

MINUTES OF A MEETING  
OF THE GOVERNING BODY OF  
THE CITY OF HAYS, KANSAS  
HELD ON APRIL 23, 2020

**1. CALL TO ORDER BY CHAIRMAN:** The Governing Body of the City of Hays, Kansas met in regular session on Thursday, April 23, 2020 at 6:30 p.m.

Roll Call: Present: Shaun Musil  
Sandy Jacobs  
Mason Ruder  
Michael Berges  
Ron Mellick

Mayor Musil declared a quorum was present and called the meeting to order.

**2. MINUTES:** There were no corrections or additions to the minutes of the regular meeting held on April 9, 2020; the minutes stand approved as presented.

**3. FINANCIAL STATEMENT:** Kim Rupp, Finance Director, reviewed the financial summaries of the revenue and expenditure activities of the City of Hays for the month ended March 31, 2020.

Month-to-date general fund sales tax collections were at \$593,790, which was an increase of \$78,990 or 15% as compared to last year. Year-to-date collections are at \$1,966,774 up \$100,400 or 5.38%. The six month average is at 6.77% which is an increase of 4.54% when compared to a year ago.

The report of top ten quarter-to-date sales tax collections by classification was up \$156,380 or 7.94%. The largest categorical increase was in supermarkets, convenience and liquor stores up 33% and telecommunications up 26%.

The portfolio of certificates of deposit on March 31, 2020 totaled \$55,550,000 with a weighted average interest rate of 2% down .43% from a year ago. The total of US Treasuries at par value is \$1,477,000 with a weighted average yield to maturity of 1.59%. The total balance of the Money Market

account on March 31, 2020 was \$6,000,000 with a current yield of .34%. The balance in the Money Market account has jumped significantly. Mr. Rupp stated they are trying to keep funds a little more liquid in anticipation of the payment to KDOT for the North Vine Corridor reconstruction. Total investments are up \$2,277,000 when compared to this time last year.

Ron Mellick moved, Michael Berges seconded, to approve the Financial Statement for the month of March, 2020 as presented.

Toby Dougherty, City Manager, stated City staff has made some projections regarding the anticipated losses in sales tax and transient guest tax due to the coronavirus pandemic. He added that City Departments have been tasked with identifying cuts to the 2020 Budget and keeping the 2021 Budget as lean as possible. He added that the City Commission has adequately funded reserves so we do have the ability to absorb those losses and hopefully recoup that at a later date.

Commissioner Berges asked if there is any risk of furloughing City employees. Mr. Dougherty stated we are not there yet and he is not considering it at this time. He added that he can't see enough of a revenue decline that the City could not absorb or that they would have to resort to furloughs or layoffs. Worst case scenario they may get to a point of putting a hiring freeze in place and not filling positions as they vacate.

Commissioner Mellick stated the City has planned ahead and followed the City Manager and Finance Director's advice to make sure projects are fully funded. We wanted to make sure that when that rainy day did show up we weren't caught short-handed. Mr. Dougherty stated we may deplete the unreserved fund balance and have to figure out a way to put that back in over the next few years, but it is our goal to not have to dip into reserves for operational type expenses.

Mayor Musil asked if any services to the community would be cut anytime soon. Mr. Dougherty stated nothing noticeable right now, but he can't say what type of corrections they may have to make in the future considering the downturn

in the agriculture and oil market and not knowing the long term effects of the current situation.

Vote: Ayes: Shaun Musil  
Sandy Jacobs  
Mason Ruder  
Michael Berges  
Ron Mellick

**4. CITIZEN COMMENTS:** There were no comments.

**5. CONSENT AGENDA:** There were no items on the Consent Agenda for consideration.

### **NEW BUSINESS**

#### **6. NORTH VINE STREET CORRIDOR PROJECT – AUTHORITY TO AWARD**

**CONTRACT AND COMMITMENT OF CITY FUNDS:** John Braun, Project Manager, stated since December 2015, City staff has been working on the development of a project to improve Vine Street from 32nd Street to the 41st and Mopar intersection. The project will improve pavement, curb and gutter, sidewalk, storm sewer, water mains, signage, pavement markings, street lighting, and pedestrian signals associated with the reconstruction of approximately 3,400 linear feet of Vine Street (US 183). The project includes four new, two-lane roundabouts; one at the intersections of 32nd Street and 33rd Street, a second at the intersection of 37th Street, a third at the eastbound I-70 ramps, and the fourth at the intersection of 41st Street and Mopar Drive. The project will also reconstruct the west frontage road, connect West 37th Street to Skyline Drive, extend Skyline Drive to West 41st Street, integrate a shared use path on the west side of Vine Street, and upgrade pedestrian crossings.

Construction will begin in May and run through two construction seasons, with completion occurring in the fall of 2021.

Bids for the construction of the North Vine Street Corridor Project were opened by Kansas Department of Transportation (KDOT) in Topeka, Kansas on

March 25, 2020. All bids were reviewed by KDOT, the City's engineering consultant, and City staff. The low bid is higher than both the engineer's estimate of \$8,463,336 and KDOT's estimate of \$8,152,118. The high bids are mainly attributed to the current economic situation caused by the COVID-19 pandemic.

The low bid was from Smoky Hill, LLC of Salina, Kansas in the amount of \$11,915,287. The bid from Smoky Hill, LLC combined with \$1.2M for construction engineering, totals \$13.1M. Deducting the \$6M BUILD Grant leaves the City's share at \$7.1M.

KDOT has provided a resolution authorizing the award of bid and commitment of City funds in the amount of \$7,111,000. The City is able to cover the higher than estimated cost of construction, and believes it is best to accept the low bid and move forward with the project.

Sandy Jacobs moved, Ron Mellick seconded, to authorize the Mayor to sign the resolution from KDOT, authorizing the commitment of City funds and awarding a contract to Smoky Hill Construction for the North Vine Street Corridor Project. The City share to be paid to KDOT is \$7,111,000 from the Capital Projects Fund.

Commissioner Mellick stated they were all disappointed when the bids came in higher than expected. He feels one of the reasons is due to the pandemic and another is how complex this project is. He doesn't believe the engineers have a full grasp of what it takes to do a job like this. He added that if we wait six months to rebid, we have no idea what kind of bids we will get. They may be higher or lower or we may not get any bids at all. He stated we know what the bids are today and that the City can afford to do it. He feels that we need to get construction started on this project.

Commissioner Berges stated Ellis County passed a half-cent sales tax and by statute the City of Hays will collect from that an estimated \$600,000 to \$800,000 a year for the next 10 years. He asked if there was a scenario where that new source of revenue would have to be used to fund this project. Mr. Dougherty stated we don't plan for that scenario. If for some reason our transient

guest taxes didn't go back to normal any time soon, we might not collect enough in transient guest taxes to pay this off in a nominal time frame. In that case we may look at an extended bond, refinancing, or finding another revenue source.

Commissioner Berges stated the City currently has approximately \$8M outstanding in bonds and we are looking at another \$7M that the City will be responsible for. He asked if that could hurt the City's credit rating or our ability to pay that much more in debt obligations. Mr. Dougherty stated cities in Kansas are limited statutorily to how much debt they can carry and it is a ratio of your total assessed valuation. He also noted the City Commission's Comprehensive Financial Management Policy cuts that in half and right now we are significantly below that. He clarified that of the \$8M general obligation bonds, most of those are for benefit districts in which lot owners pay special assessments to reimburse the City. He added that the City Commission has largely paid cash for its projects and in the grand scheme of things we have a very small amount of debt as a city.

Commissioner Berges noted that if the City does not accept the federal BUILD grant, someone else will, so it doesn't necessarily save tax dollars by us not getting it. He added that he has come to the conclusion that the estimates we have been working from were flat wrong and the cost of this project is probably correct; however, because the estimates were so far off, he believes there is a compounding problem here. From the estimates this project was based on, the City was looking at bonding \$4M over 15 years, with interest the City of Hays would have been obligated to pay \$4.9M. Because of the cost increase of construction, Hays is now looking at a \$7.1M bond over 25 years. That is \$2.9M in interest, and the obligation the City of Hays will pay on that bond is \$9.9M. Given those facts he can't justify voting for this.

Commissioner Ruder stated he will be voting to reject these bids. He can't accept that there is that drastic a difference in cost without any concrete evidence behind it. He would like to review this in the fall to give us some insight as to the impact the coronavirus has had on our community and if other funds might be available in the future.

Vice-Mayor Jacobs stated she appreciates her fellow Commissioners comments. She added that her opinion hasn't changed and she will be voting in favor of this.

Mayor Musil stated this is a very difficult decision and is a big change for our community. He will be voting for it and believes this is what is best for the community.

Vote: Ayes: Shaun Musil

Sandy Jacobs

Ron Mellick

No: Mason Ruder

Michael Berges

## **7. NORTH VINE STREET CORRIDOR PROJECT – CONSTRUCTION**

**ENGINEERING SERVICES:** John Braun, Project Manager, stated the North Vine Street Corridor Project is funded in part by a BUILD Grant from the US Department of Transportation and is being administered through KDOT. The project needs to be inspected by an engineering firm pre-qualified by KDOT to inspect state and federal projects. Firms on KDOT's prequalified list were solicited and Kirkham Michael was the only firm that submitted a proposal. The proposal was reviewed by City staff, and Kirkham Michael was found to be qualified to accomplish the required services. Kirkham Michael's initial scope and fee submittal was in the amount of \$1.6M. That proposal was reviewed by City and KDOT staff and rejected. Subsequently, a revised scope and fee was negotiated in the amount of \$1,246,225, which is in line with typical construction engineering fees for similar projects at slightly more than 10% of the construction cost.

Ron Mellick moved, Sandy Jacobs seconded, to authorize the City Manager to sign the work estimate form from Kirkham Michael for construction engineering services related to the construction of the North Vine Street Corridor Project.

Vote: Ayes: Shaun Musil  
Sandy Jacobs  
Michael Berges  
Ron Mellick  
No: Mason Ruder

**8. PROGRESS REPORT:** Assistant City Manager, Collin Bielser, presented a monthly report of city-related activities, services, and programs.

**9. COMMISSION INQUIRIES AND COMMENTS:** Commissioner Mellick stated he appreciates our citizens that are following the recommendations on physical distancing. He encouraged everyone to keep doing their part and we will get through this.

Commissioner Berges stated we have a big project on our hands now and he will support the project and everyone involved in it.

Commissioner Ruder agreed and said we will do the best we can for our community. He added that in regards to COVID-19, our community is doing a fantastic job in distancing and it is showing in our case numbers. He also encouraged everyone to support their local businesses.

Vice-Mayor Jacobs stated she respects her fellow Commissioners and everyone that has shared their opinions on both sides of the issues regarding the Vine Street Corridor Project.

Mayor Musil stated he knows there will be people disappointed in the approval of the Vine Street Corridor Project, but he believes he, as well as his fellow Commissioners, are doing what they feel is best for the community. He also thanked the community for their support in helping kids, families, and businesses during these difficult times.

The meeting was adjourned at 7:20 p.m.

Submitted by: \_\_\_\_\_

Brenda Kitchen – City Clerk