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Press Release

Commission approves Creekstone Farms LLC tax exemption

No comments made at public hearing; exemption only for plant expansion

ARKANSAS CITY, Kan. (July 22, 2015) — The City Commission of Arkansas City voted 4-0 on Tuesday night to approve an ordinance exempting the Creekstone Farms Premium Beef expansion from ad valorem property taxes for economic development purposes.

No one commented during a public hearing on the proposed tax exemption, which will be for 10 years and applies only to the new construction the meatpacking plant completed last year.

The original building will stay on the property tax rolls, to which it was added two years ago after a similar 10-year property tax exemption concluded in 2013.

Creekstone met all of its obligations the first time, according to City Manager Nick Hernandez.

"We're not going to lose tax revenue by doing the (tax exemption)," Hernandez said.

The company estimates it will hire up to 300 new employees and possibly add an additional shift in the next two to three years if good market conditions persist, said Creekstone controller Tom Minton.

Just before the roll call vote was held, Mayor Chad Giles praised not only Creekstone's business, but also its community involvement and contributions.

"Thank you for being here. Thank you for what you do for this community," he said.

"Barring the obvious — jobs, income, markets, that sort of thing — (there's) the things that you do such as donations, time, products, staff. I'm very thankful for it. I've personally experienced it. I think you're a very well received and very well appreciated business to be in our community."

The City Commission previously had passed a resolution supporting Creekstone in theory as it pursued a property tax exemption for its expansion. That measure was approved in June 2014.

For immediate release

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The expansion, which was completed last September, was initiated after Creekstone recovered from a devastating fire in 2013.

Standard contractual provisions

The commissioners also voted 4-0 to approve an ordinance that creates standard contractual provisions for the City and puts them into municipal code.

The ordinance, which is modeled off one used by the City of Hays, provides standard provisions for competitively bid contracts or requests for proposals. These provisions typically are included in every City contract, according to City Attorney Tamara Niles, but usually not until after extensive negotiations.

Now they will be included automatically, although any of the provisions can be waived if the City so chooses. The ordinance also protects the city in case of lawsuits or contractual violations.

One of the biggest benefits, Hernandez said, is a provision that specifies all contract disputes will be adjudicated in Cowley County, rather than the home states of the entities with which the City contracts.

In other business, the commission:

- unanimously approved the July 7 regular meeting minutes as written.
- heard a six-month report and budget presentation from Cowley First.
- voted unanimously to set a public meeting at 5:30 p.m. July 28 to discuss the 2016 budget.
- unanimously approved a plat of Summit Plaza, which was approved previously by the Planning Commission. The commission also heard from Jim Sybrant, who owns the property west of Summit Plaza. He supported the plat, but urged the City to work with him and the developer to create some sort of stormwater detention near where the properties join, to cut down flooding.
- voted unanimously to table until Tuesday a resolution that would approve a contract with Cherokee Strip Land Rush Museum, Inc., at the request of Commissioner Dan Jurkovich.
- voted 3-1, with Commissioner Brandon Every dissenting, to schedule a public hearing at 5:30 p.m. Aug. 4 to consider an application to be submitted to the Kansas Department of Commerce's Small Cities Community Development Block Grant funds. The project to be submitted is the construction of a wastewater line from the new water treatment plant to the wastewater treatment plant, in the CDBG water/wastewater category.

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- heard an update from Hernandez on the street sales tax. Every made a motion to require Hernandez to bring back a specific list of projects to be accomplished with the remaining funds, which Commissioner Duane Oestmann seconded. The motion failed, 2-2, with Giles and Commissioner Jay Warren dissenting.
- heard police, parks and facilities, and fire-EMS departmental budget presentations.