EL DORADO
KANSAS

# WORK SESSION AGENDA
## March 16, 2022
## 5:00 p.m.

**I. Work Session Discussion Items:**

i. Excess Sales Tax Policy
ii. Downtown Evergy Project
iii. Infill Lot Size Regulations

**II. Regular Agenda Preview:**

a. **Items to be Placed on the Consent Agenda**
   i. Meeting Minutes
   ii. Appropriation Ordinance
   iii. American Red Cross Month Proclamation
   iv. Fire Department Gas Monitors Lease

b. **Items to be Placed on the Regular Agenda**
   i. West Industrial Park RZ (A-R to I-1)
   ii. CIC Parcel RZ (A-R to I-1)
   iii. 4Q, 2021 Quarterly Financial Report

c. **Items to be Placed on the Land Bank Consent Agenda**
   i. None

d. **Executive Session**
   i. None

**III. Reports:**

a. City Commission Reports
b. City Manager Report

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Excess Sales Tax Policy
DATE: March 9, 2022

**Background:** Per ordinance, the City distributes proceeds from its one-cent sales tax as follows: \$1.65 million to property tax reduction; \$600,000 to street maintenance; and \$100,000 to economic development. The City designates funds in excess of these amounts as excess sales tax funds for use on municipal services and functions provided directly to the City or capital expenditures that directly support City operations and that are included in the current Capital Improvement Plan.

In the past, the City Commission authorized funds for excess sales tax projects on an annual basis. There has been some discussion about allocating funds over several years to accomplish larger projects. The City Commission should decide how it wishes to use excess sales tax proceeds so that guidance may be provided to staff and the Excess Sales Tax Committee.

**Policy Issue:** Should the City Commission modify the methodology used to allocate excess sales tax proceeds in order to accomplish larger projects?

**Strategic Priority:** The following strategic priorities apply to this issue:

Fiscal Stewardship - *The City of El Dorado will prudently manage community resources as a responsible steward.*

- Implement a ***multi-year Capital Improvement Plan*** to provide for the replacement of existing public infrastructure while also adapting to growth opportunities.

Infrastructure - *The City invests in its public infrastructure provide the basic resources necessary for the community to thrive and prosper.*

- Implement a ***multi-year Capital Improvement Plan*** to provide for the replacement of existing public infrastructure while also adapting to growth opportunities.
- Continuously ***evaluate public facilities***, provide necessary resources for ongoing maintenance, and plan for future facility needs to maintain service delivery.
- Evaluate funding options for ***continued investment in critical public infrastructure***.

**Alternatives:**
Staff has determined the following options exist with respect to this issue *(listed in no particular order)*:

- Annual Project Allocation: The City Commission continues to request projects/initiatives from the Excess Sales Tax Committee regarding the use of excess sales tax proceeds on an annualized basis. Each year, the committee would recommend projects for allocation of excess sales tax funds with the limit of the amount of funds available for "excess uses."
- Multi-Year Project Savings Methodology: At the recommendation of the Excess Sales Tax Committee, the City Commission would designate excess sales tax proceeds to fund a portion of the estimated cost of a project/initiative. The project/initiative will not proceed until the City allocates sufficient "savings" or another source of funding to the project/initiative.
- Multi-Year Project Financing Methodology: At the recommendation of the Excess Sales Tax Committee, the City Commission would temporarily finance a project/initiative and then repay the temporary financing with future excess sales tax proceeds. Under this methodology, all or a portion of excess sales tax proceeds will not be available for use until the project is paid in full. Financing could include a combination of temporary borrowing or use of internal funds, such as fund balance.

**Fiscal Impact:** Sales tax funds are limited in use by ordinance. Using the current formula, excess sales tax has averaged about $350,000 over the prior five years. The City could allocate up to $350,000 each year on various projects. Alternatively, the City could allocate approximately $1.0 million from excess sales tax proceeds before the next election to renew the one-cent sales tax in November 2023.

**Legal Review:** The City Attorney has not reviewed this item.

**Trade-offs:** Allocating funds has done in the past will provide a continued funding mechanism for various small projects. Examples of annualized projects include: ballfield improvements ($20,000); bike path solar lights ($59,000); park shelter ($20,000); playgrounds ($40,000 to 60,000); and basketball court ($20,000). The historic method of selecting projects often yields smaller projects that cost $10,000 to $90,000.

The City could allocate excess sales tax proceeds over multiple years to facilitate the completion of larger projects that otherwise exceed one year's allocations. For example, allocating three years of excess sales taxes will allow the City to complete a $1.0 million project. Examples of projects in this category include McDonald Stadium improvements, new restroom/concession buildings at ballfield facilities, band shell improvements and three splash parks.

**Staff Recommendation:** Staff makes no recommendation on this issue.

**Recommended Motion:**

Staff will draft a motion to direct the Excess Sales Tax Committee based on input from the City Commission.

To: City Commission
From: Scott Rickard
Subj: Evergy Downtown Underground Electric Discussion
Date: 3/9/22

**Background:**

In 2021 The City Commission directed staff to proceed towards a MOU for the ultimate completion of an underground electric project in downtown El Dorado as well as authorizing a funding source.

As Staff has worked thru the project from a surveying and design perspective we felt that the Commission needed an update to review the anticipated conflicts on the project. Conflicts that are of importance are loss of parking and significant above ground equipment which will be placed adjacent to the alley. These conflicts will also cause reconstruction/relocation of all refuse dumpster enclosures.

For your reference prior to discussion please see attached agenda from July 29th, the MOU with Evergy, Site Drawings showing conflicts, and anticipated easement acquisition.

EL DORADO
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TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Downtown Underground Infrastructure Proposal
DATE: July 29, 2021

**Background:** Staff met with representatives from Evergy, Cox Communications, and AT&T to discuss a proposed project to place overhead utilities located in the alleys of the 100 block of N. Main Street underground. All parties expressed interest in participating in the underground project if the City elects to proceed with undergrounding the overhead utilities. All parties stated that design will commence as soon as the City affirms its commitment to the project with the goal of having the work completed in early 2022.

Participating in the project now presents the best opportunity to underground the infrastructure if there is a desire to move the infrastructure underground. None of the companies will likely participate in the cost of an undergrounding project in the future because they have no need to go underground and the infrastructure will already be upgraded.

**Strategic Priority:** Infrastructure - Continuously ***evaluate public facilities***, provide necessary resources for ongoing maintenance, and plan for future facility needs to maintain service delivery; Evaluate funding options for ***continued investment in critical public infrastructure***.

**Fiscal Impact:** The City's total contribution (in-kind and direct out-of-pocket expenses) for participation in the project should not exceed $380,000 based on the option of Evergy doing a turnkey solution or the City doing part of the work in-house. The City Manager proposes using $150,000 from the Economic Development Sales Tax Fund for the project with the balance coming from various funds as generally shown in the table below.

| Revenue | | Expenses | |
|---|---|---|---|
| EcoDevo Sales Tax | $150,000 | City In-Kind | $180,000 |
| General Fund | $80,000 | Evergy | $140,000 |
| Major Street Fund | $50,000 | Cox | $40,000 |
| Water Fund | $50,000 | City Direct | $20,000 |
| Sewer Fund | $50,000 | | |
| **TOTAL** | **$380,000** | **TOTAL** | **$380,000** |

**Legal Review:** The City Attorney has not reviewed this item as it is a policy decision and does not require legal review.

**Trade-offs:** Evergy plans to upgrade its infrastructure regardless of whether the City participates in the underground project. AT&T and Cox will only participate in the undergrounding project if the City elects to participate because they do not have any need to go underground. By participating in the project, however, the City may leverage the opportunity to clean up the alleys and provide an opportunity to address downtown aesthetics at a cost that will not be matched in future years.

As with any public project, the City Commission should weigh the opportunity cost of allocating public funds to all projects. The governing body is deciding to spend $380,000 on this project instead of allocating it to another public purposes or projects. The project, while positive for the aesthetics of downtown El Dorado, will likely not increase property valuations or create a significant catalyst for new sales tax generation. In other words, taxpayers of the City will not see a tangible return on the public funds invested in the project.

In making this decision, the City Commission needs to weigh the need for the proposed project with other community priorities to determine if the project justifies an at-large contribution or if public funds would serve a better purpose allocated to other projects.

**Staff Recommendation:** The City Manager recommends participating in the underground utility project at a not-to-exceed cost of $380,000, and further recommends authorization to use up to $150,000 from the Economic Development Sales Tax Funds for the project.

**Commission Action:**

Commissioner _______________ moves to authorize the City to participate in the underground utility project at a not-to-exceed cost of $380,000, and authorizes the use of up to $150,000 from the Economic Development Sales Tax Fund, with the remaining project expenses to be paid from the fund balance of the General, Water, and Sewer Funds at the City Manager's discretion.

Commissioner _______________ seconded the motion.

Return to Agenda

Next Item

January 12, 2022

# Memorandum of Understanding

Hello David,

The intent of this letter has the City of El Dorado agreeing to pay the cost difference between Evergy rebuilding the electrical assets overhead and having the electrical assets be installed underground either by the City of El Dorado or by a contractor of Evergy's choosing.

The scope of work includes installing new conduit, underground primary & secondary cable, transformers, other padmount devices and meters fed from underground at the following locations:

- South of E 2nd Ave , in the alley between N Main St and N vine St, till the alley ends just North of E Central Ave.
- The alley just North of E Central Ave from N Vine St to the alley just West of N Gordy st
- The alley just North of E Central Ave, North towards W 1st Ave

To accomplish this work, the underground work will be bored under each of the main roads. We will bore/trench in the parking lot and alley ways for the new primary line and each service. There will also need to be potholing existing utilities. Where concrete/asphalt is cut, it will only be replaced in those sections.

In additional and more specific;

- Evergy will make accommodations before and during construction for other franchised communications companies to place their infrastructure underground in the same trench where feasible and meets code/ Evergy Standards.
- Evergy will coordinate with the other franchised utilities for the removal of all above ground poles, lines, and equipment within the above mentioned locations at the completion of the project.
- Evergy will update electrical services to the meter on buildings which are needed to accommodate the change in power delivered
- Concrete or asphalt will be where needed to and replaced where cuts were performed.
- Brick pavers will be removed and replaced in a careful manner.
- Evergy will provide the City a detailed report showing actual expenses for reimbursement.

- All streetlight circuits will be fed with overhead conductor in their current locations.
- Payment in full will be made after a final walk through is completed with the City, Evergy, ATT&T, and Cox Communication.

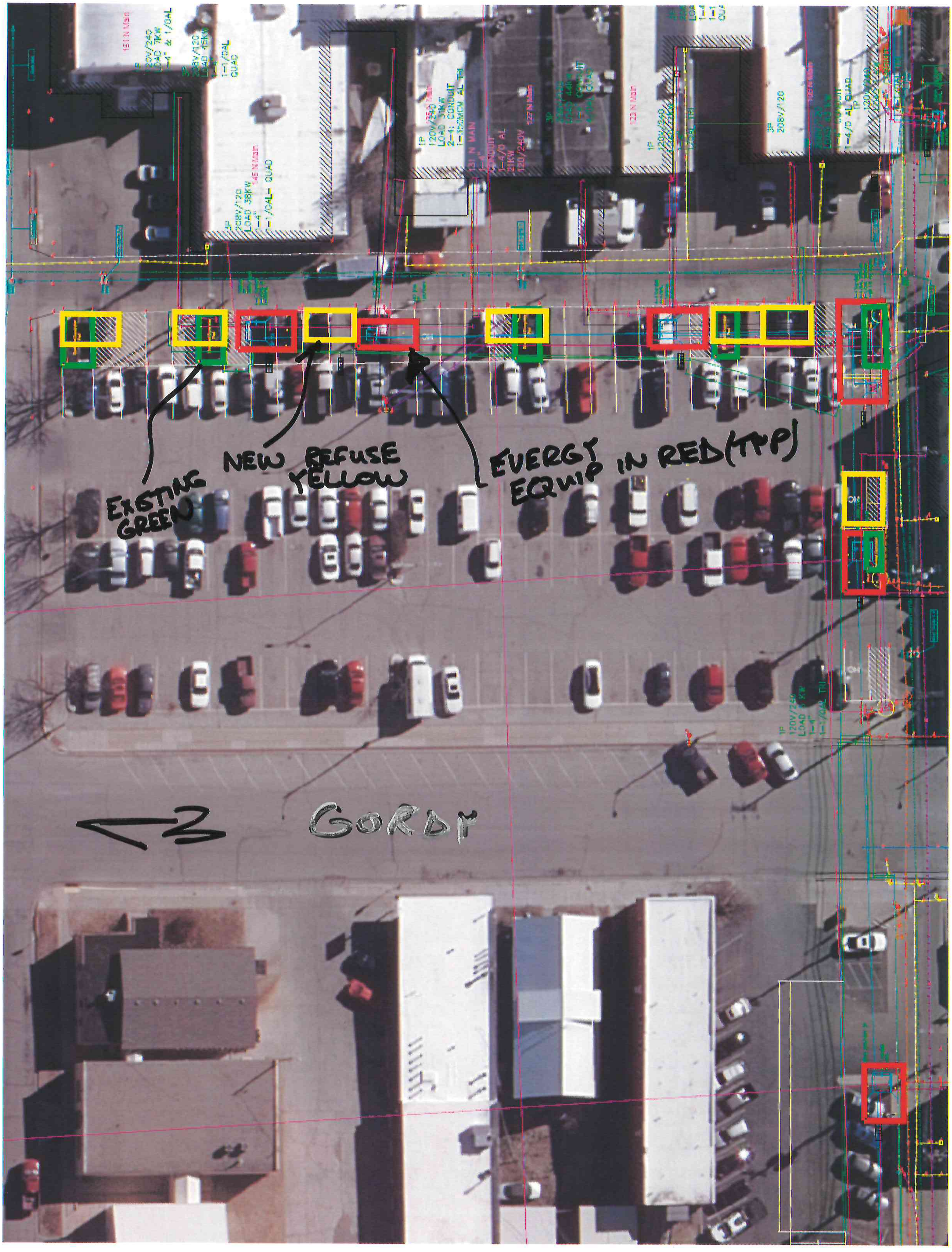
For Evergy to proceed, the City of El Dorado agrees to pay a Not to Exceed amount of $340,000 directly to Evergy. Half of the estimated not to exceed cost with be paid up front by the City of El Dorado with the remaining payment being delivered after the final walk through is accepted and the project is complete. This cost is separate and apart from acquiring and utilizing any City or privately owned easements. Construction is estimated to begin April 1, 2022. This date is contingent acquisition of easements.

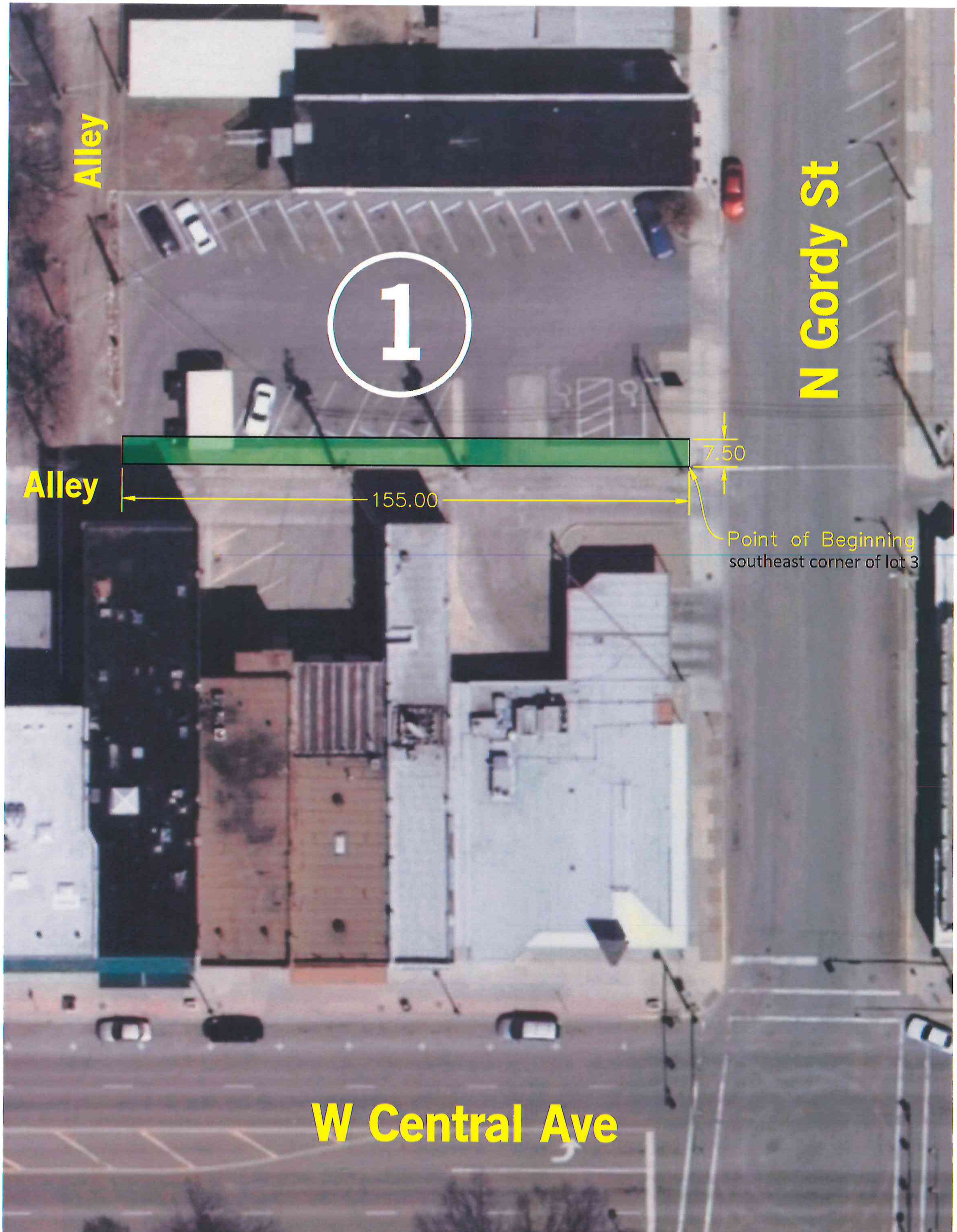
Sincerely,

Reed E. Holbrook
Customer Solutions Manager
Evergy

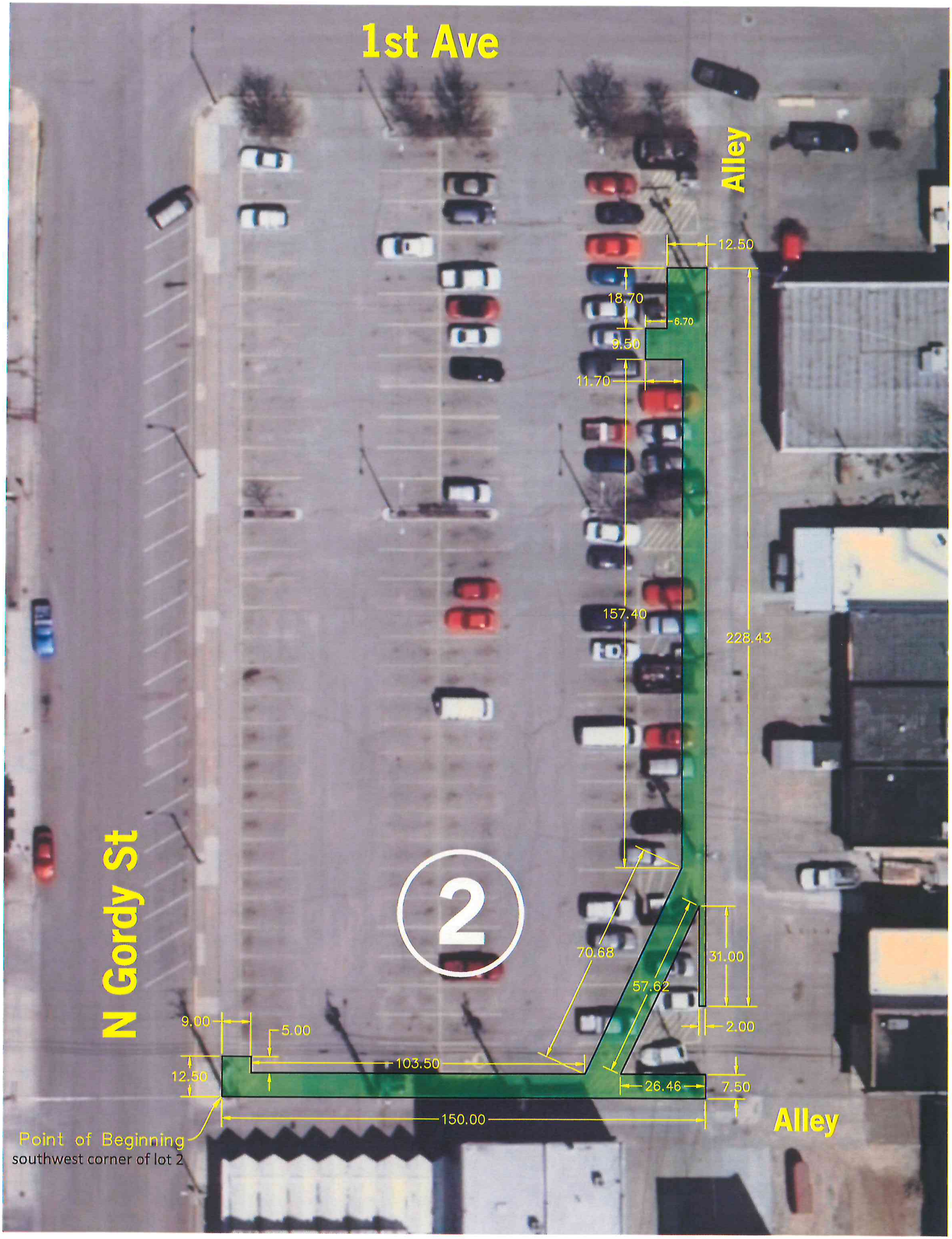
David Dillner
City Manager
City of El Dorado

GREEN = EXISTING REFUSE
RED = ENERGY ABOVE GROUND EQUIPMENT
YELLOW = POSSIBLE NEW REFUSE

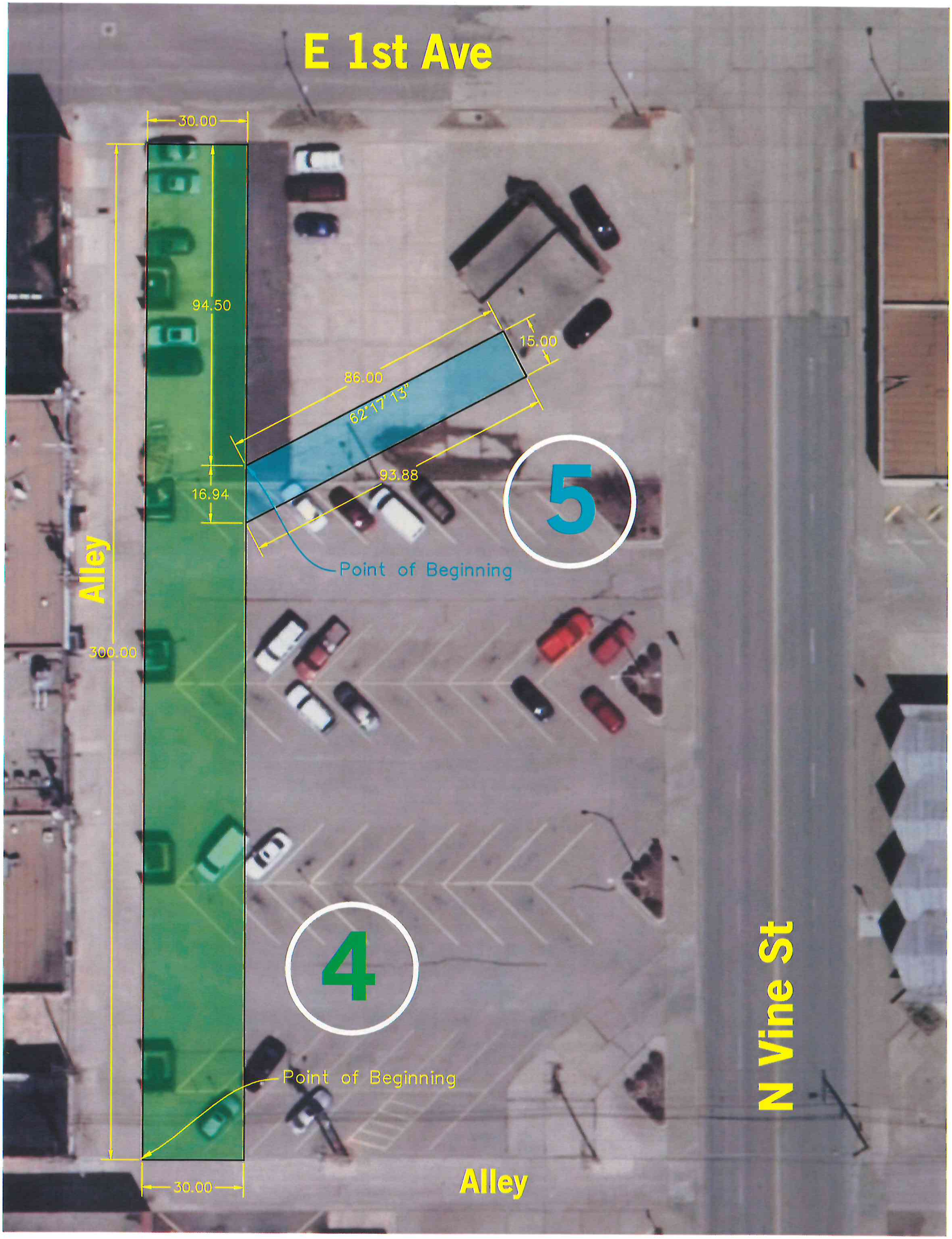

EXISTING GREEN
NEW REFUSE YELLOW
EVERGY EQUIP IN RED (TYP)
GORDY



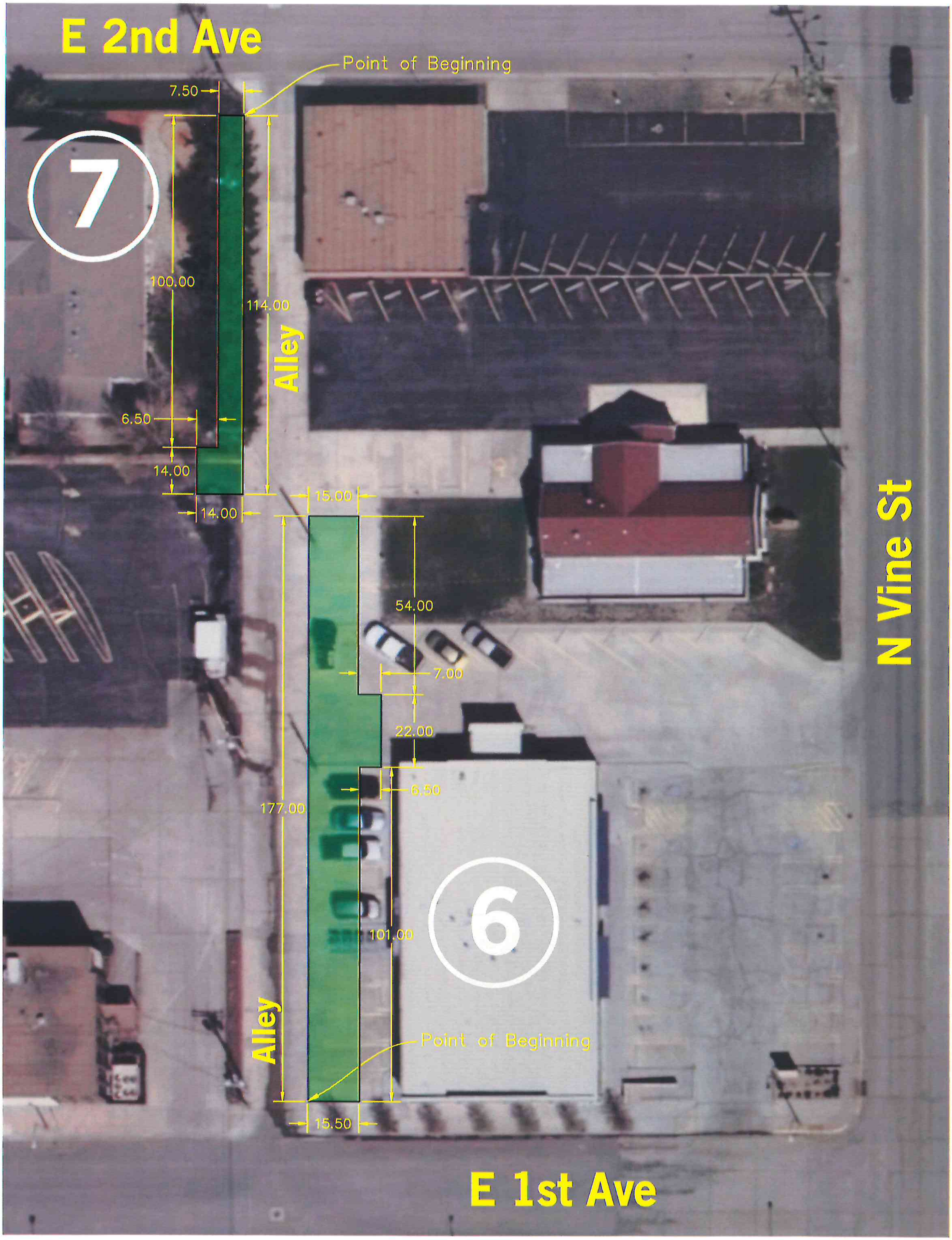
Alley
N Gordy St
1
7.50
Alley
155.00
Point of Beginning
southeast corner of lot 3
W Central Ave


1st Ave
Alley
12.50
18.70
6.70
9.50
11.70
157.40
228.43
2
70.68
57.62
31.00
2.00
N Gordy St
9.00
5.00
103.50
12.50
26.46
7.50
150.00
Alley
Point of Beginning
southwest corner of lot 2


N Main St
Alley
Point of Beginning
Alley
54.50
23.80
30.00
2.75
6.20
51.75
3
W Central Ave



E 1st Ave
30.00
94.50
15.00
86.00
62°17'13"
16.94
93.88
5
Point of Beginning
Alley
300.00
4
Point of Beginning
30.00
Alley
N Vine St



E 2nd Ave
Point of Beginning
7.50
7
100.00
114.00
Alley
6.50
14.00
14.00
15.00
54.00
7.00
22.00
6.50
177.00
6
101.00
Alley
Point of Beginning
15.50
E 1st Ave
N Vine St

To: City Commission
From: Scott Rickard
Subj: Discussion of 2019 Zoning Ordinance Amendments
Date: 3/9/22

**Background:**

In fall of 2018, the City Commission directed staff and the Planning Commission to review residential accessory structure regulations and to look into the topic of "tiny homes". Over the course of 4 Planning Commission meetings including a public hearing the Commissioners discussed amending the zoning ordinance to regulate infill development "tiny homes", as well as additional amendments on other topics including accessory structures, annexation zoning, shipping containers, and by-laws. The Planning Commission reviewed a number of case studies on various sizes of homes and how any amendment would affect the goal of redevelopment in existing neighborhoods. Rather than propose a specific change to just address the present problem, staff worked with the Planning Commissioners to identify improvements to find the best path forward. Staff and the Planning Commission discussed each options pros and cons and ultimately arrived at a recommendation to the City Commission.

The recommendation presented and adopted by the City Commission regarding regulating in-fill development is as follows.

**Article 6 – Supplementary District Regulations**

**23. Residential Infill**

**Residential construction on previously development lots in established neighborhoods shall maintain a gross floor area of 75% to 125% of the average gross floor area of the existing residential structures located on the same side of the street between two intersecting streets.**

**Article 3 – Rules and Definitions**

**Floor Area: ~~For Computing Off-Street Parking Requirements REMOVED LANGUAGE):~~ Shall mean the gross floor area of the structure measured from the exterior faces of the exterior walls or from the centerline of walls separating two structures and shall include the following areas:**

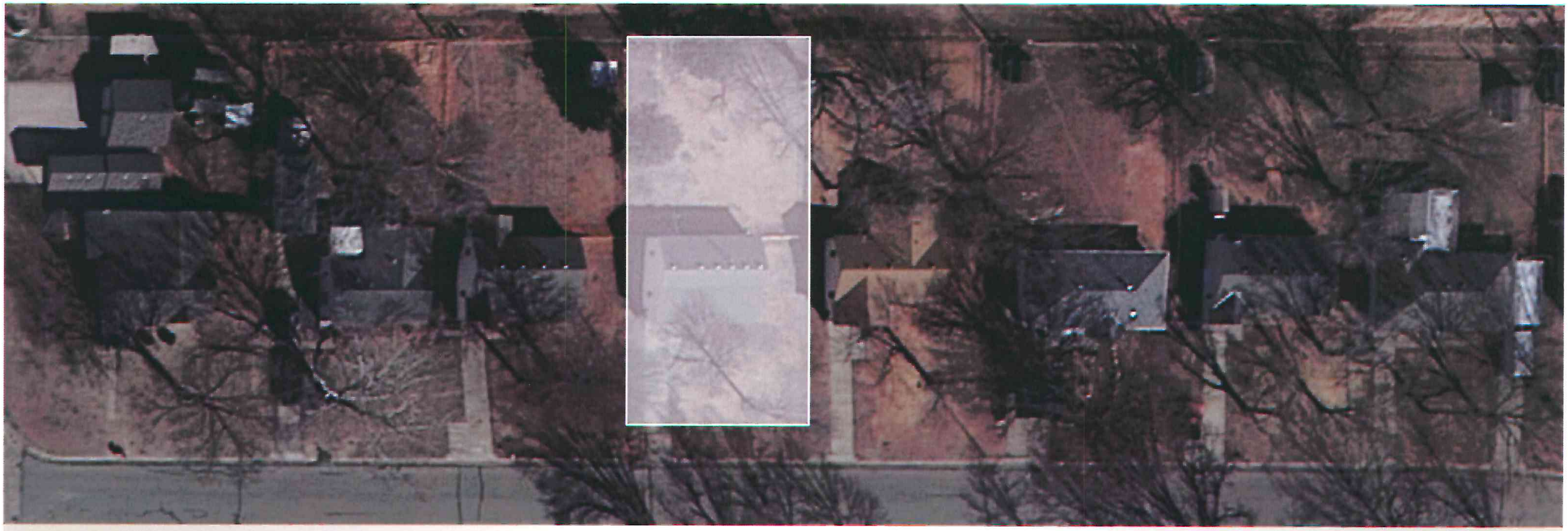
**A. The basement floor area, excluded for accessory structure calculations (added language).**

**B. The area of each floor of the structure.**

**C. The attic space having headroom of seven (7) feet or more.**

The justification for the regulation change was to protect and maintain the character and scale of existing neighborhoods by limiting new housing to sizes that are compatible with the existing housing. Since the adoption of the regulation 16 in-fill homes have been constructed in El Dorado. The regulation change has not impacted any of those projects nor have we heard of an issues until the recent public comment by Mr. Wilkinson at the 3/7/22 City Commission meeting.

Attached please find samples of the case studies the Planning Commission reviewed.



Gross Floor Area of Houses
1680
1260
1160
1348
1225
1248
1508

Average Gross Floor Area of Houses
**1347 sq.ft.**

75-125% of Average Gross Floor Area
**1010 – 1683 sq.ft.**

Gross Floor Area of Houses

744
816
992
816
992
1724
1072

Average Gross Floor Area of Houses

**1022 sq.ft.**

75-125% of Average Gross Floor Area

**766.5 – 1277.5 sq.ft.**