

**RESOLUTION NO. 12-506**

**A RESOLUTION CREATING A UTILITY INCENTIVE PROGRAM FOR NEW COMMERCIAL AND RETAIL DEVELOPMENT IN THE CITY OF SOUTH HUTCHINSON.**

**WHEREAS**, the City of South Hutchinson has made the recruitment of new commercial and retail development a priority, and

**WHEREAS**, the City of South Hutchinson believes that commercial and retail growth is vital to the future of both the City of South Hutchinson and Reno County, and

**WHEREAS**, the City of South Hutchinson believes expanding the commercial and retail job base for the community is an integral part of building a strong local economy, and

**WHEREAS**, the City of South Hutchinson City Council, in accordance with the city strategic plan, have directed the Economic Development Taskforce to recommend recruitment and incentive plans to attract new commercial and retail growth, and

**THEREFORE, BE IT RESOLVED**, the City Council of South Hutchinson, Kansas hereby establishes a utility incentive program for commercial and retail development. The utility incentive program shall become effective after passage by the majority of the City Council and shall renew annually, assuming sufficient funds exist for the program, unless terminated by the City Council. The program shall be administered under the following criteria.

A credit for minimum amount charged for commercial water and wastewater service will be issued to new commercial and retail businesses locating in South Hutchinson. Credit will be given to the specific business responsible for the payment of the utility account. Recipients must occupy the property and operate as a business at that location. Space occupied can be rented or leased space. Utility credits are not transferable to another business.

Credit amount will be on the minimum water service and on wastewater service charged based on the size of the water connection. Participating customer's meters will be read and processed normally. A miscellaneous credit for minimum charge will be applied to each participating recipient's monthly bill for the designated period of time according to this resolution. Recipients are still responsible for any remaining charges on the bill beyond the credit amount.

Recipients of the incentive must pay any remaining utility bill charges by the due date each month. Failure to pay any remaining balance on utility bills by the due date for three (3) consecutive months will result in the forfeiture of any remaining incentive. Recipients who cease operation of the business on which they are receiving the incentive for thirty (30) days or more will forfeit any remaining incentive. Termination of city utility service for any reason shall result in the forfeiture of any remaining incentive. Incentives are nontransferable.

Incentive periods shall be based on annual payroll requirements and may be extended for up to five (5) years. The length of incentive shall be determined by the following criteria:

Year(s) of incentive	Projected Payroll
1	Up to \$150,000
2	\$151,000 - \$350,000
3	\$351,000 - \$550,000
4	\$551,000 – \$750,000
5	\$751,000 and over

Businesses receiving the utility credit incentives shall submit an annual report to the City Clerk verifying that the projected payroll has been met. Failure to maintain projected payroll that results in the business moving from one payroll threshold level to the next lower payroll level will result in an adjustment in the length on incentive to the lower number of years. A business that verifies that the projected payroll for a year has exceeded projections and placed the business in the next payroll threshold level, will result in an adjustment in the length of the incentive to the higher number of years.

Existing South Hutchinson based commercial or retail businesses moving to a new location or expanding in South Hutchinson by adding more payroll, may apply for a credit. To be eligible for incentive, the existing business must increase its payroll by a minimum of \$15,000 annually. The length of incentive will be based on the anticipated incremental increase in payroll above the verified existing payroll. The length of the incentive can be up to five (5) years based on the existing table for new businesses to South Hutchinson. Existing businesses shall submit an annual report to the City Clerk verifying that the projected payroll targets have been met. Existing businesses are subject to the same terms moving between tiers of projected payroll as new businesses, but each must maintain the minimum increase of \$15,000 annually.

Failure to submit an annual report to the City Clerk within thirty (30) days of the completion of the first year of incentive will result in the forfeiture of any remaining incentive. Any commercial and retail business that receives utility credit incentives shall not be eligible to apply for additional utility credit incentives in the future.

The City Council in its complete discretion shall have the right to cancel or amend at any time any or all of the provisions set forth in this resolution and to cancel the program created by this resolution. Funds from the City’s Economic Development Fund, supported by a .25% local sales tax, will be transferred annually to the water and wastewater funds in the total amount credited to recipients of the incentive.

**PASSED AND APPROVED THIS 19<sup>TH</sup> DAY OF NOVEMBER, 2012.**

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Weldon Cook, Mayor

ATTEST

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Denise McCue, City Clerk