ADMINISTRATION AND HUMAN SERVICES
STANDING COMMITTEE MINUTES
Monday, May 22, 2017

The meeting of the Administration and Human Services Standing Committee was held on Monday, May 22, 2017, at 5:20 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Markley, Chairman; Commissioners Philbrook, Johnson, Kane and Bynum. The following officials were also in attendance: Gordon Criswell, Melissa Mundt, and Joe Connor, Assistant County Administrators; Misty Brown, Deputy Chief Legal Counsel; Tib Laughlin, Director of General Services; Angela Harshbarger, Economic Development; and Wendy Green, Assistant Counsel.

Chairman Markley called the meeting to order. Roll call was taken and all members were present as shown above.

Chairman Markley said you should have received a Blue Sheet tonight adding a new item to tonight's Agenda. Item No. 4 will be a resolution for an interlocal agreement with the Fairfax Drainage District.

Approval of standing committee minutes for March 20, 2017. **On motion of Commissioner Kane, seconded by Commissioner Bynum, the minutes were approved**. Motion carried unanimously.

Committee Agenda:
Item No. 1 – 171131…RECOMMENDATION: TEMPORARY AMAZON TRANSIT SERVICE

Synopsis: Request approval for temporary extended service and associated funding for service costs associated with proving transit service to the new Amazon Fulfillment Center, submitted by Justus Welker, Director of Transportation. On April 24, 2017, the Administration and Human Services Standing Committee, chaired by Commissioner Markley, recommended this item be brought back with additional information.

Justus Welker, Director of Transportation, said I'm back again to talk transit for Amazon. At the last meeting, you all asked me to come back with a temporary solution to provide transit service to Amazon. That's why I'm here tonight before you.

amazon

114 Amazon Link

Temporary shuttle style service from 2 major transfer hubs to Amazon Fulfillment Center

Weekday Service

- Roundtrip peak service from the 47th Street Transit Center to Amazon, by way of KCKCC
- 5 morning trips and 6 afternoon/ evening trips
- 30 minute frequency
- Estimated service cost of $77,980.83

Weekend Service

- Roundtrip peak service from the 10th & Main Transit Center to Amazon, by way of the 47th Street Transit Center
- 3 morning trips and 3 afternoon/ evening trips
- 60 minute frequency
- Estimated service cost of $39,070.42

Route cost from July 30th – December 31st

- Service - $117,051.25
- Public education and marketing - $10,000
- Total - $127,051.25

We're looking at a temporary shuttle style service that will connect from two major transit hubs in the region to the Amazon Fulfillment Center.

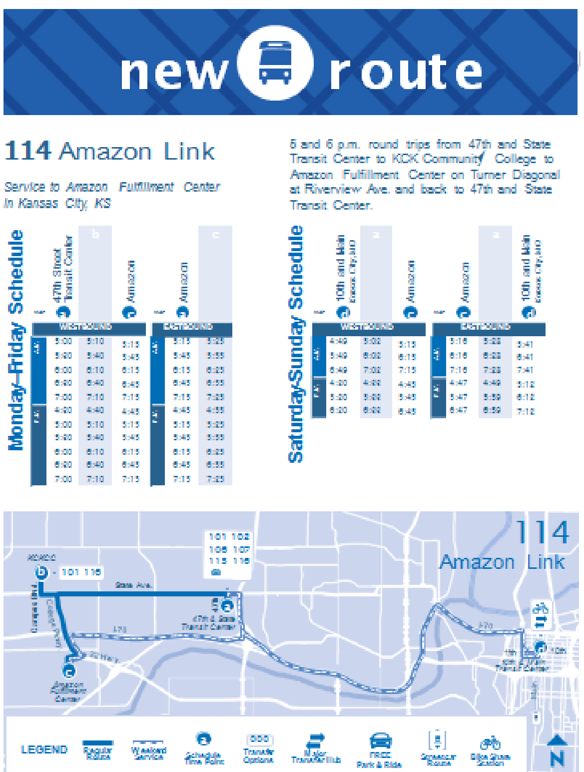
We're looking at weekday service that will consist of round-trip peak service, so the service is designed around the shifts that Amazon has sent us. It'll connect from the 47th Street Transit Center to Amazon by way of the Junior College. We have enough time built into that route that we can also make a stop at the Junior College.

We're looking at five morning trips during the week and then six afternoon/evening trips. This will be 30-minute frequency throughout the week. Estimated service cost for the weekday service is about $78,000, which is a lot less than what I brought you last time.

Our weekend service will also be round-trip peak service. For the weekends, we'll connect to 10th and Main. There's more robust weekend service at the 10th and Main Transit Center as compared to 47th Street. Hopefully, we'll be able to move more folks back and forth to Amazon.

We're looking at three morning trips, three afternoon trips. This will be 60-minute frequency to align with the other service in the area. Most weekend service is on a 60-minute frequency schedule. Estimated service cost for the weekend service will be about $40,000, looking at temporary service from July 30 through the end of the year. All told with the public education and marketing component, we're looking at a little over $127,000 for this temporary service.

Please remember this is based on assumptions. We continue to make changes. I just received information directly from Amazon prior to this meeting. We might need to tweak this a little bit. Just remember, it is fluid and there will be some changes possibly.



On the second part here, we've got a temporary schedule mocked here that kind of shows the way the route will present itself and the potential alignment of that route.

Basically, we're looking to move folks from Amazon to these transit centers where they can make connections to additional transit routes in the region. From those transit centers, or hubs, they can make connections to wherever they need to go within the Kansas City area.

Chairman Markley said I will just say, I don't know how the rest of the committee feels, but this is exactly what I was looking for in terms of some sort of compromise to get us through until we have a more firm plan. I would love to see us be able to hand out this information at those interview days that are happening in all of our districts so that people that are interviewing can see how they can get to work so they can feel comfortable that that's going to happen. I would love to see that happen.

So, this is temporary funding. What would funding look like — let's say this works great, works perfectly. It's exactly what we need. Everybody loves it. What would this cost to do it for a full year? **Mr. Welker** said we're looking at an annual cost of about, if we continue this same style of service that we're going to implement on a temporary basis, we're looking at about $281,000 per year. **Chairman Markley** said okay. **Mr. Welker** said it's going to be a shuttle style service. We call it the Amazon Link because it's providing a vital link from Amazon to these other transit hubs.

Commissioner Bynum said thank you for the effort that you've put in to it because we did ask you to find something that was lower cost. It looks to me like you've done a really nice job at, again, the morning and evening shift that we need, and not all day long. We don't need that. We need morning and we need evening. I do really appreciate that.

Also, I feel like this time period of basically July 30 through the end of the year is the testing period. **Mr. Welker** said correct. **Commissioner Bynum** said we're going to know what's working, what's not working. We're going to know what the ridership is. We're going to know what the future needs are.

I'm with Commissioner Markley. It seems like you've done exactly what we've asked you go to out and do. I would be in favor of moving this forward.

Action: **Commissioner Philbrook made a motion, seconded by Commissioner Bynum, to approve.**

Commissioner Philbrook said thank you very much for this, but I would also say that I would really like to see Amazon put a little money into this. Do you hear me, Amazon? We are providing transportation to a big company. I would really like to see them help out with this a little bit in some manner.

Commissioner Bynum said the only comment I was going to make was the Kansas City Area Transportation Authority does have an Employer Pass Program, which is not necessarily this employer financing the route, but it's an opportunity for the employers to purchase a discounted pass. I was talking with Mr. Welker earlier and we are going to go to KCATA and see if we can't, again once we know this is what we want and need, look at offering the Employer Pass Program to the Amazon workers. **Commissioner Kane** said I like both those ideas.

Roll call was taken and there were five "Ayes," Philbrook, Johnson, Kane, Bynum, Markley.

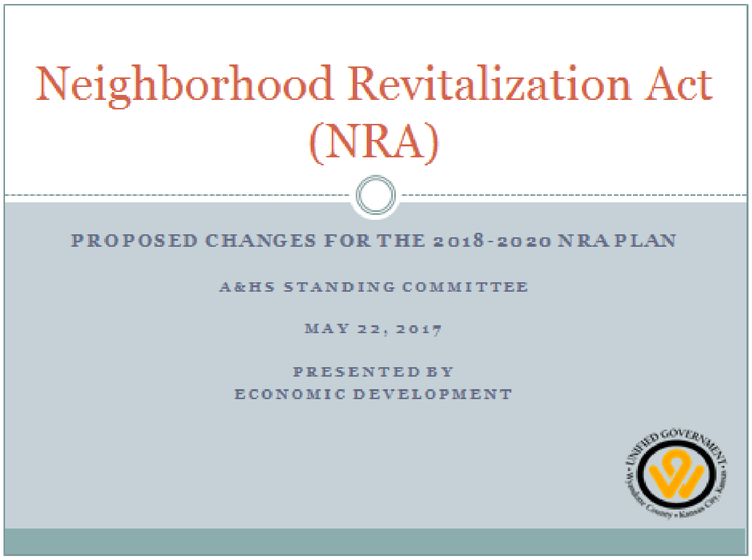
Item No. 2 – 171098… PRESENTATION: PROPOSED 2018-2020 NEIGHBORHOOD REVITALIZATION ACT TAX REBATE PROGRAM

Synopsis: Presentation of the proposed 2018-2020 Neighborhood Revitalization Act (NRA) Tax Rebate Program Plan, submitted by Angela Harshbarger, Economic Development. The presentation was previously given to the Economic Development and Finance Standing Committee on May 1, 2017.

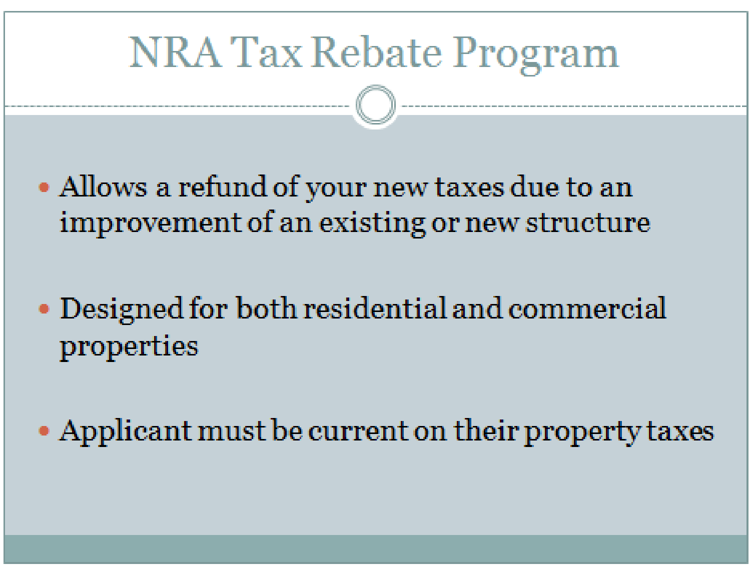
Chairman Markley said this is something that we have to periodically review.

Angela Harshbarger, Economic Development, said thank you for the opportunity to be here this evening to present the proposed changes for the 2018-2020 NRA Tax Rebate Program Plan. Our current 2015-2017 Plan will expire on December 31. We're hoping, if approved, the new plan will take effect on January 1.

We did have an opportunity to present the proposed changes at the Economic Development and Finance Standing Committee on May 1. We had some great discussion and feedback. I'm anxious for your feedback and comments tonight as well.

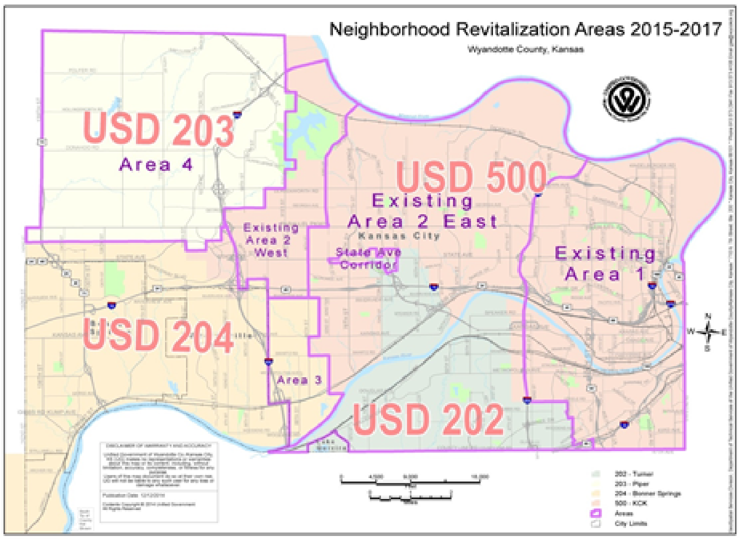


Tonight is just for information only. Next steps will be that we'll need to take this out to the school districts for their comments and feedback. Then we'll bring it back later in the year for discussion and, hopefully approval.



To begin, a quick overview of the rebate program.

This is a program that allows owners to receive a rebate of the incremental increase in property taxes that is attributed to new construction or improvement on the property. The program includes both residential and commercial projects. In order for an owner to be able to participate in the program, they do have to be current on all property taxes.

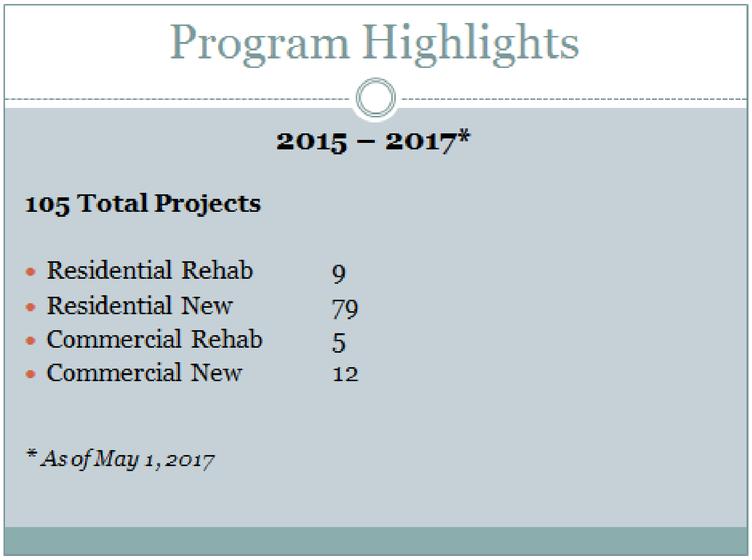


Here we have for you our NRA area map which is separated into four areas, each with eligibility criteria for both residential and/or commercial projects. In many cases our residential and commercial projects are going to qualify for 95% rebate of the incremental increase that's due to that new construction or improvement.

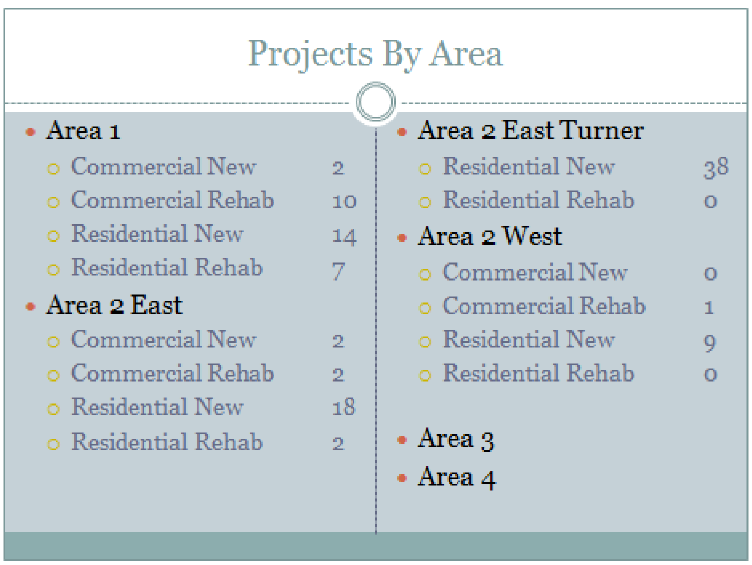
However, over on the right hand side of the map you'll notice it says Existing Area 1. Those projects are eligible for a rebate of ten years, the remaining project area for five years.

We do also have special project areas under the current NRA plans. All of Area 1 is considered a Special Project Area. Then, you see in the middle there that State Avenue Corridor. That's another Special Project Area.

Those special projects are $3M or more in investment. They do have to meet one of three criteria: retail in nature, an environmentally contaminated area, or have a historic designation. They are eligible for a rebate of 75-85% for up to 20 years. However, those special projects do require a public hearing and approval by the full commission.

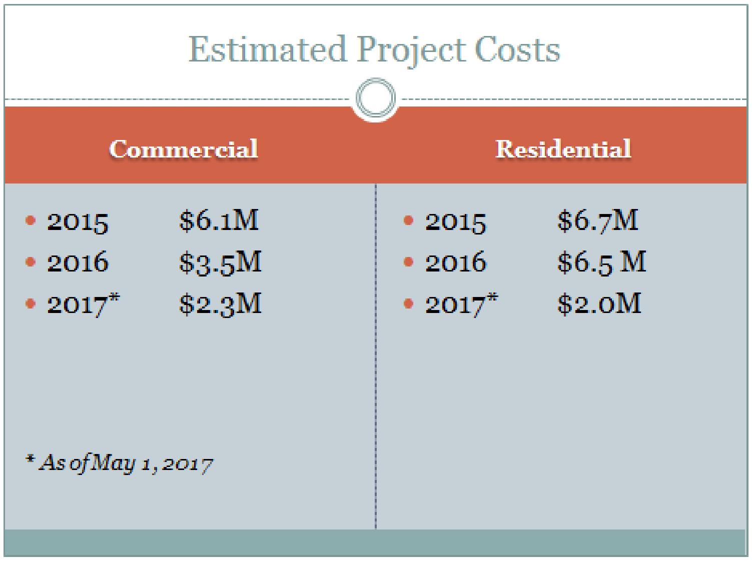


As of May 1, we have 105 projects. You can see primarily the programs being utilized right now for residential new construction.



Of those 105 projects, we've broken those down for you by area. Area 1, you can see we actually have a pretty good mix between residential and commercial projects. For our Area 2 East, we do have a few commercial projects, but primarily residential new construction. For our Area 2 East, specifically the Turner area, it's been residential new construction. Then in 2 West, we do have our one strong commercial rehab there, but primarily residential new construction.

You'll notice we don't have anything listed for Areas 3 or 4, currently no projects there. However, those project areas were just introduced as of this Plan.



Here we have information regarding the owner estimated project costs or investments.

For commercial in 2015, you'll notice we had $6.1M in investments. That was actually seven projects, but they were all new construction. I say that because you'll notice 2016 is $3.5M. There were actually eight projects, but it was all commercial rehabilitation. As of May 1 we have $2.3M in commercial projects, with several in the pipeline pending approval.

Commissioner Bynum asked can you back up one slide. You said Area 3 and 4, which I think I saw as kind of like Piper and Bonner/Edwardsville, correct? **Ms. Harshbarger** said correct. **Commissioner Bynum** asked those are new proposed as of right now. **Ms. Harshbarger** said they're actually in the current 2015 plan. That was the first that they were available. **Commissioner Bynum** asked but no projects. **Ms. Harshbarger** said correct. We're working on some marketing strategies this year as well.

Commissioner Bynum said where it says USD 204, where I'm calling it Bonner/Edwardsville, that's not part of the project area. **Ms. Harshbarger** said correct. They have their own.

Commissioner Philbrook asked that Area 3, though, has some Edwardsville in that, right. **Ms. Harshbarger** said you know, I'm not 100% sure. I believe so, but we need to double-check. I apologize. I'm kind of new to the program. **Commissioner Philbrook** said because it's east of it looks like I-435 there. **Ms. Harshbarger** said there's a little carve out there that I would just need to confirm.

Commissioner Kane asked nobody has applied for it out in Area 4. **Ms. Harshbarger** said no, they have not. **Commissioner Kane** asked do they know about it. **Ms. Harshbarger** said it's a very specific program. Right now, it's only residential rehab that's available in Project Area 4. **Commissioner Kane** asked does the people out in Area 4 know that. **Ms. Harshbarger** said that's one of the things that we want to target this year is marketing to get the information out there. On the commercial side, we've done pretty well coordinating with Wyandotte Economic Development Council. Our department wants to focus more on now getting the information out to homeowners.

I've, at least, recently had a conversation with a homeowner in that area that wants to do a rehab project. We need to push that information out pretty hard this year.

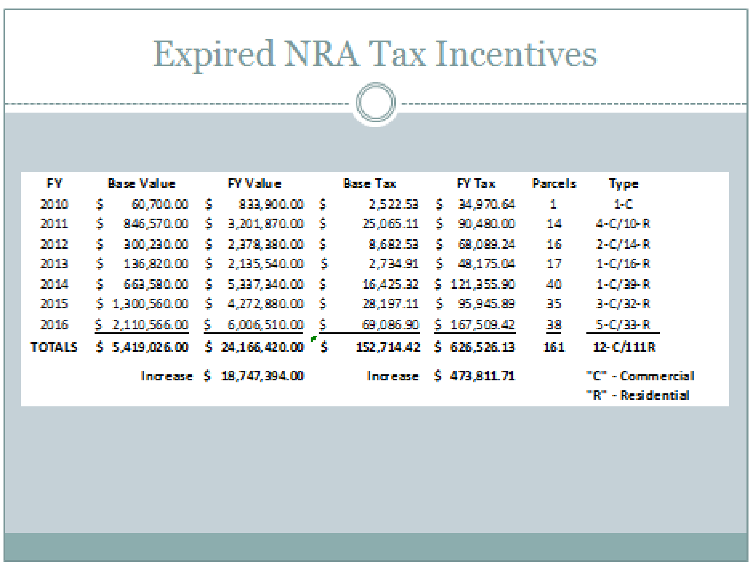
Melissa Mundt, Assistant County Administrator, said I just wanted to follow up on what Angela was actually talking about. Part of what we identified through SOAR last year, and it's also part of what she was mentioning about marketing, together we realized that we need to do a better job of letting our residents know about those opportunities, especially in our neighborhoods that are kind of hitting that 10-20 year mark with their facades. This is an opportunity for them to be able to make those improvements, get a little bit of recognition for that monetarily, and we need to do a better job.

That is up as one of those items that should be going out in one of our next Citizen's Newsletter. I know they have some other ideas about marketing, but for us we feel that's our best way of getting that information to people. Therefore, we will be running it either in the summer edition or the fall edition to let folks know throughout the community that you have this opportunity, especially for the rehab side.

Chairman Markley said also, it might be nice, I don't know to what extent we are coordinating this, but when people come in to get their permit, if they're doing a significant remodel, they should be getting a permit. It would be nice if they were getting that information at the time where they could say, hey you're getting this permit, do you know that there's this possibility. I know the tricky part there is you have to, am I still right about this? You have to apply before you start. **Ms. Harshbarger** said correct. **Chairman Markley** said again, hopefully they're getting their permit before they start, but we could be heading them off a little too late there, but it might be better than nothing if we're not catching them at some prior point.

Ms. Mundt said, again, that goes back to educating the community about the opportunity in advance of them deciding to start work, or giving that opportunity to them as an encouragement to start work.

Ms. Harshbarger said, just finally, some numbers on the residential side of things. You see it's been fairly consistent. In 2015 we had $6.7M in investment, $6.5M in 2016, and, then again, as of May 1, $2M for this year.

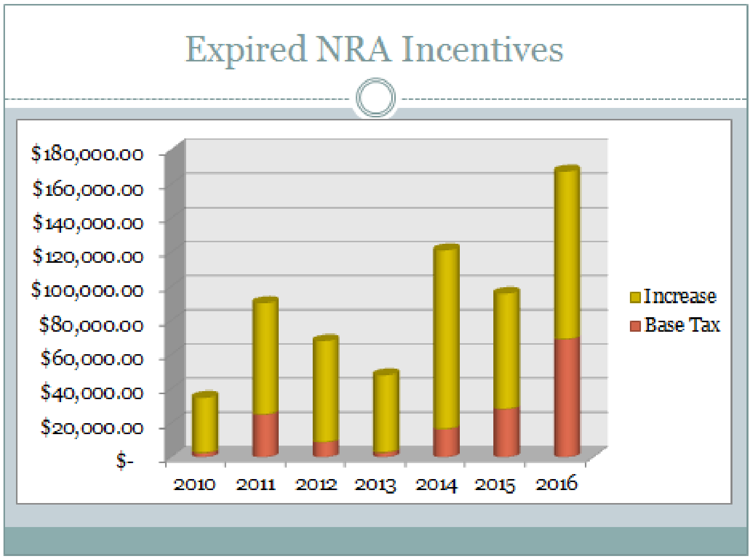

Expired NRA Tax Incentives

FY	Base Value	FY Value	Base Tax	FY Tax	Parcels	Type
2010	$ 60,700.00	$ 833,900.00	$ 2,522.53	$ 34,970.64	1	1-C
2011	$ 846,570.00	$ 3,201,870.00	$ 25,065.11	$ 90,480.00	14	4-C/10-R
2012	$ 300,230.00	$ 2,378,380.00	$ 8,682.53	$ 68,089.24	16	2-C/14-R
2013	$ 136,820.00	$ 2,135,540.00	$ 2,734.91	$ 48,175.04	17	1-C/16-R
2014	$ 663,580.00	$ 5,337,340.00	$ 16,425.32	$ 121,355.90	40	1-C/39-R
2015	$ 1,300,560.00	$ 4,272,880.00	$ 28,197.11	$ 95,945.89	35	3-C/32-R
2016	$ 2,110,566.00	$ 6,006,510.00	$ 69,086.90	$ 167,509.42	38	5-C/33-R
TOTALS	$ 5,419,026.00	$ 24,166,420.00	$ 152,714.42	$ 626,526.13	161	12-C/111R
	Increase	$ 18,747,394.00	Increase	$ 473,811.71		"C" - Commercial
						"R" - Residential

Also, I have some information for you regarding our expired NRA tax incentives. Since 2010, we have information on the increase in the appraised values and also the property taxes for these projects.

Over on the left-hand side you actually have the information regarding the appraised value. We have a total for you of fiscal year 2010 through 2016. The base value of those properties was $5.4M. At the time the tax incentive expired, it was approximately $24M, so an increase of approximately $18.7M in appraised value.

For the same years 2010-2016, we have the base taxes of approximately $153,000. At the time the incentive expired, approximately $627,000, for an increase in property taxes of approximately $474,000.



Same information, just in graph form for you.

Before we get in to the proposed changes, wanted to share some of our successes so you could see what those looked like.

Here we have an example for you of the residential rehab. The pictures on the top are the before pictures. A nice home but somewhat dated. At the bottom you have the rehab. You have that nice, modern-looking home.

Of course, with our residential new construction we've gone from vacant lots to new homes.

Our commercial rehab — over on the left-hand side, those before pictures. We have an interior that certainly needs some work. Then in the middle and to the right, you'll notice what that project looks like today.

Then last, commercial new. Again, a vacant lot to now we have a building on that property.

NRA –Proposed Changes

- Filed contract for deed
- Base land value determined by current use as of January 1
- Liquor stores, bars and establishments that sell alcohol with less than 50 % food sales
- Project completion within 24 months of application approval

Now our proposed changes. We do have a few for you. Primarily, they're language changes either adding language in or clarifying some of the existing language in our policy.

The first one is information regarding contract for deeds. The policy, currently, for our residential projects they are required to be owner-occupied. We've been approached by some developers who said they want to assist individuals in becoming homeowners, whether it's a first-time buyer or returning to homeownership. To work with them, one of the things that we're suggesting for eligibility is also to include now those properties where a contract for deed has been filed with the Register of Deeds Office.

Our next proposed change is regarding the base land value. Policy currently states that the base land value will be the greater of the existing use or the proposed use. After speaking with the staff at the Appraiser's Office, we've actually determined that it's the current use as of January 1. We would like our policy language to match the practice.

Then we have a proposed change to include language regarding ineligible businesses under the NRA program. Those would be liquor stores, bars and establishments that sell alcohol with less than 50% of food sales. We've not included those. That has been our practice in the past. We would like to put that language into policy and then make that consistent with our other Economic Development policies.

Then, also including language to ensure the timely completion of projects, 24 months from the time of application approval, unless otherwise approved in writing by staff. We understand there may be issues or hiccups along the way from time-to-time, but we want them communicating with us as a staff and let us know when we can anticipate those projects being completed.

I have a few more proposed changes after this, but I wanted to check in and see if there are any comments, questions.

Chairman Markley asked on the contract for deed, it's fairly safe to assume that if they're filing it, they're probably acting at least somewhat appropriately because most landlords don't file the contract for deed if it's not an appropriate agreement. I wonder if we, I think we have a pretty good idea of what some of the bad contracts for deed say or don't say. I wonder if we can put anything in there to make sure that the contracts that are filed are ones that are meant for the owner to become a homeowner, and that aren't the kind of contract for deed where the landowner is just taking advantage of the tenant. You know, I'll leave that up to you as something to think about. If there are sort of requirements you can put in there saying it's a filed contract for deed that does or doesn't do these three things, that might be a good way to protect tenants from being abused so that the renter can fix up their house. **Ms. Harshbarger** said absolutely. I think that'd be a great opportunity for us to coordinate with Legal to make sure that that is some good language in there.

Commissioner Bynum asked just a question on the 24-month time period, did you have feedback from the Economic Development and Financing Standing Committee on the 24 month time period. From application to completion, is that the 24 months? **Ms. Harshbarger** said correct, from the time the application is approved. **Commissioner Bynum** said approval to completion? **Ms. Harshbarger** said correct, but no, we did not have any specific feedback on that item.

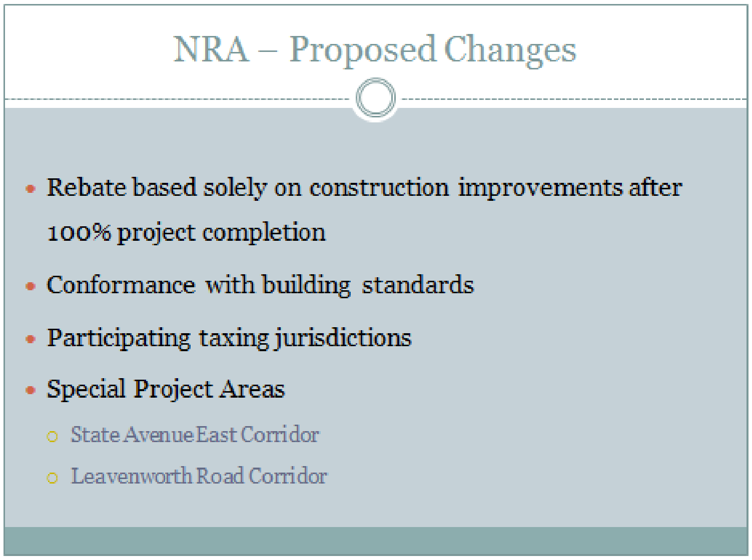
What we did was generally looked at some of the projects that we've had during this current plan and looked at the timeframe. We found most were completed within this timeframe. If they weren't, there were extenuating circumstances that staff were aware of and able to work with them.

Commissioner Bynum said I think I can live with that. My only comment was my initial reaction to the 24 months was, here at the Unified Government we often take much longer than 24 months to get certain projects completed. I just wondered if it was a fair amount of time.

If you've already found that previous projects are usually completed, then I'm okay with it. Especially if you allow for maybe a one-on-one consult at that point, with an extension on a case-by-case basis. **Ms. Harshbarger** said absolutely, Commissioner. It's more that we want to make sure that the owner is keeping us aware of what is going on. We understand from time to time those processes can get bogged down and it adds some time to their construction or improvement schedule. We do want to work with them.

Ms. Mundt said I guess from a SOAR perspective, I'd just say if someone starts a project and it takes them more than 24 months to get their house painted, it starts to become a blight issue. I would just say that I think the exception is not the rule here. I would say 24 months for many projects, at least if you're starting a window replacement program, you should be buttoned down the hatches within a shorter time frame than 24 months. **Ms. Harshbarger** said I will add some of those longer projects that we've seen have been commercial, so Planning Department processes and those types of things.

Commissioner Johnson asked have you already addressed the Special Project Area changes to that. **Ms. Harshbarger** said not yet. That's the next slide.



We want to clarify some language that is in our current policy. The applicant's actually not eligible for a tax rebate until the project is valued at 100% completed by the Appraiser's Office. Then that rebate is based on the incremental increase in taxes attributed to construction and improvements only.

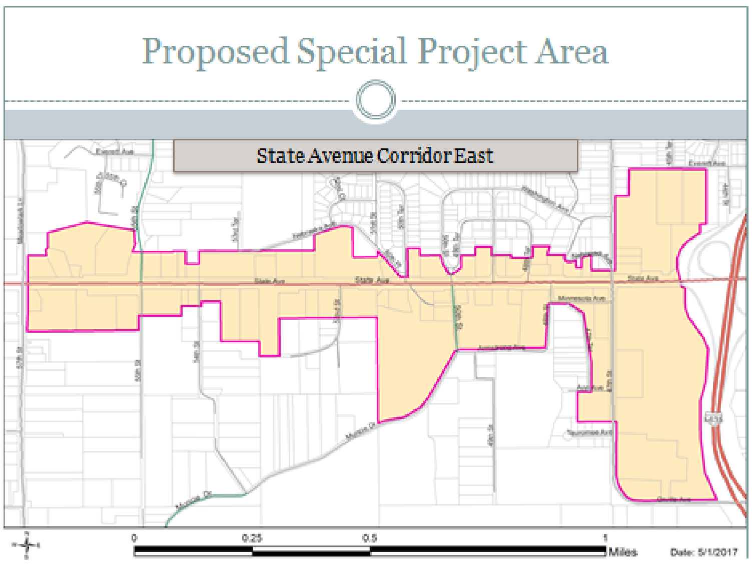
For example, if there's an increase in taxes due to someone purchasing a property, that would not trigger the NRA rebate. It does have to be construction or improvement that's completed.

Next, we want to enhance some of the language that we have regarding conformance with building standards. Policy currently talks about compliance with the applicable codes, ordinances, rules, and regulations. We want to add language regarding the building standards that are in effect at the time of the construction or improvement taking place. We just want to ensure there is some consistency in our community with regard to things like lighting, landscaping, fencing, etc.

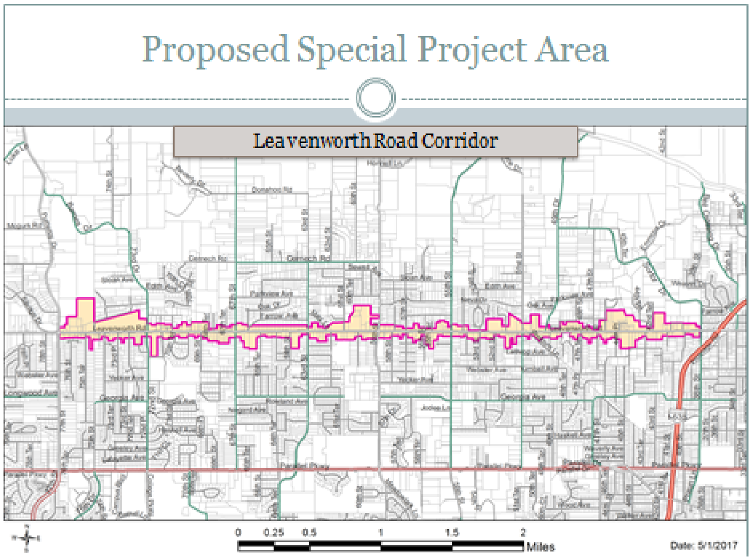
Then, our next piece, we have an example in our policy that kind of gives a rough idea of what a tax rebate might look like for an individual. What we found is that that example isn't truly representative of that rebate and confuses owners sometimes. We're suggesting removing the example and explaining that the rebate is calculated by the Treasurer's Office depending on the participation of the taxing jurisdictions.

I think it's a little bit easier to explain that example to someone one-on-one or in a phone conversation and explain that we can't assure you 100% today this is what it'll look like. Once the information is to the Treasurer's Office, we can give you an exact rebate amount.

Last, now those special project areas. As mentioned, we do have two current special project areas: Area 1 and then that State Avenue corridor. We're proposing the addition of State Avenue, I'm going to call it State Avenue East Corridor, and then our Leavenworth Road corridors.



For State Avenue Corridor East, this would be I-635 to 57th Street. It's those properties that front State Avenue.



For our Leavenworth Road Corridor, 38th Street to 77th Street. Our hope is to incentivize some retail development in these areas and assist projects with that.

That's the last of the proposed changes that I have for you. Other comments and feedback?

Chairman Markley asked have any of these, including the new special project areas, gone before their school board meetings or anything like that at this point. **Ms. Harshbarger** said not yet. We wanted to bring them to the commissioners first.

Commissioner Philbrook said thank you for putting Leavenworth Road Corridor in there. We've been praying and hoping that that will be included because we need it right along with the improvements of the road as we go west.

The only thing I would say is that, and this is kind of getting into your area, sorry sir. I know that the logistics of going west of 77th Street is a little weird the way it's set up there. I would hope we could at least get down to 82nd Street because 82nd Street is where — I know it's the edge of mine, but don't take it personally Mike. Right there is where it turns strictly into almost all residential and I don't want to really impose anything commercial into the residential area. It's pretty hilly right there.

Commissioner Kane said I agree. We need to go all the way down to where the fire station is because you've got that there. You've got the pizza place, maybe a bar. You go just a half a block up there where the hair stylist and all that other brick building is. **Ms. Harshbarger** said yes. **Commissioner Kane** said I think that's where we should stop, and thanks for making the change.

Commissioner Bynum said on this special projects areas could you tell us again, those projects have to be a minimum of? **Ms. Harshbarger** said over $3M and they have to meet one of three criteria: either retail in nature, an environmentally contaminated area, or historic designation. **Commissioner Bynum** asked is there leeway on the $3M. I'm not sure along the Leavenworth Road Corridor how many projects would reach the $3M threshold. I can't speak to it, but it seems high.

Chairman Markley asked can we look at that bigger map again because these are within other areas. If they didn't qualify for this special area, would they still be able to qualify for the regular area? **Ms. Harshbarger** said they would. We have sort of two tiers, if you will: those projects under $2M and then those projects that are between $2M and $3M, and then special projects specifically speak to over $3M.

Commissioner Bynum said help me understand. If I'm in a special project area, and I have a $3M or higher project, what do I get that's better than just being in the regular existing area? **Ms. Harshbarger** said it would be a rebate term of up to 20 years versus the other areas that could be between five and ten years.

Commissioner Philbrook said we would like to have a $3M or two along Leavenworth Road. Thank you for bringing that up, Commissioner Bynum. Thanks, Mike, because really down to at least 82nd because the terrain really starts changing. **Ms. Harshbarger** said right.

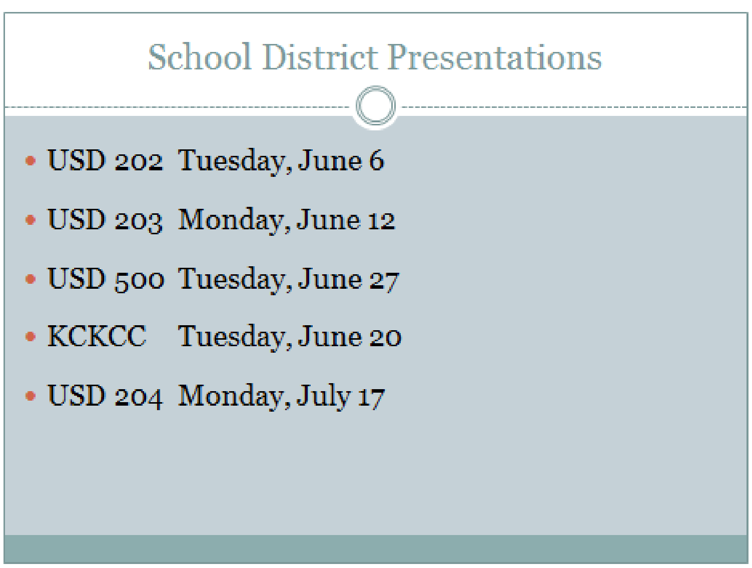
Commissioner Johnson asked just wondering on the State Avenue portion of the special projects area. My initial thought would be to move it all the way back to 38th to include the Tower Plaza area. Has that been discussed? Is there a reason why that would not make sense? **Ms. Harshbarger** said no, not specifically. Although I will note that that does get into the next project area, so it would cross over from Area 2 to 1.

Right now, under our current dollar amount under that $3M it is a 10-year rebate. I think that was kind of why. But no, no specific discussion about going ahead and extending over to 38th Street. **Commissioner Johnson** said I'd like to see that happen. **Ms. Harshbarger** said okay.

Commissioner Philbrook asked what's covered between 38th and on the other side of I-635. What area does that fall in? **Ms. Harshbarger** said that's considered Area 1, so it's up to 10 years for the rebate. **Commissioner Philbrook** said up to 10 years, okay.

The reason I ask about that is because on the east side of I-635, on the south is, right now, commercial, kind of, sort of. I know that we're looking to make that a whole lot nicer there and dress it up and possibly on the north side there as well. I really am kind of struggling with not having the $3M address that corridor right there because we're talking about some significant business. **Ms. Harshbarger** said I apologize, Commissioners, it just dawned on me. That is Area 1, so that is a special project area. Area 1 is all a special project area, my apologies. It took a moment. **Commissioner Johnson** okay. I was wrestling with that, too. **Commissioner Philbrook** said any help you can give.

Commissioner Bynum said so when you say Area 1 is a special project area…. **Ms. Harshbarger** said they are eligible for those up to 20-year rebate for the special projects. All of Area 1 is considered a Special Project Area, whereas when you get to Area 2, now we have designated, specific areas. Sorry for the confusion.



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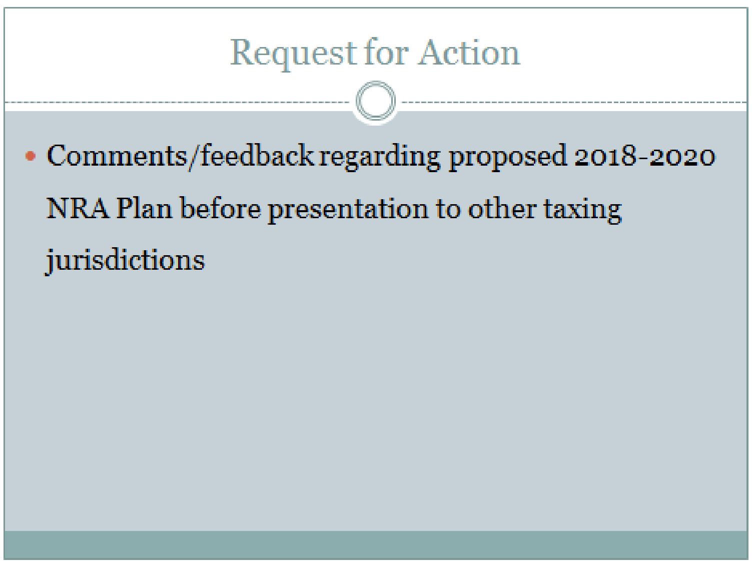
As I mentioned, next steps, then, will be to take these comments, feedback, along with this presentation out to the school districts to get their feedback as well. We're hoping to be able to bring this back, I believe sometime late September, early October, for consideration and then a public hearing before the full commission.

Chairman Markley said just to be clear to those commissioners who might not recall, or might not have been through this process, the school districts also have to approve this because they would lose potential income as well. Each school district has to approve what's going on in their area separately. **Ms. Harshbarger** said correct. They will have interlocal agreements signed as well.



That's all I have. **Commissioner Philbrook** said I just request that you send me an email with those dates on it. **Ms. Harshbarger** said absolutely.

Action: Information only.

Item No. 3 – 171135… PRESENTATION: SPRING TAX SALE RESULTS; CHANGES TO THE TAX SALE PROCESS

Synopsis: Presentation of the Spring Tax Sale results and changes and improvements in the Tax Sale process, submitted by Tib Laughlin, Director of General Services.

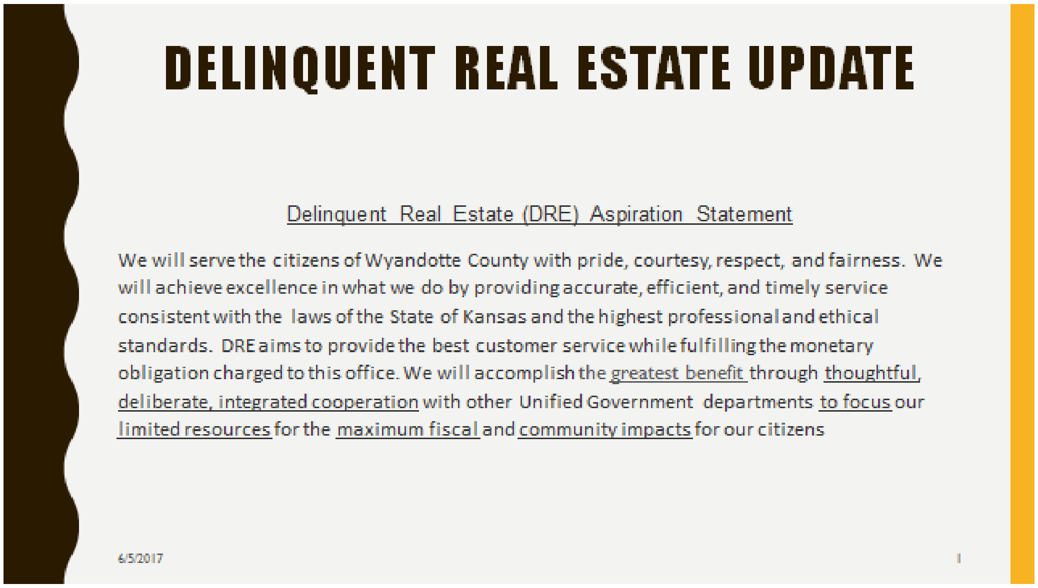
Tib Laughlin, Director of General Services, said 15 months ago the Delinquent Real Estate Office came into the General Services Department and became my opportunity. They had been, according to the staff, one of the most unloved, red-headed step-child departments in the Unified Government, shuffling from place to place, traded, moving, run by Legal, but not part of Legal, part of the Tax and 311 Division. They move around.

When I got them, we then moved them. First, we had to establish what their name was. As you may have noticed, Delinquent Real Estate, which is what I consistently call it, shows up as a lot of different titles. It sounds like we have a huge staff over at the courthouse working on tax issues, but it's really only one place. It's been a, when we got it, it was a five-person team. There were three vacancies, two because people, they just hadn't been filled, one because they were in jail. We have tried not to keep that tradition alive. That jail opportunity became very enlightening for us later.

Delinquent Real Estate, DRE is what we call it, what I call it — as soon as I got it, I moved them in with the GIS folks. Both GIS and Delinquent Real Estate had unmanned front counters with "Ring for Service" opportunities. If you've ever walked in someplace and had to feel like you're imposing on the people there by ringing for service and then waiting for someone to show up, it's not great customer service.

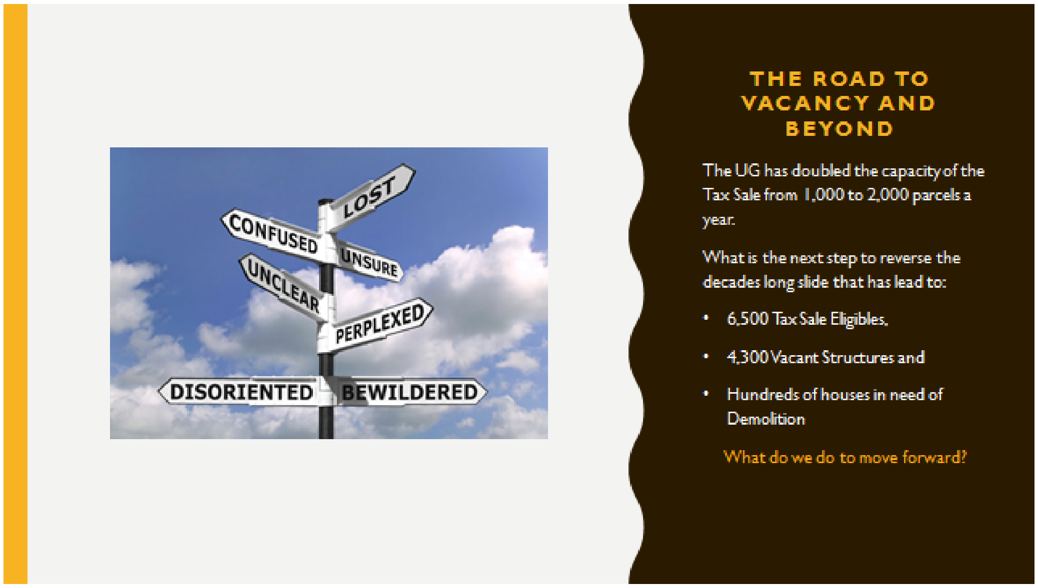
We combined those two physical locations. Now we have a fully staffed front counter all the time. Whether you're looking for DRE or GIS, you have someone there to meet you and address your question right away. It's been very popular with both sets of staff. It's created a lot of opportunity for us.

Immediately after getting the department, I was told I had to write an aspiration statement. When I turned in my aspiration to understand what Delinquent Real Estate does, Melissa sent that back and said it needed to be expanded just a little.



We came up with this, which is filled with code words. I've highlighted the important ones because until now, Delinquent Real Estate has been considered basically a collection agency. The collection function is important, but that function of using a thoughtful, deliberate, integrated cooperative process, cooperating with other UG Departments to use our limited resources to maximize our fiscal impact, and they were maximizing fiscal impact pretty well, but they weren't maximizing community impact. That's important.

Your Delinquent Tax Division is a vitally important tool for fixing blight and vacancy problems, but it's also a critical place where in a lot of places, it's not applied fairly. It's not applied socially equitably. It's very pick and choose, so depending on who you are you get a different level of service.



Now, the question is, why is it valuable? We know that we have over $29M in delinquent revenue out there based on back taxes people haven't paid.

Little highlight list, we have 6,500 tax sale eligible properties. In the past, we were working through at about between 700 and 1,000 parcels a year, while getting more than a 1,000 becoming delinquent every year, so we were not making progress. We have worked on improving that.

When I was updating the goals for Delinquent Real Estate, one of the things listed was that the goal was 350 properties per tax sale for two tax sales per year. Our most recent Spring tax sale had more than the entire annual goal in one sale.

Basic breakdown on the process, you stop paying your taxes. That starts a timer. To become tax sale eligible, you have to get to the point where you're three years behind, which in calendar years that the rest of us live in as opposed to tax years, that really means you haven't paid us in four years. Especially if the house is sitting vacant, that's a problem.

The real point of intervention should be on that very first day you don't pay your taxes. We should be intervening at that point. Something in your life changed. You have been paying your taxes and now you haven't paid your taxes. You're dead, you've gone to a nursing home, you won the lottery and went to Hawaii and couldn't sell the house and don't care anymore. Something has changed.

In a perfect world, and where we dream of going, we will intervene then. We will reach out in that first year, long before we can take your house because we're not really interested. When we take your house, we've lost. The win is to keep you in your house and to keep you in a status where you're a good neighbor to the people around you. If we take your house, we've lost. We want you in there, especially with our aging demographic and people wanting to age in place. We want to keep you in the house. We need to intervene in the beginning.

I mentioned that our jail event was illuminating for us. For some people, let's take that person who's won the lottery and gone to Hawaii, they can't sell the house. They don't know how to get out from under. The back taxes just keep piling up. Or, you've just inherited this house and you live in Wisconsin and don't know what to do. Well, we learned from our former employee, there are people who just want to get out from under the nightmare that is the accruing taxes on this house they can't sell that is crumbling apart. They don't know they can donate it to us. Well, we learned from her that people will just give you this house. They thought they were giving it to the UG. That's a potential solution we need to work on.

Moving away from our case management style system that we dream of going to by filling positions, we do have three vacant positions over there still. We have just finished interviews for a Delinquent Real Estate Manager, which is a creature we have never had before. We have never had a professional-level manager to manage this function. This is huge to us, especially now it's integrated with SOAR. We doubled the capacity. It is a vital piece in how we will bring back the community.

The way it exists today, in a rather simplified way, you hit that point where you are three years' tax delinquent. We select you from the vast multitude of options we have to pick for the tax sale. Instead of the old way where we just looked at the gap of what has the best, most marketability, what had the best value versus what you owe us potential. That's how the team was picking what to sell, what was most likely to sell at the auction.

That overlooks all of those code enforcement requests to put someone through if they're upside down, all of those Commission, and we do occasionally get a request from a commissioner to address a property. You may be surprised to hear that. All of those Economic Development requests for a project to put through were prioritized based on what's going to make the biggest collection value so that they can turn in the best numbers. That was the direction they had. They did not have the TLC they needed to know the nuance approach that solving problems is as important as collecting the money.

You've filed for the tax sale. We've improved that process thanks to — behind me is Wendy Green, attorney-at-awesome, who has been just absolutely pivotal. Legal hired her because of her knowledge in this field specifically to help overhaul this, and it has been an amazing partnership.

We've improved the process on filing the tax sale. We've improved the process on serving notice. The process servers will go out and notice you, another General Services happy family division, knock on your door. Outside the County, you get your certified mail, but thanks to Wendy Green, attorney-at-awesome, you remember her, we now include an extra paper when you get that certified mail and you get your notice from the process server that covers us that you've been served by notice. If we can't find you, you've been served by publication, so we keep people in.

The first tax sale that Wendy and I worked together, she had to pull out 75 filings because of insufficient service. That's 75, and we had only filed 500, huge piece coming out. In this most recent tax sale, I believe there were something like nine that had to come out.

There's going to be those where we can't find you because you're dead. We can't send you the notice. We have to let your heirs know. There's always going to be some, but less than 10% of the failure rate we used to have because of that improved process.

So you get notice, you have three choices. You come rushing in and pay us. You go to the Court and try and arrange a deal to pay us. You come in with your 50%, pay us and go on a payment plan, or you just ignore us. I guess there's the other option where you call and you cuss at us, but don't do anything, which we get some of.

This process has been improved. We have the cooperation with the Treasurer's Office that we never had before going on. Took one phone call from the first hearing I went where people were appealing this, and because of a policy, people would come in and say well, Judge, I don't have my half. They owe us $20,000. I don't have my half, but I got $9,000 right now. The Judge would say well, take your $9,000, go home and bring us the full half so we can put you on a payment plan because we had a policy. That morning I watched $25,000 of our money walk back out of the building because of a misunderstanding in the policy between three of our departments.

One email later, we changed the policy and said leave us the money. We'll hold that for you. If you don't come back with the other $1,000, well you're still going in the tax sale, but we're $9,000 ahead. If you do come back with the other 10 to get to half, then we set up the payment plan. Subtle improvement, but it's collected tens of thousands of dollars that would not have come in before.

Either you're on a payment plan, we have our money and you're out of the sale and everything's great, or you ignored us.

Commissioner Philbrook asked the bottom line is, though, they have to have half of it, or you won't set up a payment plan. **Mr. Laughlin** said the Judge can override that half, and does periodically for special circumstances. Yes, that is the rule of thumb. If you have your half, we will put you on a payment plan to pay off the other half. If you don't have your half, you have to talk to the Judge and see if you can persuade the Judge to let you go on a payment plan.

The concern is if you don't have at least half, your payments are going to be so large you're not going to be able to keep up with them. There used to be this game people played where they would come in, get on a payment plan, and we would never see another payment. Now we have a much more vigilant system where if you default on your payments, we'll stick you right back in. People were playing the lottery on well, maybe I won't come up. Lot of game playing in this process. **Commissioner Philbrook** said okay, thank you.

Mr. Laughlin said so we get to the day of the tax sale, which again, improved processes. Wendy auctions on her very own. She auctioned every single one of our parcels in the last two sales. She has a budding career as an auctioneer and is talking about leaving us for that, but that's a private deal.

At the tax sale, and we remember the popular graph on what happens at the tax sale, either it goes to a new owner and we roll the dice on whether they're a good actor or a bad actor, or it doesn't sell. Then it can either go into purgatory, hot, cold, wet, whatever you prefer in your purgatory, or it can go to the Land Bank. We've been pushing things to the Land Bank. That's our solution to get out of our blight and vacancy hole. We have been doing a great job with that.

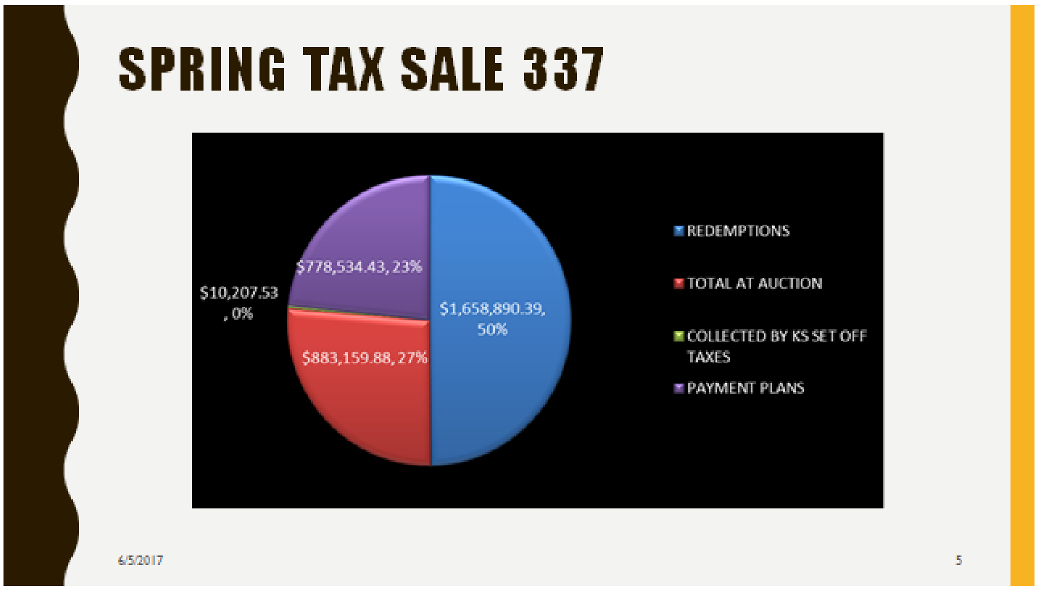
I talk about these things like they're all one integrated process because they are. That's how these fit together. The Centers for Community Progress will tell you, we build on their model. This is all one integrated process. The code enforcement issues, the public complaints, the tax sale, the Land Bank, it all works together. There's a synergy there.

Chairman Markley said I'd just like to say for anybody who's crazy enough to be watching this at home, I just want to acknowledge what a huge step that is and how, for many years, we were unable to take that huge step. One department would have a great idea about how to solve a problem. The other departments would say yeah, that's nice and they didn't do it. We hit a lot of roadblocks getting to this idea that everyone should work together to resolve our blight problem. It's a huge step and I just want to make sure everybody realizes what a huge step that's been for us.

Commissioner Philbrook said and I'd like to say, Angela, thank you very much, you and McKiernan for pushing so hard for a while. Then when we were blessed to get Melissa in working for us, and her past experiences. She didn't know that she couldn't do it, so it happened.

Chairman Markley said Brian and I both kind of have a flat spot on one side of our heads from banging them against the wall, but I'm sure over time it'll go back to normal.

Mr. Laughlin said we have looked for ways to incorporate your banging your head on the wall into our demolition program, but that's not been an opportunity. We will be in touch. We very much appreciate the shout-out to SOAR. SOAR would not exist without the support of you and Commissioner McKiernan just tirelessly pushing this ahead. Nothing in SOAR would have happened without the cooperation at every level of the government between everybody working together, Commission, staff, and departments. No one could have done this alone. We are at a fantastic space of opportunity.



In great opportunities, we had this tax sale in April. We had planned to bring you a nice longitudinal study of how tax sales have performed over the years, but unfortunately, we have not been consistent in recording that. We are still disaggregating the numbers because, for many years, we have the whole year reported together, instead of individual tax sales.

Now, that's convenient for comparison purposes because for at least five of our last 14 years, the first tax sale this year outperformed the whole year. That is a very big deal.

The Spring tax sale saw fully 50% of people, I'm sorry, saw 50% of our revenue came from people just redeeming, just coming in and giving us the money. It was a very popular game to just ignore us and go through the tax sale. No one buys your house. We're afraid to move it into the Land Bank because we don't want to mow it or own it. We see homes where they've been through half a dozen tax sales. Nobody buys it, so it just continues to swirl out there in purgatory. People would ignore the process.

Well, according to Judge Lampson, having heard the word on the street, and dealing with people in court, people are taking us seriously now that we really will take your house, because we really will take your house now. Half of these people on getting their notice just came in and gave us the money. It's miraculous. They just came and they gave us the money. Another quarter of them got on a payment plan and are giving us the money, they're paying because they realize we will do something about it.

We had an exciting day at the tax sale. That $883,000 was very exciting. We had a record number of bidders thanks to suggestions coming all the way from the Administrator, himself, on how we could increase the number of bidders. We got to 400 bidders on this sale, a whopping 400 bidders.

By the time we got to the tax sale, we only had 100 propertunities left to sell. At least 300 of those people were going home unhappy. But, they were there and they spent a record amount of money on that day, upward to a $1M to buy 80 of our propertunies, leaving us with 20 to move to the Land Bank, which we immediately leapt on.

This is all a big change from where we were. It's a hugely dramatic change and that is just the first sale of the year. We promised last year at budget that we would double the number of propertunities going to the tax sale, we put just shy of, we got to 692. The magic number is 700. 692 properties went in the sale, this record-breaking sale.

A record number of registered bidders, a record day for the income on the actual day of the sale, a record number of redemptions at $3.3M, a record single sale collection which out-competes seven of fourteen previous years, not just sales. It has turned around just dramatically. We are on target at that 700 a sale, which we just filed the second sale 10 days after we finished the sale.

Wendy may be an attorney-at-awesome, but she also has this whip and she beats people and makes them do things. Ten days later, we were filing the next sale — unheard of.

The entire process is operating at a way that we never dreamt that it could before. We are well on target for hitting that 2,000 parcels through the process this year with our three sales. There were people who said it was not possible to do that because various points in the process couldn't handle the capacity. We have proven them wrong, just wrong.

We're still in the process of filling those three positions. As it turned out, we have not had to hire outside abstractors to get work done. We have improved these processes just by communicating.

That's where we stand today. We have dreams of where we're going to turn this into a case management type situation, but that's going to involve us helping grow solutions to help people who have problems.

In our "Coming Soon" section, you can expect a Facebook update, a website update, including a library of before and after pictures. I very enthusiastically harangue our bidders to bring me before, and when you go out now, take those pictures, bring it in, and show us the pictures. Show us what you do with it. I want to celebrate that. We need to put that out there. These are our success stories as people take these from vacant spaces to vibrant places.

We have some challenges still to overcome. Apparently, there's a tradition of having your house sold in the tax sale and you burning it down. We have one that sold on Thursday, burned down Saturday, owner-occupied. We're looking into that. These are issues that have apparently been going on and nobody's ever really paid attention to.

We are looking at those new opportunities for exciting things. That is all we have about the tax sale now, commissioners.

Chairman Markley said this item is for information only. It might be my favorite information only presentation ever. It has all my favorite things: Tib, tax sale, blight, vacancy, it's all there. **Commissioner Philbrook** said I could just say that scrappy is probably the right adjective. **Mr. Laughlin** said thank you, Commissioner. Apparently, my staff in Delinquent Real Estate didn't realize that scrappy refers to an underdog come from behind thing. **Chairman Markley** said didn't they watch Scooby-Doo? **Commissioner Philbrook** said did they even notice you used the word scrappy, there's the question. **Mr. Laughlin** said they did.

Action: **For information only.**

Item No. 4 – 171146… RESOLUTION: FAIRFAX DRAINAGE DISTRICT

Synopsis: A resolution approving an annual interlocal agreement between the Unified Government and the Fairfax Drainage District to reimburse the District for use of the District's sewer system, submitted by Misty Brown, Deputy Chief Counsel.

Melissa Mundt, Assistant County Administrator, said what we're looking for is to make payment for services rendered by Fairfax Drainage District on behalf of the Unified Government.

Action: **Commissioner Bynum made a motion, seconded by Commissioner Kane, to approve.** Roll call was taken and there were five "Ayes," Philbrook, Johnson, Kane, Bynum, Markley.

Chairman Markley adjourned the meeting at 6:15 p.m.

Adjourn

mls