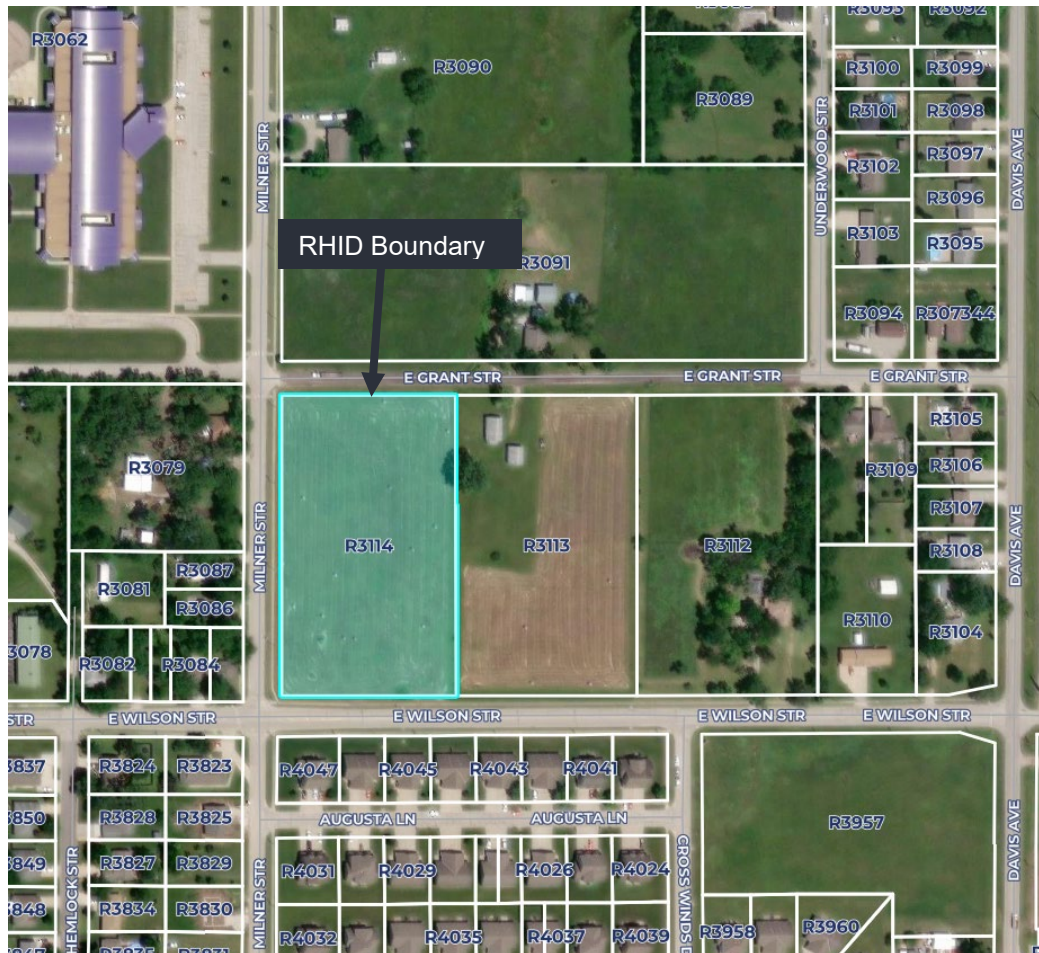
RHIDs are an incentive tool created by state statute to encourage single- and multi-family development and renovation in areas experiencing a shortage of housing. Within the RHID geographic area, the incremental increase in property taxes resulting from new or renovated housing is made available to reimburse eligible project costs. These costs include public infrastructure and, in certain circumstances, construction or renovation of buildings.

Upon RHID creation, the total assessed valuation of all taxable real estate within the district is determined. This valuation is referred to as the district’s “Base-Year Assessed Valuation.” Over the life of the district, the property taxes attributable to the Base-Year Assessed Valuation are annually collected and distributed to the appropriate taxing jurisdictions. As new development occurs within the RHID, the total assessed valuation of the district in any given year will exceed its Base-Year Assessed Valuation. The real property taxes attributable to this increase in valuation above the Base-Year Assessed Valuation are the incremental revenues utilized to pay RHID eligible project costs. RHIDs may redirect up to 100% of the incremental increase in property taxes for a period not to exceed 25 years.

RHIDs may finance eligible costs through the issuance of special obligation bonds, in which case RHID revenue is used to pay bond debt service. Most commonly, developers privately finance the RHID eligible project costs and are reimbursed over time, with interest, from incremental revenues – an approach commonly referred to as “pay-as-you-go” financing.

The Woodridge Estates RHID

The Woodridge Estates RHID site is located at the northwest corner of North Milner Street and East Wilson Street and has a commonly known address of 1001 East Wilson Street, Ottawa, KS 66067. The site is approximately 3.6 acres and is located south of North Milner Street from Lincoln Elementary School.



(Source: Franklin County AIMS)

The Applicant proposes the construction of 13 single-family homes at the Project site. The Project includes land acquisition, site preparation, infrastructure, and vertical construction of the homes. The Applicant plans to construct three home models which vary by size and price as described in the following table.

Model	# Units	Bedrooms	Baths	Garage	Gross Square Feet
Model A	6	3	2	Yes	1,708
Model B	4	3	1	No	1,065
Model C	3	3	2	No	1,204

In total, 13 units will be constructed, constituting 18,120 square feet.

Expenditures

The Project sources and uses are detailed in the following table.

Sources	Amount	Private	RHID	% of Project Total
Private Debt	\$1,805,946	\$1,805,946	—	68.62%
Equity	\$250,000	\$250,000	—	9.50%
RHID	\$576,000	—	\$576,000	21.88%
Total:	\$2,631,946	\$2,055,946	\$576,000	100.00%
Uses	Amount	Private	RHID	% of Project Total
Land	\$250,000	—	\$250,000	9.50%
Hard Costs	\$2,231,696	\$2,056,008	\$175,750	84.79%
Soft Costs	\$100,250	—	\$100,250	3.81%
Contingency	\$50,000	—	\$50,000	1.90%
Total:	\$2,631,946	\$2,056,008	\$576,000	100.00%

The District will reimburse up to \$576,000 of Eligible Project Costs, plus interest, on private loans secured by the Applicant to finance Eligible Project Costs. Should District revenues be insufficient to fund the Applicant's Eligible Project Costs, plus interest, the Applicant will fund the difference through private debt and/or equity.

The Applicant anticipates that the homes will be constructed and sold over a 4-year period starting in 2026 and ending in 2029 as described in the following table.

Year	Model Type Constructed	Units Constructed	Units Sold
2026	Model A – 3 Model B – 1 Model C – 1	5	0
2027	Model A – 1 Model B – 2 Model C – 1	4	5
2028	Model A – 1 Model B – 2 Model C – 1	4	4
2029	N/A	0	4
Total:	N/A	13	13

Revenues

Assessed Value

Per Franklin County's 2025 assessment, the appraised value of the District area is \$106,320. At the 11.5% assessment rate established in state statute, the District Base-Year Assessed Value is \$12,758.

Over the 3 years of home construction, approximately \$2,982,906 in appraised value will be added to the Project area. This increase in appraised value represents 92% of the total sale prices for the 13 homes. At the recommendation of the Franklin County Appraiser, a discount of eight percent is applied to home sale prices to reflect the difference between the market sale price and appraised value.

In RHID years 1 through 3, the increase in the incremental assessed value is primarily the product of Project construction. When construction ends in RHID year 4, assessed value increases are based entirely upon an estimated 3% annual increase in home values. BTMA is using a 3% growth factor based on historical analysis of home value growth in Ottawa over the past 5 years. Five comparable homes in Ottawa were identified, and their assessed value growth from 2021 to 2025 ranged from 4% to 9%, with the average annual growth of 7%. To better mirror long-term economic trends and control for the recent surge in residential valuation outpacing inflation, BTMA estimates future growth at 3% annually for the RHID term.

Per a term sheet signed between the City and the Applicant, the Applicant is permitted to increase home sale prices in accordance with the schedule below. This price escalation and the Applicant's estimated construction timeline have been utilized to estimate assessed valuation growth.

Model	Year 1	Year 2	Year 3	Year 4	Year 5
Model A	\$263,000	\$276,939	\$291,617	\$307,072	\$323,347
Model B	\$212,000	\$223,236	\$235,068	\$247,526	\$260,645
Model C	\$222,000	\$233,766	\$246,156	\$259,202	\$272,940

The difference between the RHID's Base-Year Assessed Value and the post-construction assessed value represents the incremental assessed value. The following table summarizes the estimated District appraised and assessed values and resulting incremental assessed values.

RHID Year	Assess & Tax Levy Year	Tax Distribution Year	Base Appraised Value	Base Assessed Value	Appraised Valuation	Assessed Valuation	Incremental Assessed Value
1	2026	2027	\$106,320	\$12,758	\$1,125,620	\$129,446	\$129,446
2	2027	2028	\$106,320	\$12,758	\$2,089,398	\$240,281	\$240,281
3	2028	2029	\$106,320	\$12,758	\$3,079,356	\$354,126	\$354,126
4	2029	2030	\$106,320	\$12,758	\$3,171,737	\$364,750	\$364,750
5	2030	2031	\$106,320	\$12,758	\$3,266,889	\$375,692	\$375,692
6	2031	2032	\$106,320	\$12,758	\$3,364,896	\$386,963	\$386,963
7	2032	2033	\$106,320	\$12,758	\$3,465,843	\$398,572	\$398,572
8	2033	2034	\$106,320	\$12,758	\$3,569,818	\$410,529	\$410,529
9	2034	2035	\$106,320	\$12,758	\$3,676,913	\$422,845	\$422,845

RHID Year	Assess & Tax Levy Year	Tax Distribution Year	Base Appraised Value	Base Assessed Value	Appraised Valuation	Assessed Valuation	Incremental Assessed Value
10	2035	2036	\$106,320	\$12,758	\$3,787,220	\$435,530	\$435,530
11	2036	2037	\$106,320	\$12,758	\$3,900,837	\$448,596	\$448,596
12	2037	2038	\$106,320	\$12,758	\$4,017,862	\$462,054	\$462,054
13	2038	2039	\$106,320	\$12,758	\$4,138,398	\$475,916	\$475,916
14	2039	2040	\$106,320	\$12,758	\$4,262,549	\$490,193	\$490,193
15	2040	2041	\$106,320	\$12,758	\$4,390,426	\$504,899	\$504,899
16	2041	2042	\$106,320	\$12,758	\$4,522,139	\$520,046	\$520,046
17	2042	2043	\$106,320	\$12,758	\$4,657,803	\$535,647	\$535,647
18	2043	2044	\$106,320	\$12,758	\$4,797,537	\$551,717	\$551,717
19	2044	2045	\$106,320	\$12,758	\$4,941,463	\$568,268	\$568,268
20	2045	2046	\$106,320	\$12,758	\$5,089,707	\$585,316	\$585,316

Property Tax Rates

Each year, the then-current property tax rates will be applied to the incremental assessed value to determine the annual District revenue. For taxes levied in 2024 and payable in 2024/2025, the total District-applicable property tax rate is 160.570 mills. It is assumed that the District will redirect 100% of eligible taxes and that tax rates will remain constant throughout the District's 20-year term. The following table identifies the eligible and ineligible property tax levies.

Jurisdiction	Property Tax Mills (2024/2025)	Ineligible (2024/2025)	Eligible (2024/2025)
USD 290 - Total	23.580	0.000	23.580
USD 290 General	20.000	20.000	0.000
USD 290 Bond & Interest #1	16.420	0.000	16.420
USD 290 Recreation Commission	6.000	0.000	6.000
Ottawa City	44.640	0.000	44.640
Franklin County	47.150	0.000	47.150
Frontier Extension #11	1.280	0.000	1.280
State of Kansas*	1.500	1.500	0.000
Total:	160.570	21.500	139.070

* The State of Kansas 1.5 mill property tax was eliminated beginning in 2025.

Projected RHID Property Tax Revenue

The annual incremental assessed value, multiplied by the then-current eligible property tax levies, produces the annual District revenue. The table below summarizes the estimated annual District revenue net of the City's 2.5% administrative fee. The total estimated gross revenue over the 20-year District term

is \$1,139,827. The total present value is estimated at \$522,589 using a discount rate of 7.5%, which represents the Applicant's assumed private loan interest rate.

RHID Year	Assess & Tax Levy Year	Tax Distribution Year	Incremental Assessed Value	Total District Tax Rate (in mills)	Total Projected RHID Revenue	RHID Revenue Paid to Applicant
1	2026	2027	\$129,446	139.070	\$16,228	\$15,822
2	2027	2028	\$240,281	139.070	\$31,642	\$30,851
3	2028	2029	\$354,126	139.070	\$47,474	\$46,287
4	2029	2030	\$364,750	139.070	\$48,951	\$47,728
5	2030	2031	\$375,692	139.070	\$50,473	\$49,211
6	2031	2032	\$386,963	139.070	\$52,041	\$50,740
7	2032	2033	\$398,572	139.070	\$53,655	\$52,314
8	2033	2034	\$410,529	139.070	\$55,318	\$53,935
9	2034	2035	\$422,845	139.070	\$57,031	\$55,605
10	2035	2036	\$435,530	139.070	\$58,795	\$57,325
11	2036	2037	\$448,596	139.070	\$60,612	\$59,097
12	2037	2038	\$462,054	139.070	\$62,484	\$60,922
13	2038	2039	\$475,916	139.070	\$64,411	\$62,801
14	2039	2040	\$490,193	139.070	\$66,397	\$64,737
15	2040	2041	\$504,899	139.070	\$68,442	\$66,731
16	2041	2042	\$520,046	139.070	\$70,549	\$68,785
17	2042	2043	\$535,647	139.070	\$72,718	\$70,900
18	2043	2044	\$551,717	139.070	\$74,953	\$73,079
19	2044	2045	\$568,268	139.070	\$77,255	\$75,323
20	2045	2046	\$585,316	139.070	\$79,626	\$77,635
Gross Revenue						\$1,139,827
Net Present Value at 7.5%						\$522,589

Conclusion

It is estimated that the Woodridge Estates RHID will generate \$1,139,827 in gross revenues. These revenues are sufficient to reimburse approximately \$522,589 in Eligible Project Costs, plus interest, at an assumed discount rate of 7.5%. As the assumed Eligible Project Costs are \$576,000, approximately \$53,410 will be paid from the Applicant's private sources. As such, we find that the District's benefits will likely exceed its costs, and that District income, together with other sources of funding, will be sufficient to fund the public improvements to be undertaken in the District.



[Back to Agenda](#)

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But-For Analysis

Woodridge Estates Development

City of Ottawa, Kansas

June 27, 2025

Executive Summary

The City of Ottawa, KS (the “City”) retained Baker Tilly Municipal Advisors (“BTMA”) to review a request for public financial assistance from Legacy Homes of Ottawa (the “Applicant”). The Applicant has proposed the development of 13 single-family homes located at the northwest corner of North Milner Street and East Wilson Street. The homes have planned square footages ranging from 1,400 square feet to 1,065 square feet (the “Project”).

The Applicant has requested public financial assistance for the Project in order to make the homes affordable, which the City has defined as priced between \$212,000 and \$265,000. Specifically, the Applicant seeks up to \$575,938 via a 20-year, 100% property tax redirection through the establishment of a Reinvestment Housing Incentive District (“RHID”) (the “Incentive”). The City seeks to understand whether the Project would likely be undertaken in the current market without the Incentive.

The profitability measurement used to evaluate the need for assistance is the return on investment, termed the internal rate of return (“IRR” or “Return”). To determine the likelihood that the Project would be undertaken without the Incentive, the Applicant’s estimated IRR without the Incentive is compared to the Return sought by investors in similar projects in the current marketplace.

BTMA reviewed the Applicant’s pro forma and the underlying assumptions regarding Project financing, construction costs and revenues. BTMA determined that the proposed Project without the requested Incentive falls below the national benchmark average. The graphic on the following page illustrates the forecasted IRR compared to the market benchmark returns from the PWC Real Estate Investor Survey, First Quarter 2025. A summary of the Report’s key points is also included.



Project Description

Construction of 13 single-family homes resulting in an estimated 16,272 sq ft of single family residential development



Assistance Request

A maximum amount of \$575,938 in property tax redirection to eligible project costs via RHID



Project Cost Analysis

Estimates are most sensitive to Project costs and local residential housing market.



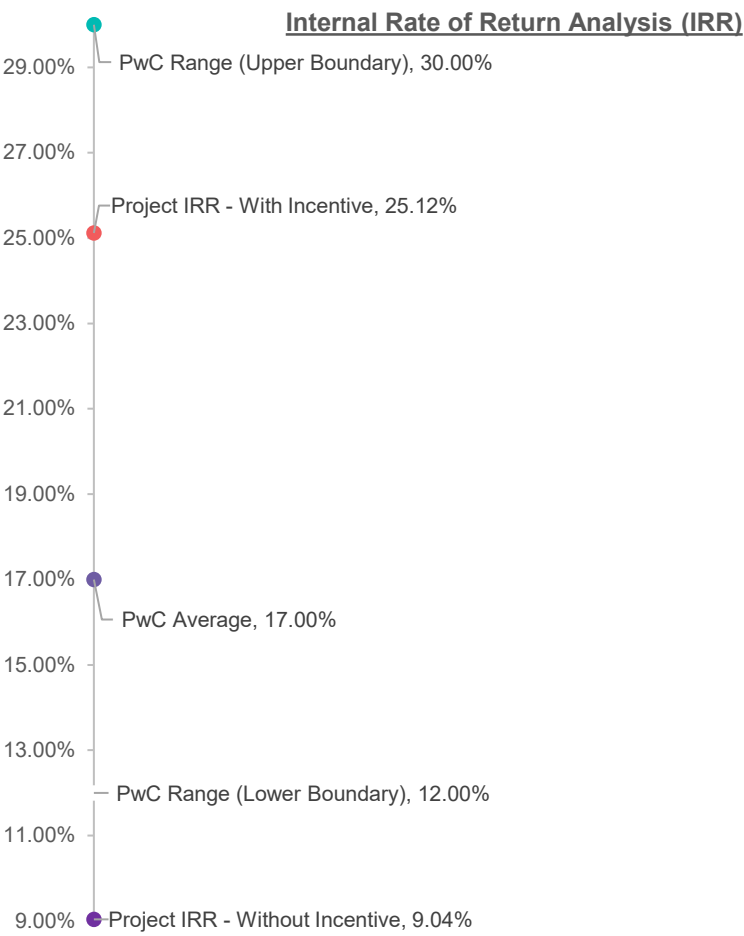
Operating Revenues and Expenditures

The Applicant's project revenues and expenditures are considered reasonable with no proposed changes from BTMA



Conclusion

The Project would not proceed in the current market without the requested Incentive



Purpose and Approach

BTMA evaluated Project information provided by the Applicant - including Project financing, timing, revenues - to measure the Applicant's expected profit relative to Project risks. If it is assumed that the Project is owned and operated as an investment, a measure of return can be calculated considering the time value of money and an assumed sale of the asset(s) at an appropriate market price. This analysis is termed the internal rate of return ("IRR" or "Return") and estimates the profitability of an investment. To determine the likelihood that the Project would be undertaken without public assistance, the Applicant's estimated unlevered IRR, without assistance, is compared to the Return sought by investors for like projects in the current marketplace.

Unless stated otherwise, this Report references Incentive amounts in terms of net present value (NPV), rather than gross value. The Incentive gross value is simply the total amount of money expected to be received in the future, without considering how time affects its worth. The Incentive net present value recognizes that money today is worth more than the same amount in the future because of interest, inflation, or other investment opportunities. Depending on the structure of the Incentive, the benefits of the Incentive may be spread across multiple years; therefore, it is necessary to express the value of those future dollars in today's terms.

The unlevered Return – which assumes the Project is financed entirely with equity and without debt - is utilized to facilitate comparison of the forecasted Project Return to the national investor survey. The unlevered return is BTMA's preferred metric as it captures the risks and costs specific to the Project rather than fluctuations in interest rates or other financing costs

Disclosure and Reliance

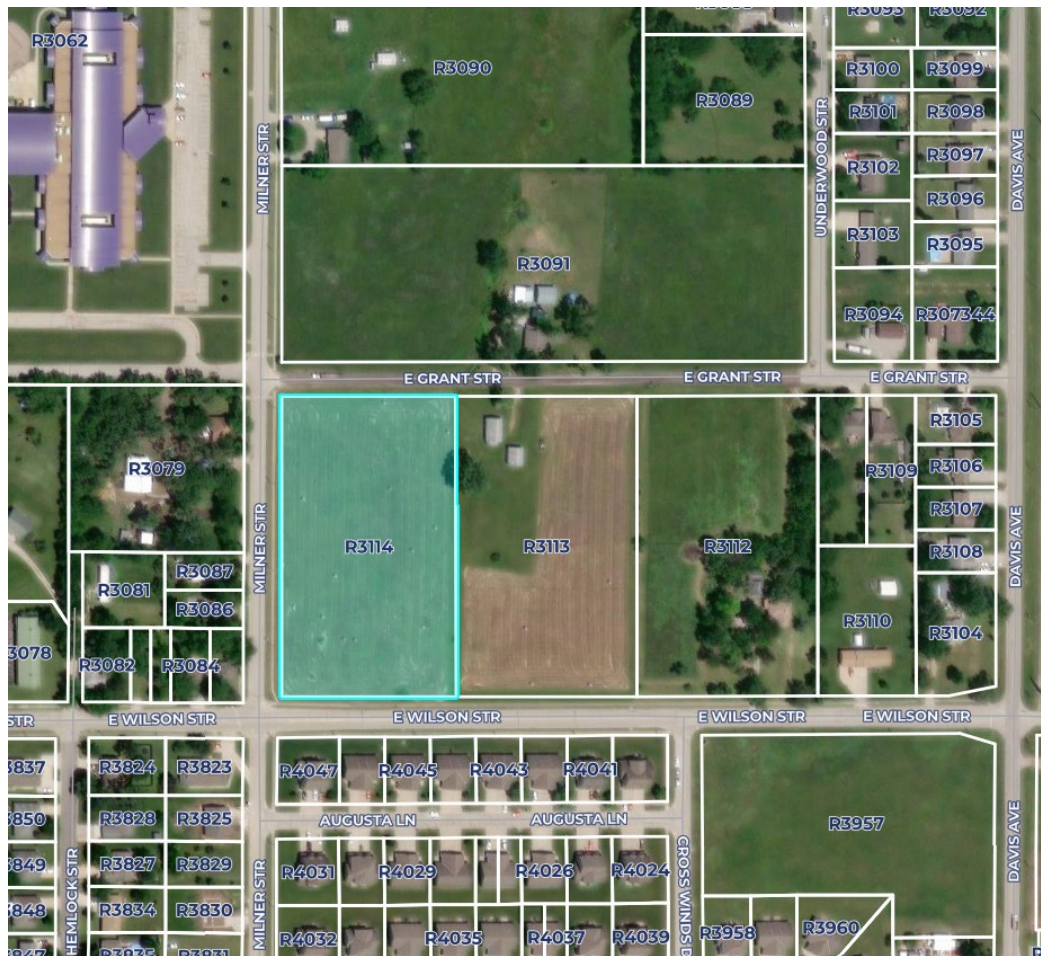
This analysis is not an opinion of the Project's feasibility, including the likelihood the relevant trade area will absorb the Project during the development period forecast by the Applicant. Rather, BTMA was engaged to independently review the Applicant's assumptions for the Project and determine whether the Project, without the Incentive, would likely realize an acceptable market rate of return in the current marketplace. BTMA has based this analysis upon projections provided by the Applicant. BTMA has completed due diligence to review the Applicant's projections using its institutional knowledge and, where applicable, third-party sources. BTMA utilized the Applicant's projections as provided unless otherwise noted.

Where BTMA suggests alternative projections or assumptions, the reason and source of the proposed alternatives are described. Projecting outcomes for projects of this nature involves subjective judgment which may or may not prove correct. BTMA makes no representations or warranties, expressed or implied, as to the predictive accuracy of this analysis, and nothing herein is, or shall be, relied upon as a representation or warranty with respect to future result.

BTMA has no financial interest in the Project, the Applicant, or any entities affiliated with the Project or the request for public incentives. BTMA is compensated through an agreement with the City of Ottawa.

Background

The Project site located at northwest corner of North Milner Street and East Wilson Street has a commonly known address of 1001 East Wilson Street, Ottawa, KS 66067. The site is approximately 3.6 acres and located south of North Milner Street from Lincoln Elementary School. The Project site has limited infrastructure and no access to utilities. The Applicant purchased the site in December 2024.



In early 2025, the Applicant approached the City about developing the site and inquired about the RHID process. The City Finance Department assisted the Applicant with understanding the RHID process and eligible costs. The Applicant submitted a formal RHID incentive application to the City on April 3rd, 2025.

The Applicant has experience completing residential in-fill projects in Ottawa and utilizing the City's Neighborhood Revitalization Program ("NRP") to make these builds financially feasible. However, the Project site is not NRP eligible. This, coupled with the lack of infrastructure at the Project site, is the rationale for the Incentive request.

Description of Assistance Request

The Applicant is requesting \$575,938 in property tax redirection through creation of a Reinvestment Housing Incentive District.

Reinvestment Housing Incentive District – An up-to 25-year 100% property tax redirection created by the establishment of an RHID. The applicant is requesting 20-years instead of the statutorily allowed 25-years.

Sections 12-5241 through 12-5256 of the Kansas Statutes (the “Act”) provide a means for cities to finance public improvement costs with incremental real estate taxes. The Act is a financial incentive tool to encourage construction of single- and multi-family development in areas experiencing a shortage of housing.

RHIDs redirect the incremental increase in property taxes resulting from the project to reimburse eligible RHID costs. RHID eligible costs vary. For the proposed Project, the eligible costs include property acquisition and preparation, relocation assistance, site preparation and infrastructure. The total value of the RHID revenue, limited to the Applicant’s eligible costs, is estimated to be \$575,938.

While the requested Incentive has a duration of 20 years, the But-For Analysis considers a 10-year horizon. For this analysis, BTMA accounts for incentives throughout the incentive period by including the net present value of the total incentive in the first year of the pro forma. This ensures that the forecasted internal rate of return with incentives is not understated. The Applicant’s RHID reimbursement request of \$575,938 represents 21.88% of the \$2,621,946 in total Project costs.

The Project

The Applicant has proposed the construction of 13 single family homes at the Project site. The Project includes land acquisition, site preparation, infrastructure, and vertical construction of the homes. The Applicant plans to construct three home models which vary by size and price as described in the following table.

Model	# Units	Bedrooms	Baths	Garage	Net Square Feet	Construction Cost
Model A	6	3	2	Yes	1,400	\$206,442.92
Model B	4	3	1	No	1,065	153,178.02
Model C	3	3	2	No	1,204	151,546.12

In total, 13 units will be constructed constituting 16,272 square feet at a total construction cost of \$2,306,007.96.

Sources and uses for the Applicant's request are detailed in the following table.

Sources	Amount	Private	RHID	% of Project Total
Private Debt	\$1,806,008	\$1,806,008	-	68.62%
Equity	250,000	250,000	-	9.50%
RHID	575,938	-	575,938	21.88%
Total:	2,631,946	2,056,008	575,938	100.00%
Uses	Amount	Private	RHID	% of Project Total
Land	\$250,000	-	\$250,000	9.50%
Hard Costs	2,231,696	2,056,008	175,688	84.79%
Soft Costs	100,250	-	100,250	3.81%
Contingency	50,000	-	50,000	
Total:	\$2,631,946	\$2,056,008	\$575,938	100.00%

Return Analysis

The Applicant provided detailed revenue and expenditure estimates with satisfactory documentation. With this information and feedback from the Applicant, Baker Tilly constructed a pro forma model detailing Project timing, financing, revenues and expenditures. Utilizing this proforma, BTMA calculated the Return on an unlevered basis with and without the Incentive. The Return realized by the Applicant is a result of the assumptions used in the creation of the pro forma. Therefore, several steps must be taken to analyze the reasonableness of the assumptions used.

Step One – Evaluate Project Costs

The first step in analyzing the Return to the Applicant is to determine if the assumed Project costs are reasonable. If the Applicant experiences cost savings, absent any other changes, the Applicant will realize a greater return. Where applicable, BTMA compared estimated Project costs to third-party sources to gauge the reasonableness of the Applicant's pro forma assumptions and to consider whether alternative assumptions should be utilized.

Acquisition Costs

The Applicant will pay \$250,000 for the 3.6 acres site. This equates to \$69,444 per acre, or \$1.59 per square foot ("PSF"). The parcel is currently appraised at \$106,320 and was last sold in March of 2021 for \$99,000. While limited comparable property sales are available, sale of a similar property in 2023 resulted in a per-acre price of \$63,158, and a PSF of \$1.45.

Additionally, the applicant provided actual cost-per-lot for previous projects ranging from \$15,000 to \$30,668. Based on the land price provided, the cost per single-family home lot is approximately \$19,231.

Construction Costs

The Applicant's construction estimates are based upon the actual cost of previously constructing the three proposed model homes. Budgeted and actual expenditure documentation for these prior projects was provided by the Applicant and reviewed by Baker Tilly. Based on this documentation, the construction cost estimates appear to be reasonable.

Developer Fee

The Applicant's pro-forma does not include a developer fee or operational costs despite the potential four-year timeline from construction to sale of the final home. The Applicant owner has performed a substantial amount of labor on prior home construction projects ranging from hanging drywall to installing cabinets. The Applicant will have a reduced role in the construction of the Project, but anticipates there will be labor contributions, especially for the infrastructure phase. The Applicant expects to be compensated for invested labor from Project profits.

Soft Costs, Contingency, and Other Expenses

The Applicant's budget provides a detailed overview of various soft costs. These include contingency, engineering, permits, and other fees. Each of these components are each less than 5.00% of the total Project cost. Expenses related to soft costs and contingency can vary widely, but the industry standard for

budgeting typically ranges between 5.00% and 10.00%. The Applicant's softs costs and contingency assumptions are considered reasonable as they fall within the industry standard range.

Step Two – Evaluate Project Revenues

The second step in calculating the Return to the Applicant is to determine if the assumed Project revenues are reasonable. The sole source of Project revenue will be home sales. The Applicant plans to sell the homes once construction is complete. However, the Applicant stated that, if the homes do not sell within a reasonable period, then they may offer the homes for rent and/or change construction plans to respond to market conditions. For this analysis, we assume the Applicant's plan of building a mixture of models A, B, and C over a period of three years with each home sold within 3 months of completion. The Applicant is an active builder in the community and provided detailed proof of prior construction and home sale timelines which demonstrate the Project's assumptions are reasonable.

This analysis assumes the following Project timeline:

Year	Infrastructure	Home Construction	Total Construction	Total Sales	Units Constructed	Units Sold
2025	\$325,938	\$924,052	\$1,249,990	\$0	5	0
2026	-	717,609	717,609	1,223,500	4	5
2027	-	664,345	664,345	960,500	4	4
2028	-	-	-	910,000	0	4
Total:	\$325,938	\$2,306,007	\$2,631,945	\$3,094,000	13	13

Home Sale Price

The Applicant's anticipated revenue from home sales is based upon actual sale prices for previously constructed comparable homes. Appraisal and settlement statements provided by the Applicant for comparable home sales support the reasonableness of home sale revenue assumptions. The estimated sale prices for each model are as follows:

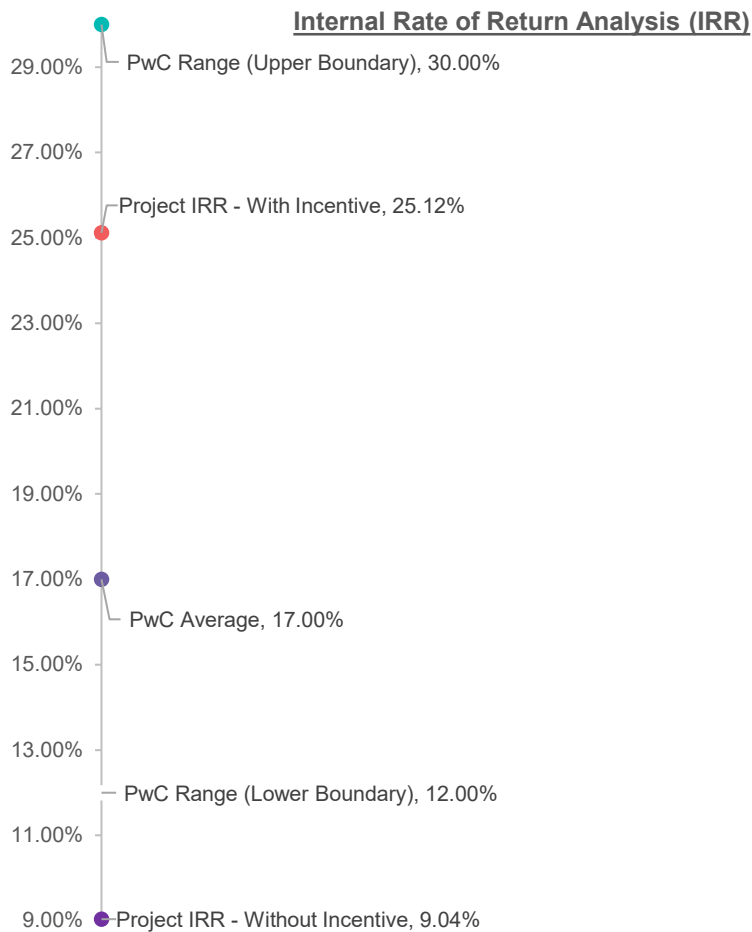
Model	Bedrooms	Baths	Garage	Net Square Feet	Estimated Sale Price
Model A	3	2	Yes	1,400	\$263,000
Model B	3	1	No	1,065	\$212,500
Model C	3	2	No	1,204	\$222,000

The applicant anticipates pricing the homes to align with the City's desired range of affordability, between \$212,000 and \$265,000.

Step Three – Evaluate the Internal Rate of Return

The profitability measurement used to evaluate the need for assistance is the return on investment, termed the internal rate of return (“IRR” or “Return”). To determine the likelihood that the Project would be undertaken without the Incentive, the Applicant’s estimated IRR without Incentive is compared to the Return sought by investors in similar projects in the current marketplace.

Utilizing the assumptions identified and evaluated in this analysis, BTMA estimates the Applicant’s IRR without the Incentive at 9.04%. This Return lies below the range of returns that investors are seeking in the national development land market, according to the first quarter 2025 PWC Survey. With the Incentive, the estimated Return to the Applicant falls within the PWC market range.



The IRR calculation, however, does not account for the absence of a developer fee which would compensate the Applicant for contributed labor. Omission of a developer fee overstates the estimated Return. To sensitize the estimated IRR, we calculated the Return with the addition of a developer fee in the three years of construction.

Due to the lack of a developer fee in the Applicant's pro-forma and their atypical contribution of uncompensated labor to the Project work, the Developer's IRR will be higher than industry standards due to their relatively lower project costs. For sensitizing the IRR, a developer fee has been added for the three years of active construction. The developer fee for market-rate housing developments ranges between 3.00%-5.00%. Developer fees for affordable housing can range between 5.00%-15.00% but are often subject to strict caps and rules. For this sensitivity analysis, a developer fee of up to 4.75% of total project costs (\$125,000/year) was considered. The table below shows how the unlevered Return is reduced when this overhead cost is included in the pro-forma.

% Increase in overhead	IRR without Incentive	IRR with Incentive
0% / \$0	9.04%	25.03%
1.19% / \$25,000	7.25%	22.99%
2.38% / \$62,500	5.44%	20.84%
3.56% / \$93,750	3.60%	18.67%
4.75% / \$125,000	1.75%	16.47%

The without assistance Return of 9.04% and the with assistance Return of 25.03% are almost certainly overstated due to uncompensated contributed labor. The amount of the overstatement cannot be determined with the information available.

Conclusion

BTMA determined that the proposed Project without the requested incentive has a forecasted Return that is below the national average benchmark return, making it unlikely that the Project would be undertaken without the requested Incentive in the current market. Accounting for the Applicant's uncompensated labor reinforces this conclusion. Higher asking prices for the homes to be constructed could result in a market rate of return without assistance but would run contrary to the City's affordable housing objectives.

Appendix – Data Sources

CoStar Group

www.costar.com

CoStar Group (NASDAQ: CSGP) is a leading global provider of commercial and residential real estate information, analytics, and online marketplaces. Included in the S&P 500 Index and the NASDAQ 100, CoStar has provided data and information services for over 37 years to the commercial real estate market. The platform allows access to a comprehensive inventory of over 7 million properties, twenty million lease and sale comparables, and 8.3 million commercial tenants.

PWC Investor Survey

www.pwc.com

The PwC Investor Survey is a trusted source of research and investment criteria. For over 35 years, the PwC Investor Survey has provided data and insights for commercial real estate investors. The PwC Investor Survey includes regional and national data for investor expectations concerning commercial real estate and is published on a quarterly basis. Survey participants represent a cross-section of major institutional equity real estate investors who invest primarily in institutional-grade property. Survey results are intended to be interpreted as expectations and does not reflect actual property performance.

RS Means

www.rsmeans.com

Gordian is a leading provider of facility and construction cost data, software and services for all phases of the building lifecycle. A pioneer of Job Order Contracting (JOC), Gordian's offerings also include proprietary RSMeans Data and facility intelligence solutions. The RS Means square foot estimator uses a predictive pricing model based on national, regional, and local data for a variety of commercial real estate developments.

Appendix – Glossary of Common Terms

Basis Point	1/100th of a percentage point (0.01%)
Capitalization Rate (Cap Rate)	The relationship between a single year's net operating income expectancy and the market price or value. Also a useful measure of risk.
Development Land / Pad Sites	Land that has been purchased, readied for development (i.e. entitlements and infrastructure), and subsequently sold to builders.
Developer's Fee / Profit	A market-derived figure that reflects the amount a developer expects to receive for their contribution to a project and risk.
Discount Rate	Assumed rate of return used to discount future cash flows back to their present value.
Equity	Cash provided by the Developer for the Project or share of ownership.
Levered Return	The use of borrowed funds to increase the yield (return) that would otherwise be realized on an equity investment when there is no debt financing (see "Unlevered Return").
Management Fee	An expense representing the sum paid for or the value of management services, including incentives, expressed as a percentage of total revenue.
Net Lease	A lease in which the landlord passes all expenses on to the tenant. As an investment, an income-producing property leased, often for 20 years or longer, to a creditworthy tenant.
Net Operating Income (NOI)	Income remaining after deduction of all the property's operating expenses.
Operating Expenses	The ongoing expenditures incurred during the ordinary course of business necessary to maintain and continue the production of gross revenues, not including reserves, debt service, and capital costs.
Replacement Reserve	Amount allocated for periodic replacement of building components during a property's economic life.
Tenant Improvement Allowance	A dollar amount (usually expressed as an amount per square foot) provided to the tenant by the landlord for the construction of tenant improvements, which may or may not equal the cost of remodeling.
Unlevered Return	Assumes that a Project is financed and completed entirely with cash from the Developer and no debt. BTMA's preferred approach when estimating the internal rate of return.

Appendix - Authors

Economic development is a team sport. Successful projects are driven by community collaboration. Baker Tilly's experience serving entities across the public sector, and our abilities to leverage the firm's private sector expertise, brings unique perspectives to understand community-wide goals in support of sustainable economic development. We take a holistic approach to managing project needs while bringing the community's vision to life.

The members of Baker Tilly's economic development team contributing to this report include the following.

	Tom L. Kaleko, Principal Tom leads Baker Tilly's municipal advisory professionals in Missouri and Kansas. He has provided financial advice to cities and counties since 2005. Previously, he served for 20 years in various city management capacities. Tom has extensive experience helping high-growth communities address their capital needs. He specializes in the areas of economic development and development finance – aiding in the evaluation and financing of mutually beneficial public-private partnerships. Tom has advised on some of the largest economic development projects across Missouri and Kansas with investment totaling in the billions of dollars. Tom earned a Master of Public Administration from the University of Kansas and a Bachelor of Business Administration from the University of Tennessee. He is a registered Municipal Advisor and Municipal Advisor Principal with the Securities and Exchange Commission. (816) 333-7294 Tom.Kaleko@bakertilly.com
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	Kolbe Krzyzanowski, Manager Kolbe joined the firm in 2021, bringing experience in local government and economic development. Before joining Baker Tilly Municipal Advisors, LLC, Kolbe worked as an independent research consultant and economist for a large city in Missouri. He played a crucial role in the preparation of a \$1.7 billion annual budget, provided analytical support for strategic initiatives, created complex financial models, and conducted policy, program, fiscal, and economic analyses, including developing cost-benefit and feasibility studies for economic development projects. Kolbe earned a Master of Arts in economics and Bachelor of Arts in economics from University of Missouri – Kansas City. He is a registered Municipal Advisor with the Securities and Exchange Commission. (916) 333-6899 Kolbe.Krzyzanowski@bakertilly.com
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	Lucas Peterson, Senior Consultant Lucas Peterson joined the firm in 2022, bringing experience in state and local government. Lucas began his career at the State of Kansas, working directly with local leaders to revitalize rural communities, acquiring a range of policy experience from affordable housing to childcare. After a year-long city management fellowship with a suburban community, Lucas joined Baker Tilly where he has focused on assisting communities with grant management and fully utilizing Federal resources like the American Rescue Plan Act. Lucas earned a Bachelor of Science from Kansas State University and a Master of Public Administration from the University of Kansas. (816) 518-0026 Lucas.Peterson@bakertilly.com
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	Joshua Davis, Consultant Joshua is a consultant within Baker Tilly's public sector advisory practice. He provides analytic and quantitative support on economic development projects and the issuance of municipal debt. Joshua's professional background includes previous work in governmental affairs and was a recipient of the Energy Policy Institute's Bartlett Fellowship at The University of Chicago. Joshua earned a Master of Public Policy from The University of Chicago – Harris School of Public Policy and a Bachelor of Arts from Oklahoma City University. He is a registered Municipal Advisor with the Securities and Exchange Commission. (608) 240-2445 Joshua.Davis@bakertilly.com
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