



MINUTES
SPECIAL CITY COMMISSION MEETING
TUESDAY, FEBRUARY 14, 2017
5:30 P.M.

The Special City Commission Meeting of the City Commission was held at 5:30 p.m. in the City Commission Room. Mayor Usha Reddi and Commissioners Linda Morse, Michael L. Dodson, Wynn Butler, and Karen McCulloh 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, 9 staff, and approximately 27 interested citizens.

PLEDGE OF ALLEGIANCE

Mayor Reddi led the Commission in the Pledge of Allegiance.

RECOGNITION

Mayor Usha Reddi and City Manager Ron Fehr recognized the Finance Department on receiving a Certificate of Achievement award for the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015.

WORK SESSION

CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT UPDATE

Lyle Butler, President, Manhattan Area Chamber of Commerce, provided an update on economic development activities with the Chamber. He informed the Commission that data is currently being gathered with Market Street Services and the steering committee will be working with the actual report coming out mid January 2018. He provided an update on the private fundraising efforts for economic development, talked about continued issues with workforce development, discussed the shortage of medical physicians in the community, and provided an update on the new community development division at the Chamber and responsibilities with John Pagen and Trent Armbrust. He also provided an update on legislative issues and responded to questions from the Commission.

WORK SESSION (*CONTINUED*)

CHAMBER OF COMMERCE ECONOMIC DEVELOPMENT UPDATE (*CONTINUED*)

Trent Armbrust, Business Development & Strategic Initiatives, Economic Development, Manhattan Area Chamber of Commerce, responded to questions from the Commission and provided additional information about the Angel Investors Program.

After discussion and comments from the Commission, Lyle Butler, President, Manhattan Area Chamber of Commerce, provided additional information regarding future quarterly updates to the Commission. He then responded to questions from the Commission regarding workforce development.

After additional comments from the Commission, no formal action was taken on the item.

2018 BUDGET ANNUAL REVENUE PROJECTIONS

Bernie Hayen, Director of Finance, presented an overview of the 2018 Budget annual revenue projections. He highlighted the major revenue sources and presented revenue summaries with a property tax impact, including the General Fund, Employee Benefit Contribution, Fire Pension K.P. & F., Fire Equipment Reserve, Bond and Interest, Library and Library Employee Benefit Contribution, and Riley County Police Department. He also highlighted those areas partially exempt under the new tax lid and those exempt under the tax lid. He then provided clarification on the implications of the tax lid and responded to questions from the Commission.

After discussion and comments from the Commission, Bernie Hayen, Director of Finance, presented several General Fund "what if" scenarios and calculations using scenarios with the 2017 General Fund Revenues, 2017 Transfers, 2017 All Other Revenues, 2017 General Fund Expenditures, and 2017 Contractual and Commodities.

Jason Hilgers, Deputy City Manager, and Bernie Hayen, Director of Finance, responded to questions from the Commission regarding the mill levy, the valuation, and the tax lid.

Ron Fehr, City Manager, responded to questions from the Commission and provided additional information on the budget process and discussed future meetings with the Commission regarding the budget.

Bernie Hayen, Director of Finance, presented additional information using "what if" scenarios and discussed franchise fees. He then responded to additional questions from the Commission.

WORK SESSION (CONTINUED)

2018 BUDGET ANNUAL REVENUE PROJECTIONS (CONTINUED)

After additional discussion and comments from the Commission, no formal action was taken on the item.

At 6:45 p.m., the Commission took a brief recess.

SPECIAL MEETING

MANHATTAN REGIONAL AIRPORT SECURITY IMPROVEMENTS

Ron Fehr, City Manager, introduced the item and provided an update regarding conversations with the airline and acceptance of the larger planes since the item was discussed with the City Commission on February 7, 2017. He informed the Commission that they are learning more each day regarding the security requirements and costs. He stated the flights are loaded and service will start on May 5, 2017.

Jesse Romo, Airport Director, presented an overview of the item. He provided a recap of the City Commission meeting held February 7, 2017. He highlighted the security programs, identified equipment upgrades, provided an update on the perimeter fence and discussions with Transportation Security Administration (TSA), and provided clarification on the additional security needed and the changes with personnel costs and equipment facility reductions. He stated there is still a need for legislative advocacy regarding security requirements of the Transportation Security Administration (TSA). He said that ExpressJet will begin operating a CR7, 65-seat plane, for three daily flights to Dallas-Fort Worth Airport (DFW), starting May 5, 2017. He then responded to questions from the Commission regarding landing fees and provided a recommendation to pursue scenario #3. (*See Attachment No. 1*)

Brandon Keazer, Assistant Airport Director, responded to questions from the Commission regarding Federal Aviation Authority (FAA) rules regarding security with Airport tenants and contractors.

Ron Fehr, City Manager, informed the Commission that he was pleased within one week's time of the progress that has been made in trying to define what some of those expenses are. He reiterated the recommendation presented using scenario #3 and stated that an additional recommendation for 2017 would be to use up to \$25,000 from the Economic Development Fund and up to \$25,000 from the Industrial Promotion Fund for additional marketing of the Airport, promoting the larger aircraft with more seats, more cargo and overhead space as well as marketing the new terminal amenities including additional car rental options. He also highlighted the approach during the 2018 budget

SPECIAL MEETING (*CONTINUED*)

MANHATTAN REGIONAL AIRPORT SECURITY IMPROVEMENTS (*CONTINUED*)

process to look at funding Airport security operations from a variety of sources and likely a combination of potential sources that may include, but not limited to: Transient Guest Tax, Economic Development Fund, Industrial Promotion Fund, City/University Fund, General Fund, and Riley County Police Department (RCPD) or Contract Security. He reiterated the importance of legislative advocacy regarding security requirements of the TSA. He then responded to additional questions from the Commission.

Brandon Keazer, Assistant Airport Director, responded to questions about the new aircraft and ability for the current runway to handle these larger planes.

Jesse Romo, Airport Director, provided additional information on the security personnel coverage and potential costs.

Mayor Reddi opened the public comments.

John Ball, 3107 Harahey Ridge, informed the Commission that he appreciates the difficulty in trying to build and fly at the same time and the evolution from last week to now. He stated that if we spend money on the Airport, we will not spend money somewhere else or will identify another funding source or look at a property tax increase. He voiced concern with a property tax increase and increased valuations of property in the area from 2009 to 2016 and increases in the City budget. He discussed the increased needs anticipated from the Social Services Advisory Board funded agencies and the consideration for the low to middle income residents on fixed incomes. He asked the Commission that when considering options, to look at internal areas and reprioritize to fund this increase without increasing property taxes for the community.

Dave Rogers, 3521 Churchill Way, Member, Airport Advisory Board, informed the Commission that they first started talking about increasing Airport security with the master plan. He stated that like economic development, you make an investment to get started and we are talking about three aircrafts a day. He said the question should be, how do we get to ten? He stated this takes the lid off for the City to potentially talk with other providers and strengthens Manhattan's position as a regional hub in this area.

Ron Fehr, City Manager, stated that the Airport Advisory Board did take a vote to affirm support of the larger planes.

SPECIAL MEETING (*CONTINUED*)

MANHATTAN REGIONAL AIRPORT SECURITY IMPROVEMENTS (*CONTINUED*)

Dave Schafer, 2104 Fox Meadows, informed the Commission that this was the first that he had heard of larger planes and stated that it would provide more comfort, more baggage, and additional services. He stated that these costs should be paid for by the beneficiaries of those using the planes with a surcharge for passengers using the service. He said that the five or six county areas could be approached to help pay for the service and additional security costs.

Hearing no comments, Mayor Reddi closed the public comments.

Jesse Romo, Airport Director, responded to questions from the Commission regarding reconstruction of the runway, landing fees, terminal fees, passenger facility charges, and security measures that are acceptable to TSA.

Commissioner Dodson said that last week was a good discussion and stated that one of the points made is the arrival of the larger airplanes is inevitable. He provided additional comments on the item and wanted to see the costs spread out as much as possible in a fair way. He voiced his appreciation for the work done with the TSA team. He stated that 2018 looks problematic, but is solvable and the option to use contract personnel to drive down the security costs, if viable with TSA, is a much more manageable level.

Commissioner McCulloh stated that this is a good compromise and staff has done a good job. She stated the estimates for security personnel seemed too low. She said the Commission would have a clearer picture of the budget in June and said that regional partners could be asked to help fund the Airport, but there may be pushback.

Commissioner Butler provided comments about the size of the plane and configuration of the seats. He stated the plan for 2017 is doable and have made good progress. He stated that if the proposed motion is changed to include not raising the mill levy in 2018, he would support the item. He said if the Airport is that important and is economic development, there are economic development funds to do it. If it is not that important and the mill levy has to be raised, he stated then something is fundamentally wrong and would not support the item.

Kiel Mangus, Assistant City Manager, provided information on security-related salaries and said the City would need around \$250,000 annually. He also stated the additional revenue in landing fees would cover a portion of the estimated costs. He then responded to questions from the Commission regarding security costs and potential exemptions.

SPECIAL MEETING (*CONTINUED*)

MANHATTAN REGIONAL AIRPORT SECURITY IMPROVEMENTS (*CONTINUED*)

Commissioner Morse stated that she was pleased to see contractual security personnel brought down the costs, but wanted City staff to maintain control of the inspections. She stated that a commitment needs to be made to keep this as affordable as possible and to find a way to pay for it in 2018. She reiterated her concerns with challenges everywhere to pay for court security at the City and Riley County.

Mayor Reddi said there has been a lot of discussion regarding the item and hopefully, the security costs will continue to go lower. She stated that she was glad to hear that the City saved money on salt use this year on the streets. She asked that we look at regional funding partners, including Geary County and Riley County, to contribute funds for the Airport.

Ron Fehr, City Manager, responded to additional questions from the Commission regarding parking challenges at the Airport, luggage cart availability, past regional marketing efforts and funding received, and provided an update on the Request for Proposal process for a future restaurant at Manhattan Regional Airport.

Rich Jankovich, 2021 Somerset Square, informed the Commission that he went to seven counties and the cities in each county promoting the Airport and seeking marketing funding support. He stated it was very difficult to secure funding and provided his experience and comments received regarding the Manhattan Regional Airport. He reiterated that with more planes and more space, more people can be put on the planes and have more power to sell this to the region. He recommended using the Flint Hills Regional Council to reach out to our regional partners.

Mayor Reddi said funding sources highlighted are doable. She raised additional questions regarding security and contracting work for security.

Kiel Mangus, Assistant City Manager, and Jesse Romo, Airport Director, responded to questions from the Commission regarding security and stated that Municipal Court security was written by Kansas State Statute requiring officers, like RCPD.

Ron Fehr, City Manager, responded to additional questions from the Commission regarding fingerprinting requirements.

Brad Schoen, Director, Riley County Police Department, provided additional information regarding fingerprinting expenses and location of equipment.

SPECIAL MEETING (CONTINUED)

MANHATTAN REGIONAL AIRPORT SECURITY IMPROVEMENTS
(CONTINUED)

Jesse Romo, Airport Director, provided additional information on the challenges associated with coordinating fingerprinting and location considerations of the equipment.

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

After comments from the Commission, Commissioner Butler moved to approve City Administrations 2017 recommended funding and implementation strategies as outlined for airport security improvements and pledge to work toward a sustainable funding solution for airport security improvements in the 2018 budget process without a mill levy increase. The motion died for lack of a second.

Commissioner Morse moved to approve City Administrations 2017 recommended funding and implementation strategies as outlined for airport security improvements (*See Attachment No. 1*) and pledge to work toward a sustainable funding solution for airport security improvements in the 2018 budget process. Commissioner Dodson seconded the motion. On a roll call vote, motion carried 4-1, with Commissioner Butler voting against the motion.

ADJOURNMENT

The City Commission meeting adjourned at 8:25 p.m.



Gary S. Fees, MMC, City Clerk

See Attachment No. 1

Recommendation ¶

- ▶ Pursue scenario #3 ¶
 - ▶ Hire airport personnel to perform inspections ¶
 - ▶ Contract security for terminal presence ¶
 - ▶ Continue to rely on RCPD for response to incidents ¶

Scenario-3		
Airport inspection by MHK	\$236,532.40	
Contract terminal security	<u>\$91,312.50</u>	
	\$327,844.90	

See Attachment No. 1

2017 FINANCING ALTERNATIVES AND RECOMMENDATIONS

- ▶ → Security Equipment: **<\$32,000** → *Bond with Phase 2 Terminal FFE*
- ▶ → All other expenses including either **RCPD Overtime (\$150K)** or contract armed security personnel (**\$70K**) and in house additional permanent and part-time staff for on airport security inspection and monitoring is estimated to be less than **\$168,000**; should be funded from a variety of sources as prioritized by the City Manager throughout this calendar year including the following:

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Revenue

Savings from lack of salt purchases due to mild winter :....	→ \$160,000
Postpone, reduce, cancel selective 2017 CIP items	
(Fire, IT, Public Works, Parks & Rec).....	<u>\$333,109</u>
	Total.... \$493,109
Exp. RCPD Option.... <u>\$318,000</u>	Exp w. Contract option..... <u>\$238,000</u>
Net.... \$175,109	→ Net... \$255,109

See Attachment No. 1

Additional 2017 Recommendations ¶

- ▶ Use up to \$25,000 from the Economic Development Fund and up to \$25,000 from the Industrial Promotion Fund for additional marketing of the airport regarding the larger aircraft with more seats, more cargo and overhead space as well as marketing the new terminal amenities including additional car rental options. ¶

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See Attachment No. 1

2018 Funding Discussion ¶

→ Approach the 2018 budget process to look at funding airport security operations from a variety and likely combination of potential sources including but not limited to: ¶

Transient Guest Tax ·

Economic Development Fund ·

Industrial Promotion Fund ·

City/University Fund ¶

General Fund (GF) ¶

· → RCPD (Law Board) or Contract Security (City GF) · → ¶