EL DORADO CITY COMMISSION MEETING **January 20, 2015**

The El Dorado City Commission met in a regular session on January 20, 2015 at 7:00 p.m. in the Commission Room with the following present: Mayor Michael Fagg, Commissioner Chase Locke, Commissioner Bill Young, Commissioner Nick Badwey, Commissioner David Chapin, City Manager Herb Llewellyn, City Attorney Jim Murfin, Assistant City Engineer Scott Rickard, and City Clerk Tabitha Sharp.

VISITORS

Julie Clements	El Dorado Times	El Dorado, KS
Vernon Boyce		Springfield, MO
Colin Rowell	301 N Main	El Dorado, KS
Eric Grooms		Augusta, KS
Anthony Stonerock		Winfield, KS
Ray Bhaktu		Wichita, KS
Stacy Brun	406 N Star	El Dorado, KS
James Cook	719 Fredrick Dr	El Dorado, KS
Brian Gartland	220 E 1st	El Dorado, KS
Kim Bell	Gilmore and Bell PC	Wichita, KS
Linda Jolly	El Dorado Inc	El Dorado, KS
Linda Baines	El Dorado Main Street	El Dorado, KS
Lindsay Mills		El Dorado, KS
Jim Hanni	AAA	
Troy Wells	Kansas Dept of Transportation	
Curt Zieman	220 E 1st Ave	El Dorado, KS
John Thompson	220 E 1st Ave	El Dorado, KS
Jay Shivers	220 E 1st Ave	El Dorado, KS

CALL TO ORDER

Mayor Michael Fagg called the January 20, 2015 meeting to order.

INVOCATION

Mayor Michael Fagg opened the meeting with an invocation.

PLEDGE OF ALLEGIANCE

Ms. Slayton's 3rd grade class from Lincoln Elementary led the Pledge of Allegiance.

PERSONAL APPEARANCE

Jim Hanni, AAA and Troy Wells Kansas Department of Transportation, presented the El Dorado Police Department with the 2014 Community Traffic Safety Award. He stated that the City of El Dorado is one of only 23 police departments to receive this award.

PUBLIC COMMENT

Mayor Michael Fagg opened the floor for public comments.

There were none.

CONSENT AGENDA

Approval of the City Commission minutes, December 1, 2014.

Approval of appropriation ordinance 12-14 in the amount of $1,929,549.31.

Approval of a temporary liquor permit at the Chamber of Commerce annual dinner.

Mayor Michael Fagg asked if the trees in the median on West Central were a good thing.

Assistant City Engineer Scott Rickard stated that the City of El Dorado worked with KDOT on that project. We are permitted by the State of Kansas to plant those trees.

City Manager Herb Llewellyn stated that it is a very detailed process that allows the City to get permission from KDOT.

Mayor Fagg asked why we are paying taxes on several properties.

City Manager Llewellyn stated that we pay taxes so that they are not delinquent, but we have filled out the paperwork to get the money back. He stated that any time a change is made to a property; we have to redo the application.

Mayor Fagg asked about the charges for trees and if they are covered by the procurement policy.

City Manager Llewellyn stated that we do, he stated that these trees are less expensive than the ones we could purchase here. He stated that we are required to have larger trees that do not impede the flow of traffic in the area we purchased those trees for.

Mayor Fagg asked about the charges in the stormwater fund. He stated he did not think that some of those charges should have been taken from there.

City Clerk Tabitha Sharp stated that it appeared that the majority of the charges were for a vehicle that we used in the stormwater department, the insurance payments were for liability and vehicles and equipment for that department.

Mayor Fagg asked how many employees were in that department.

City Manager Llewellyn stated he thought there were three or four.

Mayor Fagg asked what the budget was on the Christmas Party.

Ms. Sharp stated that she did not know, a budget is set by the City Manager and followed by the chair of that committee.

Mayor Fagg asked about the charges on City Manager Llewellyn's credit card that references Commissioner gifts.

City Manager Llewellyn stated he thought it was the coats for the coat drive.

Mayor Fagg asked why it referenced Commissioners.

Ms. Sharp stated she believed that those purchases were directed by the Commission.

Commissioner Nick Badwey moved that the Consent Agenda, as presented, be approved.

Commissioner David Chapin seconded the motion.

Motion carried 5 – 0.

SPECIAL USE PERMIT TO ALLOW A DIGITAL VIDEO SIGN IN A C-2 DISTRICT LOCATED AT 301 N MAIN STREET (CASE NO. 14-013-SUP)

Scott Rickard, Assistant City Engineer, introduced the new City Planner, Jay Shivers.

Mr. Rickard stated that Community National Bank is requesting a special use permit at their bank on north Main Street. He stated that the bank is zoned C-2, a Central Business District which requires the SUP. He stated that the Planning Commission has recommended approval by a 6 – 1 vote. He stated that there was a condition that the bank only display static images. He stated that there was also a discussion of limiting the operation between 11 p.m. and 7 a.m.

Commissioner Bill Young asked if the caveat stating the sign could not be operated between the hours of 11 and 7 was discussed at the Planning Commission.

Mr. Rickard stated that it did not, but staff have included it because of the zoning in the area. He stated that Mr. Rowell did not indicate that it would be a problem.

Mr. Rickard stated that the State Historical society has contacted the City. They do not see a problem with it at the location proposed, but cautioned against video billboards in the historical district.

Commissioner Chase Locke stated it was important to take into consideration the historical district in the downtown area. He stated that the current sign does look dated and the new sign looks nice. He stated that he felt the Planning Commission recommendation was also important to the decision to support the sign.

Commissioner Nick Badwey stated that it helps the case that it is on the existing sign standards.

Mr. Rickard stated that staff did recommend denying the proposal based on the zoning regulations in that area.

Commissioner Locke stated that he understood the feelings regarding the historical district, but thought that the sign was appropriate and was part of our changing community.

City Manager Herb Llewellyn stated it depends on where you live when thinking that it is becoming normal. He stated that it was up to the City Commission to decide what was right for the city.

Commissioner Young confirmed that the sign ordinance regulates the brightness levels.

Mr. Rickard stated that he was correct and that any proposed sign is required to be accompanied by a letter from the company stated that it can be dimmed or set to certain limits.

Mayor Michael Fagg asked why staff recommended declining the proposal.

Mr. Rickard stated that staff felt it was not compatible with the area, those signs tend to distract drivers, and there are a lot of negative feelings in our community regarding video boards. He stated that his staff are currently reviewing the sign regulations to bring to the Commission.

Commissioner Young clarified that the safety concerns have nothing to do with the downtown district.

City Manager Llewellyn stated he was correct. He stated that it is a concern shared across the country.

Colin Rowell, Community National Bank, stated that there will be no movement on this sign. He stated that their existing sign is no longer capable of being repaired because it is outdated. He stated that the new sign will be more environmentally safe.

Mr. Rowell stated that their neighbor is in support of the sign. He also stated that they will dim the sign in the evenings. He stated that the size of the sign will change minimally.

Commissioner David Chapin stated that signs are very important in business. He stated that many types of signs could be distracting; he felt the sign was good for the location.

Mr. Rowell stated that he spoke with several of his customers regarding the sign, and they are all in support of the new sign.

Linda Baines, El Dorado Main Street, stated that Main Street has taken a stand against the sign. She stated that they are opposed based on the fact that this newer type of sign takes away from the identity of the downtown area.

Vernon Boyce, Sign Link, stated that sign technology is going in this direction. He stated that nationwide, many historic downtown areas have embraced this technology. He stated that

Atlanta's Fox Theater has upgraded their old marquee with this new technology. He stated that the signs are static in these districts, there is no video.

Commissioner Locke stated he was glad that the Atlanta Theater was brought up. He stated he had seen it, and even though it was new technology, the sign is more

Mr. Boyce stated that even though the sign is capable of more, they only intend to use it for basic purposes.

Mr. Rowell stated that they will also be willing to use it to promote civic activities as well.

Commissioner Young stated that he felt the Planning Commission had vetted the issue thoroughly. He stated that he also understood the concerns of the Main Street organization. He stated that there is a difference in this sign as opposed to other electronic signs in the city.

Commissioner Locke encouraged others to look into this technology and utilize it.

Mr. Rickard stated that our state historical society considers it incompatible in a historic district, but didn't see a problem on the existing structure.

Mayor Fagg stated when he looked at it, he felt that it was on the edge of the district and that the neighbor supported it, so he was in support of it.

Commissioner Chase Locke moved that the recommendation of the Planning Commission to approved Case No. 14-013-SUP requesting a Special Use Permit to allow a Digital Video Sign in a C-2 Zoning District and that Ordinance No. G-1191 be approved.

Commissioner David Chapin seconded the motion.

ROLL CALL VOTE

	Mayor Michael Fagg	Yes
Position No. 1	Commissioner Chase Locke	Yes
Position No. 2	Commissioner Bill Young	Yes
Position No. 3	Commissioner Nick Badwey	Yes
Position No. 4	Commissioner David Chapin	Yes

<u>COMMUNITY IMPROVEMENT DISTRICT (CID) RESOLUTION</u>

Linda Jolly, El Dorado Inc., stated that she has brought a proposal for a community improvement district from HRSP LLC who will be doing business as Days Inn. She stated that HRSP intends to construct a 42 room extended stay facility in Block 2, Lot 2 of the Business Park.

Commissioner Bill Young stated that this hotel fits into the feasibility study for rooms needed. He asked if the CID fits in the study.

Ms. Jolly stated that there were not specific incentives listed in the study. She stated that the lodging study was also a retail market study. She stated that it discusses the opportunity to cluster businesses like lodging, food and fuel.

Mayor Fagg confirmed that the study was done in 2008.

Ms. Jolly stated that it was.

Commissioner Young confirmed that tonight's goal was to set a public hearing.

Ms. Jolly stated that he was correct.

Mayor Fagg asked if this had been done in the City before.

Ms. Jolly stated that it has never been done for a single business. She stated that the Holiday Inn was not eligible at the time.

Kim Bell, Gilmore and Bell, stated that the CID act was brought into effect in 2009. She stated that it was initiated by the hotel developers. They are asking for a 2% sales tax to be applied to their sales. She stated that those monies will be placed in a fund and can then be withdrawn by the developers to pay costs associated with building the hotel and other items specified by the statute such as training and promoting tourism.

Ms. Bell stated that the sales tax will exist for 22 years, there would be no bonds issued.

Mayor Fagg asked what the cost was to the city.

Ms. Bell stated that the developer will pay for the costs for their counsel and that the agreement will allow the City to recoup 5% of the sales tax for administrative costs. She stated that those arrangements would be worked into the development agreement.

Mayor Fagg asked why they would not just increase the room rates.

Ms. Bell stated she could not speak to HSRP specifically but had heard that most hotels are looking primarily at room rate competition. She stated that most people only look at room rates and not the taxes associated with the rate.

Mayor Fagg asked if the CID can be changed before the 22 years.

Ms. Bell stated that because they are only going to get sales tax on their own production. If the business is not doing well, they won't be able to capture that.

Mayor Fagg asked if we would be able to stop it.

Commissioner Young asked why we would want to.

Mayor Fagg stated he wasn't sure.

Ms. Bell stated that the tax would be levied by Ordinance and notice would be provided to the Department of Revenue for collection.

Commissioner Nick Badwey asked if it was transferrable on sale of the property.

Ms. Bell stated that it would be transferrable to any business on that property.

Commissioner David Chapin stated the only one he knew of was Cabela's.

Ms. Bell stated she thought he was correct. She stated that she thought that a portion of that revenue would pay for the highway there. She stated that they are becoming more common depending on the business.

Mayor Fagg stated the only negative he could think of was the effect on the other hotels. He asked if we could meet with the other hotels prior to the public hearing so that he could hear those issues before the resolution is passed.

Mayor Fagg stated he was concerned that the city would hear about it later if they did not talk to them before.

City Manager Herb Llewellyn asked if Ms. Jolly had talked to them about it.

Ms. Jolly stated that she has not.

Mayor Fagg stated that we should have a meeting prior to the public hearing.

Ms. Jolly stated that she would be happy to let them know about the public hearing.

Mayor Fagg stated he did not want it to be a televised meeting. He stated that it would give them the opportunity to come up with questions prior to the public hearing.

Commissioner Nick Badwey asked how many hotels there were.

Ms. Jolly stated that there were seven.

Commissioner Badwey asked if we could send them a letter.

Ms. Jolly stated she would be happy to do that. She stated that this has been offered to other hotels and they have not yet taken advantage of it.

City Manager Llewellyn stated that he was under the impression that these owners have visited with the other hotels prior to this meeting as well.

Commissioner Bill Young moved to approve Resolution No. 2750, a Resolution setting a public hearing to discuss the creation of a Community Improvement District within the City of El Dorado.

Commissioner Nick Badwey seconded the motion.

Motion carried 5 – 0.

City Manager Llewellyn stated that he would try to schedule it the first week in February.

Commissioner Chapin confirmed that this was offered to other hotels as well.

City Manager Llewellyn stated that it has been. He stated that the CTC meets monthly and there is a lot of contact with those groups.

STATE OF DEPARTMENT – ENGINEERING

Assistant City Engineer Scott Rickard presented the accomplishments of the Engineering, Building, Zoning and Code Enforcement Departments for 2014.

Mayor Michael Fagg asked why there were animal complaints. He also asked what the difference between a warrant and guilty verdicts were.

City Attorney Jim Murfin stated that warrants are issued in the case of someone not appearing.

Mr. Rickard stated that a guilty verdict results from a trial.

Mayor Fagg asked how the Code Enforcement officer finds violations.

Mr. Rickard stated that many are from calls and the others are from the officer driving around the City.

Mayor Fagg stated he has noticed that there are certain people who are repeatedly marked as an offender and others who are never punished.

Mr. Rickard stated that many of the properties that appear to not be following the rules are caught in the court system awaiting a decision.

City Manager Llewellyn stated that he has almost never had a complaint about a property that is not already in the system.

Mayor Fagg asked if the complainant’s name is used in the process.

City Manager Llewellyn stated that it was not. The City is the complainant after reviewing the reported issue.

Mayor Fagg encouraged residents to help out neighbors that might need assistance keeping their yards mowed.

Commissioner David Chapin stated that he appreciated how that department has come together over the last eight years into a well-oiled machine.

Mr. Rickard thanked him.

Mayor Fagg asked when the work at Towanda Street would begin.

Mr. Rickard stated that it would begin soon and hopefully be finished by next fall.

INTERLOCAL AGREEMENT WITH USD 490

City Manager Herb Llewellyn stated that 21 years ago, the City and USD 490 went together to build the gymnasiums on the side of the high school. He stated that in exchange for the city paying more to build the facility, the school paid the utilities. Since the end of the agreement, we have become 50/50 owners in the building and would like to move forward by continuing the contract. The only change will be that the City will pay a portion of the utilities.

Commissioner Chase Locke stated that it was a good facility for the community and that he was supportive of moving forward with the contract.

Commissioner Bill Young stated that it was a good partnership and facility and was also in support of moving forward with the agreement.

Commissioner David Chapin stated that it was a great deal.

Mayor Michael Fagg stated that when this happened 21 years ago, it was a mess. He stated that since then, it has been a great deal for everyone. He asked if we looked at what percentage of usage belonged to the City.

City Manager Llewellyn stated that his fear was that we would pay more. He stated that the first two gyms are used by the school district from 8 to 5:30 weekdays. He stated that the evenings and weekends are the City's time. The third gym is operated by the City exclusively. He stated that based on that, we use the gyms more than the district. He stated that it has been a great partnership and we share the third gym if the district needs it.

City Manager Llewellyn stated he appreciated the school district's offer and thought it was a great deal. He stated that both parties are working to control the utilities.

Commissioner Chase Locke moved to direct the City Manager to sign the amendment to the interlocal agreement as proposed.

Commissioner David Chapin seconded the motion.

Motion carried 5 – 0.

PROJECT NO. 392 – EL DORADO SEWER IMPROVEMENTS (KDHE REVOLVING LOAN)

Scott Rickard, Assistant City Engineer, stated that on Friday, the City was awarded a $500,000 community development block grant for sewer improvements just north of Skelly school. He stated that some of the sewer mains are deteriorated and undersized, which encouraged them to apply for the project.

Mr. Rickard stated that staff are requesting a resolution authorizing the City Manager to sign and submit all documents for the city to receive a loan to pay for the City's portion of the project estimated at $577,600 pre-design.

City Manager Llewellyn stated that because this is a block grant, it will do work on home owner's property at no cost to them. He stated that a normal project would stop at the property line, the block grant allows us to fix home owner issues as well.

Mr. Rickard stated that this project was awarded the highest points of any in the State.

Commissioner Badwey congratulated the staff that applied for the grant.

Commissioner Bill Young moved that Resolution No. 2751, a resolution authorizing the City Manager to sign and submit all documents related to the application for a Kansas Water Pollution Control Revolving Loan Fund with the Kansas Department of Health and Environment.

Commissioner Nick Badwey seconded the motion.

Mayor Fagg asked what the rate would be on the loan.

Mr. Rickard stated he thought it was around 2.18%.

City Manager Llewellyn stated that it has taken awhile to show the State that we could manage a loan properly and we have done that.

Mr. Rickard stated that we were awarded money in 2008 and then again for the BG/Barton project that tied money up for quite awhile.

City Manager Llewellyn stated that the Commission will probably begin seeing these more often because we are allowed to have two open at a time.

Motion carried 5 – 0.

NEW BUSINESS

Commissioner David Chapin stated that the repairs on Olive have been going bad, he would like to let the public know what happened.

City Manager Herb Llewellyn stated that they noticed failure right away. He stated that the contractor is coming back to fix it in the spring.

Commissioner Chapin welcomed everyone to the New Year.

Mayor Michael Fagg asked about water in the roller on the Olive Street project.

Mr. Rickard stated that was another issue. He stated that they are now seeing a loss of binder in the asphalt. He stated that they have placed a few emergency patches, and will be out to repair the rest in the spring. He stated that the City requires a maintenance bond, so they are required to fix it.

Commissioner Nick Badwey stated he was excited about the projects coming this year.

Commissioner Bill Young encouraged people to participate in the election and call the City Clerk with any questions regarding the election and our form of government.

Commissioner Young asked about the progress of bike lanes.

Mr. Rickard stated he was not sure where Public Works was on making the signs.

City Manager Llewellyn stated he thought they had planned to bring them to the next meeting.

Commissioner Young asked the City Manager to discuss the properties that we will be selling.

City Manager Llewellyn stated that we have acquired some properties in order to get rid of structures that were failing or had failed. He stated that the Commission wanted to get those back on the tax rolls with new structures. He stated that they are talking about a sealed bid versus an auction for those properties.

Commissioner Young stated he thought an auction was more transparent. He stated that these eight lots really fit the infill category and this is an opportunity to fulfill that portion of the comprehensive plan. He asked if there were other lots available.

City Manager Llewellyn stated he thought there was a track of land on the south side of Belle Vista cemetery and there were buildable lots in the Griler Addition.

Commissioner Young stated he thought the best way to approach this was to set conditions for sale and auction them off.

City Manager Llewellyn asked if the Commission had a preference.

Commissioner Young and Badwey both supported an auction.

Commissioner Chapin asked if the stipulations included having a house built on them with the sealed bid. He stated he was okay with either way.

Commissioner Young stated that those were some of the ideas. He stated that he asked why they couldn't do that in an auction.

Commissioner Chapin asked what would happen if they didn't.

City Manager Llewellyn stated that we would be able to take the land back.

Commissioner Badwey stated we wouldn't take it away, we would buy it back.

Commissioner Chapin stated he was uncomfortable with that.

Mayor Fagg stated he would like to talk to the people from Hutchinson. He stated he thought we needed their expertise because the less property we own, the better. He stated that we also needed to be careful that they don't buy the land and build multi-family housing that they could make four or five times the money off of.

City Manager Llewellyn stated that they could use other tools to clean up the property and take them to court, we probably would not get anywhere. He stated that there is value in not having a house on a lot that is about ready to fall over. He stated that in this plan, the hope is that we will go from a house that is falling down to a new house. He stated that often this is just one house in a block of nicer homes.

Mayor Fagg stated that then there are going to be eight house around the one that will be in worse shape in five years.

Commissioner Chapin stated that he thought it was a great discussion for the housing committee. He felt they needed to address the properties we currently own.

Commissioner Chapin asked if the contract would automatically revert the property to the city if the owner failed to put a house on it within a certain time.

City Manager Llewellyn stated that the contract would state that we could take it back.

Commissioner Young stated that it is a common practice in other communities to encourage infill development.

City Manager Llewellyn stated that we used the one year caveat in the business park. He stated if the owner is in the process, then the city will not get excited about taking the property back.

Commissioner Chapin confirmed that it could be a garage or a house.

Mr. Rickard stated that it would have to be a dwelling unless it was an abutting land owner who wanted to abolish the property line and build a garage.

Commissioner Young confirmed that it was only if they set the standards that way.

Commissioner Chapin stated he would like to have the standards set.

Commissioner Young stated that the basis for this conversation is having an auction versus closed bid. He stated that then we could build the standards.

Commissioner Chapin and Mayor Fagg agreed that an auction would be better than closed bid.

City Manager Llewellyn stated that the standards are in draft form and we will hopefully bring them in February to the Commission.

Commissioner Young asked if it would be beneficial to send them to the housing committee.

Commissioner Chapin stated he was okay with doing it at the Commission level.

Mayor Fagg asked if it should go to the Planning Commission.

City Manager Llewellyn stated that the Planning Commission has already created the standards. He stated that Scott could take it to the Planning Commission this week.

Commissioner Chase Locke encouraged people to contact the City Clerk to file for election by next Tuesday at noon. He also encouraged people to register to vote by February 10th for the primary and March 17th for the general election.

Commissioner Locke stated that he would like senior staff to discuss with BHI a new property. He stated that he and the Mayor had both looked at it already. He asked if everyone could go and look at it and talk to them prior to it coming to Commission.

City Manager Llewellyn stated that they cannot do that because the Commission is required to do their business in public so that both sides can bring their issues at the same time. He stated that this is referred to as ex parte communication.

Commissioner Locke asked if there was anything that could be done ahead of time.

City Manager Llewellyn stated that staff are already working with them.

Mr. Rickard stated that he, the building official and Fire Chief have already toured the property.

Commissioner Locke stated he didn't think anything was ill-intentioned, they just wanted to make sure they did their homework. He stated he was comfortable with the fact that senior staff had met with them.

City Manager Llewellyn stated that the best way for anyone to begin construction is to contact the Engineering Department.

Mr. Rickard stated that they have received an application for a special use permit and have walked through the property to determine condition.

Mayor Fagg asked why there was no stop sign in the new addition by the golf course where it meets 12th Street.

Mr. Rickard stated that they would get one up.

Mayor Fagg asked how many vehicles were on CNG now.

City Manager Llewellyn stated he was not sure, he thought maybe six.

Mayor Fagg asked if we would consider slowing down on that project now that gas prices are down.

City Manager Llewellyn stated he had the total cost, but had asked the department head to provide a better break down. He stated that while we are selling the CNG for $1.80, we are not paying it. He stated that what we are paying for CNG is less than diesel and unleaded for us.

Mayor Fagg stated he did not want to compete with the refinery because they are the biggest employer in town.

Commissioner Chapin stated that they do not pay city taxes.

Mayor Fagg stated that they provide a lot of jobs.

Commissioner Chapin agreed.

Mayor Fagg stated that it shows we are spending $105,000 on the new community market building.

City Manager Llewellyn stated that we are applying for a grant for that.

Mayor Fagg confirmed that we would not spend that if there was no grant.

City Manager Llewellyn stated he was correct.

Mayor Fagg asked if the Commission should vote on purchase contracts.

City Manager Llewellyn stated that they did vote on it.

Commissioner Badwey stated he thought it was “not to exceed”.

City Manager Llewellyn stated that he thought it was before he was Mayor. He stated that staff provided a list of those dates to the Mayor last year.

Mayor Fagg stated that he thought they should vote on it in the public meeting.

City Clerk Tabitha Sharp stated that the Commission voted on it during the sales tax discussion and during the budget discussion last year. She stated that the Mayor voted in support of the sales tax recommendations and opposed the budget.

Mayor Fagg confirmed that they accept the recommendation from the sales tax committee and then incorporate it in the budget.

City Manager Llewellyn stated that they do, and he voted against the budget.

Mayor Fagg asked for a review of the 2014 budget. He asked about money being moved into reserves, he stated that the County Commission voted on that recently.

City Manager Llewellyn stated that 2014 is not closed yet; it will be closed in the middle of February. He stated that the Commission has never voted on the reserves. He stated that the Commission only votes on the budget because we have a different form of government than the County.

Mayor Fagg asked how many reserve accounts we had.

City Manager Llewellyn stated he was unsure. He stated that they were in the funds.

Mayor Fagg confirmed that there are no ear-marked reserves.

City Manager Llewellyn stated he was correct because by law they could only have six percent extra in a budget. He stated that the portion of the budget that is not spent is typically in the contingency fund and the equipment reserve fund.

Mayor Fagg stated he was hoping that they would have a special meeting for lake debt reserve. He stated that he understood that the rest of the Commission didn't want to be involved in it. He stated that he could come over during a lunch hour to meet with them on his own.

City Manager Llewellyn asked if he was going to hear anything new.

Mayor Fagg stated that staff would hear new information from him.

City Manager Llewellyn stated that we are making more money than we are paying.

Mayor Fagg stated he would like to have a discussion on that. He wanted to pay the debt off.

City Manager Llewellyn stated that we have older investments that are better.

Mayor Fagg asked what they are.

City Manager Llewellyn stated they were federal home loans.

Mayor Fagg asked when we receive the interest.

Ms. Sharp stated that we receive the interest when they mature.

Mayor Fagg confirmed that we can't have the money now.

Ms. Sharp stated we do not want the money now; the money is for the 2080 debt. She stated that the money he wants to pay off is in a different fund.

Mayor Fagg asked what they are worth today if we sell them.

City Manager Llewellyn stated that we are not going to sell them today. We are counting on that money going to the debt in 2080. He reiterated that we are making six percent and paying three. He stated that we would lose three percent interest by cashing out now.

Mayor Fagg stated that with interest so low, it would be a great time to cash out and pay off the note. Then we could use the money we're paying to pay the next note in case of a rough year.

Ms. Sharp stated that we are putting more than what we are paying on the note into the investments each year.

Mayor Fagg stated that we would not have the payment to make anymore or we would have more money to invest.

Ms. Sharp stated that we would miss an entire year of investments if we were to pay off the note. She stated that the effect that would have on our 2080 debt is greater than what we are paying on the two year note, the city would take a loss. She stated that this was all explained in the memo provided to the Commission last year.

City Manager Llewellyn stated that this discussion was also held with our financial advisor today, he stated that it would be foolish to move the money around like the Mayor is suggesting.

Mayor Fagg asked why he couldn't be involved in that discussion.

City Manager Llewellyn reminded him that the Commission sets policy, they are not involved in day-to-day activities. He stated that we report what is found to the Commission.

Mayor Fagg stated he wanted to be involved in the discussion.

City Manager Llewellyn asked if the Mayor trusted him.

Mayor Fagg said at times he does not. He wants to have the discussion to make sure we are making the right decision. He wanted to have his questions answered.

Commissioner Locke stated he supported having a conversation at another time when everyone was prepared.

City Manager Llewellyn stated that the investment advisor was at a Commission meeting and the Mayor did not want to ask any questions. He stated that he was frustrated because the information had been provided.

Commissioner Locke stated that the Mayor has new questions now and he supported having a meeting to answer those.

Ms. Sharp stated that staff need agreement amongst the Commission to have a meeting and we do not yet have that.

Mayor Fagg stated he just wanted to have a discussion.

Ms. Sharp stated he had requested a work session.

Mayor Fagg confirmed that he had.

Ms. Sharp stated that he needed agreement from two other commissioners to have a work session.

Mayor Fagg told the other Commissioners that he would support them if they asked for a meeting.

Commissioner Badwey asked if there was a work session and three of the Commissioners agree that the advisor knows what he is doing that the Mayor will not bring it up again.

Mayor Fagg stated it takes three to vote.

Commissioner Badwey stated that is not what he said, he wanted to be done talking about it if there was agreement between at least three of the Commissioners that the advisor was correct.

Commissioner Chapin asked if he would drop the issue with a 4 to 1 vote.

Mayor Fagg stated that he would go with that.

Commissioner Chapin stated he would like the Mayor to provide the questions to staff to answer and have staff meet with them.

Commissioner Locke agreed.

Commissioner Young asked if Tom could come to a Commission meeting so everyone could understand the reality of our investments.

City Manager Llewellyn stated that Tom is our financial advisor. He stated that our investment advisor is not Tom. He was selected per our procurement policy.

Mayor Fagg stated he would like to sit at a table and talk about it, not put on a dog and pony show in front of the camera.

Commissioner Young clarified that the Mayor was saying that having someone come to a Commission meeting so that everyone was aware of the issues was a dog and pony show, but a meeting over lunch was not.

Commissioner Locke stated he would like to have a meeting elsewhere so that it could be discussed and then take it to the public.

Commissioner Chapin stated that the Mayor could get his answers and if they felt it was an issue than they could change the policy, if not, they would leave it alone.

Commissioner Locke clarified that he had full faith in staff, he understood that the Mayor had new thoughts and he would like to hear those as well.

Commissioner Young asked if there was going to be a work session scheduled.

City Manager Llewellyn stated that we could have a work session.

Commissioner Young stated he would sit in on the conversation.

City Manager Llewellyn stated that they needed four for a meeting.

Ms. Sharp stated that she would send another e-mail requesting available dates to set the meeting.

Commissioner Locke stated he would like staff to put out information regarding our form of government and what the responsibilities of the Commission are.

CITY MANAGER'S REPORT

City Manager Herb Llewellyn stated that the Butler County Commission discussed the interlocal agreement regarding the 3 mile zoning radius. He stated that the County would like to have City Staff advise the County Commission. He stated that the City has better tools and more desire to enforce the rules. He stated that they often forget that they also represent cities.

Assistant City Engineer Scott Rickard stated that in the discussion they had today at the County Commission meeting, they reminded each other that they also represent cities.

Mayor Fagg asked about the chips on West Central.

Mr. Rickard stated that the city has been awarded KLINK funding to improve that. He stated that the problem is that when concrete fails, it is expensive to fix.

Mayor Fagg asked if that was covered by their bond.

Mr. Rickard stated that KDOT does not warranty or bond their work. He stated that they are working to find a plan that will fix the road adequately for the long term. He stated it was a tough project because of the joint repair and how to take them out and replace them efficiently.

City Manager Llewellyn stated that we have patched it to try and get a little more time.

Mr. Rickard stated that the city hired a contractor to do some joint repair as a temporary patch but those repairs have failed now.

Mayor Fagg asked what they were going to do.

Mr. Rickard stated that the State agreed to give us some funding, but it will not go very far to repair it the way it needs to be done.

City Manager Llewellyn stated that most people have seen how you replace a joint, the concrete must be saw cut and then replaced. It takes some time.

Mr. Rickard stated that KDOT did a repair that seems to be holding up west of Boyer, but will not work in the city limits with curb and gutter. He stated that staff are looking at it, it will take some time.

Mayor Fagg stated it was important to get it repaired since it was the approach to the city.

EXECUTIVE SESSION

Commissioner Bill Young moved to recess into an Executive Session for the purpose of discussing legal matters and matters of non-elected personnel, and to reconvene the regularly scheduled meeting in the City Commission room at 9:50 p.m.

Commissioner Nick Badwey seconded the motion.

Motion carried 5 – 0.

Mayor Fagg called the meeting back to order.

ADJOURNMENT

Commissioner Nick Badwey moved to adjourn the meeting at 9:51 p.m.

Commissioner David Chapin seconded the motion.

Motion carried 5 – 0.

______________________________ ______________________________

City Clerk Tabitha D. Sharp Mayor Michael A. Fagg