

City of Hays
City Commission
Work Session Notes
Thursday, January 7, 2016 – 6:30 p.m.

Present: Eber Phelps, Shaun Musil, James Meier, Henry Schwaller IV, Lance Jones, John Bird, Toby Dougherty and Kim Rupp

December 17, 2015 Work Session Notes

There were no corrections or additions to the minutes of the work session held on December 17, 2015; the minutes stand approved as presented.

Request by USD 489 for Sales Tax Issues

USD 489 is planning a Capital Improvement Program that could cost up to \$94 million. The USD 489 School Board and staff are in the process of determining how to fund these improvements. School districts, by State law, have the ability to place questions on the ballot regarding property tax levies to fund capital improvements. By State law, school districts do not have the ability to place questions on the ballot regarding sales tax increases to fund the same type of improvements. Only cities and counties have the ability to do this.

A sales tax question may be taken to the voters of Hays in two different ways. First, the City Commission can authorize, by ordinance, that a sales tax question be placed on a ballot to be voted on by the residents of Hays. The second, a petition signed by at least 10% of the registered voters in the City of Hays, can be presented to the Ellis County Clerk. If the petition is deemed valid, the question will then be placed on a ballot at the next available election. An example of the latter is the sales tax that funded the creation of the Bickle-Schmidt Sports Complex. An example of the former is the sales tax question that funded the building of the Hays Aquatic Park.

Dean Katt, USD 489 Superintendent, presented information to the Commission regarding proposed improvements and the possible use of sales taxes to supplement bond payments for the planned facility improvements.

Commissioner Schwaller asked if maintenance is paid for through this bond issue how will that affect maintenance costs going forward and also asked if teacher's salaries could be included.

Dean Katt replied that maintenance has been delayed due to lack of funding. Under state statute, bond issues are levied for facility improvements only so it could not be used for teacher's salaries, but it would free up other funds.

Dustin Avey, Managing Director for Piper Jaffray, the Financial Advisor for USD 489, presented four funding scenarios using a combination of city sales tax and property taxes.

Dustin Avey indicated that an increase in property tax only would have a great impact on the mill levy. If financed over 20 years could result in an increase of 21 mills and 25 year financing could result in an 18.75 mill increase. Several scenarios with varying sales tax were reviewed.

Commissioner Meier asked which scenario the Board of Education (BOE) was endorsing. He stated this is their idea and it is not the City Commission's responsibility to choose which option is best.

Lance Bickle, Board of Education President, stated they like the option that would wait to increase the city tax until the county sales tax to pay for its improvements fell off, so people would continue paying the same sales tax amount.

Commissioner Musil stated this is going to be a tough sell to the community and people don't want a sales tax, but he sees the need for the improvements at the schools. He is also concerned that the State may vote to raise sales taxes.

Sarah Rankin, School Board Member, responded that the BOE doesn't know about the tax implications, so they brought options to the Commissioners to determine the best way to get this across to the voters.

Commissioner Schwaller stated in 1999 the City of Hays had similar financial problems and through the hiring of a new City Manager were able to trim over a million dollars per year off of spending and new efficiencies were found. Because of that, went to the voters and eliminated the funding mechanism of property tax that was used to fund the general operations of the city and transfer that to a sales tax and would hold property tax to 25 mills. He stated this is probably the worst time in our history, other than the 1930's and 1980's to do this so he will not support this.

Commissioner Jones stated that when someone comes from out of town to shop in Hays, the sales tax goes toward streets and public safety such as police and fire protection, they shouldn't be paying for our kids to go to school here, he feels that is our responsibility, not someone that is shopping here.

Chairperson Phelps stated as a representative of the City we are relying on sales tax and we must provide a safe community.

It was the consensus of the Commission that this agenda item not be moved on.

Update on Activities of the Ellis County Coalition for Economic Development

Aaron White, Ellis County Coalition for Economic Development Executive Director, updated the Commissioners on various activities of the Ellis County Coalition for Economic Development. He discussed succession planning to assist in connecting business owners that plan to retire or close their business with someone who may be interested in stepping into an existing business operation. He also reviewed new training initiatives they are launching under the employment training program.

The 2016 Budget for the City of Hays does not contain a direct allocation for the Ellis County Coalition for Economic Development. The allocation is for "Economic Development". Therefore, City staff will not release any 2016 funds to the Coalition until directed by the City Commission.

Commissioner Jones stated many of the questions and concerns he had have been addressed in a recent meeting and the update given at this meeting. He hopes regular meetings and updates to the Commission continue.

It was the consensus of the Commission to discuss releasing the 2016 funds to the Ellis County Coalition for Economic Development, at the January 14, 2016 Commission meeting.

Discussion on Modifications to the Economic Development Policy

During consideration of a development proposal, and subsequent economic development request by NWK Investments, the City Commission suggested that the Economic Development Policy be revised to more clearly define the role of the Ellis County Coalition for Economic Development. City staff met with Aaron White, Director of the Ellis County Coalition for Economic Development, as well as the City's Bond Counsel to develop the suggested revisions to the Economic Development Policy.

City Manager, Toby Dougherty, presented the proposed modifications to the Commissioners for their consideration. A preamble was added with the exception of job-bounty applications and applications involving non-mixed type housing developments. It states that the coalition is expected to take a role in vetting applications before they are brought before the commission. The applicant will be required to have a detailed plan of what they want to ask the commission for and what the proposal is. Anyone that is interested in utilizing a TIF, a Tax Development District, Community Improvement District, IRB or STAR bonds, must work with the Ellis County Coalition for Economic Development prior to coming before the commission. The applicant would then be required to make a non-refundable deposit to buy access to the City's bond counsel. They would meet with the City's bond counsel and get on paper what they are applying for.

This policy should provide clear direction of the requirements that must be met prior to presenting a proposal to the governing body.

Chairperson Phelps stated this policy will set parameters and will give better direction to the Coalition.

The policy will be brought back to the commission at a later date.

City Commission Reorganization/Rules of Procedure

Due to changes enacted by the Kansas State Legislature, the City Commission recently adopted an ordinance changing the date of Commission reorganization to the second regular meeting in January of each year. The current Rules of Procedure state that the Commission will reorganize in April after the Ellis County Commission has certified the election results. City Staff suggests the Commission modify the Rules of Procedure to reflect the January reorganization. Also, moving the reorganization to January is going to create a situation where a Commissioner will serve a long or short term as mayor. The current Mayor was elected in April of 2015. Reorganization at the January 28th regular meeting would result in a nine month term.

Commissioner Schwaller stated he feels the reorganization should be held on schedule and the term could be split this first year.

City Manager, Toby Dougherty, stated a motion can be made to split the terms of Mayor with the dates of each term identified in the motion.

At the January 14, 2016 Commission meeting, Commissioners will be asked to approve a resolution revising the City Commission Rules of Procedure and to determine the term lengths for the Mayor and Vice Mayor.

Other Items for Discussion

City Manager, Toby Dougherty, announced that the R-9 Ranch transfer application was filed with the State of Kansas. The regulatory process began 23 months ago and now it is up to the State of Kansas to set the hearings and go forward from here.

Commissioner Meier thanked the Hays Police Department and area law enforcement for the job they did on the recent man hunt following the robbery in Ellis.

Commissioner Musil thanked City Manager Toby Dougherty for all the work he has done on the R-9 Ranch project.

The work session was adjourned at 8:46 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk