

CITY OF IOLA

02/04/2016

A special called meeting of the City Council of the City of Iola was held on February 4, 2016 at 6:00 p.m., at City Hall 2 W Jackson. The purpose of the meeting was to hold a strategic planning session.

CALL MEETING TO ORDER

Council Member B. Franklin called the meeting to order at 6:00 p.m.

ROLL CALL

Council Members, B. Franklin, Wells, Ford, Sigg, Shaughnessy, and A. Franklin were present. Also present was Administrator Slaugh, Assistant Administrator Schinstock, and City Clerk Hutton. Mayor Wicoff and Council Members Becker and Zornes were absent.

Administrator Slaugh asked the council what issues they thought were important and wanted to discuss.

Council Member Sigg:

Purchase of more generation capacity.
Moving forward with the engineer study on the PPI's.
Cottonwood extension to Oregon Road
Replacement of water lines.

Council Member Wells:

Kentucky Street vs. Cottonwood Street – Highest priority
Possible archery site

Council Member Ford:

Lighting on Kentucky Street to hospital
Sidewalk installation on Kentucky Street.
Sidewalks in general linking them together.

Council Member B. Franklin:

Using Van Scoyoc to get us some funding.
Using city staff and equipment to demo houses instead of contracting out.

Council Member Shaughnessy:

Gates Upgrade
Demolition of houses using city staff and equipment.

Administrator Slaugh noted that at the KACM conference he had attended the main topic of covered was the impact on cities and counties with the enactment of the tax lid.

Administrator Slaugh reviewed the 2015 budget. No amendments were made, not all of the transfers were completed and smaller cash carryovers to support the 2016 budget.

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The cash balances from 2011-2015 were reviewed. The 2015 balances were lower than the policy states they should be because transfers were not made from the utility funds due to lack of cash balances.

The electric fund cash balance is lower than in years past. This is due in part to the \$1,000,000 transfers in 2013 and 2014. The balance reflects in the equipment reserve fund.

The water fund is holding but is unable to make the loan payment on the water plant and make the transfer to general fund as budgeted. The rates will need to be adjusted to assist with the cash flow in this fund. The plant loan will be paid off in 2025.

Council Member A. Franklin asked if the city is budgeting enough to cover maintenance on the water plant. Administrator Slaugh noted that funds are budgeted yearly for maintenance of the plant. This year EPA grant funds were redirected from the wastewater to the water plant to update the SCADA system. SCADA systems were also installed at two lift stations.

Administrator Slaugh noted that fund 15 the Industrial Fund is budgeted one mill each year for economic development projects.

Council Member Wells stated that he didn't like tying our hands with the one mill dollar amount.

Council Member Ford stated that the city needed to be open ended so that an offer can be made to a business and not limit the amount.

Council Member Sigg stated that with dilapidated water and gas lines in town how can we just give money away to a potential business? We need to take care of what we have.

Jim Gilpin stated that since we are a city that owns our own utilities this opens the door to possible economic development opportunities other cities cannot. The city needs to market the utilities as a business to potential large consumers of the utilities. The city needs to check with these large users in town on a weekly basis. This is a great source of jobs in the town and we don't want them to slip away.

The hospital commitment of ½ of the sales tax receipts up to \$350,000 per year ends in 2019.

Administrator Slaugh noted that whenever an economic incentive is requested a cost benefit analysis should be completed to determine what the cost is and how long the payoff will be.

Council Member Ford stated that we also need to consider if the business is expanding jobs in the area. Those individuals will be spending money on utilities, shopping in Iola and buying and/or renting houses.

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She noted that the Gates project should be a learning experience for future projects. Don't move on the project until an agreement is signed with the company clearly stating what the incentives will be and what is expected of them.

David Toland, Economic Director, stated that an incentive agreement should be signed prior to an offer. The city should use all tools that are available such as CDBG funds. The incentive agreement should state the commitment on both sides and include the cost benefit analysis.

Jim Gilpin stated that in the past representatives from the city and Iola Industries went to the headquarters of the industries in town and let them know that we were here for them. Thank them for their business and established a relationship with them.

Administrator Slaugh asked the council how we pay for these incentives. The tax lid put a stop on increases in property tax that leaves sales tax and utility rates.

David Toland stated that future utility sales should go back to where the incentives came from.

6:50 p.m. Assistant Administrator Schinstock left the meeting to attend the rural water district 7 meeting.

Jim Gilpin stated that the city needs a flexible approach to economic development. You don't want to lose those employers. He noted that he read the way that cities are maintaining their population is by annexing around their borders.

Council Member Ford stated that we can't limit ourselves just because it isn't funding designated in the budget. Tax abatement is not losing money. It's money that was not there to begin with.

Administrator Slaugh noted that the cost should be in real dollars. Will we have to raise rates to make this work or do we scratch the project.

Council Member Wells stated that not everything is beneficial in dollars. The city needs to look toward the future.

Council Member Ford stated that we may have to pull from other places, maybe to cut something else out. There may be times we have to say we can't do this that you are asking but we can do this. We have to have the flexibility to make it work.

Council Member Wells stated that the electric utility rates increasing are not because of the Gates project. It is because of the EPA mandates on the EMD'S and the Wartsila.

David Toland stated that abatement is new tax dollars. This is not cutting into dollars already there. The city needs to spend money now to see the return in the future.

Council Member Sigg stated that the city needs to be aware of actual dollars that are spent on projects for example transformers.

Council Member Ford stated that there are different incentives each time. Each request needs to be considered separately.

7:02 p.m. A five-minute break was taken.

Administrator Slaugh reviewed the project priorities list.

Street and Alley

The chip and seal project is on a four year cycle. For streets to be chip and sealed a good base must be present and the traffic counts must warrant the cost.

Council Member A. Franklin stated that the sidewalk project needed to be better advertised so more people would take advantage of it.

There was a question about a resident that lives on a corner and replaces the sidewalk. Do they have to do the ADA cuts on both sides of the street?

Police

Discussion centered on having the employee sign on for a certain length of time to recoup the costs of attending the police academy. Administrator Slaugh noted that the actual cost of academy is paid for by court costs. Current employees have to sign an agreement to stay with the city a certain length of time or the agency they are transferring to has to reimburse the city for costs incurred.

Fire

There are currently no funding for new facilities

Administration

Van Scoyoc – use them to help get us dollars for future projects.

Council Member Ford thanked the water department for all they do to keep our water safe.

Council Member Sigg asked if the funding could be increased to replace water lines, since the current funds are used mostly for clamps to repair the leaks. Administrator Slaugh stated that more funding would be needed, that is why we are looking at the cost adjustment on the water charges.

Council Member Shaughnessy stated that we need to look at increasing the connect fees. The connect fees are \$10.00 per utility for a new connect and \$5.00 per utility to transfer from one house to another.

Generation Capacity

What would the cost be to build new generation versus paying capacity fees to other entities? Administrator Slaugh noted that we currently have a contract for \$2.00 kwh with Chanute.

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How would we get the money to buy new generation? Bond interest rates are low right now. Would we be able to sell extra generation back to the grid? Would we be able to put new generation into our current system.

Cottonwood Street to Oregon

If there are housing grants available it would be wise to continue Cottonwood Street to Oregon for Phase III of the Cedarbrook Housing Development.

Council Member Ford stated if there are grants available we should go after them.

This would take some of the traffic off of Kentucky Street.

Administrator Slaugh will email the latest CDBG grants that were recently awarded.

Route to Hospital Safer

Discussion centered on installing sidewalks and or lighting on Kentucky Street.

Council Member Ford would like the city to continue to build sidewalks and connect them to current ones if possible.

ADJOURNMENT

8:21 p.m. Motion made by Council Member A. Franklin and seconded by Council Member Wells to adjourn the meeting. As the vote was unanimous, the meeting was declared adjourned.

Approved by the City Council of the City of Iola, Kansas this 22nd day of February, 2014

Mayor, Joel Wicoff

City Clerk, Roxanne Hutton