

Minutes

BASEHOR CITY COUNCIL

September 7, 2006

6:00 p.m.

Basehor City Hall

OFFICIAL PRESIDING: John Bonee, Council President

MEMBERS PRESENT: Iris Dysart, Keith Sifford, Terry Thomas

MEMBERS ABSENT: Mayor Chris Garcia and Bill Hooker

**Staff Present: Carl Slaugh, Mary Mogle, Gene Myracle, Dustin Smith, Joe McAfee,
John Thompson**

WORK SESSION – 6:00 p.m.

The work session was called to order at 6:02 p.m. by Council President John Bonee. All members were present with the exception of Councilmember Bill Hooker. City Attorney John Thompson was also in attendance.

Item #1. Presentation by Clark Thompson, Larkin Group, on the sewer rate financial review.

Clark Thompson, Larkin Group, gave a PowerPoint presentation showing the City's user charge and financial rate study. Mr. Thompson reported the study showed the need for annual rate increases in order to meet financial obligations and Kansas Department of Health & Environment (KDHE) loan requirements.

Mr. Thompson directed the governing body to Table 1 of the study. According to the study, the City would need to increase their user charge rate approximately 2.75% annually to meet projected expenses and existing bond payments. Table 7 and 9 shows where it would be necessary to increase user charge rates to \$10 per 1,000 gallons in 2008 and 2009 and then increase to \$11.25 in year 2010 if the City chose to issue a \$6.0 million bond issue for a new facility. Currently the City of Basehor's sewer rates are around 15% higher than other cities listed in the survey listed on pages 15 and 16.

The report noted the current sewer connection rate and method of increase was adequate, although Basehor was below what other cities (i.e. Bonner Springs, Gardner, DeSoto, Louisburg, and Paola) charged in the survey. Mr. Thompson noted all projections were based on the issuance of 50 building permits per year.

President Bonee stated he felt the revenue projections were "skewed" since the figures were based on the issuance of fifty building permits per year. It was his opinion, the City would issue closer to one hundred or more building permits annually the next couple of years.

Mr. Thompson did not feel the City should base their projections on 100 sewer connections in the event the building market declined.

There being no further discussion, Mr. Thompson requested permission to send the report to KDHE as required.

Item #2. Discussion regarding Cedar Lakes Sewer District No. 7 Funds and funding for Sewer Projects.

President Bonee explained the money received from Leavenworth County for the Sewer District No. 7 connection fees, 24-40 interceptor improvement charge, and Pinehurst improvement charge (\$253,785.78) were transferred into a fund for Cedar Lakes Sewer District No. 7 and should have been placed in the Sewer Capital Improvement Fund.

Council discussed the balanced owed to the City from Leavenworth County in accordance with the Sewer District No. 7 Interlocal Agreement. The agreement stated the County would pay the City \$95,973.27, and to date, they had only paid \$50,000. The County also agreed to transfer taxes collected from Sewer District No. 7 property owners to the City for future maintenance of the grinder pumps. The city clerk explained the County sends a check to the City twice a year. To date, the City has received approximately \$4,300.00.

Council agreed the money should be transferred to the Sewer Capital Improvement Fund and directed the city administrator to add that to the next regular Council meeting for formal action.

The city administrator listed the proposed sewer projects noting they would cost approximately \$210,000-\$250,000.

- Decommission the lift station at 155th Street & Chestnut (\$150,000)
- Point Repairs and replace 800 ft. of 8" sewer main in the Rickel Subdivision (\$60,000)

Item #3. Discussion regarding Falcon Lakes Special Assessments

City Engineer Joe McAfee was present to explain the exhibits his staff prepared concerning the Falcon Lakes special assessments. A detailed report was given for each exhibit. Exhibit #1 showed the current special assessments, Exhibit #2 showed what property should be assessed in accordance with the adopted ordinance, Exhibit #3A & Exhibit #3b showed the options that should be considered when revising the assessments. Mr. McAfee reported through research he found when the project started the developer's engineer provide the calculations for the initial

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assessments, then the City's code administrator Mike Hooper reviewed them, and sent them on to the bonding company, Piper Jaffray, to be calculated into dollar assessments. He explained the easements and public road were taken out of the assessment equation. The golf course was being assessed half and the third plat was being assessed more they should have been. The golf course should not be paying any assessments. The clubhouse and waste land was being heavily overcharged. He went through the entire area explaining all the discrepancies through the subdivision. Mr. McAfee stated the ordinance spells out that the 1st, 2nd, and 3rd plat said they should not be assessed, but should be assessed. He explained Ordinance 428 and Resolution 2001-05 should have read "and" and not "except".

The research showed the undeveloped ground was paying on 230 acres. If the City chose to tax in accordance with Exhibit 3A, it would drop to 170 acres, if they chose Exhibit 3B, they would pay for 130 acres.

Councilmember Thomas asked if the city went with 3B, were there any guarantees that the roads and easements would be in those locations. Mr. McAfee did not recommend making changes since roads would go in no matter what.

Falcon Lakes developer Rustom Ferzandi said the way the assessments should have been done, that all waste land and golf course should have been exempt from assessments. Falcon Lakes Parkway has been assessed to him for the last four years and should have been assessed to the City of Basehor. Mr. McAfee noted Falcon Lakes Parkway was not being assessed special assessments, but was being assessed property taxes. Mr. Ferzandi insisted he had been charged special assessments on Falcon Lakes Parkway and the golf course and requested the City remove special assessments from the waste area and golf course. McAfee agreed with Mr. Ferzandi.

President Bonee stated since it was not an agenda item, it would be placed on a future agenda for action.

Item #4. Discussion regarding agenda items.

President Bonee announced due to the time, agenda items would not be discussed at this time. He called a five minute recess prior to commencing the regular meeting. (7:05 p.m.)

REGULAR MEETING – 7:00 p.m.

ROLL CALL BY COUNCIL PRESIDENT JOHN BONEE AND PLEDGE OF ALLEGIANCE

The meeting regular meeting was called to order at 7:12 p.m. by President Bonee. All members were present with the exception of Mayor Garcia and Councilmember Hooker. The city attorney was also in attendance.

CONSENT AGENDA

Consent Agenda Items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action.

- a. Approve Minutes*
 - 1. August 14, 2006 Work Session*
 - 2. August 21, 2006 Work Session & Regular Meeting*
- b. Approve Treasurer's Report & Vendor Payments*
- c. Approve investment recommendations.*
- d. Approve calendar of events.*

A motion was made by Councilmember Thomas and seconded by Councilmember Sifford to approve the Consent Agenda as presented. Discussion followed. Councilmember Thomas questioned the payment to Wingfoot Commercial Tire in the amount of \$841.76. He felt the cost was excessive if only one set of tires were purchased. The city clerk reported the police department purchased twelve tires. A roll call vote was taken with all members voting in favor. Motion passed 4-0.

CALL TO PUBLIC

"Members of the public are welcome to use this time to comment about any matter relating to City business that is listed on this Agenda. The comments that are discussed under Call to Public may or may not be acted upon by the Council during this meeting. There is a five-minute time limit." (Please wait to be recognized by the mayor then proceed to the podium, state your name and address.)

a. Citizen Comments Regarding Agenda Items

Doug Kean, Morrow & Associates, appeared to discuss the payment to MHS Engineering for design work performed on Hollingsworth Road. He felt the city engineer used his company's electronic information and billed both the developer and the City of Basehor for the same work. Mr. Kean said he wanted credit back for the review fees and electronic data that his firm provided during his platting process. The road that was designed by his firm was designed for a 36 ft. road and then the city engineer told him to design it 28 ft. wide.

Mr. Sifford read a portion of an agenda item information report noting the report had errors and the lack of information would not allow them to use the report.

Mr. McAfee explained the design review went on for approximately one year. At one point there were thirty-five comments that were not addressed. Mr. McAfee stated he informed Mr. Kean that a thirty-six foot road would not be approved by the City because they could not maintain the road. He said Mr. Kean told him they were not going to do anything further on the design, take it or leave it. After some time went by, Mr. Ferzandi came to the City insisting

that something be done to Hollingsworth Road, that is when MHS Engineering was hired by the City of Basehor to do the design. He explained all the costs associated with MHS design plan. Mr. McAfee explained he did look at the electronic data from Morrow & Associates and felt there were too many errors and chose not to use the data. When the City wanted to move the road over five feet, he had to redesign the entire road. When it was moved to the section line, he had to send crews back out to resurvey, at no charge to the City, and did a full design on his half mile. Mr. McAfee stated again he did not use a single source of Morrow & Associates information or utility relocation information in his design work.

President Bonee stated the developer did incur expense in the design of the road, and would have been incurred whether the road was constructed or not. The outcome is virtually the same and would be built according to the County's requirements.

Mr. McAfee said the developer agreed to pay a fee of approximately \$40,000 in lieu of constructing the portion of Hollingsworth Road in front of his subdivision.

Rustom Ferzandi, Falcon Lakes – Has an issue with the city engineer being paid for the design review and inspections. The city council needs to make up their mind where the road is going to be located and move on with the project.

President Bonee informed Mr. Ferzandi the County insisted the City go to the road center line. The City could not afford to curb/gutter and asphalt so they voted to triple chip-n-seal the road. President Bonee agreed the project needed to get done and recommended improving Hollingsworth Road from Club House Drive east to K-7 Highway.

Councilmember Dysart asked since Morrow & Associates fulfilled his requirements, shouldn't the City reimburse some of their expenses. She read segments from MSH Engineering contract and other engineering reports. President Bonee stated Mr. McAfee stated he was unable to use Morrow & Associates design work because of the errors and did not see the need for a refund. Councilmember Dysart disagreed and thought the developer should be reimbursed a portion of his expenses.

Mr. Ferzandi asked if the City bid out projects, if not, they should. President Bonee explained the city bids out to the city engineer.

Albert Hoelting (16247 State Ave.) – His engineer is still out of town on illness related matters, and requested a continuance. Continuance granted.

Public portion of the meeting closed.

SCEDHULED DISCUSSION ITEMS

There were no items to discuss at this time.

BUSINESS***a. Consideration authorizing an exception to SL & L Homes for Neighborhood Revitalization Plan Tax Abatement.***

A motion was made by Councilmember Thomas and seconded by Councilmember Dysart to authorize an exception to SL & L Homes (Julie Morris) for Neighborhood Revitalization Plan Tax Abatement. A roll call vote was taken with all members voting in favor. 4-0.

b. Consideration of change of zoning from R-O, Suburban Residential to R-1, Single Family Residential and Preliminary Plat for Silver Springs subdivision for property located at 15977 Leavenworth Road (submitted by Albert Hoelting)

A motion was made by Councilmember Thomas and seconded by Councilmember Sifford to table action until the project engineer was available. A roll call vote was taken with all members voting in favor. Motion passed 4-0.

c. Consideration to accept 2005 Audit (prepared by Lowenthal Singleton Webb & Wilson CPA firm)

Mr. Slaugh reported the Council would have the option to take action at this meeting or wait until the October 2, 2006 Council meeting when the auditor would be available for questions. Mr. Thomas said his only question was why the audit was so late. Mr. Slaugh explained the State of Kansas requires audits be provided to municipalities by end of June so entities could use any corrected data in their next years budget. A draft report was provided to the City.

A motion was made by Councilmember Thomas and seconded by Councilmember Sifford to accept the 2005 Audit as presented. Discussion followed. Councilmember Dysart asked what was being done to address the areas of concern listed in the auditors report. Mr. Slaugh explained some items were manpower issues, deposit issues could be made during the year rather than at the end of the year as in past practice, the internal control policies problems were common in smaller cities, and credit card policy had been improved recently by issuing cards in the name of the person rather than to the City of Basehor. He noted he would meet with Mr. Singleton to identify his concerns with building permit controls.

A roll call vote was taken with all members voting in favor. Motion passed 4-0.

d. Consideration for contract with Lowenthal Singleton Webb & Wilson for year 2006 Audit.

The city administrator reported Mr. Singleton would prefer Council table action regarding the contract until the October 2nd meeting when he could be present.

A motion was made by Councilmember Thomas and seconded by Councilmember Sifford to table action until the October 2, 2006 Council meeting when Mr. Singleton could be present. A roll call vote was taken with all members voting in favor. Motion passed 4-0.

e. Consideration to authorize funds for removal of lift station at 155th & Chestnut St. (approx. \$150,000)

The city administrator felt the payment to Falcon Lakes in the amount of \$381,220 (plus interest) should be addressed prior to taking action on this item. Mr. Slaugh explained the City took \$244,000 from the General Fund to pay the State Revolving Loan payment; therefore, leaving \$244,000 in the Sewer Fund which could go toward paying Mr. Ferzandi back the \$381,220. He reviewed the budget and explained the City would have close to a zero balance in the Sewer Fund if the City chose to authorize \$150,000 for the removal of the lift station at 155th & Chestnut St.

Mr. Myracle agreed the City should pay all or partial of the Falcon Lakes debt in order to minimize the accrual of interest. He suggested waiting until after the first of the year to remove the lift station.

Mr. Slaugh explained there were two issues with the lift station; 1) pumps could fail; and 2) major infiltration problem. He explained the Falcon Lakes payment was not factored into Larkin Group report. He suggested authorizing the deactivation of the lift station and allows staff to start preparing for the work in spring of 2007 under the new budget year.

A motion was made by Councilmember Sifford to table action until funding could be researched further. Motion died for lack of second.

A motion was made by Councilmember Thomas and seconded by Councilmember Dysart to table until after the first of the year. Discussion followed. Council discussed the cost of interest being charged on the Falcon Lakes payment and the urgency of deactivating the lift station. A roll call vote was taken with all members voting in favor with the exception of Councilmember Sifford. Motion passed 3-1

f. Consideration to authorize funds for sewer point repairs and replacement of 800 feet of sewer main in the Rickel Subdivision (approx. \$60,000).

A motion was made by Councilmember Thomas and seconded by Councilmember Thomas **Dysart (amended 9/18/06)** to approve the funds up to \$60,000 for sewer point repairs and replacement of 800 feet of sewer main in the Rickel Subdivision. A roll call vote was taken with all members voting in favor with the exception of Councilmember Sifford. Motion passed 3-1.

g. Consideration of payment in the amount of \$37,917.89 to MHS for Hollingsworth Rd design work.

A motion was made by Councilmember Sifford and seconded by Councilmember Thomas to approve payment to MHS Engineering in the amount of \$37,917.89 for Hollingsworth Rd design work. A roll call vote was taken with all members voting in favor. Motion passed 4-0.

h. Consideration of transfer of funds from the Sewer Fund to the Bond & Interest Fund in the amount of \$244,000 for State Revolving Loan payment.

A motion was made by Councilmember Thomas and seconded by Councilmember Sifford to approve the transfer of \$244,000 from the Sewer Fund to the Bond & Interest Fund for the State Revolving Loan payment. A roll call vote was made with all members voting in favor. Motion passed 4-0.

i. Consideration of payment of \$21,711.62 to AT&T for relocation of fiber optic and hard wire lines on Hollingsworth Road.

A motion was made by Councilmember Thomas and seconded by Councilmember Sifford to authorize payment in the amount of \$21,711.62 to AT&T for the relocation of lines on Hollingsworth Road. A roll call vote was taken with all members voting in favor. Motion passed 4-0.

EXECUTIVE SESSION

The city attorney and city administrator stated they could discuss their topics in open session and would not need to convene into executive session.

City Attorney

Mr. ~~Thomas~~ **Thompson (amended 9/18/06)** reported he filed the brief with the Court of Appeals pertaining to the 24-40 Sanitary Sewer District. Oral arguments on the briefs should take place within the next 60-90 days. He gave a brief synopsis of the brief contents. Mr. Thompson stated he found a law that stated the municipality could create a benefit district after the construction of the project. Mr. Thomas was confident the City would prevail in court.

City Administrator

Mr. Slauch reported he had obtained easements from 6 of the 9 property owners located on Hollingsworth Road and still needed easements from Creason, Lowe, and Winn. The utility relocations are in the process. The city administrator reported AT&T wants \$21,711.62 to relocate their hard wire lines that were not located within the City's right-of-way. The MHS engineer, Dave Lutgen, said the lines could not be located anywhere else.

Council agreed to give September 15th as a date to the property owners before condemnation proceedings would commence.

Mr. Slauch reported he approached the County to make sure they were still on line with starting the project on September 15th. County staff said they may have to use a private contractor, but could start with 15 days notice. The next issue was whether the project should be chip-n-seal or asphalt. Mr. Slauch noted the original project was bid with rock west of Club House Drive to 147th Street. He submitted an updated bid to include chip-n-seal to 147th Street would be approximately \$200,000. If asphalt were used, with a 6" base course, the cost would be approximately \$457,790. Councilmember Thomas noted there was an error on line 4 of the "asphalt" engineering estimate and should be checked out prior to making a decision. Mr. Slauch said another option was to asphalt from Club House Drive east to K-7 Highway and chip-n-seal west of Club House Drive to 147th Street.

President Bonee asked that item "i" be added to the Business portion of the meeting. (See Business "i" for action pertaining to the AT&T contract.)

MAYOR'S REPORT

Due to the absence of Mayor Garcia, there was no report at this time.

COUNCIL MEMBER REPORTS

Keith Sifford

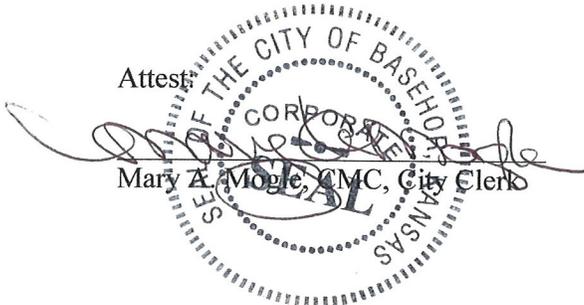
Councilmember Sifford reported last Sunday, the City received about 6" of rain and half of the dirt from High Point Downs ran down Meyer Drive making a mess. He thanked the city staff for addressing the issues immediately. He went on to explain a neighbor of his had locked herself out of her vehicle and commended the police department for assisting her in her time of need.

ADJOURNMENT

There being no further business to discuss, a motion was made by Councilmember Thomas and seconded by Councilmember Sifford to adjourn the September 7th meeting. A roll call vote was taken with all members voting in favor. Motion passed 4-0. Meeting adjourned at 8:35 p.m.

Submitted for Council approval with/without corrections or additions this 18th day of September, 2006.

Attest:


Mary A. Mogle, CMC, City Clerk



Chris Garcia, Mayor