

CITY COMMISSION MEETING AGENDA

City Hall Commission Chambers

Monday, August 18, 2014

7:00 p.m.

MEETING #4969

CALL TO ORDER

ROLL CALL

INVOCATION by Pastor Jack Hanks of First Baptist Church

PUBLIC HEARING

2015 Budget Hearing

PLEDGE OF ALLEGIANCE

PETITIONS & PROCLAMATIONS

VISITORS (Limit of five minutes per individual and fifteen minutes per topic. Final action may be deferred until the next City Commission meeting unless an emergency situation does exist).

CONSENT CALENDAR

1. Approval of Work Session Minutes, August 4, 2014;
2. Approval of City Commission Meeting Minutes, August 4, 2014;
3. Appropriation Ordinance No. 16, August 18, 2014;
4. Cereal Malt Beverage License:

ORDINANCES & RESOLUTIONS

Resolution No. 2014-20: Approval of modifying the schedule of fees for Contractors and Trades Licensing. Report by Director of Zoning and Planning, Dennis Veatch.

UNFINISHED BUSINESS

NEW BUSINESS

1. Approval of Conveyance of Property at 501 W. Spruce Street to Dodge City Distillery.
Reported by City Attorney, Ken Strobel.

OTHER BUSINESS

ADJOURNMENT

CITY COMMISSION WORK SESSION MINUTES

City Hall Commission Chambers

Monday, August 4, 2014

6:00 p.m.

MEETING #4967

CALL TO ORDER

ROLL CALL: Mayor Brian Delzeit, Commissioners, Kent Smoll, Jan Scoggins, Rick Sowers, Joyce Warshaw

WORK SESSION

The 2015 Budget was presented by Director of Finance/City Clerk, Nannette Pogue. The Commission discussed the 2015 budget and recommended that it be published for a public hearing on August 18, 2014.

ADJOURNMENT

Commissioner Kent Smoll moved to adjourn the meeting; Commissioner Jan Scoggins seconded the motion. The motion carried unanimously.

Brian Delzeit, Mayor

ATTEST:

Nannette Pogue, City Clerk

CITY COMMISSION MEETING MINUTES

City Hall Commission Chambers

Monday, August 4, 2014

7:00 p.m.

MEETING #4968

CALL TO ORDER

ROLL CALL: Mayor Brian Delzeit, Commissioners, Kent Smoll, Jan Scoggins, Rick Sowers, Joyce Warshaw

INVOCATION by Pastor Jack Hanks of First Baptist Church

PLEDGE OF ALLEGIANCE

PETITIONS & PROCLAMATIONS

VISITORS (Limit of five minutes per individual and fifteen minutes per topic. Final action may be deferred until the next City Commission meeting unless an emergency situation does exist).

Dan Schenkein, President of Dodge City Area Chamber of Commerce. The entire community is appreciative of the City staff who helped with Dodge City Days. This includes the Park Dept., Airport, Public Works, Engineering, Water Department, CVB, Police, Fire, Sanitation, Depot Theater, Administration, Commissioners, etc. He singled out the Parks and Recreation Department. The events in the park were numerous. The Park Department went above and beyond. The new activities were numerous and very successful. The Cattle Drive was very successful, social media was very active. 2014 Dodge City Days was very successful. Thanks to all of the City of Dodge City for their support.

CONSENT CALENDAR

1. Approval of Work Session Minutes, July 21, 2014;
2. Approval of City Commission Meeting Minutes, July 21, 2014;
3. Appropriation Ordinance No. 15, August 4, 2014;
4. Cereal Malt Beverage License:
 - (a) Saigon Café Bistro, 202 E. Frontview St;
 - (b) Lucky Stop, 510 E. Wyatt Earp Blvd.
 - (c) River Stop, 705 S. 14th Avenue
 - (d) Spee-D-Stop, 2615 Gary Avenue
 - (e) Rostetter Stores, 302 S. 2nd Avenue
5. Ratify – Change Order for 3rd Avenue Extension. Report by Director of Engineering, Ray Slattery.

Commissioner Rick Sowers moved to approve the Consent Calendar as presented;
Commissioner Joyce Warshaw seconded the motion. The motion carried unanimously.

ORDINANCES & RESOLUTIONS**UNFINISHED BUSINESS****NEW BUSINESS**

1. Commissioner Kent Smoll moved to approve the purchase of Road Salt in the amount of \$50,000 from Hutchinson Salt, seconded by Commissioner Jan Scoggins. Motion carried unanimously
2. The Revised Site Plan for the Development of the Regional Water Park and Associated Hotel Development was approved on a motion by Commissioner Rick Sowers, seconded by Commissioner Joyce Warshaw. Motion carried unanimously.

OTHER BUSINESS

City Manager, Cherise Tieben:

- Thanks to Roundup, Chamber of Commerce, Women's Chamber, Boothill, etc. for all their efforts during Dodge City Days;
- Checked availability of the Commissioners for a meet and greet with Venu Works Officials on the 14 or 15th.

Commissioner, Kent Smoll:

- Thanked staff specifically Jane Longmeyer for the hard work during Dodge City Days. The Chamber outdid themselves. Roundup put on a great show. The Longhorn Cattle Drive put on by Boothill Casino and Resort was a great deal;
- Good luck to people going back to school.

Commissioner, Jan Scoggins:

- Thanks to Chris Guinn for all the coverage during Dodge City Days. No matter where she was Chris was there, thank you.

Commissioner, Rick Sowers:

- Thanks to everyone for Dodge City Days, individually Jane Longmeyer and Melissa McCoy. Thanked the Casino.

Commissioner, Joyce Warshaw:

- Vote tomorrow, goal is to have 15%, you can't complain if you don't vote;
- School enrollment is this week;
- Encouraged citizens to ride Amtrak.

Mayor, Brian Delzeit:

- Echo other comments. Good job to the Casino for the Cattle Drive;
- Thanked Dan Schenkien for his comments.

ADJOURNMENT

Commissioner Kent Smoll moved to adjourn the meeting; Commissioner Rick Sowers seconded the motion. The motion carried unanimously.

Mayor

ATTEST:

Nannette Pogue, City Clerk

Memorandum

*To: City Manager
Assistant to the City Manager
City Commissioners*
From: Dennis Veatch
Date: 8/5/2014
*Subject: Amendment to Fee Schedule
contractor licensing*
Agenda Item: Resolutions

Recommendation: City staff recommends approval of the attached Resolution modifying the schedule of fees for contractors and trades licensing.

Background: Our current fee schedule was last updated by Res. 2008-16 and approved on September 15, 2008.

Justification: The City desires to remain comparable with and/to surrounding communities. New State regulations and growth in numbers of contractors in our community has made it necessary to provide incentives to license before the next calendar year.

Financial Considerations: None

Purpose/Mission: To assist the public and to direct and encourage quality community development which enhances the city, protects the environment, and makes the community a better place to live.

Legal Considerations: None

Attachments: Resolution No

RESOLUTION NO. 2014-20

A RESOLUTION BY THE CITY OF DODGE CITY KS, MODIFYING THE SCHEDULE OF FEES FOR CONTRACTOR AND TRADES LICENSING.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF DODGE CITY KS: That the fees for contractor and trades licensing are modified as follows:

Contractor and Trades Licensing Fees:	New	Renewal
Building, General, Residential Contractor	\$200	\$100
Commercial Unlimited Roofing Contractor	\$200	\$100
Residential Roofing Contractor	\$200	\$100
Master Water Treatment Installer	\$200	\$100
Master Plumber, Electrician, or Mechanic	\$200	\$100
Journeyman Plumber, Electrician, or Mechanic	\$200	\$100
Apprentice Plumber, Electrician, or Mechanic	\$ 35	\$ 35
Sign Hanger	\$200	\$100

New contractor rates will be applied for all applications received after December 31st.

This resolution shall become effective upon the adoption by the City Commission and publication in the official City newspaper.

PASSED BY THE GOVERNING BODY OF THE CITY OF DODGE CITY, KANSAS
THIS EIGHTEENTH DAY OF AUGUST, 2014.

BRIAN DELZEIT, MAYOR

ATTEST:

NANNETTE POGUE, CITY CLERK



City of Dodge City

806 N. Second Ave.
PO Box 880
Dodge City, KS 67801

Phone: 620-225-8100
FAX: 620-225-8144
www.dodgecity.org

Memorandum

To: City Commissioners
From: City Manager, Cherise Tieben
Date: August 15, 2014
Subject: Purchase Agreement for former Dodge City
Municipal Building
Agenda Item: New Business

Recommendation:

Staff recommends authorization of the Purchase Agreement for the transfer and sale of the former Dodge City Municipal Building to the Boot Hill Distillery (Distillery).

Background:

On May 19, 2014 the City Commission (City) approved the Outline of the Purchase Agreement and the Agreement for the Real estate Conveyance Contract. Both agreements were contingent on the City being awarded the Community Block Development Grant (CBDG) for Commercial Rehabilitation.

On July 16, 2014, the CBDG for \$190,649 was awarded for the former Dodge City Municipal Building (Building). This award will provide funding for the stabilization and repair of the historic Building that will house the Boot Hill Distillery. In order, to receive the funds the Building must be owned by a private entity.

Justification:

The proposed development plan by the Distillery compliments the downtown plan for revitalization as well as the Master Tourism Plan. Although there are considerable cost considerations, there are also significant expenses involved with the demolition of the building which is estimated at 159,090. The sale of the Building will alleviate the City's responsibilities for demolition while preserving a significant Dodge City Landmark that was placed on the State and National Historic Register in 2013.

Financial Considerations:

The City will commit funds equal to the cost of demolition in the amount of eighty thousand dollars (\$80,000) per year for a period of two years to a special renovation account to reimburse the Distillery for repairs of the south parking lot, north parking lot, and front steps to the main entry of the building. If funds remain, a proposal for the utilization of funds may be submitted to the City Manager, who in her discretion may disperse the funds, if they are to be used to secure the historic value of the building.

Legal Considerations:

The attached agreement has been prepared by City Legal Counsel.

Purpose /Mission:

This projects fulfills the City of Dodge City's mission by preserving our heritage to foster a better future. It also meets our core purpose of making Dodge City the best place to be while matching the core value of ongoing improvement.

Attachments:

Real Estate Contract and Development Agreement

Exhibit A

Exhibit B

Exhibit C

Exhibit D

REAL ESTATE CONTRACT
AND
DEVELOPMENT AGREEMENT

This Real Estate Contract and Development Agreement (“Agreement”) is made and entered into by and between the City of Dodge City, Kansas, a municipal corporation (the “City”) and the Boot Hill Distillery L.L.C. (the “Distillery”), collectively referred to herein as the “Parties”:

WHEREAS, the City is the title owner of a building which formerly housed the City offices, police and fire departments located at the southwest corner of Spruce and Fourth Street in Dodge City, the legal description which is set out in Exhibit A, attached hereto and made part hereof by this reference, and hereinafter is referred to as the “Building”, and

WHEREAS, said Building was constructed in 1929 and represents a historic structure which has been listed on the State and National Historic Register as a result of its local significance in the areas of government, social history, and architecture, and

WHEREAS, said Building has been vacant for many years and is deteriorating and is in a blighted condition and will soon require demolition for safety reasons without repairs and renovation, and

WHEREAS, the Distillery has expressed a desire to obtain, restore, preserve and utilize the Building for commercial purposes as described in its proposal presented to the City, and

WHEREAS, the City in light of the potential development desires to preserve said Building due to its historic importance to the City and surrounding area, and

WHEREAS, the Distillery's proposal, if implemented, would serve to preserve, restore, maintain and utilize the Building for a commercial use within the City, and

WHEREAS, the Distillery is in need of financial assistance in order to implement its proposal to the City and to preserve, restore and utilize the Building, and

WHEREAS, the City is eligible for, has applied and has been awarded a Community Development Block Grant for Downtown Commercial Rehabilitation of the Building (the "Grant"), and

WHEREAS, the Parties have previously agreed that if such Grant was awarded the Parties would finalize and enter into a real estate conveyance contract and development agreement whereby the Distillery would become the title owner of the Building and would be responsible for the preservation, renovation, restoration, maintenance and use of the Building in accordance with certain terms and conditions as agreed between the Parties, and

WHEREAS, the Parties desire to formalize their prior understanding and agreement:

NOW THEREFORE, IN CONSIDERATION OF THE PROMISES AND COVENANTS SETOUT HEREIN THE PARTIES AGREE AS FOLLOWS:

1. Conveyance: At the time of Closing, (described below) the City shall transfer legal title and ownership of the Building and a portion of the grounds, as described in Exhibit A to the Distillery for the sum of \$10.00 subject, however, to the terms and conditions as set out in this Agreement.

2. Acceptance of Conveyance: The Distillery agrees to accept the ownership of the Building and grounds being conveyed in its current “as is” condition and subject to any and all flaws, known or unknown, and without warranties or representations as to its structural condition or its fitness for any particular use. Distillery acknowledges that it has examined the structure and grounds and has exercised such investigation and testing as it considers adequate and necessary, and hereby waives any and all defects, known or unknown, and hereby releases the City of and from any and all implied or express warranties or representations of any nature whatsoever, and that the Distillery is accepting ownership of the Building and grounds in its current condition and with any and all defects and flaws and without recourse of any nature against the City for flaws, defects or encumbrances of any nature whatsoever, except only for Marketable Title of the Building and Grounds. In addition, the Distillery hereby acknowledges and agrees that the City has removed all materials and equipment from the Building to the satisfaction of the Distillery and has provided the Distillery with copies of the original blue print plans for the Building.
3. Notwithstanding the conveyance of the Building and a portion of the grounds to the Distillery, the City shall retain the ownership of the Cowboy Statue, Buffalo Head, Oxen Head Monuments, Ham Bell Marker, lamp posts and Centennial Monument (the “Statues and Memorials”) and the property on which said Statues and Monuments are located, as more specifically described in Exhibit B, attached hereto and made part hereof by the reference (the “City Property”), and shall be responsible for the care, maintenance and preservation of said Statues and

Memorials. The City shall be responsible to maintain and restore the Statues and Memorials, for mowing and landscaping of the City Property and shall maintain the same in a manner consistent with the historic significance of the Building. The City will make no additions or changes to the landscaping without prior approval from the Distillery which approval shall not be unreasonably withheld, delayed or conditioned. The Distillery may use the City property for special events with prior approval from the City. The City will not unreasonably withhold permission from the Distillery to use the grounds.

4. Within 15 days of Closing the City shall commit the sum of \$80,000.00 to a special renovation account (the "Account") and on January 15, 2015 shall commit another \$80,000.00 to said Account, which funds may be used to reimburse the City or the Distillery for all or a portion of the costs of repairs or replacement of north and south parking lots immediately adjacent to the Building and front steps at the main building entrance. If a portion of the funds in said Account remain, following the above repairs, a proposal may be submitted by the Distillery to the City Manager, who in her discretion may disburse such funds if the same are to be used to secure the historic value of the Building. The disbursement of all funds from the account shall be determined by the City Manager in cooperation with the Distillery's renovation schedule. The City agrees to repair and maintain the retaining wall, steps and sidewalk on the east side of the Building with funds other than those provided in the Account which repairs will be completed by the City by July 20, 2015.

5. The Closing of this transaction will occur at a time and place mutually agreeable to the Parties within 30 calendar days of the City's approval of this Agreement. At Closing the City shall deliver to the Distillery a General Warranty deed conveying the ownership and legal title to the Building and a portion of the grounds to the Distillery in return for the payment to the City of \$10.00 and other consideration as setout herein. From and after the Closing, the Distillery shall assume possession of the Building and the responsibilities of ownership thereof and will exert all good faith in moving forward with the restoration and implementation of the development plan in accordance with the Outline of the Purchase Agreement and Distillery proposal presented to the City Commission on May 19, 2014, a copy of which is attached hereto, marked Exhibit "C" and made part hereof by this reference. In the event of a conflict between the terms of the Outline and this Agreement, the terms of this Agreement shall govern. All repairs, renovation, restoration and improvements made by the Distillery shall be made in compliance with the Secretary of the Interior Standards for the Treatment of Historic Properties, State and National Historic Register requirements and the building codes of the City of Dodge City. The Distillery will maintain the Building on the State and National Historic Register. Distillery shall not allow any mechanic's or materialman's liens to attach to the Building and/or property at any time.
6. The Distillery hereby grants to the City, a right of first refusal in favor of the City in the event the Building is offered for sale, and agrees that the City has the first right to repurchase the Building and grounds for the same consideration and terms which have been offered to the Distillery by a bona fide prospective purchaser. Should

such a proposed sale occur within 20 years of the date of this Agreement, the City shall have the right to repurchase the Building and grounds for an amount equal to the bona fide offer received, reduced by the amount of City funds, contributed to the project pursuant to paragraph 4 of this Agreement, at a depreciated rate set forth in the attached Depreciated Schedule marked as Exhibit "D". In the event of the sale of the Building to a purchaser other than the City, the City shall have the right to remove from the Building the Buffalo Head stone mounted above the northeast entryway of the Building.

7. The Distillery agrees that if restoration of the Building requires removal of windows and doors which cannot be used in the Building, the Distillery will offer the same to the City free of charge if the City desires to retain such windows and doors. In addition, the City may at any time require removal of the historic Buffalo Head from the Building in order to preserve the same.
8. City will provide grant consultation and assistance during the project and will not charge for the City's building, remodeling, tapping fees and other fees associated with the restoration of the Building through Phase III of the proposed development.
9. From and after the date of possession of the Building, the Distillery shall maintain property insurance on the Building and grounds in an amount equal to at least the appraised value of the Building and improvements at any given time.
10. From and after the date of Closing the Distillery shall be responsible and shall pay in a timely manner any and all taxes assessed against the Building and Grounds.
11. This Agreement shall be binding on the parties hereto and their respective successor's and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set out below.

Boot Hill Distillery L.L.C.

City of Dodge City, Kansas

by _____

by _____

Member

Brian Delzeit, Mayor

Dated _____, 2014

Attest: _____

Nannette Pogue, City Clerk

Dated _____, 2014

Exhibit A

Building and Grounds Conveyed to the Distillery

Lots 75,73,71,69,67 and 65 and the 15 feet of the vacated alley adjacent to said lots, except the north 100 feet of the east 25 feet of Lot 67 and the north 100 feet of Lot 65; Original Town of Dodge City, according to the recorded Plat thereof.

Exhibit B

Property Retained by the City

The North 100 feet of the East 25 feet of Lot 67 and the North 100 feet of lot 65; Original Town of Dodge City according to recorded Plat thereof.

Exhibit C

Outline of Purchase Agreement and Distillery Proposal



City of Dodge City

806 N. Second Ave.
PO Box 880
Dodge City, KS 67801

Phone: 620-225-8100
FAX: 620-225-8144
www.dodgecity.org

Memorandum

To: City Commissioners
From: City Manager, Cherise Tieben
Date: May 29, 2014
Subject: Outline of the Purchase Agreement
Agenda Item: Approval of Outline of the Purchase Agreement for former Dodge City Municipal Building.

Recommendation: Staff recommends acceptance of the Outline of the Purchase Agreement and authorization for the City Manager to negotiate a purchase option and contract for the transfer and sale of the former Dodge City Municipal Building to the Boot Hill Distillery.

Background: The Dodge City Municipal Building was designed by Mann and Company, Architects and Engineers of Hutchinson, and constructed in 1929 by contractor J.N. Parham. Built to house municipal offices, a police station, and a fire station, the building is characterized by a unique design incorporating both Mediterranean and Modern influences. It is centrally located adjacent and north of the Boot Hill Museum and occupies a corner lot in downtown Dodge City. The site also contains three commemorative markers, a statue of a cowboy, and two Corinthian column lamp posts. It was placed on the State and National Register for its local significance in the areas of government, social history, and architecture.

For the past two decades, the building has been primarily utilized for storage and training for police and fire departments. Over the years, several interested parties have considered the former Dodge City Municipal Building. However, its design was not conducive to their needs. In October of 2013, the City Commission discussed the future of the former municipal building at a work session and directed staff to obtain demolition costs. This spurred an article in the Dodge City Globe as well as additional interest in the building. City Administration tasked staff with cleaning the building in order to prepare it for viewing. Several departments collaborated to reveal the true potential of the facility.

Boot Hill Distillery ("Distillery") was one of the primary entities that expressed interest in the Former Dodge City Municipal Building. Interest was also expressed by other individuals that had previously viewed the property. Due to increased demand for the facility, the City of Dodge City ("City") released an announcement for a Request for Proposal (RFP) for the former Dodge City Municipal Building on January 23, 2014. The announcement was published in the Dodge City Daily Globe. In addition, staff contacted all of the individuals by phone that had previously expressed interest. The RFP was also emailed to them. The deadline for submission was Monday, February 3.

The Distillery was the only entity to submit an RFP which included a multi-phased project starting with the development of the distillery in the area formerly used as the Fire Station. In addition, the Distillery proposed to purchase the building for \$10.00.

An outline detailing the purchase agreement was developed based on the following conditions and requirements for the purchase of the building:

The City will:

1. Sell the former Dodge City Municipal Building to the Distillery for the proposed purchase price of ten dollars (\$10.00).
2. Remove all stored material and equipment from building within 30 days of purchase.
3. Provide copies of the original blue print plans to the building.
4. Waive all building, remodeling, tap fees and permits through Phase III.
5. Provide grant consultation and assistance throughout Phase III.
6. Restore and maintain retaining wall, steps and east side walk and have completed for grand opening of Boot Hill Distillery in July of 2015.
7. Restore, preserve and maintain statues and monuments (Cowboy Statue, Buffalo Head, Oxen Head Monuments, Ham Bell Marker, lamp posts and Centennial Monument).
8. Retain ownership of the north 100' of Lot 65 and the north 100' of the east 25' of Lot 67.
9. Make no additions or changes to the landscaping without prior approval from the Distillery which approval shall not be unreasonably withheld, delayed or conditioned.
10. Deed all of Lot 67 except the north 100 feet of the east 25' and the south 25' of lot 65 and all of the 15' of the vacated alley adjacent to Lots 65, 67, 69, 71, 73, 75.
11. Provide all contracts and legal expenses in connection with transfer of ownership and acceptance of this proposal.
12. Be entitled to retain any of the materials such as windows and doors being removed from the building.
13. Allocate eighty thousand dollars (\$80,000) per year for a period of two years to be utilized for repairs on the following: south parking lot, north parking lot, front steps to the main entry of the building.

The Distillery will:

1. Pay the City the sum of ten dollars (\$10.00) for the building.
2. Accept ownership of and responsibility for the property in existing ("as is") condition.
3. Complete phase one (1) (implementation of distillery) and phase two (2) (development of event and meeting space) during the proposed time frame.
4. Within twelve (12) months develop and submit to the City a viable plan and timeline for the implementation of phase three (3).
5. Recognize (including if the building is abandoned or sold) that the City will maintain and retain ownership of the Buffalo Head that is mounted above the north east entry way of the building as well as the statues and monuments on the front lawn of the property.
6. Perform exterior and interior repairs per the Secretary of the Interior Standards for the Treatment of Historic Properties.
7. Not allow mechanical liens to attach to the property.
8. Maintain the building on the State and National Historic Register and comply with all requirements.
9. Be good stewards of the maintenance of the building and insure that all codes and requirements are in compliance with the City of Dodge City.
10. Ensure that construction complies with the Existing Building Code
11. Use funding provided by the City for the repair of the following areas: south parking lot, north parking lot, and front steps to the main entrance to the building.
12. If a portion of the allocated funds remains, a proposal for the utilization of funds shall be submitted to the City Manager as early as possible. It is encouraged that these funds be used to secure the historical value of the facility.
13. Provide quarterly progress updates to the City during the development stage.
14. Keep and maintain the grounds and landscaping in a fashion that does not detract from the historical monuments situated on the site.
15. Work collaboratively with City on landscaping and lawn maintenance.
16. Perform ongoing maintenance to the building, the south and north parking lot, and the front steps to the main entrance of the building.
17. If project phases as approved by the City are not completed within the proposed timeframe, the allocated funds will be returned to the City at a pro-rated amount based on the work completed.
18. If the Distillery determines at any point that they will sell or abandon the building, the City will have the first option to purchase the property for a negotiated agreed upon price which shall take into consideration the City's \$160,000 investment at a depreciated amount. *(If a period greater than 20 years has passed since the City's investment, the \$160,000 funding allocation will no longer be considered in the negotiated price.)*
19. Provide adequate insurance coverage for the building.

Justification: The proposed development plan by the Distillery compliments the downtown plan for revitalization as well as the Master Tourism Plan. Although there are considerable cost considerations there are also significant expenses involved with demolition of the building which is estimated at 159,090. The transfer or sale of the former Dodge City Municipal Building would alleviate the City's responsibilities for repairs and restoration while preserving a significant Dodge City Landmark that was placed on the State and National Historic Register in 2013.

Financial Considerations:

The City will allocate funds in the amount of Eighty thousand dollars (\$80,000) per year for a period of two years to the distillery to be utilized for repairs on the south parking lot, north parking lot, and front steps to the main entry of the building. If funds remain, a proposal for the utilization of funds shall be submitted to the City Manager as early as possible. It is encouraged that these funds be used to secure the historical value of the facility.

Legal Considerations:

In order to continue the process of applying for Community Block Development Grant (CDBG), the City and the Distillery must enter an agreement to transfer ownership prior to the CDBG application submission. The agreement to purchase and funding would be completed upon approval of the CDBG application.

Purpose /Mission: This projects fulfills the City of Dodge City's mission by preserving our heritage to foster a better future. It also meets our core purpose of making Dodge City the best place to be while matching the core value of ongoing improvement.

Attachments:

N/A



The City of Dodge City
Melissa R. McCoy
Project Development Coordinator
PO Box 880
806 N. Second Ave.
Dodge City, KS 67801

02/03/2014

RE: PROPOSAL
Purchase & Redevelopment Proposal
Former Dodge City Municipal Building
501 Spruce Street

Dear Ms. McCoy,

In response to the RFP issued by the City of Dodge City, please accept this proposal for Purchase and Redevelopment of the Former Dodge City Municipal Building.

Dodge City Distillery was born in Dodge City. In an effort to develop our brands and image ahead of the downtown redevelopment and anticipated Star Bond District, we started a restaurant in Olathe, KS, near the start of the Santa Fe Trail, at 119th and Black Bob. We have been in this location for nearly 3 years. Our distilling and bottling operations are located in a building several blocks away and off premises from the restaurant. This arrangement does not allow DCD to take full advantage of the new micro-distillery laws recently enacted by the State of Kansas. Moving our operations back to Dodge City will.

We have been looking for a location for our new facility for several months, but have not been able to find a site that perfectly fits our business. Over the last month we have been investigating the possibility of utilizing the Municipal Building. It is the perfect location and the character and heritage of the building will mirror the image of Dodge City Distillery. It will enable us to better tell the story of GM Hoover and his sod whiskey bar, that grew into this great community, in which we now reside.

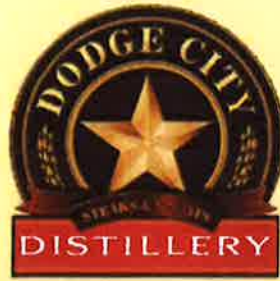
Please accept the following proposal for purchase and redevelopment of this historical landmark.

Respectfully Submitted,

Hayes Kelman

Hayes Kelman
Member

Dodge City Sprang From a Whiskey Barrel, 1872



PROPOSAL

The historic Dodge City Municipal Building atop Boot Hill is a beacon of opportunity. While some may see the structure as an antiquated pile of stone that should have been demolished long ago, we believe the building on the crest of Boot Hill has much more history to make. Recently, the onetime city hall, fire station, correctional facility and monument to an earlier time, was named to the State and National Historical Register. This designation alone demands a financial caretaker and custodian to maintain the current state of the structure. Ideally, placement on the Register cries out for the building to be restored to its former glory. The success of such a restoration will largely depend on the stewardship of the new owner and the future use of the structure. The sustaining of yet another use of the building will hopefully not only give it new life but also provide the city with the restoration of a significant monument to its treasured past while just as importantly providing revenue for its future. Its restoration also provides an unprecedented opportunity to further tell the story of our historic city.

This presents many challenges to an owner wishing to take possession and transform the structure. The Secretary of Interior Standards for Historical Restoration is very specific with regard to alterations of the original construction. While it is sensitive to the need of modern day amenities, it is also rigid with respect to maintaining as much of the original design, material types, and general building character as possible. Therefore restoration plans are somewhat limited in the type of businesses that are suitable for such projects.

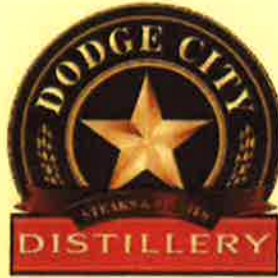
Also limiting the use of a historical structure are the inherent ravages of time. Antiquated mechanical systems, structural failures, poor insulation, dilapidated doors and windows, and a few hazardous materials; all conspire to stack the deck against a cost effective restoration, much less an efficient facility for an everyday business use.

However, for those with the vision and capabilities, the completed project can provide a glimpse of the past and bring history alive for generations to come. Dodge City Distillery intends to do just that by placing a fully functioning distillery, residence, art gallery, and restaurant on top of Boot Hill.

It should be noted before proceeding that Dodge City Distillery has consulted with Dennis Veatch and determined that the proximity of the Distillery does meet the Zoning Regulations with respect to distance of separation from the Christian Church.



Dodge City Sprang From a Whiskey Barrel, 1872



We have also discussed the project with Building Inspector Kevin Israel. The adoption of the Existing Building Code by the City of Dodge City and the building listed on the Historical Register make it exempt from certain current codes. While every effort will be made to address and meet current codes and accessibility issues, the limiting nature of the historical structure is taken into account when determining building code compliance.

Dodge City Distillery, hereby, proposes to purchase the building for \$10.00. Dodge City Distillery will officially take the ownership of the building and restore the facility in 3 separate phases, a functioning distillery, residential apartment, and future restaurant.

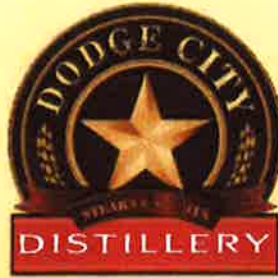
PHASE I

DISTILLERY WEST GROUND FLOOR 6 - 12 MONTHS

The West end of the building, formerly the Fire Department, did not allow occupants to walk from the ground floor to the East side of the building. A person wishing to do so, had to take the stairs to the upper level of the West side and then walk through a hallway past the Jail to the Courtroom and Judges Office. This purposeful separation creates a natural division and a perfect occupancy separation from the other phases of the project.

Upon acquisition of the building the West side of the building will immediately be converted into a fully functioning distillery. The former Fire Station will serve as the production area. Starting with locally produced grains and a true still, distilled spirits will be produced, bottled, capped, labeled, packaged, and placed on pallets. The overhead doors will be replaced and exterior treatments applied to replicate the original character. The two original garage bays, which housed the original Police vehicles, will also be restored with similar overhead doors. These two bays will serve as pallet storage until the pallets are purchased by the wholesale distributor for distribution.

Dodge City Sprang From a Whiskey Barrel. 1872



The front door at the North side will be replaced initially with new door of original character. It will act as the public entrance to the Distillery side in Phase I. Once inside visitors will enter the original Office and Holding Cell. These were 2 rooms originally, but the separating wall was removed at some time in the past. Now as one large room, it will be converted to a Tasting Room and Souvenir Shop. From this room, visitors can take a tour, taste our products, buy whole unopened bottles, and other Distillery and Dodge City historical related merchandise.

There are several challenges that must be addressed in Phase I. The leaking roof being the most notable. It is our understanding that the City has acquired funds of approximately \$10,000 to fix the roof at the bell tower and interior stairwell. This proposal assumes the City will make these repairs immediately as part of this agreement.

Regulated Asbestos Containing Material (RACM) is present within Phase I and the balance of the building as indicated by the Asbestos Survey Report. It is our understanding that the City will pay the amount — if the structure was to be demolished — of \$8,475 of RACM and \$1,887 of Category I Non Friable. We propose that this total of \$10,362 be set aside in an escrow account to be used as asbestos abatement funds available for Phases I and II

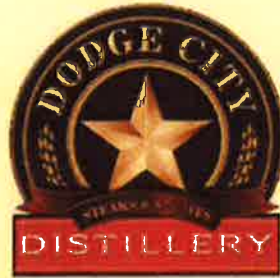
The deteriorating brick and potential for structural failure is also an immediate concern throughout the building. Repairs to the exterior masonry in Phase I will be made by Dodge City Distillery immediately. We will then continue to make exterior masonry repairs to the balance of the building as funding will allow.

Phase I will also consist of several grant writing applications for future phases performed by Dodge City Distillery. It is our understanding that the City will provided free consultation and assistance in concert with Dodge City Distillery relative to procurement of a Community Development Block Grant, CDBG. This 25/75 grant will be used to repair the entire roof, window and door restoration, asbestos abatement, and upgrades to the buildings electrical and mechanical systems.

It is expected that at least 2 full time jobs will be created initially. As production is stabilized, several part time sales positions will be added to introduce our products to the retailers of Kansas and alert them to the availability of our locally crafted spirits.



Dodge City Sprang From a Whiskey Barrel, 1872



PHASE II

**RESIDENCE
WEST SECOND LEVEL
6 - 12 MONTHS**

Upon completion of Phase I, Phase II will begin. The second level of the West side was originally living quarters for the firemen. In keeping with the Downtown Comprehensive Master Plan and Downtown Main Street Vision, Phase II will maintain this residential space.

With only minor modifications to the existing floor plan, this second story space will be converted into a 3 bedroom apartment with 2 full baths, kitchen, living and game room. This residential space will then be rented as soon as possible to help offset the restoration costs.

The work in Phase II will be performed by Dodge City Distillery forces in accordance with the Secretary of Interior's Standards for Historic Renovation and Dodge City Building Inspection Department.

PHASE III

**RESTAURANT
ALL 3 LEVELS AT EAST SIDE
12-24 MONTHS**

Initially, Dodge City Distillery will consider renting this side out, "as is" if there is a party interested in the space. This will allow us to develop a little cash flow to offset ongoing renovation costs on the other phases and give us the time to complete Phases I and II. More importantly it will allow us to determine if we are to benefit from any grant funds that may come our way prior to starting this mostly costly phase of the project.

Dodge City Sprang From a Whiskey Barrel, 1872



In Phase III, a new restaurant will be incorporated in the 1st and 2nd floors of the East side. This phase will greatly depend on receiving a grant to help fix the roof, windows, doors, and mechanical systems. Phase III will require removing all asbestos from the building, including the boiler itself. This would then allow the basement to be used as the kitchen, pantry, and wine cellar. But the logistics of getting food top side to the guests make this option less than ideal. Most likely it will also require a new addition to the South side of the building in which a kitchen, elevator, and ADA bathrooms will be located. All three floors on the East side of the building require the use of stairs. A restaurant must address the ADA accessibility issues and this too may be the focus of a grant.

While this phase may be somewhat grant dependent, it will be cost effective from a construction standpoint, easily seating 80 plus patrons. The finished product will create stunning views for its diners and provide space for an art gallery and/or conference and meeting room and ultimately providing patrons with a historical downtown dining experience not currently available in Dodge City.

COMPLETION

The final completed facility will be one that everyone can enjoy. Citizens and visitors alike will experience the history and relive the heritage that is Dodge City.

It is understood that the City will maintain the statues and memorials and we also shall act as custodians and care takers of these important historical landmarks. Dodge City Distillery will expect participation from the City of Dodge City with respect to the streets, sidewalk, retaining walls, landscaping, and lighting that is currently in a state of disrepair.

These tourist attractions, both old and new, demand that this infrastructure be replaced due to the potential for public liability. The street on the South side of the building is currently extremely menacing and will no doubt have to be addressed in Phase I. As part of the Star Bond Heritage District and adjacent to Boot Hill, it shall be integral to this agreement that City forces continue to provide the ongoing repair and maintenance of the infrastructure and space outside the building footprint, as these grounds will most certainly be well travel by the tourists, guests and citizens of Dodge City.



Dodge City Sprang From a Whiskey Barrel, 1872



We collectively possess the financial strength to undertake this project. Please find attached one copy of the individual personal financial statements as proof of financial capabilities, as requested. We ask that this private and personal information remain strictly confidential and available only to City Administration and the City Commission. We further request that these documents not be copied, made public, or distributed in any manner.

We thank the City of Dodge City for their time and assistance which they have provided Dodge City Distillery during our time of investigation. The City staff has been very cordial and responsive to our requests to tour the facility on numerous occasions. They have also been very timely in developing information as it has been requested. It is greatly appreciated.

PROPOSAL SUMMARY

Dodge City Distillery Proposes to Purchase Building for \$10.00

City of Dodge City Agrees to:

1. Remove all stored material, equipment, and other items within 30 days.
2. Make immediate exterior repairs the existing roof at the Bell Tower and Stairwell of approximately \$10,000.00
3. Provide original Blue Print Plans to building
4. Waive all Building, Remodeling, Tap Fees, and Permits through Phase III
5. Immediately Escrow \$10,362.00 for asbestos abatement as required in Phases I & II
6. Provide Grant consultation and assistance throughout Phase III
7. Maintain infrastructure and grounds immediately outside the building footprint
8. Maintain Statues and Memorials
9. Exempt project from all Property Taxes for a period of 10 years.
10. Provide all contracts and legal expenses in connection with transfer of Ownership and acceptance of this proposal.

Dodge City Sprang From a Whiskey Barrel, 1872

Exhibit D

Depreciated Amount of Parking Lot and Other Improvements at the Old City Hall

Original Value -	160,000
Straight Line Depreciation for 20 years	8,000
Year 1	152,000
Year 2	144,000
Year 3	136,000
Year 4	128,000
Year 5	120,000
Year 6	112,000
Year 7	104,000
Year 8	96,000
Year 9	88,000
Year 10	80,000
Year 11	72,000
Year 12	64,000
Year 13	56,000
Year 14	48,000
Year 15	40,000
Year 16	32,000
Year 17	24,000
Year 18	16,000
Year 19	8,000
Year 20	0