EL DORADO
KANSAS

WORK SESSION AGENDA
5:00pm, December 14, 2022
City Hall - 220 E. First Avenue, El Dorado, KS

I. <u>Work Session Discussion Items:</u>

- **i.** Branches Pregnancy and Family Center Request
- **ii.** Potential Sale of Civic Center
- **iii.** Governing Body Evaluation

II. <u>Regular Agenda Preview:</u>

a. **Items to be Placed on the Consent Agenda**

- **i.** Meeting Minutes

b. **Items to be Placed on the Regular Agenda**

- **i.**

c. **Items to be Placed on the Land Bank Consent Agenda**

- **i.** None

d. **Executive Session**

- **i.** Non-Elected Personnel - City Manager's Evaluation
- **ii.** Non-Elected Personnel

III. <u>Reports:</u>

a. City Commission Reports
b. City Manager Report

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Branches Pregnancy and Family Center Request (107 N. Main)
DATE: December 12, 2022

Policy Issue: Should the City Commission decide to grant a variance and authorize a proposed rehabilitation project at 107 N. Main Street if the project may affect the designation of the historic downtown district?

Background: On September 4, 2012, the City Commission approved Resolution No. 2693 stating the governing body's support for establishing a downtown historic district. The City Commission deliberated the creation of a downtown historic district to provide property owners with the opportunity to obtain historic tax credits to offset eligible rehabilitation expenses.

The idea of an historic district had widespread support from downtown property owners, as 102 of 156 owners surveyed were in support. The Planning Commission also reviewed the proposal for an historic district and recommended its creation with a 5-0 vote. The Kansas State Historical Society established the historic district shortly after this affirmation from the community.

City staff does not know of any rehabilitation projects in downtown El Dorado that benefitted from the historic tax credit program since the creation of the historic district. The Opera House Project, for example, received tax credits prior to the district's creation as an individual project. Other projects may have received grant funds the City does not know about. Even so, larger projects such as District 142 looked into tax credit program, but decided not to pursue it because of future plans that would not be eligible.

The applicant's architect submitted plans to the Kansas State Historical Society at the direction of staff following commencement of construction activities. The applicant did not obtain a building permit prior to starting construction. The Building Inspector required a building permit, which triggered the applicant's architect to submit the plans for review by the State Preservation Office. The agency then provided its opinion that the proposed project would "damage or destroy" the historic district.

Strategic Priority: The City's Strategic Plan does not mention historic preservation, although it does place a priority on downtown revitalization by stating that the City will "actively collaborate with downtown stakeholders to ***facilitate revitalization efforts in downtown*** El Dorado."

The Comprehensive Plan, however, places a priority on historic preservation. One of the plan's goals states as follows: "Protect El Dorado's heritage by encouraging the preservation, restoration, and adaptive reuse of the community's historic buildings." The plan articulates an objective of this goal as "developing tools to assist the City's historic preservation efforts," which includes strategies such as "creating historic districts that provide protective measures for historic structures," "leveraging incentives and funding programs that encourage the protection of historic structures," and determining the feasibility of creating a historic preservation overlay district to help protect historic properties."

Attachments:

- Letter from Gravity Works Architecture concerning the request on behalf of the applicant
- Façade rendering for the proposed project at 107 N. Main Street
- Correspondence from the Kansas State Historical Society

Alternatives:

Staff has determined the following options exist with respect to this issue *(listed in no particular order)*:

- Approve a request by the applicant to authorize a permit for the proposed project as designed. This option will likely result in a "non-contributing" designation and will likely "damage or destroy" the downtown historic district based on communication from the Kansas State Historical Society.

- Deny the request and require the applicant to redesign the proposed project to comply with historic district requirements in order to preserve the building's status as a contributing property to the downtown historic district. This alternative will require the applicant to spend additional funds on design services and may delay or significantly impair the applicant's ability to proceed.

- Request the applicant to provide additional information with respective to the proposed project to enable the City Commission to understand the specific reasons for non-compliance and the burdens associated with designing an historically compliant project.

Fiscal Impact: This item has no financial impact to the City of El Dorado. The applicant may be impacted by the fact that the project will not be eligible for federal or state historic tax credits should the City Commission authorize the project to continue as designed.

Legal Review: The Kansas State Historical Society cannot stop a project involving an historic property from proceeding. The agency provides a review that provides guidance to projects that may change the historic designation of a building or its environs. Therefore, the City Commission may grant a variance to allow the non-compliant construction to proceed.

Trade-offs: Presently, the Kansas State Historical Society considers the property as a contributing property to El Dorado's downtown historic district. As such, the property is eligible to receive federal and state historic tax credits to offset qualified rehabilitation services. Authorizing the project to continue as designed will remove the contributing designation and make it ineligible for historic tax credits.

In addition, correspondence from the Kansas State Historical Society states, "the proposed storefront remodel does not meet the Standards and therefore would damage or destroy the historic district." The correspondence does not provide specific details as to whether the project will destroy the historic district. Staff has attempted to get clarification from the agency with respect to this question without success. Removing the historic designation from historic properties will eventually lead to the termination of the historic district, although City staff is unclear as to how many properties must be removed for the designation to end.

Staff Recommendation: The community has expressed a desire to facilitate historic preservation and economic revitalization in the downtown district. These two priorities do not necessarily have to be separate from each other, although in this case each priority seems to compete with the other. City staff cannot make a recommendation when community values or policies conflict.

Recommended Motion: The motion articulated below reflects a motion that will allow the City Commission to proceed as requested by the applicant; it does not reflect a recommendation by City staff.

Commissioner _______________ moved to authorize the City Manager to issue a building permit for construction activity at 107 N. Main Street as requested by the applicant.

Commissioner ___________________ seconded the motion.

GRAVITY::WORKS
ARCHITECTURE

November 28, 2022

Jay Shivers, Zoning Administrator
David Dillner, City Manager
City Commission
City of El Dorado
220 E. 1st Avenue
El Dorado, KS 67042

Re: 107 N. Main
Branches Pregnancy and Family Center

Jay, David & Commissioners:

As required for the Downtown Historic Overlay District, submittal of construction documents was made on behalf of our Client by the City of El Dorado. The City received a response from Lauren Jones, Review and Compliance Officer with the Kansas State Historical Society, dated November 16, 2022. The project, in the opinion of Ms. Jones and other staff, "… does not meet the Standards and therefore would damage or destroy the historic district.".

In this same email, Branches has been notified that if they intend to proceed with the project as designed (not meeting the Standards), an appeal to the City Commission will be required to obtain the permit to construct, upon issue of a "damage or destroy determination" by Ms. Jones. This letter shall serve as the formal request of appeal to the El Dorado City Commission for a permit to construct the project as designed.

You have all seen this building over the years. You are all familiar with our Downtown. While the dramatic language by the State is likely boilerplate, it doesn't avoid absurdity. Branches has no intention of seeking tax credits or certified historic building designation – they just want to keep making progress to revitalize a key building in our Downtown fabric. Their level of investment to date has been significant, and the resources to make this happen have been nothing short of sacrificial. They would prefer to avoid the architecture of bureaucracy.

All of the documents referenced are attached for context. I plan to attend the City Commission meeting and be available to discuss the architectural design and intent by Branches, and the criticism by the State Historical Society. Of course, if you need any further information ahead of a hearing for appeal, please let me know.

Cordially,

David Stewart, AIA, NCARB
Principal

(Attachments)

RENDERING
NOVEMBER 2022

PHOTO
APRIL 2018

GRAVITY::WORKS
ARCHITECTURE

BUILDING REMODEL - EXTERIOR
BRANCHES PREGNANCY AND FAMILY CENTER
107 N. Main Street
El Dorado, Kansas

ISSUE
PRELIMINARY
NOT FOR
CONSTRUCTION

DATE
November 22, 2022
PROJECT NUMBER
20-1329A
SHEET NUMBER

Subject: FW: 107 N Main St - El Dorado
Date: Thursday, November 17, 2022 at 9:19:46 AM Central Standard Time
From: Jay Shivers
To: Dave Stewart
Attachments: intro-main-street-commercial-buildings.pdf

Dave,

Please see the email below. This is the email I received late yesterday regarding the plans for 107 N. Main Street. Feel free to contact Lauren Jones directly if you would like to make the changes mentioned in the email. Otherwise, when the State Historic Preservation Office (SHPO) determines that a project will "damage or destroy" the historic nature of the downtown area they are essentially saying it is chipping away at the historic district and it is possible, at some point, to lose that designation. Therefore, when such a letter is issued, the City Commission must give a special approval for a project to proceed. Lauren's contact information is below:

Lauren Jones
Review and Compliance Coordinator
Kansas Historical Society
6425 SW 6th Avenue
Topeka KS 66615-1099
785-272-8681, ext. 225
Lauren.Jones@ks.gov

Jay Shivers, AICP
City Planner
City of El Dorado
(316) 321-9100 x156

From: Jones, Lauren [KSHS] <Lauren.Jones@ks.gov>
Sent: Wednesday, November 16, 2022 4:53 PM
To: Jay Shivers <jshivers@eldoks.com>
Subject: RE: 107 N Main St - El Dorado

Hi Jay,

Thanks for your patience while I was talking this over with other staff; my apologies for not getting back to you sooner.

After talking to other staff, we agreed that the proposed storefront remodel does not meet the Standards and therefore would damage or destroy the historic district. Our main issue was that the massing of the storefront structure and the pilasters are too thick compared to the windows. The balance of massing and voids (windows) is not the right blend for a storefront. In addition, the transom over the display window and the blind/fake transom above the window add to the imbalance. (Standard #9 – "New additions, exterior alterations, or related new construction will not destroy historic materials, features, and **spatial relationships** that characterize the property.") I've attached a PDF that provides a little more guidance, the main thing I wanted to bring attention to was the image on page 5 of the document that shows the large display windows and their relationship to the transom and the bulkhead. I will note a recessed entrance is not a requirement and in fact would not necessarily be recommended for this storefront.

I also had a question about the windows on the second story – will any work be done to them? I didn't see a window schedule, so I think the answer is no but I wanted to double check.

If the applicant wanted to apply for tax credits and modify their plans to meet the Standards, then as a contributing building, they would certainly be eligible. Please let me know if the applicant would like to make modifications to the existing plans or if I should go ahead and issue a damage or destroy determination and they can appeal to the city for their permit.

Thanks,
Lauren

Lauren Jones
Review and Compliance Coordinator

Introduction to

Federal Tax Credits for Rehabilitating Historic Buildings

Main Street Commercial Buildings

National Park Service
U.S. Department of the Interior

Technical Preservation Services

- ***Do you own a commercial building located in a historic district?***
- ***Does it need to be fixed up?***
- ***Will it be used for a business or rental housing?***

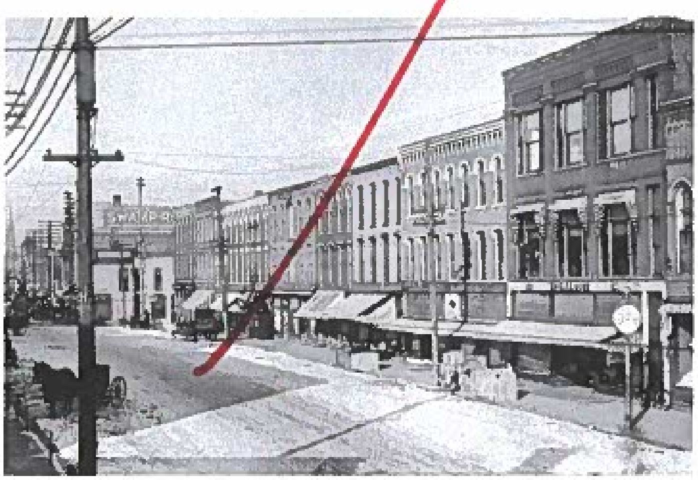
If you answered *YES* to all three questions, then you should be aware of a program that offers significant federal tax incentives for rehabilitating historic buildings.

N/A

The Program

Administered by the National Park Service in conjunction with State Historic Preservation Offices (SHPO), the **Federal Historic Preservation Tax Incentives program** offers a 20% federal tax credit for qualified rehabilitation expenses. Thousands of property owners across the country have already utilized these tax incentives to rehabilitate historic commercial buildings and similar properties.

Why does the program exist?
Recognizing the importance of preserving our building heritage and the need to encourage the rehabilitation of deteriorated properties, Congress created in 1976 federal tax incentives to promote historic preservation and community revitalization. These tax incentives have successfully spurred the rehabilitation of historic structures of every period, size, style, and type.



Monroe, MI 1910. Awnings were a prominent building feature on many of America's Main Streets. Photo: Walter P. Reuther Library, Wayne State University.

Tax Credit Basics

- In general, a tax credit is a dollar-for-dollar reduction in the amount of taxes you owe.
- The amount of credit under this program equals 20% of the qualifying costs of your rehabilitation.
- A project must be "substantial" in that your qualifying rehabilitation expenses must exceed the greater of $5,000 or the adjusted basis of the building.
- Your building needs to be certified as a historic structure by the National Park Service.
- Rehabilitation work has to meet the Secretary of the Interior's *Standards for Rehabilitation* as determined by the National Park Service.

The process is straight-forward, and the tax savings can be significant. For example, a property owner planning a project estimated to cost $60,000 could realize a tax credit of $12,000 on their federal income taxes.

Applicants are encouraged to consult their accountant or tax advisor to make sure that this federal tax credit is beneficial to them. For additional information on the Historic Preservation Tax Incentives visit the website of the National Park Service at *www.nps.gov/tps/tax-incentives.htm.*

Three Steps

to Determine if a Project is Eligible for Tax Credits

First: Does your building contribute to a historic district recognized by the National Park Service?

The easiest way to determine if your building is located in a historic district is to contact your local historic district commission, municipal planning office, or State Historic Preservation Office (SHPO). Recognized historic districts, for purposes of federal tax credits, include those listed in the ***National Register of Historic Places*** (maintained by the National Park Service) and certain local historic districts that are certified by the National Park Service. Over one million buildings are already listed in the National Register, either individually or as part of historic districts.

If your property is located in one of these districts, it still must be designated by the National Park Service as a structure that *contributes* to the historic character of the district and thus qualifies as a "certified historic structure." Not every building in a district is contributing. For example, when historic districts are designated, they are usually associated with a particular time period, such as "1820 to 1935." In this case, a building constructed in 1950 would *not contribute* and would not be eligible for a 20% rehabilitation tax credit. Within this same district, an 1892 building might not contribute to the historic character if it was almost completely changed in the 1950s.

N/A

Second: Will your rehabilitation be "substantial"?

The cost of a project must exceed the greater of $5,000 or the building's adjusted basis. The following formula will help you determine if your project will meet the substantial rehabilitation test:

*A - B - C + D = **adjusted basis***

A = purchase price of the property

B = the part of the purchase price attributed to the land cost

C = depreciation taken for an income-producing property

D = cost of any capital improvements made since purchase

For example, Mr. Dillon has owned a downtown building for a number of years. He originally purchased the property for $150,000, and of that purchase price $40,000 was attributed to the cost of the land. Over the years, Mr. Dillon has depreciated the building for tax purposes by a total of $60,000. He recently replaced the roof at a cost of $8,000. Mr. Dillon's adjusted basis would be $58,000. Since he intends to spend $60,000 to fix a leaking basement wall; upgrade the heating/air conditioning systems; and repair the deteriorated storefront, the rehabilitation would qualify as a substantial project. If he completes the application process and receives approval, Mr. Dillon will be eligible for a 20% credit on the cost of his rehabilitation, or a $12,000 credit.

Retaining historic character: The historic tin ceiling was retained during the rehabilitation for this Main Street clothing store.

Some expenses associated with a project may not qualify for the tax credit, such as an addition off the back of the building, new kitchen appliances, or paved parking.

Third: How does your project become "certified"?

To qualify for the tax credits you need to complete a 3-part application. In Part 1 of the application, you provide information to help the National Park Service determine if your building qualifies as a "certified historic structure." In Part 2, you describe the condition of the building and the planned rehabilitation work. The proposed work will be evaluated based on the Secretary of the Interior's *Standards for Rehabilitation* – a set of 10 widely accepted standards of practice for historic preservation. Part 3 of the application is submitted after completion of the project and is used by the National Park Service to certify that the project as completed meets the Standards and is a "certified rehabilitation."

The three parts of the application should be completed in order. You will need to submit 2 copies of each part to your SHPO. One copy will be forwarded by the SHPO with a recommendation to the National Park Service, which will issue the final decision for each part of the application. You are strongly encouraged to submit Part 2 before beginning work, because if your initial project proposal does not meet the Standards, you still have the opportunity to modify the plans and avoid incompatible work.

To learn more about the Standards, visit the National Park Service website at www.nps.gov/tps or contact your State Historic Preservation Office (SHPO).

The Application

The Historic Preservation Certification Application (NPS Form 10-168) consists of 3 parts. This form can be downloaded from the web at www.nps.gov/tps/tax-incentives/application.htm.

Part 1 of the application is a request to obtain a determination by the National Park Service that your building is a "certified historic structure." You will need to describe the physical appearance of the exterior and interior of the building, submit photographs, and provide a brief narrative on its history and significance to the historic district in which it is located. Part of this information is likely contained in the National Register Nomination for the district, which should be available from your local historic district commission, municipal planning office, or SHPO.

HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 1 – EVALUATION OF SIGNIFICANCE

Property name Houseal Building NPS Project Number
Property address 316 Main Street, City, State

6. D

The Houseal Building is a symmetrical two-story painted brick commercial building. The display windows are large plate-glass windows set in aluminum frames and have a metal-sided bulkhead. Each storefront has a recessed entry, with a pair of glass and aluminum doors circa 1960.

The segmented arched window openings on the second floor have had their sashes removed some time ago and have been boarded up with plywood. There is a simple three brick course cornice with a tall parapet wall. Above the cornice, "HOUSEAL BUILDING" is applied in painted wood letters.

The first floor interior consists of one large open space with structural posts running down the middle of the room, and an enclosed bathroom in the back right corner. It has wood floors and plaster walls. A dropped ceiling system obscures the original pressed metal still in place. A staircase along the left wall provides access to the second floor. The second floor interior has deteriorated due to water damage and has warped wood floors and plaster falling off the brick walls. Two rows of structural posts run from the front of the building to the rear and evidence indicates that there were historically two residential or office spaces separated by a central hallway.

N/A

Date of construction c. 1890 Source of date City Directories, Sanborn Fire Insurance Maps
( ) ( ) Late 1940's, 1960's Source of date
Has building been moved? ☒ no ☐ yes, specify date

6.

The Houseal Building, a contributing building to the Downtown Historic District, is representative of the town's late 19th century commercial development and is within the district's period of significance, which ends in 1942. The building retains both its integrity of materials and historic form. The addition of aluminum doors and display windows occurred outside the period of significance of the district.

The photograph above shows the building described in the sample application prior to the rehabilitation work. Below left, the building is shown after its successful rehabilitation.

Fill out this form until all aspects of your project are fully described. Be sure to indicate details like proposed finishes (drywall, plaster, etc.) and planned methods of repair.

HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 2 – DESCRIPTION OF REHABILITATION

Houseal Building NPS Project Number
316 Main Street, City, State

Description of rehabilitation work Reproduce this page as needed to describe all work or create a comparable format with this information. ... consecutively to describe all work, including building exterior and interior, additions, site work, landscaping, and new construction.

Number 1 Feature Brick Facade Date of Feature 1890

Describe existing feature and its condition

The building is constructed of red brick. It has been painted white sometime after the period of significance for the district. There is some brick spalling and a number of degraded mortar joints. The parapet cap was covered in Portland cement in a prior rehabilitation; there is some brick damage.

Photo numbers 1-4 Drawing numbers A-1

Describe work and impact on feature

The paint will be removed from the brick following the guidance found in Preservation Brief 1: Assessing, Cleaning, and Water-Repellent Treatments for Historic Masonry Buildings, using the gentlest means possible. The mortar joints will be repaired using a mortar that matches the composition and appearance of the historic. All work will be done in accordance with the guidance found in Preservation Brief 2: Repointing Mortar Joints in Historic Masonry Buildings. Any replacement bricks required for repairs will match the historic appearance. The Portland cement and top course of brick will be removed; a new brick course and copper parapet cap will be installed.

Number 2 Feature Storefront Date of Feature c. 1960

Describe existing feature and its condition

The storefront system is a replacement consisting of two symmetrical recessed entrances with large plate glass display windows set in aluminum frames. Metal siding encases the bulkhead and columns. The entrances are paired aluminum and glass doors. There is a canvas awning across the width of the building.

Photo numbers 1-4, 7, 8 Drawing numbers A-1, A-1.2

Describe work and impact on feature

This current storefront system will be replaced with a more historically compatible storefront. The brick bulkhead will be restored and a wooden storefront system that includes a transom will be installed. The two recessed entries will be retained in form. The paired doors will be replaced with a single wide glass door set in a wood frame. A new smaller retractable awning will be installed in a manner to reveal the decorative belt course above.

Part 2 of the application is where you describe the condition of the building prior to rehabilitation and the proposed work. Three forms of information are needed: a description or **narrative** for each main building feature (see sample left, below); ample **photographs** showing the condition and views of the property prior to beginning work (exterior and interior as well as the surrounding site); and architectural plans or **drawings** that include existing floor plans and proposed changes. If no work is planned for a major feature (such as windows, roof, 2nd floor plan, etc.), include a statement to that effect in the application and still provide photographs.

You are strongly encouraged to submit **Parts 1 and 2** during the early planning stages of the project. This provides the opportunity to make changes with minimal inconvenience or additional expense if some aspect of the work is determined not to meet the *Standards for Rehabilitation*. Completing work without Part 2 approval may result in incompatible work and denial of your project.

Part 3 of the application is a Request for Certification of Completed Work. This is a presentation of the finished rehabilitation and, once approved by the National Park Service, serves as documentation to the Internal Revenue Service that your project is a "certified rehabilitation." Approval of the Part 3 application is a condition for obtaining federal rehabilitation tax credits.

Describing Your Project

Material and information to provide in your application include:

- *historic district map*
- *site plan*
- *photographs*
- *floor plans*
- *elevation drawings* (if exterior changes are planned)

N/A

On a copy of the *historic district map*, indicate where your building is located.

Photographs are essential in conveying what the building looks like prior to your rehabilitation. Think of the pictures as providing a "virtual tour" of your property. Include pictures showing each exterior side, the building's relationship to surrounding structures, and close-ups of such primary exterior features as display windows, doors, and other character-defining features. On the interior, provide views of the main spaces on each floor, and include details like decorative ceilings, stairs, interior doors, and window trim. Document deteriorated conditions, such as crumbling brickwork or water stained plaster.

Number each photograph on the back and write the building's address and a brief description of the image. Include a *floor plan* with the number of each photograph and an arrow pointing in the direction it was taken. Please indicate if the image is pre- or post-rehabilitation.

Elevation drawings often will be needed where major changes to the exterior of the building are planned. For example, a drawing should show the size, design, and details of a proposed new storefront. *Floor plans* of the existing room layouts are important and, where changes are proposed, *floor plans* showing the new layout are needed as well.

Supplemental material may also be helpful in describing your project. For example, product literature or a simple sketch might best detail a new side entrance door.

Remember that the SHPO and National Park Service reviewers who will be evaluating the application will probably be seeing your building for the first time through the material you provide. Your application should communicate: (a) the appearance of the building prior to beginning work; (b) the building's condition on both the interior and the exterior prior to work; and (c) your proposed rehabilitation work.

Photo Documentation

Good quality photos (4 x 6 or larger) are needed. If using digital images, print in high-resolution on photo quality paper. Images printed on regular copy paper are discouraged due to the general lack of clarity and detail.

Label and number each photo and reference it in the application. In addition, key the picture to a floor plan with an arrow indicating the direction in which it was taken.

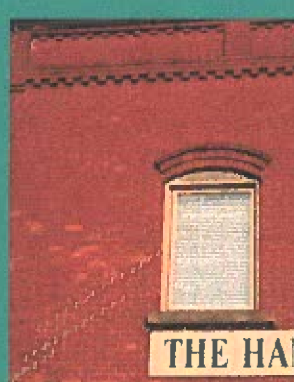


Photo 3, Pre-Rehab
2147 Hamilton Rd.
City, State

Front facade with cornice detail and mismatched mortar used in earlier repointing.

Example: Photo and label on reverse side.

Rehabilitating Your Main Street Building

The Historic Rehabilitation Tax Credit Program was created to encourage the rehabilitation and re-use of historic structures while preserving the historic character of individual buildings and districts. Many historic districts in small towns and cities have Main Streets of small shops and other commercial buildings, typically one to four stories high. The variety of architectural styles reflects the popular taste of different eras and the image an entrepreneur wanted to project.

The commercial storefront is usually one of the most significant elements of a Main Street building. In its simplest form, a storefront traditionally consisted of several display windows in a wood or metal frame, set above a bulkhead and below a glass transom, and an entranceway to the store on the first floor. It was also common for a second doorway to be located on one end of the storefront to provide access to the floors above. A sign and a canopy or awning often embellished the storefront.

When the historic storefront has survived largely unaltered, it should be repaired whenever possible, rather than replaced, in order to preserve both the historic appearance and historic materials. Similarly, a later storefront installed during the historic district's period of significance that may have acquired significance in its own right should be repaired. Where the existing storefront is not significant or has deteriorated beyond repair, the following guidance applies, in most cases, when designing a compatible replacement (for further guidance see Preservation Brief 11: *Rehabilitating Historic Storefronts*):

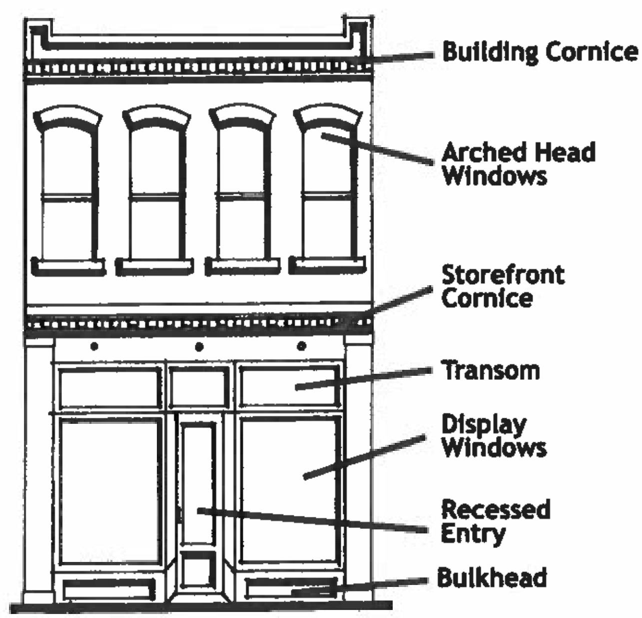
- Relate the new storefront to the design of the building.
- Correctly proportion display windows so as to consist predominantly of glass, typically with a transom above and bulkhead below.
- Retain, where possible, the location of the historic storefront entrances and any separate outside entrance to the upper floors. Duplicate the historic doors or replace with doors that are sized to the opening. (This usually requires a custom-made door to achieve the necessary height and width; avoid doors that have a residential appearance.)
- Ensure that replacement storefronts that aim to recapture the historic design are finished so as to be consistent with the historic appearance.
- With non-historic or replacement storefronts of a compatible design, avoid unpainted wood surfaces as well as in most cases bright metallic or bronze anodized metal finish.
- Design and attach signage and any canopies in a manner so as to avoid damage to the historic material and to be compatible with the features and appearance of the building facade.

Besides the storefront, windows on the upper floors and the roof cornice usually help define the historic character of small commercial buildings. Repair historic windows when possible, adding exterior or interior storm windows as needed. If the historic windows are beyond repair, suitable replacements are ones that match the appearance and materials of the old units.

Depending on the level of historic integrity, the interiors of Main Street commercial buildings on both the upper and lower floors often contribute to the historic character through their historic spaces, features, and/or finishes. Main Street buildings typically had a large open floorplan on all or part of the first floor, making it easily adaptable to numerous uses. While retaining the open plan is recommended, it may be possible to divide portions of the space, provided the sense of openness is preserved. Many commercial buildings retain their historic decorative ceilings, such as pressed metal, and their finished walls. These finished appearances should not be dramatically altered. Throughout the building avoid the removal of plaster to expose masonry walls or removing a pressed metal ceiling to expose the above floor joists. In most cases, mechanical ductwork is best concealed, rather than being left exposed, since exposed mechanicals can visually impact a historic space. Where ducts must be exposed, they should be painted to blend in with the ceiling.

When more floor space is needed, it is often possible to add to the rear of Main Street buildings and still qualify as a "certified rehabilitation." Rooftop additions to most small commercial buildings are not appropriate. While costs associated with new additions are not eligible for the rehabilitation credit, the work is still reviewed by the National Park Service.

Typical Storefront Details



Drawing courtesy of Winter & Company

Frequently Asked Questions

How is a tax credit different from a deduction?
A tax credit usually saves you more in income tax. Unlike a deduction, which reduces your taxable income, a credit is a dollar-for-dollar reduction in the amount of taxes you owe.

Can I receive federal tax credits for fixing up my personal residence?
In general, the tax credits are not available for rehabilitating your personal home. If you live in the upper floor and rent out the first floor, the money spent on rehabilitating the rental portion can be used, provided you meet the adjusted basis test. Contact your State Historic Preservation Office (SHPO) to determine the availability of any state credits or other tax incentives for personal residences.

If I have already begun my project, is it too late to get the credit?
As long as your building is in a registered historic district and you submit your Part 1 of the application prior to completing the project, then you may apply for the tax credits. However, you are strongly encouraged to submit rehabilitation plans (Part 2 of the application) prior to construction. In doing so, you ensure that any required changes are identified early and the resulting cost and inconvenience are minimized.

N/A

Can anyone help me through this process?
Help is available through a variety of resources. SHPOs and local historic preservation organizations, including state or local Main Street programs, are the best place to begin if you have questions. Advice is available on the National Park Service website (www.nps.gov/tps/) or through many SHPO websites. Some people choose to hire a professional consultant, but for most small Main Street projects owners complete the process themselves.

How long does it take to get approval of my proposed project?
You should submit your rehabilitation plans (Part 2 of the application) well in advance of beginning work – many states recommend six months prior – to allow time if additional information is needed by the SHPO or National Park Service. When original submittals contain sufficient information, reviews by the NPS are generally completed in 30 days, once received from the SHPO.

When can I claim the tax credit?
A credit may be claimed in the same year the building is placed in service. Where the building is never out of service, the credit is usually taken in the year in which the rehabilitation is completed.

How are the Federal and local reviews different?
Local commissions develop their own guidelines that are particular to the district and the community's preservation goals. Under the Federal tax credit program, the Secretary of the Interior's *Standards for Rehabilitation* are applied uniformly to projects from across the country. Work on both the exterior and the interior of a building is reviewed by the SHPO and NPS, while local review commissions generally only consider exterior work.

Are there any application fees?
It depends on the cost of your project. For information on current fees, visit our web site at www.nps.gov/tps/tax-incentives/application-process.htm.

Approval by the National Park Service for purposes of federal tax credits is a separate and different process from that of approval by a local architectural review commission for purposes of obtaining a certificate of appropriateness.

To locate your State Historic Preservation Office visit www.ncshpo.org

This booklet was prepared by Daniel Bruechert, Technical Preservation Services Branch, Heritage Preservation Service, National Park Service, with the assistance of Charles Fisher, National Park Service. Thanks are extended to Elizabeth Creveling and Jennifer Parker of the National Park Service for their collaboration and Michael Auer for his review. All photographs are from National Park Service files unless otherwise indicated.

First-time user guides for owners of small buildings interested in the federal rehabilitation tax credits are prepared pursuant to the National Preservation Act, as amended, which directs the Secretary of the Interior to develop and make available information concerning the preservation of historic properties. This and other guidance on rehabilitating small buildings can be found on our web site at www.nps.gov/tps.

Revised 2012

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Sale of the Civic Center
DATE: November 18, 2022

Policy Issue: Should the City sell the Civic Center? If so, should the sale of the Civic Center be subject to a competitive sale, or should the City negotiate an agreement with Real Life Church to sell the property?

Background: On October 19, 2022, the Real Life Church provided the City with a proposal to purchase the Civic Center from the City for use as a place of worship. The church currently rents space at the Civic Center for its Sunday worship services. Representatives of the church have expressed the desire to purchase the Civic Center due to a lack of adequate sites to move into or build on.

In 1998, the Excess Sales Tax Committee recommended the allocation of $700,000 to acquire the property. The City purchased the building for $850,000 with $150,000 coming from an agreement with the Chamber of Commerce and $250,000 coming from the sale of a lease with Kansas Power and Light. The net cost to the City after subtracting these other sources of revenue was $450,000. In 1999, the City issued $1.015 million in G.O. bonds to finance improvements to the building. The City Commission appointed a citizen task force to assist with the planning of the Civic Center improvements.

Since its opening in May 2000, the Civic Center has served as an event center/meeting space for countless occasions. The building currently serves as the office for the El Dorado Chamber of Commerce and El Dorado Inc. About fifty community and private events are hosted at the Civic Center each year.

Applicable City Policies: The City's Financial Policies provide as follows with respect to the sale of real property owned by the City:

> *"The City Manager may approve the purchase or sale of real property on behalf of the City, provided such real property has a value of $50,000 or less. All real estate transactions with a value greater than $50,000 requiring approval of the City Commission.*
>
> *Except as otherwise provided by law, the City Commission may convey, sell, trade, give, transfer, or exchange any real property in any manner that the City Commission deems to be in the best interests of the City."*

The City's policies do not specifically require a competitive sale for real property transactions. Even so, the City does require competitive bids for personal property if the value if greater than $50,000. State law is largely silent on the sale of public buildings. K.S.A. 12-1739 states that

"Any city owning any public building and site is, except as otherwise specifically provided by law, hereby authorized to sell such building or building and site upon such terms and in such manner as the governing body may deem to be in the best interest of the city.

Strategic Priority: This issue falls under the following strategic priorities:

- **Infrastructure** - *The City invests in its public infrastructure provide the basic resources necessary for the community to thrive and prosper.* Continuously ***evaluate public facilities***, provide necessary resources for ongoing maintenance, and plan for future facility needs to maintain service delivery.

- **Economic Development** – *The City of El Dorado actively works to create an environment that facilitates capital investment, produces jobs, and increases the tax base of the community.* Actively collaborate with downtown stakeholders to ***facilitate revitalization efforts in downtown*** El Dorado.

Alternatives:
Staff has determined the following options exist with respect to this issue *(listed in no particular order)*:

- Accept Real Life Church's offer and proceed with the development of a Real Estate Contract to begin the process of selling the Civic Center.

- Continue to own the Civic Center and negotiate a lease agreement with Real Life Church that provides long-term assurances for its continued use as a public of worship. This option gives the City some flexibility to continue its operation of the Civic Center as an event/meeting rental space.

- Solicit competitive bids and select the bid that provides the best benefit to the City.

- Continue to own and operate the Civic Center. It is the opinion of management that this option will require an outlay of funds to modernize the facility. Management does not have an estimate for this investment as it is unknown what improvements would be included in a project scope.

Fiscal Impact: The Civic Center averaged $38,308 in revenue per year over the last three prior years. Of this amount, Real Life Church contributed $23,983 (62%) and other reservations contributed $14,325 (38%). The City averaged $61,677 in annual expenses over the prior three years, meaning the City operated the Civic Center at an average loss of $23,369 during this period. As of August 31st, the City has operated the Civic Center at an operating profit of about $8,000.

Butler Electric Cooperative, dba Velocity, leases the south portion of the Civic Center. The company pays an annual lease payment of $35,400, which largely offsets the property taxes assessed against their commercial use.

Legal Review: K.S.A. 12-1739 provides that "any city owning any public building and site is, except as otherwise specifically provided by law, hereby authorized to sell such building or building and site upon such terms and in such manner as the governing body may deem to be in the best interest of the city. Moneys received from the sale of any such building or building and site may be placed in a special building fund and used for any of the purposes authorized by this act or may be used in combination with other funds as provided by K.S.A. 12-1737.

There is some concern that selling the Civic Center to a church will impede potential redevelopment efforts in the downtown to uses that may sell alcohol such as restaurants, hotels, breweries, or bars. K.S.A. 41-710(c)(1) states that *"No retailer's, microbrewery, microdistillery, or farm winery license shall be issued for premises which: (1) are located within 200 feet of any public or parochial school or college or church, except that if any such school, college, or church is established within 200 feet of any licensed premises after the premises have been licensed, the premises shall be an eligible location for retail licensing."*

K.S.A. 41-710(d), however, states that *"any city, by ordinance, may allow a retailer, microbrewery, microdistillery, or farm winery to be located within a core commercial district as defined by K.S.A. 2021 Supp. 12-17,122, and amendments thereto, which does not meet the distance requirements established by subsection (c)(1).* For purposes of this statute, a "core commercial district" is defined as *"an area of a city or unincorporated area of a county characterized by a variety of compact commercial, office, residential and public uses that make it most directly analogous to central business districts commonly identified by zoning regulations."*

Section 4.08.070(d) of the Municipal Code conforms to the aforementioned statutes as it relates to the sale of cereal malt beverages. Section 4.08.070(e) provides that *"the distance limitation of subsection (d) of this section shall not apply to any location existing in the C-2 zoning district."* The Civic Center property is located in a C-1 zoning district, although the remainder of the downtown district is located within a C-2 zoning district.

Trade-offs: The Civic Center is tax-exempt, except for the portion of the building leased by Butler Electric Cooperative, since a municipality owns it. Selling the Civic Center to a church will keep at least a portion of the building off the tax rolls. The portion of the building leased by Butler Electric Cooperative pays taxes based on the valuation of this part of the building.

A competitive bidding process may allow the City to obtain a market value for the property and increase the tax base, provided the use changes to a taxable use. Butler County appraises the building at a value of $1.6 million, which would generate about $22,300 in City property taxes annually. The property would generate about $64,000 per year for local taxing entities, including the City, at this valuation.

The City allocates considerable staff resources to maintain the facility. The Parks and Recreation Department largely bears the burden of setting up and cleaning the building before and after events. The department spends many hours cleaning and setting up for church service following weekend events. This effort either amounts to overtime expenses or reduces the hours available for general maintenance in the City's parks.

The Real Life Church conveyed the desire to purchase the Civic Center due to a lack of other options in the community to either relocate to or build on. As such, a decision to sell the Civic Center will require the City to remove the church without having a sufficient relocation option. This fact should not change the City's desire to make the best decision for the community, although I note it as something to consider by the governing body.

Staff Recommendation: The City Manager recommends moving forward with a competitive bid process to comply with the City's Financial Policy and to protect the interests of the City if the City Commission desires to move forward with selling the property. Even so, the City Commission may exercise its discretion and take such action as it may deem to be in the best interests of the City.

Recommended Motion:

Commissioner _______________ moved to authorize the City Manager to solicit competitive bids to consider for the sale of the Civic Center as provided by the City's Financial Policy.

Commissioner __________________ seconded the motion.

Civic Center Revenue

	2019	2020	2021	2022 as of 8/31/2022
Real Life Church	$22,050.00 (52 full facility reservations)	$23,850.00 (51 full facility reservations)	$26,050.00 (47 full facility reservations)	$17,050.00 (31 full facility reservations)
Other Reservations	$16,500.00 (34 full facility & 16 b/o room reservations)	$12,350.00 (35 full facility & 12 b/o room reservations)	$14,125.00 (27 full facility & 26 b/o room reservations)	$15,325.00 (23 full facility & 25 b/o room reservations)
Totals	$38,550.00	$36,200.00	$40,175.00	$32,375.00
*waived fees include but not limited to city sponsored events, elections/trainings, chamber use, blood drives.		*21 of 35 fees were waived	*12 of 27 fees were waived	*16 of 23 fees were waived

Civic Center Expenses

	2019	2020	2021	2022 as of 8/31/2022
Utilities	$17,577.01	$15,670.19	$9,676.09	$9,317.87
Pest Control	$780.00	$780.00	$780.00	$608.00
Insurance	$2,648.79	$3,554.00	$3,200.00	$3,500.00
Maint.,Repairs, Other	$53,096.50	$32,050.05	$34,108.50 (E)	$6,295.34 (E)
Part Time Staff	$4,350.00 (E)	$2,542.00	$4,350.00	$4,857.60
Totals	$78,452.30	$54,466.72	$52,114.59	$24,578.81
*Parking Lot Project			*$104,759.33	

Civic Center Profit / Loss

	Expense	Revenue	Profit/Loss
2019	$78,452.30	$38,550.00	-$39,902.30
2020	$54,466.72	$36,200.00	-$18,266.72
2021	$52,114.59	$40,175.00	-$11,939.59
2022 as of 8/31/2022	$24,578.81	$32,375.00	+$7,796.19