

ORDINANCE NO. 47-281

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF RAPID PROCESSING SOLUTIONS, INC., SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Rapid Processing Solutions, Inc. request an ad valorem tax exemption on a proposed expansion project of 40% for a five-year term on the renovation of an existing building and the purchase of certain new manufacturing equipment; and

WHEREAS, Rapid Processing Solutions, Inc. has operated within the City for more than seven years as a fabrication prototype company supporting the aircraft industry; and

WHEREAS, Rapid Processing Solutions, Inc. proposes a \$370,171 expansion by the renovation of a 13,400 s.f. existing building and purchase of manufacturing equipment to be located at 1367 S. Anna in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Rapid Processing Solutions, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on June 13, 2006; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Rapid Processing Solutions, Inc. is an existing business located in Wichita, Kansas and intends to expand its business by the renovation of an existing building and the purchase of certain personal property.

2. The renovation of an existing building and the purchase of personal property for which exemption is given occurred after May 2, 2005. No exemption will be given for construction or purchases, which occurred before that date.

3. Such property purchases are to be used exclusively for manufacturing articles of commerce.
4. By such purchases, Rapid Processing Solutions, Inc. will create new employment for 10 employees within four years after the start of the project.
5. Tax exemption will be given only for the renovation of a vacant 13,400 s.f. building renovation and the purchase of certain personal property as reflected in Exhibit I attached hereto.
6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.
7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.
8. The company has agreed to make "payment-in-lieu-of-taxes" beginning December 20, 2007, for the real property covered by the bond-financing, equal to the amount of ad valorem taxes during the exemption period that would have been paid had such property not been exempted from taxes.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council for the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Rapid Processing Solutions, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing articles of commerce.
2. Rapid Processing Solutions, Inc. is hereby granted an ad valorem tax exemption of 40% for five years on the renovation of an existing building and the purchase of personal property and 40% for a second five-years (subject to City Council review) only on the building renovation project started after May 2, 2005, and located within the Wichita City limits at 1367 S. Anna in southwest Wichita at an estimated cost of \$370,171 as further defined in Exhibit 1 attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and Rapid Processing Solutions, Inc. may be required to repay amounts previously abated), in the event of any failure by Rapid Processing Solutions, Inc. to perform obligations under the Economic Development Incentive Agreement executed with the City.
3. In each year from 2007 through 2017, inclusive, Rapid Processing shall make a payment-in-lieu of tax to the City, equal to the amount of additional ad valorem tax that would have been paid in such year on the real property, had such real property not been granted a 40% exemption from property taxes in such years.
4. The Economic Development Incentive Agreement by and among the City of Wichita, Rapid Processing Solutions, Inc. is hereby approved.

5. The City Manager's Office shall be responsible for monitoring the performance of Rapid Processing Solutions, Inc. and shall provide annual reports on such performance.

6. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Rapid Processing Solutions, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated March 24, 2006, and as stated in Rapid Processing Solutions, Inc.'s annually approved EEO/AA Plan.

7. Such exemption may hereafter be withdrawn by the City Council upon a finding that Rapid Processing Solutions, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Agreement, which Rapid Processing Solutions, Inc. has executed with the City.

8. The City Council may, at its discretion, require Rapid Processing Solutions, Inc. to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement, which Rapid Process Solutions, Inc. has executed with the City.

9. Upon finding that Rapid Processing Solutions, Inc. has failed to meet its obligations under the Economic Development Incentive Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Rapid Processing Solutions, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

10. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 14th day of November, 2006.

Carlos Mayans, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney

Rapid Processing Solutions, Inc.

Exhibit I

Building Renovation \$323,733

Equipment Purchases:

60 Gallon Tank	\$4,500
120 Gallon Air Compressor	4,100
120 Gallon Air Compressor	2,068
Citronix C1500SCp printer and accessories used in manufacturing process	7,899
Frame for pressure tank	1,975
Oven	11,149
Work Bench	2,629
28 Gallon Parts Cleaner	1,268
Work Benches	3,364
Drum vert/mnl & storage Cabinet	733
240 Gallon pressure tanks	2,800
Open Front Bench Booth	3,154
Workbench	<u>799</u>

Total Equipment \$46,438

Total Expansion Project \$370,171