

MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON AUGUST 13, 2015

1. CALL TO ORDER BY CHAIRMAN: The Governing Body of the City of Hays, Kansas met in regular session on Thursday, August 13, 2015 at 6:30 p.m.

Roll Call: Present: Eber Phelps
Shaun Musil
James Meier
Henry Schwaller IV
Lance Jones

Chairperson Phelps declared that a quorum was present and called the meeting to order.

2. MINUTES: There were no corrections or additions to the minutes of the regular session held on July 23, 2015.

James Meier moved, Shaun Musil seconded, that the minutes of the July 23, 2015 Commission meeting be approved.

Vote: Ayes: Eber Phelps
Shaun Musil
James Meier
Henry Schwaller IV
Lance Jones

3. CITIZEN COMMENTS: There were no comments.

4. CONSENT AGENDA: Chairperson Phelps presented the following proposed appointments, which will be presented for approval at the August 27, 2015 Commission meeting.

Building Trades Board

Neal Younger, Midwest Energy – four-year term to expire August 27, 2019 (first term)

Sister Cities Advisory Board

Vincent Bowhay – unexpired term to expire January 1, 2018 (first term)

Shaun Musil moved, Lance Jones seconded, to approve the consent agenda.

Vote: Ayes: Eber Phelps

Shaun Musil

James Meier

Henry Schwaller IV

Lance Jones

Commissioner Schwaller clarified that the proposed appointments will be presented for approval at the August 27, 2015 Commission meeting, therefore the vote was null.

NEW BUSINESS

5. PUBLIC HEARING FOR WASTEWATER FACILITY PLAN REVIEW: The Wastewater Facility Plan is in its final form. To satisfy requirements for the State Revolving Loan Fund it is necessary to hold a public hearing to review with the public the purpose and recommendations of the wastewater facility plan. It will include a discussion of the new proposed effluent limits, the evaluation of treatment alternatives, the evaluation of procurement alternatives, the costs to construct the recommended alternative, the costs to operate the facilities, and the anticipated impacts on the sewer user rates. It will also discuss the environmental impacts of the proposed project. The public will be given an opportunity to provide comments and ask questions related to the project.

Chairperson Phelps opened the public hearing for the Wastewater Facility Plan review.

Stan Christopher, Project Manager with HDR Engineering, Inc. who is providing the Owner Representative services for this project, presented information on the Wastewater Facility Plan to the Commissioners and the public. He explained the aging wastewater treatment facility was originally constructed in 1953 with upgrades in 1967 and 1992. Kansas Department of Health and Environment (KDHE) have placed new, much tighter discharge limits and the facility we currently have in place is not able to meet those discharge limits.

Mr. Christopher stated their recommendations are to construct a 2.5 million gallon a day plant, including a new influent pumping station and new head works facility, a new disinfection system which utilizes UV instead of chlorine, and the rehabilitation of the existing trickling filters for effluent storage. Finally, the purchase of a biosolids truck is recommended. The addition of a septage receiving station at the front end of the plant would allow septage haulers to dump the load in a tank, and that would give the City the ability to test it and discharge it into the plant for treatment after they have confirmed that it is not hazardous waste. This would allow the City to have some control and better protect the plant.

Mr. Christopher stated that HDR has reviewed the rate options being considered later in the meeting and they are adequate through 2029. Mr. Christopher stated that if the City collects the required capital to replace the major plant equipment in 2038, an additional rate increase in 2030 or later will likely be required.

He stated HDR has advertised for a design builder and there were six design build teams that are interested in submitting qualifications. The companies will be evaluated for experience, qualifications, financial security, litigations, and other criteria.

The facility will be built at its current location. It is projected that construction will begin in May, 2016 with completion in December, 2017.

Cornelius Onyeador, a former plant operator for the City of Hays, commented that he is impressed with the new proposal. He did question the flow, stating at the current plant the flow does not run 24 hours. During the night, the

flow is low and asked if the new facility would have any control to make sure the flow coming into the plant will do the job it is saying it will do. The flow is not constant 24 hours a day and asked the engineer for an explanation.

Mr. Christopher replied that he is correct, the flow does drop at night and you treat what you get. Many things must be built into a plant to accommodate that. You have to be able to move the wastewater through your plant at those low flows like you do the high flows. He stated you have to put things on control systems that will allow you to back them down and let them run only at the level that needs to keep things in suspension, but doesn't need to over aerate or excessively use power during those periods of time. Pumps get put on a variable speed drive to adjust to changing flows.

Mr. Onyeador stated at present we have variable pumps and it is not doing the job. He stated he has proposed in the past to have a basin where during the hard flow we have most of the water going into it so that at night you can use that basin to keep the flow constant and wanted to know if they are considering that.

Mr. Christopher replied it is common to see in a wastewater facility that has high peak flows to have a flow equalization basin. Hays does not have high peak flows. He stated it doesn't take long for that holding basin to become a major odor issue. It is his recommendation to continue to try to process it through and not have to deal with holding the wastewater. He has not seen the flow equalization basin as an economical way to manage a wastewater plant during dry weather. Today's variable frequency drives and instrumentation that controls it and manage the flow is exceptional and feels we can manage that concept very effectively.

Commissioner Musil stated that every 20 plus years we have done upgrades and asked if in 20 or 25 years we would have to do a major upgrade due to Environmental Protection Agency regulations.

Mr. Christopher responded that we know what is coming in the next 10 years and have incorporated those into the design. He stated that it is likely that new requirements will exist in 20 years.

Commissioner Musil asked if the membrane technology requires more upkeep.

Mr. Christopher responded the membranes will have to be replaced, but it is in the cost analysis and is off set by things you don't have to maintain and or construct.

Commissioner Jones asked if the cities like Wichita Falls, Texas that are using the toilet to tap process use membrane technology.

Mr. Christopher replied the membranes are part of the reverse osmosis process and if we go with the membrane technology we are that much closer to doing that.

Commissioner Schwaller replied in the State of Kansas the toilet to tap process is not allowed so the regulations don't exist, and he would not look at the membrane technology to get us to that point.

Chairperson Phelps closed the public hearing.

6. WASTEWATER FACILITY PLAN:

The purpose of the Wastewater Facility Plan is to:

- 1) evaluate the condition of the existing wastewater treatment facilities
- 2) project the wastewater flow and loadings for the next 20 years
- 3) determine whether the existing wastewater treatment plant is capable of meeting effluent discharge limits identified in the City's May 28, 2014 NPDES permit
- 4) meet state and federal design criteria
- 5) recommend a plan that is technologically compatible with the topography and geology of the area
- 6) meet administrative and operational capabilities
- 7) ensure equipment and processes demonstrate a proven record of performance
- 8) confirm that all required construction techniques should be common to the State of Kansas thus encouraging competitive pricing in the construction contracts.

City Manager Toby Dougherty stated that approving the Wastewater Facility Plan will allow HDR and Finance Director, Kim Rupp, the ability to move forward with the application process and lock in an interest rate. A design option will be selected at a later date.

Shaun Musil moved, Henry Schwaller IV seconded, to approve the Wastewater Facility Plan as presented by Stan Christopher, HDR Inc, City of Hays, Owner Representative.

Vote: Ayes: Eber Phelps

Shaun Musil

James Meier

Henry Schwaller IV

Lance Jones

7. 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.

The Commissioners requested resolutions be prepared for the first two options and presented for consideration.

Option 1: Approve Resolution No. 2015-019 increasing monthly sewer base and volumetric user rates 17% on September 1, 2015, 15.5% annually 2016-2020

and 12.0% in 2021 with the option to resolution out of the foregoing schedule for some other rate schedule determined at that time.

Option 2: Approve Resolution No. 2015-019 increasing monthly sewer base and volumetric user rates 15% on September 1, 2015, 15% annually 2016-2020 and 12.0% in 2021 with the option to resolution out of the foregoing schedule for some other rate schedule determined at that time.

Finance Director, Kim Rupp, stated these options are built on projections and it is difficult to project out to 2020 because there are many variables that can change between now and then. He assured the Commissioners that we will monitor this annually to make sure the current rate structure satisfies our needs.

Henry Schwaller IV moved, James Meier seconded, to approve option 2: Resolution No. 2015-019 increasing monthly sewer base and volumetric user rates 15% on September 1, 2015, 15% annually 2016-2020 and 12.0% in 2021 with the option to resolution out of the foregoing schedule for some other rate schedule determined at that time.

Commissioner Jones stated he prefers Option 1; it appears it will take us through 2025 without any more rate increases.

Commissioner Schwaller stated he prefers the slower rate increases because of the hit to the budget of those on fixed incomes.

Vote: Ayes: James Meier

Henry Schwaller IV

No: Eber Phelps

Shaun Musil

Lance Jones

James Meier moved, Shaun Musil seconded, to approve Option 1: Approve Resolution No. 2015-019 increasing monthly sewer base and volumetric user rates 17% on September 1, 2015, 15.5% annually 2016-2020 and 12.0% in 2021 with the option to resolution out of the foregoing schedule for some other rate schedule determined at that time.

Vote: Ayes: Eber Phelps

Shaun Musil

James Meier

Lance Jones

No: Henry Schwaller IV

8. 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. 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.

James Meier moved, Lance Jones seconded, to approve Resolution No. 2015-020 authorizing the creation of a special benefit district for construction of alley pavement between 7th and 8th Streets just west of Allen Street to be paid with a Special Benefit District.

Vote: Ayes: Eber Phelps

Shaun Musil

James Meier

Henry Schwaller IV

Lance Jones

9. 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 Streets just west of Allen Street. Even though the lowest bid for construction was higher than the original petition amount, the petitioners Don Bickle, Jr. and Dave Van Doren want to proceed with the project. 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.

Lance Jones moved, Shaun Musil seconded, 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 Streets just west of Allen Street to be paid with a Special Benefit District.

Vote: Ayes: Eber Phelps

Shaun Musil

James Meier

Henry Schwaller IV

Lance Jones

10. TALLGRASS ADDITION PHASE 5 – INSPECTION AND TESTING

SERVICES: 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.

Shaun Musil moved, James Meier seconded, 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 the Special Benefit District.

Vote: Ayes: Eber Phelps

Shaun Musil

James Meier

Henry Schwaller IV

Lance Jones

11. 2016 BUDGET PRESENTATION AND PUBLIC HEARING: City Manager Toby Dougherty made a formal presentation of the 2016 Budget. The 2016 Budget is a balanced budget, contains no new employees, adequately funds reserves, and keeps the mill levy at 25 mills for the seventh year.

Chairperson Phelps opened the public hearing to hear comments on the 2016 Budget.

Commissioner Schwaller suggested two changes to the outside agency funding requests. He suggested taking \$87,550 from the General Operating Fund under Economic Development and allocating it to Economic Development activities so it would give us a chance to discuss what we would like to do with that \$87,550 by the end of the year. He also suggested holding all quality of life agencies at their 2015 level. He asked that the Hays Sister Cities funding be transferred to the Convention and Visitors Bureau budget and called Community Relations to give us time to figure out what to do with that entity.

In regards to the Ellis County Coalition for Economic Development (ECCED), Commissioner Schwaller stated he feels we owe it to that entity to give them time to respond to our concerns and come back with a plan that is mutually agreeable to both the Coalition and the City.

Commissioner Meier recommended we reduce the line item for Fort Hays State University by \$25,000 to keep the total expenditures level with last year.

Commissioner Jones suggested we keep Fort Hays State University Scholarship funding at \$125,000 and keep ECCED at the full requested amount.

City Manager Toby Dougherty stated the changes requested and if there is a consensus the budget can be adopted with the changes stated. The changes include ECCED would be funded at \$87,550 and would be titled Economic Development on the line item. The Historical Society had asked for a \$379 increase and the Hays Arts Council asked for \$818; however the consensus was to fund at 2015 levels. The Fort Hays State University Scholarship Program would remain at \$100,000 as in 2015. Sister Cities would be moved to a Community Relations line item in the Convention and Visitor Bureau budget.

Kurt David, Chairman of the Board for the Ellis County Coalition for Economic Development, thanked the Commissioners for their consideration of returning funding to the \$87,550 level for 2016.

Chairperson Phelps closed the public hearing for the 2016 Budget.

12. 2016 BUDGET RESOLUTION: The 2016 budget total tax levy in dollars exceeds the 2015 levy. This is adjusted upward by the 2014 CPI for all urban consumers as well as revenue in the current year attributable to the taxation of new improvements to real property, annexed territory, increased personal property valuation (except oil and gas leasehold and mobile homes) and property which has changed in use. Therefore an authorizing resolution must be adopted prior to adoption of the budget.

Lance Jones moved, Henry Schwaller IV seconded, to approve Resolution No. 2015-021 authorizing the City to budget property tax revenues for 2016 in an amount exceeding the total dollars levied in the 2015 Budget.

Vote: Ayes: Eber Phelps
Shaun Musil
James Meier
Henry Schwaller IV
Lance Jones

13. 2016 BUDGET APPROVAL: James Meier moved, Shaun Musil seconded, that the 2016 Budget be approved as presented with the discussed changes to the outside agency funding.

Vote: Ayes: Eber Phelps
Shaun Musil
James Meier
Henry Schwaller IV
Lance Jones

14. REPORT OF THE CITY MANAGER: The City Manager had no additional items to report on.

15. COMMISSION INQUIRIES AND COMMENTS: Commissioner Schwaller commented that this was a very productive meeting and appreciates everyone working together.

Chairperson Phelps apologized to the Commission for the call for the vote on the Mayoral appointment recommendations on the consent agenda; these will be voted on at the August 27, 2015 Commission meeting.

The meeting was adjourned at 8:27 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk

City of Hays, Kansas
Wastewater Facility Plan Public Hearing
August 13, 2015
Attendance Sheet

Public and Press

Scott Simpson
Aaron J. White
Cornelius Onyeador
Robert Michael
Karen Dreiling
Alan Stecklein
Sara Bloom - Downtown Hays Development Corporation
Jeff Barnard - Burns & McDonnell
Kerrie Greenfelder - Burns & McDonnell
Karen LaPierre – Hays Daily News
Ernee Sly

City Commissioners

Eber Phelps - Mayor
Shaun Musil - Vice-Mayor
Henry Schwaller IV
James Meier
Lance Jones

City Staff

Toby Dougherty – City Manager
Kim Rupp – Finance Director
Shane Scranton – City Manager, Intern
Greg Sund – Director of Public Works
Johnny O'Connor – Asst. Director of Utilities
Bernie Kitten – Director of Utilities
John T. Bird – City Attorney

Consultants

Stan Christopher – HDR
Matt Say – HDR