

OCA 28001 FIRST PUBLISHED IN THE WICHITA EAGLE ON FEBRUARY 15, 2008.

ORDINANCE NO.47-757

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 DIVERSIFIED SERVICES, 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, Diversified Services, Inc. requests an ad valorem tax exemption on a proposed expansion project of 100% for a five-year term on the acquisition of an additional building; and

WHEREAS, Diversified Services, Inc. has operated within the City for more than thirty years as a manufacturer of metal processing services; and

WHEREAS, Diversified Services, Inc. proposes a \$1,383,500 expansion by the purchase and improvement of existing vacant buildings located at 701-721 E. Murdock in downtown Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Diversified Services, 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 February 5, 2008; and

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

1. Diversified Services, Inc. is an existing business located in Wichita, Kansas and intends to expand its business by the purchase of certain real property.
2. The purchase of real property for which exemption is given occurred after June 25, 2006. No exemption will be given for purchases which occurred before that date.
3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Diversified Services, Inc. will create new employment for 37 employees within five years after the start of the project.

5. Tax exemption will be given only for the purchase of certain real 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.

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 Diversified Services, 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. Diversified Services, Inc. is hereby granted an ad valorem tax exemption of 100% for a five-year period on its building acquisition and of 100% for a second five years, subject to council approval, started after June 25, 2006, and located within the Wichita City limits at 701-721 E. Murdock in downtown Wichita at an estimated cost of \$1,383,500, as further defined in Exhibit I 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 Diversified Services, Inc. may be required to repay amounts previously abated), in the event of any failure by Diversified Services, Inc. to perform obligations under the Economic Development Incentive Agreement executed with the City.

3. The Economic Development Incentive Agreement by and among the City of Wichita and Diversified Services, Inc. is hereby approved.

4. The City Manager's Office shall be responsible for monitoring the performance of Diversified Services, Inc. and shall provide annual reports on such performance.

5. 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 Diversified Services, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated October 23, 2007, and as stated in Diversified Services, Inc.'s annually approved EEO/AA Plan.

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

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

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

9. 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 12th day of February, 2008.

Carl Brewer, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney