

MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON JUNE 26, 2025

1. CALL TO ORDER BY CHAIRPERSON: The Governing Body of the City of Hays, Kansas met in regular session on Thursday, June 26, 2025 at 4:00 p.m.

Roll Call: Present: Sandy Jacobs (by phone)

Mason Ruder

Shaun Musil

Absent: Alaina Cunningham

Reese Barrick

Commissioner Ruder declared a quorum was present and called the meeting to order.

2. MINUTES: There were no corrections or additions to the minutes of the regular session held on June 12, 2025; the minutes stand approved as presented.

3. FINANCIAL STATEMENT: Jarrod Kuckelman, Assistant City Manager, reviewed the financial summaries of the revenue and expenditure activities of the City of Hays for the month ended May 31, 2025.

Month to date (MTD) general fund sales tax collections were at \$842,864, which was an increase of \$5,417 or .65% as compared to last year. Year to date (YTD) general fund sales tax is still trending up at \$74,628 or 1.89%. The six-month average was at 2.88%, which was a year-over-year increase of 3.58%. YTD County sales tax collections were at \$482,681, up \$16,956.

The total par value of the US Treasuries for May was \$11,717,000 with a weighted average yield to maturity of 4.2% down .57% from a year ago. The total of the portfolio of certificates of deposit on May 31, 2025 was \$55,200,000 with a weighted average rate to maturity of 4.7%, down .32%. The total balance of the Money Market account on May 31, 2025 was \$2,200,000 with a current yield of 3.388%, down .77% from a year ago. Total investments were down \$1,576,358.

Commissioner Musil moved, Mayor Jacobs seconded, to approve the Financial Statement for the month of May 2025 as presented.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

4. CITIZEN COMMENTS: There were no comments.

5. CONSENT AGENDA: There were no items on the Consent Agenda for consideration.

NEW BUSINESS

6. CDBG GRANT FOR PROPERTY AT 1012 MAIN STREET (ONE TWENTY SEVEN INVESTMENTS LLC) – PUBLIC HEARING: Commissioner Ruder declared the public hearing open to allow citizens to comment on the Community Development Block Grant (CDBG) request by One Twenty Seven Investments LLC.

Jarrod Kuckelman, Assistant City Manager, stated that the City of Hays is in receipt of an application from Tim Speno (Developer) to apply for a CDBG through the Kansas Department of Commerce. The Developer is seeking \$300,000 in CDBG funds through the Commercial Rehabilitation program. The project at 1012 Main Street involves redeveloping the existing building to allow for Airbnb-rentable units on the second floor. The building, originally constructed in 1917, is owned by One Twenty Seven Investments LLC, and is currently the site of Eclectic Threads Quilt Studio, which will remain located on the ground floor during and after the project. The renovation of the building's second floor will involve exterior masonry, interior plumbing, HVAC, and roof improvements to create three rentable units.

Many important documents and steps are required to be a part of the final CDBG application. Two different resolutions will have to be passed by the Commission to be included in the application. The first is a resolution certifying that the City has the legal authority to apply for the CDBG, and the second is a

resolution declaring the building to be blighted. The Commission would also authorize an Interlocal Agreement between the City and the Developer, which would clarify and establish some of the responsibilities of the Developer to comply with the CDBG guidelines.

If the project is successful in receiving a CDBG grant, the City would be the initial recipient of all grant funds. The Developer would be responsible for submitting eligible invoices to the City, and City staff would then disburse the grant funds. Since Tim Speno will execute the Interlocal Agreement on behalf of One Twenty Seven Investments as Developer and owner of the property, City staff will also obtain his approval of a Personal Guaranty to protect the City's financial interest as the project Applicant in the event the Developer defaults on any of its Interlocal Agreement obligations. A matching fund of 25 percent, \$104,315, is required as part of the CDBG program, and this would be the responsibility of the Developer. No City funds would be disbursed for the project, and the City would only be distributing grant funds as part of the project.

David Koshiol, City of Hays citizen, stated that the proposed \$300,000 CDBG grant for 1012 Main Street seems like a government decision that potentially erodes trust. He added that these are federal dollars being funneled through the City to help a private investor build short term rentals, not homes for families or relief for residents. This is just another example of the government trying to pick winners or losers. He continued, if the private market wants to build boutique Airbnbs, let them, but don't use a community development grant meant for low-income housing and real needs as a piggy bank for upscale tourism projects. Mr. Koshiol stated instead, if the government is going to touch on housing at all, do it by getting out of the way by cutting regulations that make it harder to build modest homes, waive excessive fees that drive up prices, and stop setting artificial standards that only big developers can meet.

Mayor Jacobs confirmed with Mr. Kuckelman that this is a commercial grant for commercially blighted properties, this is not a grant for low-income housing projects.

Mr. Koshiol stated that commercial development and low-income housing is all part of the same CDBG grant pool, and wouldn't the City want to use that grant money to help with the low-income housing infrastructure and the sewer and water needs.

Mr. Kuckelman stated that the City could submit multiple applications for different grants through the program. Therefore, submitting this one does not preclude applying towards other programs, but there are different stipulations, and it would be the CDBG committee's decision if they would want to award our community multiple grants.

Brett Waggoner, Governmental Assistant Services and the grant writer that Tim Speno hired for this project who will also be the grant administrator, stated that CDBG money has to meet one of the four National Objectives. The State of Kansas mostly deals with 2 of the objectives:

Objective 1. Benefit low to moderate income citizens. This means that the community needs to be 51% low to moderate income, which Hays is not.

Objective 2. Eliminate or prevent the spread of blight in commercial areas, which is what this program is aimed for. Any community under 50,000 is eligible to do this, and there is only a certain amount of dollars available.

Doug Williams, Executive Director of Grow Hays, echoed Mr. Waggoner's statement that this is specific money that couldn't be earmarked for something else. Mr. Williams also stated that if the City of Hays doesn't get the grant, someone else is going to; our choice is, do we want the money in Hays or some other community? This money will be spent in some community; Mr. Williams would rather it be spent in our community.

Tim Speno, owner of One Twenty Seven Investments LLC, added that he hopes that other developers, people, or businesses take advantage of this program and use this grant to benefit Hays. He also stated that without this grant he would not be able to do the development for several more years.

Commissioner Musil asked Mr. Speno how long the second floor has been empty, and Mr. Speno replied since the 1970's. There is no plumbing or electricity on the second floor.

Transient Guest Tax (TGT) was discussed. It was concluded that all Airbnb properties must collect TGT and pay it in to the State monthly, and the State in turn pays the City.

Mr. Koshiol stated that if the City is awarded this CDBG grant, then he is concerned that the City may not be awarded any other CDBG grants. He also believes it would be beneficial to do a community outreach survey and come up with a project to benefit the whole community instead of one private investor.

For the CDBG grant to be utilized, developers need to come to the City with their projects. In response to this project, the Commissioners agreed that they'd rather the allocated CDBG money come to the City of Hays than to another community.

Mayor Jacobs thanked Tim Speno for taking the opportunity to invest in our community and all the other private investors who do the same. She added that her interest in this project is the update to downtown Hays, which is currently a destination, and she wants to continue to bring people in. She stated that anyone can apply for any grant or any City incentive.

Commissioner Musil moved, Mayor Jacobs seconded, to close the public hearing to hear comments on the Community Development Block Grant (CDBG) request by One Twenty Seven Investments LLC.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

7. CDBG GRANT FOR PROPERTY AT 1012 MAIN STREET (ONE TWENTY SEVEN INVESTMENTS LLC) – INTERLOCAL AGREEMENT: Commissioner Musil moved, Mayor Jacobs seconded, to approve the Interlocal Agreement and Personal Guaranty and sponsoring the CDBG application.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

8. CDBG GRANT FOR PROPERTY AT 1012 MAIN STREET (ONE TWENTY SEVEN INVESTMENTS LLC) – RESOLUTION CERTIFYING LEGAL

AUTHORITY: Commissioner Musil moved, Mayor Jacobs seconded, to approve Resolution No. 2025-007 certifying legal authority and authorizing the Mayor to sign all necessary documents.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

9. CDBG GRANT FOR PROPERTY AT 1012 MAIN STREET (ONE TWENTY SEVEN INVESTMENTS LLC) – RESOLUTION DECLARING A BUILDING BLIGHTED:

BLIGHTED: Commissioner Musil moved, Mayor Jacobs seconded, to approve Resolution No. 2025-008 declaring a building blighted.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

10. AD3 LLC REZONING – REQUEST TO REZONE 2707 CANAL BOULEVARD FROM COMMERCIAL GENERAL DISTRICT (C-2) TO RESIDENTIAL MULTI-

FAMILY DISTRICT (R-M): Jesse Rohr, Director of Public Works, stated that an application has been submitted to request a change in zoning from Commercial General District (C-2) to Residential Multi-Family District (R-M) for .607 acres of land located directly east of little Dillons on Canal Boulevard. The owner of 2707 Canal Boulevard, AD3 LLC, is looking to build a housing development. Staff, as well as the Hays Area Planning Commission (by a vote of 7-0), recommends approval of the rezoning from Commercial General District (C-2) to Residential Multi-Family District (R-M) as it has remained vacant zoned Commercial General (C-2), and no development has occurred.

Commissioner Musil moved, Mayor Jacobs seconded, to adopt Ordinance No. 4074 approving the rezoning request from Commercial General District (C-2) to Residential Multi-Family District (R-M) for 2707 Canal Boulevard, as legally described within the adopting ordinance.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

11. GENERAL NUISANCE ABATEMENT FOR 206 EAST 14TH STREET: Jesse Rohr, Director of Public Works, stated that the Planning & Development Division is requesting a Resolution to abate the nuisance violations located on the property at 206 East 14th Street. The subject property is owned by Mr. William Call. The first notification letter was sent to Mr. Call on May 2, 2025. A certified letter was sent on May 15, 2025, and was confirmed as delivered on May 19, 2025, by USPS. To date, little to no progress has been made by the owner to clean up the lot. Since 2014, there have been 25 code cases for the property, ranging from general nuisance items, alley obstructions, inoperable vehicles, & overgrown grass & weeds.

Commissioner Musil moved, Mayor Jacobs seconded, to approve Resolution No. 2025-009 to abate the nuisance items located on the property at 206 East 14th Street, ten (10) days after the approval date.

Commissioner Ruder clarified that the abatement process allows the City to abate the property; however, if the owner takes care of the nuisance items or presents the City with a plan to clean it up, the City can work with the property owner.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

12. UDC CHANGES – ACCESSORY STRUCTURES: Jesse Rohr, Director of Public Works, stated that several modifications to accessory structure regulations within the Unified Development Code (UDC) are being submitted for consideration.

Change 1: Eliminate side and rear setbacks for accessory structures 120 square feet or smaller.

Change 2: Eliminating the maximum of two accessory structures that can be placed on a single parcel.

Change 3: No restriction on the size of accessory structures in the A-L (Agricultural) zoning district.

Staff, as well as the Hays Area Planning Commission (by a vote of 7-0), recommends approving the UDC changes as submitted.

Commissioner Musil moved, Mayor Jacobs seconded, to adopt Ordinance No. 4075 approving the UDC changes as presented within the adopting ordinance.

Vote: Ayes: Sandy Jacobs

Mason Ruder

Shaun Musil

13. PROGRESS REPORT: Jarrod Kuckelman, Assistant City Manager, presented a monthly report of city-related activities, services, and programs.

14. HAYS HAPPENINGS/UPCOMING EVENTS: Jarrod Kuckelman, Assistant City Manager, presented information on events that will be going on in Hays during the month of July.

15. COMMISSION INQUIRIES AND COMMENTS: Commissioners thanked everyone who has been making comments at the meetings and encourages the involvement. They also thanked everyone who continues to help with housing developments within the City of Hays. The updated Housing Needs Study should be out around August, and everyone is looking forward to seeing what that shows.

The meeting was adjourned at 5:18 p.m.

Submitted by: _____

Jami Breit – City Clerk