

MINUTES OF A MEETING OF
THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON DECEMBER 28, 2000

1. CALL TO ORDER BY CHAIRMAN: The Governing Body of the City of Hays, Kansas met in regular session, Thursday, December 28, 2000 at 7:30 p.m.

Roll Call: Present: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome

Absent: Wayne Billinger

Mayor Hickman declared that a quorum was present and called the meeting to order.

2. MINUTES: Howard Rome moved, Larry Schmidt seconded, that the minutes of the regular meeting held on December 14, 2000, be approved.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome

3. FINANCIAL STATEMENT: City Manager Hannes Zacharias stated that sales tax revenue is approximately \$70,000 ahead of last year for the same time period. The City has not yet seen the impact of sales tax revenue from the new Wal-Mart Supercenter; that revenue will be shown on next month's report.

Commissioner Billinger joined the meeting at this time.

Howard Rome moved, Larry Schmidt seconded, that the Financial Statement for the month of November 2000, be approved.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome

Wayne Billinger

4. CITIZEN COMMENTS: Commissioner Schwaller stated the Hays Library Board would like to make a presentation regarding Agenda Item #16, which would consider establishing a Sales Tax Advisory Committee to research and make recommendations regarding a new city wide sales tax to fund library improvement.

Henry Schwaller IV moved, Troy Hickman seconded, that Agenda Item #16 be tabled until the January 11th regular meeting to give the Library Board time to prepare their presentation.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

Henry Schwaller IV moved, Wayne Billinger seconded, that the meeting be adjourned by 11:00 p.m.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

5. CONSENT ITEMS: Henry Schwaller IV moved, Larry Schmidt seconded that the following Consent Items be approved:

A. Appointment to the Hays Beautification Committee:

Janet Brull – term expiring 8-1-01 to fill an unexpired term

Leslie Kruse – term expiring 8-1-02 to fill an unexpired term

B. Approve the appointment of Hannes Zacharias to the Ellis County Regional GIS Organization Board

C. Approve renewing various beer licenses for 2001.

Commissioner Rome stated he would abstain from voting because a retailer who has a beer license employs him.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Wayne Billinger

Abstain: Howard Rome

6. WATER ALLOCATION AND SURCHARGE PROGRAM: Elden Hammerschmidt, Director of Public Works, presented information regarding the City of Hays water rate structure, and the history of our water allocation and surcharge program. The water allocation/surcharge was initiated in 1992, allowing certain amounts of water to be used per household based on the number of occupants in the house. Businesses were also given a water allocation. Customers that went over their allocated amount of water were assessed a violation charge. Over the years, the program was fine-tuned and violation charges were replaced with the surcharge system that is presently used. The surcharge is an extra percentage on the cost of water used over a household's allocation.

Mayor Hickman would like the Commission to consider changing our current water rate structure to one that would treat users equitably and not punish additional usage over the allotments. He would like to eliminate the surcharge penalty, simplify our water rate structure, and convert our system from cubic feet to gallons. It is not his intent to eliminate water conservation.

Commissioners Schwaller and Schmidt agreed that the water rate structure is complex with the ten different steps and the steps should be reduced to fewer steps.

Commissioner Schmidt stated he felt there should still be a surcharge on the excess usage.

Assistant City Clerk Doris Wing stated that presently there are six months of winter allocation and six months of summer allocation. The summer allocation gives a household an additional 500 cubic feet over the winter allotment. She felt

that the summer allocation, which ends in September, should be extended for one more month because many households are still watering in October, or the summer allotment should be the allotment for the whole year. She feels that the water allocation per household could be raised slightly; just because the extra water is allotted, doesn't mean that it would be used.

Mrs. Wing stated that all of our water meters read in cubic feet and bill in cubic feet. It would be extremely expensive to change out all our meters to read in gallons. The consumption is converted from cubic feet to gallons on the water bill to aid our customer's understanding of their usage.

Commissioner Billinger suggested a 25% increase in the water allocation. He didn't feel that this would endanger our water usage patterns and may increase water revenue slightly to offset revenue lost through surcharges.

Dr. Robert Albers, who was on the Commission when the water allocation program was started in 1992, stated the violation/surcharge was not designed to make money. It was created as a little reminder to customers that they have gone over their allocation and to watch their usage. He recommended the surcharge still be in place for customers consuming a lot of water. It is important for our community in the long run to re-enforce the conservation message.

Commissioner Rome asked if it would be better to wait until the South Russell Water Project comes on line before a study is done of the rate structure.

Mayor Hickman stated he would like to see fewer steps in our rate structure to make it simpler, not to increase the rates.

Commissioner Schwaller stated he felt that at the least the summer allocation could be extended for one more month and perhaps a year around allocation would be better.

Commissioner Schmidt stated he felt having the same allocation year around would work. In the winter the extra-allocated water would not be used anyway.

The consensus of the Commission was to direct staff to proceed with developing a different water rate structure without increasing revenues and review the allocation program.

Commissioner Schwaller stated he would like staff to review the present procedures regarding disconnecting water customers who are delinquent on their bills. He doesn't feel the City allows enough time for customers to pay their bills.

City Manager Zacharias reviewed the procedures followed by the City Clerk's Office. A reminder is mailed 20 days after a customer receives his monthly bill. The reminder states the bill must be paid within five days, but the customer has the option of requesting additional time to pay the bill. Ten additional days are allowed. By the time a meter is shut off for non-payment, an additional five weeks of water usage has been generated, resulting in nine weeks of unpaid water usage. Our meter deposits have been structured to cover the nine-week period. If the City were to allow additional time for payment, it may be necessary to increase meter deposits to cover the additional liability of the customer.

Commissioner Schwaller stated that the five days between the reminder and the turn off day do not allow enough time. Often, due to mail delivery problems, the reminder isn't received prior to the turn off date. There is no consideration for customers who have paid their bills in a timely manner for years and have never missed a payment.

Staff was directed to further study the issue and report back at the next meeting.

7. 2001 ENGINEERING SELECTION: Kurt Hassler, Director of Engineering, stated that three firms were interviewed to provide Capital Improvement Projects Engineering Services for 2001. The Selection Committee recommends that Bucher, Willis and Ratliff be chosen.

Howard Rome moved, Wayne Billinger seconded, that the Mayor be authorized to sign an agreement with Bucher, Willis and Ratliff for 2001 Capital Improvement Projects.

Commissioner Schwaller stated he would vote for BWR's selection, but would like to see the firm do a better job than they have done in the past.

Commissioner Schmidt stated he would be voting against the selection of BWR. He doesn't feel BWR reports everything to the Commission and as a result the Commission is not well informed on projects.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Howard Rome
Wayne Billinger
No: Larry Schmidt

8. DOWNTOWN NEIGHBORHOOD REVITALIZATION PLAN: At the regular City Commission meeting held on December 14th, the Commission voted to include the Hadley campus of Hays Medical Center in the Downtown Neighborhood Revitalization Plan District (200 & 300 block of East 7th & 8th Streets). The Ellis County Commission rejected the Plan with the inclusion of the property. They will vote to accept the Plan if the City would exclude the Hadley campus.

City Manager Zacharias stated that if the Commissioners should decide to keep the Hadley campus in the District, there would not be a 25% refund of property taxes from Ellis County. The City has not yet approached USD 489. In order to receive the County's 25% refund, the property must be excluded.

Henry Schwaller IV moved, Larry Schmidt seconded, that the Hadley campus property located in the 200 & 300 block of East 7th & 8th Streets be removed from the Downtown Neighborhood Revitalization District.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

9. VINE STREET ENHANCEMENT STEERING COMMITTEE: Mayor Hickman stated this committee would be formed in an effort to create unification, teamwork and collaboration in the development of the Vine Street Enhancement area. The

group shall study and make recommendations to the Planning Commission and/or the City of Hays.

Discussion was held on the makeup of the committee.

Wayne Billinger moved, Henry Schwaller IV seconded, that the Vine Street Enhancement Steering Committee be established to be comprised of a Planning Commissioner, an Ellis County Commissioner, an Ellis County Coalition member, a Hays resident, and a Hays City Commissioner and six ex-officio non-voting members comprised of the City Manager, the Community Development Coordinator, the City Engineer, the Ellis County Public Works Director, the Executive Director of the Ellis County Coalition for Economic Development and the KDOT District 3 Engineer or his representative.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

NEW BUSINESS

10. FORT STREET PARKING: Kurt Hassler, Director of Engineering, stated two bids were received for additional parking along the southwest side of the 700 block of Fort Street. Bids were received from the following:

APAC – Kansas, Inc.	\$20,327.50
J-Corp	16,601.00

Mr. Hassler recommended the bid from APAC – Kansas, Inc. be accepted and the bid from J-Corp be disqualified. J-Corp’s bid included the clause that they would only honor the bid if they got all three projects (see Agenda Items 11 and 12). APAC followed the bid specifications and bid all three projects

separately. Even though J-Corp's bid is lower for the Fort Street Parking Project, their overall bid for the three projects is approximately \$3,400 more.

Commissioner Schmidt stated he had talked to the owner of J-Corp and he has indicated that they would honor each bid separately.

Mr. Hassler stated negotiations are still on going between the Post Office and the owner of the property directly south of the Post Office for additional parking.

Commissioner Billinger stated he didn't want to accept the bids if there is a chance for parking on the south side of the Post Office, which is closer and more convenient.

Commissioner Rome stated the owners of the property north of the alley on the west-side of Fort had to pay for their angle parking, but the taxpayers would be paying for this section south of the alley; that is not right.

Mayor Hickman stated he was in favor of waiting to see how the Post Office negotiations proceeded before making a decision.

Wayne Billinger moved, Howard Rome seconded, that the bids for the Fort Street parking be rejected.

Commissioner Schmidt stated he would be voting against that motion; something needs to be done in that area. If an agreement is ever reached, no one knows how long it would last. It would not cost that much money to alleviate the parking problem.

Commissioner Schwaller stated the Post Office could move some time in the future. Hopefully, the Post Office will be able to negotiate with the property owners, which may be cheaper than putting in additional parking.

City Manager Zacharias stated he could visit with the Postmaster and offer financial assistance for the leasing of parking space.

Commissioner Schwaller suggested the City of Hays enter into an agreement with the property owner, instead of the Post Office.

The Mayor called for the vote.

Vote: Ayes: Troy Hickman

Henry Schwaller IV

Howard Rome
Wayne Billinger

No: Larry Schmidt

11. AIRPORT PARKING BIDS: Bids for the paving of a parking lot at the Hays Regional Airport were received from:

APAC – Kansas, Inc.	\$34,929.85
J-Corp	44,966.00

Howard Rome moved, Wayne Billinger seconded, that the bid from APAC – Kansas, Inc. in the amount of \$34,929.85 be accepted.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

12. 25TH AND MAIN ISLAND BIDS: The following bids were received for the construction of an island at the intersection of 25th and Main Street from the following:

APAC – Kansas, Inc.	\$5,850.00
J-Corp	2,940.00

Larry Schmidt moved, Howard Rome seconded, that the bid from J-Corp in the amount of \$2,940.00 be accepted.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

13. AUDIT PROPOSALS: Proposals for auditing services for the year 2000 were received from the following:

	<u>Base Fee</u>	<u>OMB133 Audit</u>
Adams, Brown, Beran and Ball Hays, Kansas	\$19,100	\$2,900 (estimate)
Joint venture between Lewis, Hooper & Dick, Garden City, & Brungardt, Hower, Ward, Elliott & Pfeifer, Hays	30,000	included in base fee

Staff recommended that Adams, Brown, Beran and Ball be retained as auditors for the year 2000 with the option to renew annually for a term of three years.

Wayne Billinger moved, Henry Schwaller IV seconded, that the proposal from Adams, Brown, Beran and Ball CPA's, for audit services for a three year period beginning in 2001 be approved, and the City Manager be authorized to sign an agreement for such services.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

14. PWWSD #15 IMPRESS FUND: City Manager Zacharias stated it has been agreed to begin the assessment process between the City of Hays and the Public Wholesale Water Supply District #15 for the payment of bills associated with the South Russell County Water Project. It will be necessary to establish an Impress Fund with a starting account balance of \$200,000 plus the amount of bills outstanding for the month of December 2000. Future incoming bills will be reimbursed to PWWSD in order to maintain the account balance at \$200,000. As project expenses escalate in the future it may be necessary to adjust the

sustained account balance upwards. Funds for this will come out of the ½ cent sales tax revenue designated for water exploration.

15. R-9 RANCH LEASE: City Attorney Bird presented a new lease agreement between the cities of Hays and Russell as Lessors and BET Farms as Lessee of the R-9 Ranch located in Edwards County. This new lease keeps all the provisions regarding maintaining water quality and quantity, but simplifies the lease regarding the issues of maintenance of equipment and, most importantly, increases the annual rental from \$90,000 plus property taxes, to \$275,000 including property taxes. In addition, the new lease will be a “rolling” four year lease, with the option to give notice annually, and absent notice, an automatic renewal for an additional one year such that it will always be a four year lease, unless notice is given.

Attorney Bird noted that the City is going to get out of the business of partnering on ownership of sprinkler systems. The tenant will be responsible for all maintenance and replacement of sprinkler systems.

Another change in the lease agreement will require lease payments to be made directly to the cities as opposed to the Public Wholesale Water Supply Districts. The City of Hays will receive 82 percent of the rental payment, and the City of Russell will receive 16 percent.

Howard Rome moved, Wayne Billinger seconded, that the Mayor be authorized to sign a four year revolving lease with BET farms to operate the R-9 Ranch for an annual payment of \$275,000, and authorize the Mayor to sign a letter of intent.

Vote: Ayes: Troy Hickman
Henry Schwaller
Larry Schmidt IV
Howard Rome
Wayne Billinger

16. SALES TAX ADVISORY COMMITTEE: This item was tabled.

17. COMMISSION INFORMATIONAL MEMORANDUM: Wayne Billinger moved, Larry Schmidt seconded, that Henry Schwaller IV be appointed to serve on the Ellis County Coalition Board for the calendar year 2001.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

18. EXECUTIVE SESSION: Wayne Billinger moved, Howard Rome seconded, that the Commission recess to executive session for 10 minutes to discuss the purchase of real property. The executive session will include the City Commission, City Attorney, City Manager, and the Assistant City Manager.

Vote: Ayes: Troy Hickman
Henry Schwaller IV
Larry Schmidt
Howard Rome
Wayne Billinger

Mayor Hickman called the meeting back to order at 10:25 p. m., and stated that no action was taken during the executive session.

19. ADD-ON ITEMS: Commissioner Rome announced that his term on the City Commission will expire in April 2001, and he will not be seeking reelection.

Thereupon the Governing Body adjourned.

Submitted by: _____

Clerk of the Board