

City of Hays
City Commission
Work Session Notes

Thursday, August 6, 2015 – 6:30 p.m.

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

Absent: Henry Schwaller IV

July 16, 2015 Work Session Notes

There was one correction to the minutes of the work session held on July 16, 2015. Henry Schwaller's name was omitted from the list of those present; this has now been corrected.

S & W Alley Pavement – Benefit District Resolution

Don Bickle, Jr., owner of S & W Supply, contacted City staff about paving the alley between 7th and 8th Street just west of Allen Street, adjacent to their place of business. Mr. Bickle coordinated with other property owners within the benefit district to gain their support. The Kansas Works Job Center is adjacent to the alley, but not included in the benefit district since that property is owned by the State of Kansas. In November, the City Commissioners passed a resolution authorizing the improvements with the cost to be assessed to property owners within the benefit district based on lineal footage fronting the alley to be paid off in 10 years. Also at that time, an Engineering Service Agreement was entered with Harvey Ruder for engineering services.

Bids were received for alley pavement improvements on June 30, 2015. Bids received exceeded the total project cost included in the original petition submitted by the adjacent property owners. The petitioners feel the project costs are representative of the current market conditions and want to proceed with the project; therefore, they have submitted a new petition with a total project cost that

reflects the higher construction cost. City staff recommends accepting the new petition and passing a new resolution reauthorizing the improvements at the higher total project cost.

At the August 13, 2015 Commission meeting, Commissioners will be requested to approve a resolution authorizing the creation of a special benefit district for construction of alley pavement between 7th and 8th Street just west of Allen Street to be paid with a special benefit district.

S & W Alley Pavement – Award of Bid

The previous agenda item addressed the resubmission of a petition for improvements to pave the alley between 7th and 8th Street just west of Allen Street. Even though the lowest bid for construction was higher than the original petition amount, the petitioners, Don Bickle and Dave Van Doren, want to proceed with the project.

City staff recommends awarding a contract to the low bidder, APAC, in the amount of \$61,261.90 for construction of alley pavement to be assessed 100% to the benefit district and paid off in 10 years. There is no City-at-large share for oversizing.

At the August 13, 2015 Commission meeting, Commissioners will be requested to authorize the City Manager to enter into a contract with APAC in the amount of \$61,261.90 for construction of alley pavement between 7th and 8th Street just west of Allen Street to be paid with a special benefit district.

Tallgrass Addition Phase 5 – Inspection

In February 2015, TG Investments, LLC petitioned the City for street, storm sewer, water, and sanitary sewer improvements to an area containing 33 lots in the Tallgrass Addition within the City of Hays.

In July, the City Commission approved a bid for the construction of Phase 5 of the Tallgrass Addition. City staff solicited proposals for inspection and testing

services, and recommends authorizing the City Manager to enter an agreement with Driggs Design Group in the amount of \$18,936.00.

The project is being financed through the creation of a special benefit district, with the City paying for oversizing of sanitary sewer and street pavement, and the developer paying 30% of the costs.

The \$18,936 cost for inspection and testing is distributed proportionally between the City share for oversizing, the developer's cash payment up front, and the special benefit district.

At the August 13, 2015 Commission meeting, Commissioners will be requested to authorize the City Manager to enter into an agreement with Driggs Design Group in the amount of \$18,936.00 for inspection and testing services for Phase 5 of the Tallgrass Addition to be funded through a special benefit district.

Sewer Rate Study/Adjustment

Environmental restrictions at the City sewer treatment facility, aging infrastructure and lack of funding for annual sewer capital maintenance repairs and rehabilitation and the insufficient user rates to fund such requirements prompted the need for a sewer rate study. Springsted Inc. was contracted to conduct a comprehensive study to determine the rate increases needed to support the above needs. Patty Kettles, Vice President with Springsted Inc. made a presentation at the July 16, 2015 work session outlining the study and its recommendation. Springsted, Inc. recommended the monthly sewer base and volumetric user rates should be increased 17% August 1, 2015, 15.5% annually 2016-2020 and 12.0% in 2021.

The Commission asked that more options be brought forward at a future work session. Based on another round of research, City staff presented four options and is recommending option two with the monthly sewer base and volumetric user rates increasing 15% September 1, 2015, 15% annually 2016-2020 and 12% in 2021.

Finance Director, Kim Rupp presented the following options to the Commission:

Option 1 – Original Springsted Recommendation

17% September 1, 15.5% annually 2016-2020 and 12% in 2021

SRF Loan level debt service with normal 20 year amortization

Total Cumulative rate increase = 269%

Total debt service \$37,744,495

Option 2 – 15% September 1, 15% annually 2016-2020 and 12% in 2021

SRF Loan level debt service with normal 20 year amortization

Total Cumulative rate increase = 259%

Total debt service \$37,744,495

Option 3 – 8.5% September 1, 8.5% annually 2016-2029

SRF Loan debt service delayed until 2025 when the 2009A revenue bond is retired

Total cumulative rate increase = 340%

Total debt service \$39,835,283

Option 4 – 9.5% September 1, 9.5% 2016-2026, then 5% 2027-2029

SRF Loan debt service wrapped around the 2009A revenue bond debt service

The SRF debt service is lowered by the amount of the 2009A payments and then ramped back up to normal amortization when the 2009A issue is retired

Total cumulative rate increase = 344%

Total debt service \$38,000,169

Mr. Rupp assured the Commissioners that review of the sufficiency of the rates on an annual basis concurrent with the development of each year's budget will be conducted based upon actual performance and on the final construction costs of the anticipated capital improvements.

The Commissioners were in agreement to have resolutions prepared for the first two options and presented for consideration at the August 13, 2015 Commission meeting.

2016 Budget – Continued Discussion

City Manager, Toby Dougherty stated that this is the last opportunity for the City Commission to make modifications to the 2016 Budget before it is adopted on August 13, 2015.

The Commissioners discussed allocations for outside agency funding.

It was the consensus of the Commission to fund the agencies at their requested level with the exception of Ellis County Coalition for Economic Development's request.

Commissioner Meier stated he is concerned with the Ellis County Coalition for Economic Development organization and whether they are doing what they should be doing, which is being the economic development arm for the City of Hays. He expressed concerns with how the NWK Investments LLC, Big Creek Travel Plaza proposal was handled. He stated many errors were found in the proposal booklet which had been given to the Commissioners with the work study packet material. He would like to see the Coalition for Economic Development's funding reduced by half.

Commissioner Jones agreed and suggested we pull the money to fund the other agencies requests for additional money from the Coalition for Economic Development's allocation rather than the General Fund.

It was the consensus of the Commission to reduce the amount budgeted for the Ellis County Coalition for Economic Development by \$25,000. The Coalition requested \$87,550, but would receive \$62,550.

Fort Hays State University's Scholarship Program will be budgeted \$25,000 more as requested, for a total of \$125,000.

The Downtown Hays Development Corporation, Hays Sister Cities Advisory Board, and Wild West Festival would receive the same amount as last year, as requested.

Ellis County Historical Society would receive \$12,000, and the Hays Arts Council would receive \$12,000, all as requested.

At the August 13, 2015 Commission meeting, a public hearing will be held and the 2016 Budget will be presented for approval.

Other Items for Discussion There were no other items for discussion.

The work session was adjourned at 7:49 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk