

MINUTES
CITY COMMISSION MEETING
TUESDAY, AUGUST 3, 2010
7:00 P.M.

The Regular Meeting of the City Commission was held at 7:00 p.m. in the City Commission Room. Mayor Bruce Snead and Commissioners James E. Sherow, Loren J. Pepperd, Jayme Morris-Hardeman, and Bob Strawn were present. Also present were the City Manager Ron R. Fehr, Assistant City Manager Jason Hilgers, Assistant City Manager Lauren Palmer, City Attorney Bill Frost, City Clerk Gary S. Fees, 14 staff, and approximately 12 interested citizens.

PLEDGE OF ALLEGIANCE

Mayor Snead led the Commission in the Pledge of Allegiance.

PROCLAMATION

Mayor Snead proclaimed August 6-7, 2010, *Relay For Life of Riley County Days*. Nick Arena, Co-Chair, Riley County Relay For Life Planning Committee, was present to receive the proclamation.

PUBLIC COMMENTS

Mayor Snead opened the public comments. Hearing no comments, Mayor Snead closed the public comments.

COMMISSIONER COMMENTS

Commissioner Strawn and fellow Commissioners thanked Luke Thompson, *The Manhattan Mercury* reporter, for his work on reporting City Commission meetings and wished him well as he leaves for another position.

Mayor Snead informed the community that during the Discussion/Briefing Session prior to the Commission meeting, the Commission discussed entertaining a request from the City of St. Mary's to support asking the state legislature to study the viability of making

COMMISSIONER COMMENTS (*CONTINUED*)

changes to the budget law; discussed agenda items for the Joint City/County Meeting; discussed the League of Kansas annual conference; received an update on road projects and storm water project; Commissioner Pepperd reported on the recent Riley County-Manhattan Health Board meeting; discussed the current quorum requirements for the Manhattan Urban Area Planning Board; and discussed concerns received on a residential storm drainage issue.

CONSENT AGENDA

(* denotes those items discussed)

MINUTES

The Commission approved the minutes of the Regular City Commission Meeting held Tuesday, July 20, 2010.

CLAIMS REGISTER NO. 2647

The Commission approved Claims Register No. 2647 authorizing and approving the payment of claims from July 14, 2010, to July 27, 2010, in the amount of \$4,068,506.80.

LICENSE – FIREWORKS DISPLAY

The Commission approved a Fireworks Display License for Purple Power Play on Poyntz, 100 Manhattan Town Center, for September 3, 2010.

FINAL PLAT – GRAND MERE VANESTA LAKE ADDITION

The Commission accepted the easements and rights-of-way, as shown on the Final Plat of Grand Mere Vanesta Lake Addition, generally located north of the intersection of Little Kitten Avenue and Vanesta Drive, based on conformance with the Manhattan Urban Area Subdivision Regulations.

PUBLIC HEARING – EXPAND – NORTH TRANSPORTATION DEVELOPMENT DISTRICT

Mayor Snead opened the public hearing.

Hearing no comments, Mayor Snead closed the public hearing.

ORDINANCE NO. 6833 – EXPAND – NORTH TRANSPORTATION DEVELOPMENT DISTRICT

The Commission approved Ordinance No. 6833 expanding the North Project Area Transportation Development District.

CONSENT AGENDA (CONTINUED)

ORDINANCE NO. 6834 – VACATE DRAINAGE AND UTILITY EASEMENT – LOT 59, PRAIRIE LAKES, UNIT TWO (804 BUTTERFIELD ROAD)

The Commission approved Ordinance No. 6834 vacating a portion of the drainage and utility easement on Lot 59, Prairie Lakes, Unit Two, City of Manhattan, Riley County, Kansas.

RESOLUTION NO. 080310-A – ISSUE GENERAL OBLIGATION BONDS – HYDRANT AND VALVE REPLACEMENT PROJECT (WA1011)

The Commission approved Resolution No. 080310-A authorizing the issuance of General Obligation Bonds for the replacement of fire hydrants and water main valves (WA1011) within the City's water system.

AMENDMENT – DESIGN SERVICES – 3RD STREET OPENINGS, LEAVENWORTH STREET (ST0806) AND PIERRE STREET (ST0807)

The Commission authorized the Mayor and City Clerk to execute a contract amendment in the amount of \$27,744.48 with HWS Consulting Group, of Manhattan, Kansas, for additional design services related to the openings of 3rd Street at Leavenworth Street (ST0806) and Pierre Street (ST0807).

* DEVELOPMENT AGREEMENT – PUBLIC IMPROVEMENTS – MENARD'S

Ron Fehr, City Manager, provided additional information on the item and responded to questions from the Commission regarding the public improvements and development agreement.

The Commission authorized the City Manager to execute the Development Agreement with Menard, Inc., to provide for the public improvements associated with the Menard development.

AMENDMENT – ENGINEERING SERVICES – EAST MILLER RANCH SANITARY SEWER INTERCEPTOR, PHASE 1 (SS0810)

The Commission approved and authorized the Mayor and City Clerk to execute a contract amendment with Schwab-Eaton, P.A., of Manhattan, Kansas, in the amount of \$22,410.00 for additional professional services for the East Miller Ranch Sanitary Sewer Interceptor, Phase I, Project (SS0810).

* AMENDMENT – RELOCATE WESTAR ENERGY INFRASTRUCTURE – NBAF SITE

Ron Fehr, City Manager, provided an overview of the item.

CONSENT AGENDA (CONTINUED)

* **AMENDMENT – RELOCATE WESTAR ENERGY INFRASTRUCTURE – NBAF SITE (CONTINUED)**

The Commission approved and authorized the Mayor and City Clerk to execute an Amendment to the Reimbursement Agreement with Westar Energy, Inc., for the removal and relocation of infrastructure relative to the NBAF site and authorized City Administration to finance this improvement from the Economic Development Fund.

CHANGE ORDER NO. 8 – RUNWAY 3/21 SAFETY AREA IMPROVEMENT (AIP 37/38)

The Commission approved Change Order No. 8 for the Runway 3/21 Safety Area Improvements project (AIP 37/38), resulting in a net increase in the amount of \$19,618.00 (+0.55%) to the contract with Smoky Hill, LLC, of Salina, Kansas.

BOARD APPOINTMENTS

The Commission approved appointments by Mayor Snead to various boards and committees of the City.

Historic Resources Board

Appointment of Dea Brokesh, 3005 Wilson Drive, to a three-year Landscape Architect term. Ms. Brokesh's term begins immediately and will expire April 30, 2013.

Social Services Advisory Board

Appointment of Valerie Evans, 2129 Little Kitten Avenue, to a three-year term. Ms. Evans' term begins immediately and will expire June 30, 2013.

After discussion, Commissioner Sherow moved to approve the consent agenda, as read. Commissioner Strawn seconded the motion. On a roll call vote, motion carried 5-0.

GENERAL AGENDA

PUBLIC HEARING - 2011 CITY BUDGET

Bernie Hayen, Director of Finance, introduced the 2011 City Budget. He then provided an overall property tax bill with comparative data for his home at 1828 Concord Lane.

GENERAL AGENDA (CONTINUED)

PUBLIC HEARING - 2011 CITY BUDGET (CONTINUED)

Emily Campbell, Budget Officer, presented highlights of the 2011 City Budget and provided an overview on the property tax funds, the Capital Improvement Program and Budget impact, property tax levies, and the impact to a homeowner with an approximate property value of \$232,500.00. She then responded to questions regarding the revenue neutral positions proposed, sales tax revenue projections, redevelopment funds, and the Kansas Public Employees Retirement System (KPERs).

Bernie Hayen, Director of Finance, provided additional information on KPERs and responded to questions from the Commission.

Ron Fehr, City Manager, provided additional information on the sales tax revenue projections and informed the Commission that target budget reductions are in place for all departments this year. He then responded to additional questions from the Commission on the City's overall revenue position and expected impacts from 2011 construction projects, specifically at Fort Riley and the National Bio and Agro-Defense Facility.

Mayor Snead opened the public hearing.

John Matta, 1213 Greystone Place, asked what the City Budget was 10 years ago, asked if the City of Manhattan is tied to KPERs, and voiced his concern regarding the water rate structure item. He requested that the two City Commissioners employed by Kansas State University recuse themselves from the water rate structure discussions.

Bernie Hayen, Director of Finance, responded to questions about the City Budget and prior City Budgets. He stated that the KPERs plan is required for City employees.

Ron Fehr, City Manager, responded to questions from the Commission.

Mayor Snead and Commissioner Sherow responded to questions from Mr. Matta and both provided background information on their employment with Kansas State University. Both stated that they would not recuse themselves on the water rate structure item and would participate in the best interests of the community.

Winfried Butler, 3600 Windsong Lane, informed the Commission that he appreciated all the information available on the City Budget; however, he voiced displeasure with the budget increases and in the way that the budget is created. He asked the Commission to be more like Wal-Mart and start with a target mill levy that cannot be exceeded and asked them to not support the 2011 Budget, as presented.

GENERAL AGENDA (CONTINUED)

PUBLIC HEARING - 2011 CITY BUDGET (CONTINUED)

Lyle Dixon, 2505 Hobbs Drive, voiced concerns on his utility statement received from the City for his water and sewer. He stated that the City is asking for more money for the sewer expansion projects and said that it was not appropriate to be transferring money from the utility fund to pay for something else in the city.

Bernie Hayen, Director of Finance, provided additional information on questions raised regarding sewer and water bill rates.

Hearing no other comments, Mayor Snead closed the public hearing.

Mayor Snead asked for input from the Commission on the City/University Projects Fund and asked if the City should request that Kansas State University Administration reconsider the funding recommendations in 2011. Items to be reconsidered would include \$70,000.00 for turf replacement at Memorial Field and \$50,000.00 for the Visitor's Center, and to direct these funds to the immediate needs for transit implementation.

Ron Fehr, City Manager, responded to questions from the Commission and provided additional information on the City/University Projects Fund.

After discussion, Mayor Snead moved that the City request Kansas State University Administration to reconsider the 2011 Budget request priorities in the City/University Projects Fund, specifically addressing the Visitor's Center and turf replacement at Memorial Stadium, in light of the transit implementation update plan information received in July 2010. Commissioner Sherow seconded the motion.

After additional discussion of the Commission, the motion carried 5-0.

Commissioner Strawn voiced concerns with the 2011 Budget and proposed increase in the City's mill levy and on future budgets. He stated that raising the mill levy and increasing property taxes puts the City at a significant disadvantage and makes it difficult to compete for businesses when compared to Topeka and Lawrence. He provided examples of how the City could have saved money on the South End Redevelopment project and on other projects. He stated that he could not support the proposed 2011 Budget and that the Budget should have been with no increases in property taxes.

Commissioner Pepperd stated that Manhattan has one of the highest average sales price for homes in Kansas and that the mill levy is higher than Topeka. He voiced concerned with the increase in the 2011 Budget and with funding provided for the Rental Inspection Program, the Flint Hills Discovery Center, and with future costs for public transit. He stated that he would not vote for the 2011 Budget and that the 2012 Budget looks worse.

GENERAL AGENDA (CONTINUED)

PUBLIC HEARING - 2011 CITY BUDGET (CONTINUED)

Commissioner Sherow discussed the projects occurring in the South End Redevelopment and the importance in having greater control of the development. He stated that most of the projects creating increases in the City's Bond and Interest Fund are related to growth and safety. He provided several projects and initiatives that the City has undertaken to improve the safety of our citizens and important improvements that have been made. He stated that he would support the proposed 2011 Budget and understands the financial challenges and responsibilities that the City has in the future.

Commissioner Morris-Hardeman informed the community that the City is budgeting a minimal amount of funds for public transit at this point and that the new positions being proposed in the 2011 Budget are revenue neutral. She voiced concern in the decreases experienced in the Capital Improvements Program and with deferred maintenance over the long term. She stated that the primary increases in the 2011 Budget are related to growth, due to an increase in the number of personnel needed to operate the jail at the Riley County Police Department, the Bond and Interest Fund, and for safety projects. She stated that she would support the 2011 Budget and would abstain from the two items on contracts with Sunflower CASA.

Commissioner Strawn stated that the use of economic development funds in the 2011 Budget is good, but worried about the competitive business climate and with many of the decisions that have already been made that impact property taxpayers.

Mayor Snead stated that the impact of the Riley County Police Department budget and the Bond and Interest Fund are obligations that need to be met. He said that it is difficult to increase property taxes, but the City needs to take a long-term look at this and as a community, have voted to tax ourselves for better schools and quality of life initiatives, including City Park pool. He said that the City of Manhattan has created opportunities with STAR Bonds and that it was the right course. He stated that the business of government is not run purely as a business but as a non-profit approach; providing a plethora of services that private businesses do not have the responsibility for. He said this is a well crafted budget that keeps costs down and is fair. He voiced his support for the 2011 Budget.

After discussion, Commissioner Morris-Hardeman moved to approve first reading of an ordinance adopting the 2011 City Budget. Commissioner Sherow seconded the motion.

Commissioner Morris-Hardeman stated that she would vote yes, although abstaining from the two items on contracts with Sunflower CASA.

After additional discussion by the Commission, on a roll call vote, motion carried 3-2, with Commissioners Strawn and Pepperd voting against the motion.

GENERAL AGENDA (CONTINUED)

The Commission took a brief recess.

WATER RATE STRUCTURE; FIRST READING – INCREASE RATES – WASTEWATER and STORM WATER

Robert Pugh, Assistant Director of Public Works-Utilities, presented the Enterprise Funds proposed rate increases, water revenue projections, comparative rate data, a three-year and five-year flat structure transition, and a list of the top 25 water users. He then responded to questions from the Commission.

Ron Fehr, City Manager, responded to questions from the Commission on the levy recertification process.

Robert Pugh, Assistant Director of Public Works-Utilities, responded to questions from the Commission on the proposed rate structure, the price per unit of water, and associated variable and fixed costs.

Jason Hilgers, Assistant City Manager, responded to questions from the Commission and stated the difficulty with forecasts in the Water Fund.

Bernie Hayen, Director of Finance, provided additional information on initial hookup fees for new water users, meter issues and ongoing charges, fixed costs, and the calculation for winter quarter averages.

Robert Pugh, Assistant Director of Public Works-Utilities, responded to questions from the Commission about economies of scale. He provided information on water consumption and rates that the City of Ames, Iowa, uses for Iowa State University.

Jason Hilgers, Assistant City Manager, informed the Commission that City Staff has provided conservative revenues and costs, but water consumption is difficult to predict due to varying weather patterns.

Kelley Gulker, 2059 College Heights Road, informed the Commission that he commended them for flattening the rate structure and stated that larger water users can pass on costs to their users. He asked that the rates and implementation be fair, equitable, and implemented now. He voiced concern with the Commissioners employed at K-State and asked that they not vote on the item.

John Matta, 1213 Greystone Place, asked how the wastewater rates are determined and what is winter quarter average.

GENERAL AGENDA (CONTINUED)

WATER RATE STRUCTURE; FIRST READING – INCREASE RATES – WASTEWATER and STORM WATER (CONTINUED)

Bernie Hayen, Director of Finance, responded to questions about the calculation of winter quarter averages.

John Matta, 1213 Greystone Place, asked if the City of Manhattan has looked at outsourcing the Utilities Department to a professional company that deals with those things.

Ron Fehr, City Manager, stated that a privatization study was completed regarding utilities and it was determined that it would not be cost effective for the City of Manhattan. He stated that typically, cities that have gone to a private firm, have done so as a result of financial issues.

John Matta, 1213 Greystone Place, asked if there had been a resolution regarding Colbert Hills outstanding water bill and if discussions have occurred with K-State officials regarding drilling wells on K-State property to reduce water consumption.

Bernie Hayen, Director of Finance, and Ron Fehr, City Manager, responded to questions from Mr. Matta and provided additional information.

Bill Rust, 3701 Katherine Circle, having a civil engineering and strategic planning background, informed the Commission that the City should be most concerned with developing a pricing system that maintains maximum use of the Water Treatment Plant. He questioned the definition and analysis of variable costs and provided an example of General Fund transfers for administrative costs.

Ron Fehr, City Manager, clarified transfers made to the General Fund.

Bill Rust, 3701 Katherine Circle, provided additional information on variable and fixed costs, based on his analysis. He then responded to questions from the Commission on costs, water production, and capacity considerations.

Robert Pugh, Assistant Director of Public Works-Utilities, provided additional information on the Water Treatment Plant capacity and on fixed and variable costs. He informed the Commission that further analysis can be done on the fixed and variable costs.

Bernie Hayen, Director of Finance, provided additional information on the item and responded to questions raised about fixed and variable costs. He stated that justifications to the General Fund are necessary to cover expenses to operate a utility.

GENERAL AGENDA (CONTINUED)

WATER RATE STRUCTURE; FIRST READING – INCREASE RATES – WASTEWATER and STORM WATER (CONTINUED)

After discussion of the Commission, there were additional questions raised about variable costs, fixed costs, economies of scale, and how to best reach a fair and equitable water rate structure. The Commission requested that the water rate structure item be revisited at a future City Commission meeting after additional information and further analysis is provided by City Staff.

After additional discussion, Mayor Snead moved to approve first reading of an ordinance increasing wastewater rates effective January 1, 2011, and first reading of a Charter Ordinance increasing storm water rates effective January 1, 2011. Commissioner Strawn seconded the motion. On a roll call vote, motion carried 5-0.

FIRST READING – AMEND - M-FRO, MULTI-FAMILY REDEVELOPMENT OVERLAY DISTRICT

Eric Cattell, Assistant Director for Planning, presented the item. He then responded to questions from the Commission regarding the M-FRO and the definition and use of natural stone.

After discussion, Commissioner Morris-Hardeman moved to return the recommendation of the Planning Board regarding proposed amendments to Article IV, Section 4-112 M-FRO, Multi-Family Redevelopment Overlay District, of the Manhattan Zoning Regulations, for further consideration and discussion of structured parking and related issues. Commissioner Sherow seconded the motion.

Commissioner Strawn asked if related issues would include consideration of natural stone.

Eric Cattell, Assistant Director for Planning, stated that an amended motion could be made to include consideration of stone.

After discussion, Commissioner Morris-Hardeman accepted the amendment to her original motion to include stone. The motion now reads:

"return the recommendation of the Planning Board regarding proposed amendments to Article IV, Section 4-112 M-FRO, Multi-Family Redevelopment Overlay District of the Manhattan Zoning Regulations, for further consideration and discussion of structured parking and related issues, and issues related to stone."

Commissioner Sherow accepted the friendly amendment to the motion.

GENERAL AGENDA (CONTINUED)

FIRST READING – AMEND - M-FRO, MULTI-FAMILY REDEVELOPMENT OVERLAY DISTRICT (CONTINUED)

After discussion of the Commission, on a roll call vote, motion carried 4-1, with Commissioner Pepperd voting against the motion.

DISCOVERY CENTER EXHIBITS - 100% DESIGN DEVELOPMENT

Bob Workman, Director, Flint Hills Discovery Center, introduced the item.

Gerry Hilferty and Richard Wolcott, Hilferty & Associates, presented the Flint Hills Discovery Center exhibit designs, features proposed, and opinion of probable costs of the Design Development Phase for the Flint Hills Discovery Center. They also showed a video production example from Donna Lawrence Productions, of Louisville, Kentucky, for multimedia/theatrical production services for the Discovery Center. They then responded to questions from the Commission.

Bob Workman, Director, Flint Hills Discovery Center, responded to questions from the Commission.

NEGOTIATE CONTRACT - MULTIMEDIA/THEATRICAL PRODUCTION SERVICES - FLINT HILLS DISCOVERY CENTER IMMERSIVE EXPERIENCE

Bob Workman, Director, Flint Hills Discovery Center, provided additional information on the multimedia/theatrical production services needed for the Immersive Experience at the Discovery Center.

Gerry Hilferty, Hilferty & Associates, informed the Commission that Donna Lawrence is one of the best story tellers in the multimedia fashion in the United States, and that their firm has worked with most of them.

Richard Wolcott and Gerry Hilferty, Hilferty & Associates, provided additional information on some of the features proposed in the Flint Hills Discovery Center and responded to questions from the Commission.

Bob Workman, Director, Flint Hills Discovery Center, provided additional information on the importance to negotiate a contract for these services, provided price ranges anticipated for the contract, and informed the Commission that a recommendation with a negotiated amount would come back to the Commission for approval.

After discussion, Commissioner Morris-Hardeman moved to accept the recommendation of the Discovery Center Steering Committee and authorize City Administration to negotiate a contract with Donna Lawrence Productions, of Louisville, Kentucky, for multimedia/theatrical production services for the Flint Hills Discovery Center. Commissioner Pepperd seconded the motion.

GENERAL AGENDA (CONTINUED)

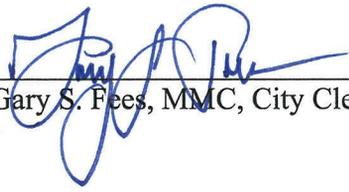
NEGOTIATE CONTRACT - MULTIMEDIA/THEATRICAL PRODUCTION SERVICES - FLINT HILLS DISCOVERY CENTER IMMERSIVE EXPERIENCE (CONTINUED)

Ron Fehr, City Manager, provided clarification on the item and responded to questions from the Commission.

After additional discussion, on a roll call vote, motion carried 5-0.

ADJOURNMENT

At 11:47 p.m., the Commission adjourned.



Gary S. Fees, MMC, City Clerk