

City of Hays
City Commission
Work Session Notes
Thursday, July 1, 2021 – 6:30 p.m.

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

June 17, 2021 Work Session Notes

There were no corrections or additions to the minutes of the work session held on June 17, 2021; the minutes stand approved as presented.

Lincoln Tunnel Lining – Award of Bid

John Braun, Project Manager, stated the Lincoln Tunnel conveys stormwater through the heart of the City from 19th Street and Lincoln Drive to the Montgomery Ditch at the Union Pacific Railroad. The tunnel winds its way under the downtown area following the old creek bed that was filled in during the 1920's when the tunnel was constructed and much of the town was subsequently built over the top of it. The Lincoln Draw Tunnel is a storm sewer pipe constructed of glazed red clay tile mortared together into a circular tunnel approximately 72 inches in diameter and one mile in length.

Mr. Braun stated the tunnel is inspected annually by City staff, and for a 100-year-old structure, the tunnel is still in decent shape; however, due to its location and the nature of its function, the City cannot risk allowing it to deteriorate. The cost to remove or replace the tunnel is extreme; therefore, it must be maintained to last as long as possible. The types of deterioration that currently exist include; sagging of the crown resulting in a crack opening along the top of the pipe, horizontal fractures of the pipe typically in the lower quarter section, tiles missing their faces, and deteriorating storm sewer tap connections.

In 2009, the City spent \$600,000 on repairs to the tunnel. Most visible to the public at the time was the replacement of a section under the intersection of

15th and Main Street, but the project also included lining approximately 1,500 linear feet of the tunnel with an epoxy solution. That epoxy lining has held up quite well over the last 12 years; therefore, the Capital Improvement Plan within the 2021 budget includes \$750,000 to line an additional 2,000 linear feet of the tunnel and remove two obstructions caused by City water mains that penetrate the tunnel.

Two bids were received. The low bid from Utility Maintenance Contractors (UMC), in the amount of \$869,365, has been determined to be the valid low bid. UMC is the same contractor that performed the tunnel lining project in 2009.

The Capital Improvement Plan within the 2021 Budget included \$750,000 for the lining of Lincoln Tunnel to be funded out of Stormwater Reserve. Due to increases in material and labor prices from COVID and other economic conditions, the low bid of \$869,365 is over the \$750,000 budgeted for this project. Since there is adequate funding in the Stormwater Reserve to fund the \$869,365 low bid, staff recommends awarding the full amount of the low bid. If the Commission chooses to stay within the original budget, only 1,600 linear feet could be rehabbed rather than the planned 2,000 linear feet.

Commissioner Mellick noted that this project would repair approximately two thirds of the tunnel, which would leave 1,700 linear feet remaining. He stated with mobilization cost, he feels they should try to get as much done as possible while they are here.

Commissioner Berges asked why the same amount was budgeted in 2009 as was budgeted now and what the unit price was back then. Mr. Braun stated in 2009 the intersection at 15th and Main Street was dug up and a large section of pipe had to be replaced rather than repaired, which increased the costs. He added that he would report back what the unit price was in 2009.

At the July 8, 2021 Commission meeting, Commissioners will be asked to authorize the City Manager to enter a contract with Utility Maintenance Contractors in an amount not to exceed \$869,365 for the lining of the Lincoln Tunnel to be funded out of the Stormwater Reserve.

Commission Receives 2022 Draft Budget

City Manager, Toby Dougherty, presented the 2022 Budget to the Commission and noted the following highlights.

- A few funds have large revenue receipts in the “Federal Aid” line item for both 2021 projected and 2022 budgeted. These are lost revenue reimbursements via the American Rescue Plan Act funds.
- A significant portion of the allocation increases for 2022 is attributable to wages and personnel.
- Sales tax revenues are projected to be up 4% for 2021, and up 2% for 2022.
- Total assessed valuation is up 4%.
- The mill levy is maintained at 25.000.
- The 2021 Budget contains a programmed step and COLA increase for all City employees.
- The budget is balanced.
- Reserves are funded.

Mr. Dougherty added the biggest part of the allocation increases in the operating budgets are to salaries; noting they are making investments in personnel. The budget contains a 2% programmed step increase and 3% cost-of-living increase for all employees. The City has had 181 full time employees since 2011 and this year it is proposed to add three employees. This would include an IT technician, an airport maintenance worker, and a parks maintenance worker.

Mr. Dougherty reviewed the draft budget and added that due to recent State budget law changes, the process to adopt the budget has been somewhat elongated. A process that normally concludes in August will now conclude in September. This gives City staff and the Commission more time to review the budget and make projected revenue modifications as required.

Mr. Dougherty reviewed the budget calendar and stated the Commission will have opportunities at the July 15, 2021, August 5, 2021, and August 19, 2021 Work Sessions to review the budget, ask questions, make modifications, and

suggest changes. At the July 15, 2021 Work Session the Commission will be asked for a consensus on outside agency funding levels. The 2022 Budget will be formally adopted at the City Commission meeting on September 9, 2021.

Other Items for Discussion

The Commissioners wished everyone a safe and happy 4th of July.

Commissioner Mellick encouraged everyone to attend the Wild West Fest, ball tournaments, and other activities that are going on this weekend.

Vice-Mayor Ruder thanked City Manager, Toby Dougherty, and staff for putting together a solid budget. Mr. Dougherty thanked Finance Director, Kim Rupp, for doing the heavy lifting in putting the budget together.

Mayor Jacobs welcomed Mead Lumber Company who acquired Heartland Building Center which was founded in 1892.

The work session was adjourned at 7:21 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk