

City of Hays
City Commission
Work Session Notes

Thursday, June 3, 2021 – 6:30 p.m.

Present: Sandy Jacobs, Mason Ruder, Ron Mellick, Shaun Musil, Toby Dougherty, Kim Rupp, and John T. Bird

Absent: Michael Berges

May 20, 2021 Work Session Notes

There were no corrections or additions to the minutes of the work session held on May 20, 2021; the minutes stand approved as presented.

Property/Liability Coverage Renewal – 2021/2022

Kim Rupp, Director of Finance, reported that the City's property/liability coverage is up for renewal on July 1, 2021. The City has been with Midwest Public Risk (MPR) since 2017.

The company, Arthur J. Gallagher, provides oversight as the City's Insurance Broker. Charlie Herr, Broker with Arthur J. Gallagher, joined the meeting by phone.

Mr. Rupp stated the City's broker polled the market place and both Brit and Travelers, who the City has had insurance with before, declined to quote as they could not provide a competitive bid. A local agent with Insurance Planning indicated that Employer's Mutual Casualty was interested in providing a quote, but they were still about \$40,000 higher on the premium and their deductibles would have been considerably higher. The renewal with MPR for 2021/2022 amounts to \$262,616, an increase of \$17,271 or 7% as compared to last year.

Mr. Rupp stated that MPR is a pool of public entities that includes cities, schools, counties, health departments, fire protection districts, ambulance districts, election boards, and housing authorities. Their services go beyond just property

and liability coverage as they are a true risk prevention advisor. They also offer facility and work practice reviews as well as online and site-based training.

Mr. Herr stated MPR put together a fantastic renewal and feels the City should be pleased with the outcome of a 7% increase given the state of the market place. He stated as a company they are seeing an average of about 21% to 22% rate increases on renewals.

At the June 10, 2021 Commission meeting, Commissioners will be asked to authorize the City Manager to renew the 2021/2022 property/liability coverages with the MPR package in the amount of \$262,616 to be funded from the Intergovernmental Insurance and Surety line item.

Kansas Budget Law Changes

Collin Bielser, Assistant City Manager, stated during the 2021 Legislative Session, the State Legislature approved two pieces of legislation that will directly impact the City of Hays' budgeting process. Senate Bill 13 and House Bill 2104 is the culmination of two legislative sessions and will go into effect this year. The proposal has been commonly referred to as "Truth in Taxation" and was proposed as a way to bring more transparency to the budgeting process. The new laws will repeal the tax lid provision adopted in 2015 and instead establish new notice and public hearing requirements if a proposed budget exceeds the property tax levy's revenue neutral rate. A Revenue Neutral Rate (RNR) equals the tax rate that would generate the same property tax revenues as levied the previous year using the current tax year's assessed valuation.

Mr. Bielser stated the City of Hays has kept a flat mill levy rate for 12 consecutive years and we have the 9th lowest mill levy in the state. He added that with this new legislation, if the governing body chooses to exceed the RNR, the following budgetary changes are necessary:

- Revised public notification
- Additional public hearing
- Additional ordinance approval
- Extra month to adopt the budget

If the governing body chooses not to exceed the RNR, there are no significant changes except for the new notification requirements. The budget process remains unchanged and is due to the County Clerk by August 25th.

City Commission Goals and Directives for 2022 Budget

Toby Dougherty, City Manager, stated Departments submitted their 2022 Budget requests, which have been compiled, and meetings with the City Manager and Assistant City Manager began last week. Once the assessed valuation numbers are received from the County Clerk those numbers will be entered into the draft 2022 Budget. Mr. Dougherty asked for input from the Commission as far as additions, deletions, or modifications that they would like to have incorporated into the budget workbook.

Mayor Jacobs asked that the Commission consider a one-half mill levy increase for the purpose of economic development. She stated that she feels it is really difficult to operate a group like Grow Hays when you don't know where your next dollar is coming from. This would offer them some sustainable income. It would also allow for the \$100,000 that the City has allocated for Grow Hays to be put back in the general fund which would give the opportunity for other needs to be met.

Mayor Jacobs read a letter from Commissioner Berges who was absent from the meeting. In the letter he proposed a budget request to consider raising the mill levy by .75 or three-quarters of one mill in order to fund our local agency CARE Council. He believes stabilizing the annual funding for the agencies' requests to the CARE Council will help eliminate some of the unknowns of available funding that can come with fluctuations in general operating funds; which in turn stabilizes the necessary budgets of our most dedicated and important non-profit organizations caring for the most vulnerable in our community. Secondly, moving CARE Council to levy funds can help free up general operating funds to be used in areas of growth for the City such as employment needs, or provide further cash available for streets and sidewalks.

Vice Mayor Ruder stated in regard to Mayor Jacobs request for a one-half mill levy increase for economic development he would suggest a higher amount of three-quarters of a mill. He stated with what we have seen with unemployment rates, we need the help of Grow Hays to bring in more people, more housing, and more jobs.

Commissioner Musil stated he is in favor of the increase for Grow Hays because we need to provide consistent funding. He added that competing with our peer cities is not easy. He also feels we could then contribute more funding towards public safety.

Mr. Dougherty stated the 2021 Budget currently includes an allotment of \$100,000 for Grow Hays and \$168,000 for the CARE Council.

Vice-Mayor Ruder clarified that if the Commission would increase the mill levy by three-quarters of a mill for economic development and three-quarters of a mill for the Care Council, it could potentially provide the \$268,000 allotment that the City normally gives to these two organizations to be put back into the general fund. This could provide additional funds for the Police Department, Fire Department, or city streets. Mr. Dougherty stated if these groups are funded with the mill levy increase, then those monies would stay in the general fund.

Doug Williams, Grow Hays Executive Director, stated they have asked each taxing unit to look at this concept of dedicating a percentage of the mill levy for economic development. If all taxing entities in Ellis County provided that funding, along with private donations, they would basically be on par with what most of the comparable communities receive in funding. This method of funding would be sustainable and something they could count on.

Commissioner Mellick stated he is not in favor of raising the mill levy and he doesn't think this is the right time to do it. He stated we are trying to increase housing and people that buy houses are going to pay another 1.5 mills every year on that home. He added that landlords will pass that increase onto their renters.

Commissioner Musil asked what the increase would be on a \$250,000 house. Mr. Dougherty stated the increase in property tax would be approximately \$43 a year or \$3.60 a month for a \$250,000 house.

Commissioner Mellick added that this increase would really hurt those citizens with a lower income.

Vice-Mayor Ruder stated that if we can bring in more better paying jobs maybe this will help. He added that this will make us more competitive with the rest of the market and will still keep us with one of the lowest mill levies in the state.

It was the consensus of the Commission to include those increases in the budget workbook that will be presented to the Commission on July 1, 2021.

Other Items for Discussion

Commissioner Mellick stated tomorrow night is opening night for Larks Baseball. He also noted that almost all of Kansas is out of drought status so those rainy days do have some benefits.

The work session was adjourned at 7:06 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk