



***MINUTES
SPECIAL CITY COMMISSION MEETING
TUESDAY, FEBRUARY 23, 2016
5:30 P.M.***

The Special Meeting of the City Commission was held at 5:30 p.m. in the City Commission Room. Mayor Karen McCulloh and Commissioners Usha Reddi, Linda Morse, Michael L. Dodson, and Wynn Butler were present. Also present were the City Manager Ron R. Fehr, Deputy City Manager Jason Hilgers, Assistant City Manager Kiel Mangus, City Clerk Gary S. Fees, 8 staff, and approximately 6 interested citizens.

PLEDGE OF ALLEGIANCE

Mayor McCulloh led the Commission in the Pledge of Allegiance.

WORK SESSION

**CITY REVENUE FUNDS AND PROJECTIONS FOR 2016-17 AND REVIEW
PROPERTY TAX LID IMPLICATIONS**

Bernie Hayen, Director of Finance, presented an overview of the item. He highlighted the five-year history of General Fund Revenues; the five-year history for Key Data; the five-year history for Property Tax Funds; the current year Property Tax Statement; the latest rating report received from Moody's and potential factors that could lead to an upgrade or downgrade; and discussed the General Obligation Debt amortization.

Ron Fehr, City Manager, and Bernie Hayen, Director of Finance, responded to questions from the Commission regarding agency municipality ratings and provided clarification on the funding infrastructure for new developments and the potential for financial exposure.

Bernie Hayen, Director of Finance, also provided comparative information and the impacts regarding the two Tax Lid proposals, the original Tax Lid House Bill (HB 2109-effective January 1, 2018) and the proposed Senate Bill (SB 316-effective July 1, 2016). He then responded to questions from the Commission.

WORK SESSION (*CONTINUED*)

CITY REVENUE FUNDS AND PROJECTIONS FOR 2016-17 AND REVIEW PROPERTY TAX LID IMPLICATIONS (*CONTINUED*)

Commissioner Butler stated that the majority of taxpayers will like the tax lid. He said the current system is convoluted because the mill levy could remain flat, but property taxes would still go up because of increased home valuations. He stated the appraisals are not going to affect how much your tax goes up and will be tied to the Consumer Price Index (CPI), which he agreed is probably faulty, but it's the one the State picked. He said that this is what the City has to deal with and unfortunately, the Commission is going to have to make hard choices and decide what is going to be bought and what is going to have to be put on the ballot.

Commissioner Morse stated that part of the solution is applying more pressure on getting delinquent property taxes paid.

Commissioner Dodson commented on the tax lid and stated that the constraint is the use of the national CPI that does not have much relevance to the City of Manhattan against the total valuation increase that we have had historically. He stated there is some education that needs to be done locally and at the state level.

Mayor McCulloh stated that people will not see the impact of the tax lid initially. She voiced concern with the tax lid and stated that once the reserves are spent and the local budget is cut, it will be very difficult to sustain needed services and to support quality of life initiatives.

Commissioner Reddi stated that it is insulting for the state legislature to implement a tax lid while it has its own issues. She said what they are saying is you need to be held responsible because you don't know how to do it.

After discussion and comments from the Commission, Ron Fehr, City Manager, stated that the CPI does not consider what the City actually purchases and said that the City does not do much traditional consumer purchases. He also discussed funding considerations for the Kansas Public Employees Retirement System (KPERS) and Kansas Police and Firemen's Retirement System (KP&F).

Bernie Hayen, Director of Finance, responded to questions from the Commission and provided additional information on the property tax lid implications.

Mayor McCulloh opened the public comments.

WORK SESSION (CONTINUED)

CITY REVENUE FUNDS AND PROJECTIONS FOR 2016-17 AND REVIEW PROPERTY TAX LID IMPLICATIONS (CONTINUED)

Brad Schoen, Director, Riley County Police Department (RCPD), informed the Commission that about 88 percent of their budget is personnel. He stated that RCPD could probably survive a year or so with the proposed tax lid, but after two or three years there would be difficult choices for the police department. He voiced concerns in cutting people and not being able to keep quality personnel, resulting in employee turnover.

Hearing no other comments, Mayor McCulloh closed the public comments.

After additional comments from the Commission, Ron Fehr, City Manager, provided additional information on the item and discussed City revenue funds and projections.

As this was a Work Session discussion item only, no formal action was taken.

EXECUTIVE SESSION

At 6:55 p.m., Commissioner Butler moved to recess into Executive Session until 8:00 p.m. for the purpose of discussing personnel matters of non-elected personnel pertaining to the evaluation of the City Manager. Commissioner Reddi seconded the motion. On a roll call vote, motion carried 5-0.

At 8:00 p.m., the Commission reconvened with Mayor McCulloh and Commissioners Reddi, Morse, Dodson, and Butler in attendance. Mayor McCulloh moved to recess into Executive Session until 8:15 p.m. for the purpose of discussing personnel matters of non-elected personnel pertaining to the evaluation of the City Manager. Commissioner Butler seconded the motion. On vote, motion carried 5-0.

ADJOURNMENT

At 8:15 p.m., the Commission reconvened with Mayor McCulloh and Commissioners Reddi, Morse, Dodson, and Butler in attendance.

At 8:15 p.m., the Commission adjourned.



Gary S. Fees, MMC, City Clerk