

MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON JUNE 23, 2022

1. CALL TO ORDER BY CHAIRPERSON: The Governing Body of the City of Hays, Kansas met in regular session on Thursday, June 23, 2022 at 6:30 p.m.

Roll Call: Present: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

Mayor Ruder 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 June 9, 2022; the minutes stand approved as presented.

3. FINANCIAL STATEMENT: Kim Rupp, Director of Finance, reviewed the financial summaries of the revenue and expenditure activities of the City of Hays for the month ended May 31, 2022.

Month-to-date (MTD) general fund sales tax collections were at \$756,899, which was a decrease of \$20,030 or -2.6% as compared to last year. Year-to-date (YTD) general fund sales tax is at \$3,716,972 up \$378,072 or 11.3% from a year ago. The six-month average is at 16%, which was an increase of 11% when compared to a year ago. MTD county sales tax collections were at \$93,347. YTD county sales tax is at \$452,322.

The report of top ten quarter-to-date (QTD) sales tax collections by classification was up \$117,423 or 5.5%. The largest percentage increases were in electronic shopping at 54%, electric/gas distribution at 41%, and accomodation at 34%. These top ten represent 74% of the total sales tax collections for the running quarter.

The portfolio of certificates of deposit on May 31, 2022 totaled \$6,000,000 with a weighted average interest rate of .05% up .02% from a year ago. The total par value of the US Treasuries is \$57,454,000 with a weighted average yield to maturity of .43% up .37% from a year ago. The total balance of the Money Market account on May 31, 2022 was \$3,500,000 with a current yield of .05%. Total investments are up \$1,041,336.

Shaun Musil moved, Sandy Jacobs seconded, to approve the Financial Report for the month of May, 2022 as presented.

Vote: Ayes: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

4. CITIZEN COMMENTS: There were no comments.

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

NEW BUSINESS

6. MID-YEAR COST OF LIVING ADJUSTMENT (COLA): Collin Bielser, Assistant City Manager, stated that inflation in 2021 and 2022 continues to reach record highs. This has resulted in City employees having less buying power with their wages than they had in 2020. When factoring in the COLA provided in 2022, City employees are currently 8.93% below where they were in 2020. In order to avoid falling further behind the market, staff is recommending the Commission approve a mid-year COLA for all City of Hays employees. A 3% COLA equates to roughly \$2,000 annually per employee. It is suggested that the COLA be pro-rated for 2022 and effective with the next payroll. Mr. Bielser clarified that employees will receive the same dollar amount increase resulting in the lower paid employees receiving a larger proportional increase.

Sandy Jacobs moved, Shaun Musil seconded, to authorize the City Manager to provide employees with a \$2,000 cost of living adjustment, pro-rated for 2022, effective with the next payroll.

Commissioner Musil stated that he thinks this is important because it costs money to retrain people and if the City can afford it, he feels it is important to take care of the employees.

Commissioner Jacobs stated that she comments regularly on the quality of City staff and feels we have the best associates in this organization. She added that if this adjustment makes a difference in their lives, she thinks it is important to provide for them.

Vice-Mayor Berges stated he has seen private companies within the City do similar things to retain employees, so he does not feel this is out of line.

Mayor Ruder stated he feels this is needed and the greatest investment the Commission can make is investing in our employees.

Commissioner Barrick stated that most cost of living adjustments are a percentage of wages. He likes the idea of the flat amount and spreading it evenly across the board because the lower salaried employees are often hit harder by inflation.

Vote: Ayes: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

7. ESSENTIAL AIR SERVICE (EAS) PROPOSALS – COMMUNITY

FEEDBACK: Collin Bielser, Assistant City Manager, stated that SkyWest Airlines provides service at the Hays Regional Airport through the Department of Transportation's Essential Air Service (EAS) Program. This contract is with the air carrier and the Department of Transportation (DOT). The current EAS contract runs from August 2021 to July 2024.

SkyWest provided 90-Day Notice to DOT of Intent to Terminate service at 29 communities, including Hays, on March 10, 2022. They attributed this to pilot staffing challenges across the airline industry.

On March 11, 2022, DOT issued a hold-in order prohibiting SkyWest from terminating service until a replacement air carrier began full EAS in each community. Included with the hold-in order was a Request for Proposals from air carriers to begin EAS service in these communities. In response, Hays received one bid from Boutique Air. Community comments regarding the proposal are due Friday, June 24, 2022.

Staff recommends the Mayor sign a letter providing community feedback to the US Department of Transportation regarding essential air service at the Hays Regional Airport. The letter requests the DOT not accept the sole proposal from Boutique Air and continue to hold-in SkyWest Airlines until a suitable replacement is found or for the remaining term of the current EAS contract for Hays.

Reese Barrick moved, Michael Berges seconded, to authorize the Mayor to sign a letter providing community comments to the US Department of Transportation regarding future Essential Air Service at the Hays Regional Airport.

Vote: Ayes: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

8. PROPERTY/LIABILITY COVERAGE RENEWAL – 2022/2023: Kim Rupp, Director of Finance, reported that the City's Property/Liability Coverage is up for renewal on July 1, 2022. Insurance Planning provides oversight for the City as the Insurance Broker. Taylor Pfannenstiel, Commercial Lines Executive for Insurance Planning, has had conversations with other insurance carriers and concluded that Midwest Public Risk (MPR) provides the lowest cost option for

renewal of the City's package. The outcome translates into an 11% increase or \$30,063 more than the prior period.

Mr. Rupp noted that staff is very happy to get back to a local vendor for brokerage services as well as a local contact, John Scheck, for claims reporting, and Ken Brooks as the loss control representative, who Human Resources utilizes.

Mr. Rupp stated staff has been very pleased with MPR services and recommends renewing the City's property/liability coverage with them. He reminded the Commission that MPR is a pool, not traditional insurance, and they operate with three sets of boards, a Kansas Board, a Missouri Board, and an MPR Board. He noted that he is Chair of the MPR Board and Chair of the Kansas Board.

Mr. Rupp explained that the 11% increase is mostly due to the increase in vehicle values, inland marine values, other property values, and liability payrolls.

Michael Berges moved, Sandy Jacobs seconded, to authorize the City Manager to renew the 2022/2023 Property/Liability Coverages with the MPR package in the amount of \$292,679, to be funded from the Intergovernmental Insurance and Surety line item.

Commissioner Jacobs stated that it is nice to reestablish the relationship with Insurance Planning and the local organization.

Vote: Ayes: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

9. RESOLUTION SETTING A PUBLIC HEARING FOR THE ESTABLISHMENT OF THE 4TH AND FORT RURAL HOUSING INCENTIVE DISTRICT: Kim Rupp,

Director of Finance, stated that Turn-Key Properties LLC, submitted an application for Rural Housing Incentive District (RHID) financing relating to a residential project and related infrastructure. The developer seeks to construct four structures containing an aggregate total of 36 apartment units to be located

at 4th and Fort Street, directly west of the former Washington Elementary School. This four-unit development will be a mix of one and two-bedroom apartments with garages.

Total cost of the project is estimated to be \$3,436,000 with \$414,500 of that eligible for RHID reimbursement. The term of the RHID is 25 years with the RHID incremental property tax over those 25 years estimated to be \$622,512.

The Commission previously adopted a Resolution making certain housing needs findings and determinations. Following adoption and publication, the Resolution was sent to the Kansas Secretary of Commerce for approval to move forward with the creation process and further Commission action. The Kansas Secretary of Commerce approved of the creation through a letter dated May 20, 2022.

Mr. Rupp stated that the next step in the statutory process is to set a public hearing to hear public comment on the consideration of establishing the RHID. If the Commission approves the Resolution being considered, a public hearing would be set for July 28, 2022. Following the public hearing, the Commission will consider an Ordinance establishing the RHID and adopting the Development Plan. If an RHID is established and the Development Plan adopted, the City and the developer will enter into a Development Agreement to govern the rights and responsibilities of the parties. The Ordinance would become effective following a 30-day veto period.

Shaun Musil moved, Michael Berges seconded, to adopt Resolution No. 2022-010 setting a public hearing for the establishment of the 4th and Fort RHID and adoption of a Development Plan.

Vote: Ayes: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

10. EARLY REDEMPTION OF SERIES 2004-A BONDS: Kim Rupp, Director of Finance, stated the City has the opportunity to redeem bonds early in the 2004-A

Series, which is the Home Depot Economic Development Bonds. There were two bond issues for the Home Depot Transportation Development District (TDD). The first was funded with an additional .75% sales tax in the district. It was paid off early in January of 2018. The .75% also funded improvements to the road east of Home Depot and then was retired.

Mr. Rupp stated we now have additional bonds in the 2004-A Series that are eligible to be called. The debt service for this series is funded by Tax Increment Financing (TIF) as well as .5% of the City's retailer's sales tax in the Home Depot area. This early redemption will total \$407,709.72, which will include the bonds due in September 2022 as well as those due in September 2024. Depending on collections, it is planned to complete the early redemption in March 2023, which will call the September 2023 bonds and the remaining of the September 2024. This action will save the City an estimated \$32,000 in interest but will also free up the .5% sales tax mentioned above to be receipted back to the general fund some 18 months earlier than had been projected. The .5% sales tax averages \$200,000 annually.

Mr. Rupp noted that the Home Depot Economic Development Bonds Miscellaneous Fund is a budgeted fund, and we do not currently have 2022 Budget authority to complete the transaction.

Sandy Jacobs moved, Michael Berges seconded, to approve the expenditure of \$407,709.72 from City Commission Capital Reserves to redeem the September 2022 and September 2024 bonds in the 2004-A Series, to be replenished from the Home Depot Economic Development Bonds Fund 2023 Budget.

Vote: Ayes: Mason Ruder
Michael Berges
Shaun Musil
Sandy Jacobs
Reese Barrick

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

12. HAYS HAPPENINGS/UPCOMING EVENTS: Collin Bielser, Assistant City Manager, presented information on events that will be going on in Hays during the month of July.

13. COMMISSION INQUIRIES AND COMMENTS: Commissioner Barrick stated that Curtis Schmidt passed away this week. He added that Hays and the Sternberg Museum lost a very integral part of our community, and he will be missed.

Commissioner Jacobs stated work has begun on the renovation project converting the old St. Joseph's School building into apartments. She added that these apartments will be a great addition to Hays.

Vice-Mayor Berges stated Sunrise Rotary Club donated \$6,900 to the City of Hays to be used for improvements at Ekey Park. He thanked them for the donation and stated these donations from various local organizations are a tremendous benefit to our community.

The meeting was adjourned at 7:07 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk