

Council Minutes – October 7, 2014

COUNCIL CHAMBER, Topeka, Kansas, Tuesday, October 7, 2014. The Councilmembers of the City of Topeka met in regular session at 6:00 P.M., with the following Councilmembers present: Councilmembers Hiller, Brown, Ortiz, Everhart, De La Isla, Manspeaker, Schwartz, Schmidt and Harmon -9. Mayor Larry E. Wolgast presided -1.

AFTER THE MEETING was called to order, Councilmember Ortiz gave the invocation.

THE PLEDGE OF ALLEGIANCE was recited by those present in the chamber.

A PRESENTATION on the Special Assistance in Fire Emergencies (SAFE) Program was presented by Michael Martin, City of Topeka Fire Marshal. Fire Marshal Martin provided an overview of the program designed to identify those in the community that require special assistance with the goal of the fire department to be aware of disabilities prior to arriving at an emergency. He stated participation of the program should not take the place of a good fire escape program and reminded citizens the first line of defense is to create a home fire escape plan. He announced they have teamed with area neighborhoods to conduct a SAFE Walk event and utilize volunteers to help install smoke alarms and communicate with citizens on how to assist them on October 25, 2014.

Councilmember Ortiz asked how the fire department would handle fire emergencies in high-rise buildings.

Fire Marshal Martin stated high-rise buildings already have escape plans in place. He noted the SAFE program is aimed towards single-family dwellings where people do not have a support system in place.

Councilmember Brown commended the Fire Department for implementing a great proactive program for the community.

Councilmember Hiller asked how program information would be transferred if a person moves.

Fire Marshal Martin stated people are requested to renew in the program on an annual basis.

Mayor Wolgast stated he believes the SAFE program is an important program and thanked the fire department for their service to the community.

Councilmember Brown requested to add two resolutions to the Council agenda, a resolution approving a special event known as Rotary Oktoberfest; and a resolution approving a special event known as Artstoberfest.

Upon hearing no objections, Mayor Wolgast announced the resolutions would be placed on the Council agenda under Action Items as items 5C and 5D, respectively.

THE CONSENT AGENDA was presented as follows:

MINUTES of the regular meeting of September 23, 2014, was presented.

An Open After Midnight License application for Last Pocket located at 5009 SW 29th Street was presented.

Councilmember Ortiz moved to approve the consent agenda. The motion seconded by Councilmember De La Isla carried unanimously. (9-0-0)

APPROVAL of a Real Estate Report for Disposal of Real Property located at 630 NW Topeka Boulevard and specifically authorizing Mayor Larry E. Wolgast to execute all documents necessary to dispose of the property was presented.

Jim Colson, City Manager, reported approval would authorize disposal of property. He stated all City departments have indicated they have no need for the property; therefore, it has been declared surplus.

Robert Kennedy, Engineering Right of Way Agent, reported the property was acquired by the City for right-of-way purposes in 2006 as part of the Topeka Boulevard Bridge Replacement Project; and the Topeka Rescue Mission has requested to purchase the property to use as part of the location for their new children's facility.

Councilmember De La Isla moved to approve the real estate report for disposal of property. The motion seconded by Councilmember Everhart carried unanimously. (9-0-0)

A Retail Cereal Malt Beverage License application for Walmart located at 2630 SE California Avenue was presented.

Councilmember Everhart moved to approve the retail cereal malt beverage license application as presented. The motion seconded by Councilmember Ortiz carried unanimously. Mayor Wolgast voted "yes." (10-0-0)

RESOLUTION NO. 8653 introduced by Councilmember T.J. Brown, approving a special event known as Rotary Octoberfest was presented.

Councilmember Brown moved to approve the resolution. The motion seconded by Councilmember De La Isla carried unanimously. Mayor Wolgast voted "yes." (10-0-0)

RESOLUTION NO. 8654 introduced by Councilmember T.J. Brown, approving a special event known as Artstoberfest was presented.

Councilmember Brown moved to approve the resolution. The motion seconded by Councilmember Everhart carried unanimously. Mayor Wolgast voted "yes." (10-0-0)

DISCUSSION of proposed utility rate increases was presented. *(This discussion was continued from the September 23, 2014, Council Meeting.)*

Jim Colson, City Manager, stated discussion would continue on the proposed utility rates by identifying the challenges and needs that exist in terms of utility rate requirements. He

reported the goal of the discussion would be to address the information that has been presented to date and provide staff direction in bringing forward a specific recommendation for a rate increase. He stated he understands the decision will not be easy; however, all communities are struggling with the same type of maintenance issues following tough economic times. He reported they hope to agree on a fair increase that would allow the City to address some of the issues from a rate increase standpoint, as well as, continue to look at ways to reduce internal operational costs so the total cost would not be transferred fully to taxpayers.

Doug Gerber, Administration and Financial Services Director, provided a recap of discussions to date including a series of meetings with the Council, industrial, commercial and residential customers. He reported the proposed increase would provide the ability to continue repairing waterlines; maintain the City's current bond rating; take into account the needs of customers and the City; and install newer waterlines to provide assurance of quality service. He distributed a handout that included Councilmember Brown's proposal presented at the September 23, 2014, Council meeting. He stated the proposal outlines side-by-side comparisons of small, medium and large water consumption users.

Councilmember Everhart thanked staff for the comparison chart. She stated the chart provides a great visual tool to help the public better understand the increase and how it would appear on their utility bill.

Councilmember Ortiz spoke in support of charging utility customers based on the meter size. She stated that she believes this option would be the best and most fair way to access costs for customers.

Councilmember Schwartz asked how much revenue is generated by the irrigation class. She questioned why the irrigation classification would move from the commercial customer class to the residential customer class.

Doug Gerber reported the irrigation class customers within city limits generates approximately \$250,000 annually.

Councilmember Brown stated he suggested the reclassification because there are only approximately 400 irrigation class users and he thought it would be an easy transition.

Mayor Wolgast stated it was his understanding the irrigation class is expensive to maintain due to seasonal use.

Doug Gerber confirmed the City must maintain infrastructure for irrigation customers a full 12 months and the water lines are only utilized on a seasonal basis or approximately 8 months a year.

Councilmember Harmon stated the base and volume charge is differentiated under the current utility ordinance; however, he questions what cost of service the City is trying to recover.

Doug Gerber stated the City is seeking to recover the base charge which includes the volume charge (cost to produce water) and the meter charge (cost to get water to the destination).

Councilmember Harmon asked for clarification that the proposed base charge varies according to meter size; and if there is any correlation between the meter size and the amount of base charge.

Doug Gerber stated the proposed meter charge (distribution system) is reflective of the cost of service as outlined in the cost of service study.

Mayor Wolgast asked for a brief overview of the projects that the proposed increase would fund and how many miles of waterlines would be replaced as a result of an increase in rates.

Doug Whitacre, Public Works Director, stated the increases would fund enhancements including upgrades to the plant equipment and procedures as outlined in the Capital Improvement Program; replacements due to breaks; and replacements due to street improvement projects.

Doug Gerber stated replacement costs vary depending on the type and size of line. He reported a transmission line costs approximately \$1 million per mile to replace and a distribution line costs approximately \$600,000 per mile to replace.

Councilmember Schmidt asked what percentage of the 800 miles of new waterline has been replaced with plastic lines.

Don Rankin, Director of Utilities Infrastructure, reported approximately 200 miles has been replaced with plastic lines.

Councilmember Hiller thanked Doug Gerber for his time and assistance in organizing and explaining the handouts that have been distributed to date and noted the estimated City of Topeka water bills based on Councilmember Brown's proposal was very helpful. She reported that it is important for the citizens to know that as a Governing Body, they have performed their due diligence in making a decision. She also stressed the importance of not having to go through this process again by generating enough revenue, increasing utility fund balances and reducing enough expenses to maintain, as well as, allow for waterline replacement. She distributed a proposal (*See Attachment A.*) and requested the following points be considered at the October 14, 2014 Council meeting:

- (1) Rates – Consider using the fixed percentage increase (6%-5%-5%) recommended by staff with a couple changes that include:
 - (a.) Consider adjusting all rates so that none fall below the 2014 rate that is in place today generating approximately \$140,000 over 3 years.
 - (b.) Raise commercial rates to the same as multi-family rates generating approximately \$800,000 over 3 years.

- (2) Redirect Utility Bond Proceeds from 2013 by transferring \$1 million in utility bond proceeds paid to the General Fund in 2013 as “advance” for new assessments back to the Utility Fund balance from the General Fund balance.
- (3) Roll back utility PILOTs/Administrative Fees by reducing \$1 million per year in Water/Wasterwater Funds starting January 1, 2015.
- (4) Ask the Economic and Community Development Committee to review all current customer assistance programs including the Franchise Fee Rebate, Round Up and Social Services Utility Assistance programs. The Committee would also determine if additional funds are needed to help low-income customers, as well as, recommendations for simple and inexpensive delivery and administration.

Councilmember Hiller concluded her discussion points by briefly highlighting other savings and offsets (*See Attachment A.*) that could possibly generate an \$8 to \$10 million savings to the Utility Fund.

Councilmember Schwartz asked what the proposed increase would be for rural county residents; how often are rural water district contracts renewed; and what rates are charged to the rural water districts.

Doug Gerber reported rural county residents pay 175% more than a city resident; however, all rate increases will be proportional to the class based on the volume and meter size.

Jim Colson, City Manager stated staff would provide a report outlining the requested information on rural water service contracts.

Councilmember Harmon questioned how meter size is determined for each class.

Jim Colson stated meter size is generally based on the need of the facility or the customer along with standard code requirements.

Councilmember Schmidt asked what the City’s capacity would be in regards to replacement of waterlines in terms of dollar amount to ensure success. He referenced the amount of street improvements that took place in 2013 throughout the city, and cautioned against starting too many projects at the same time and overextending City resources.

Mayor Wolgast questioned the size of lines being replaced.

Doug Whitacre reported the size of line replacement varies with each project and the current 100 year replacement plan allows for 8 miles a year with a replacement cost of \$6 to \$8 million annually. He stated he would be comfortable with a goal of no more than \$10 million annually for waterline replacement only.

In closing, Jim Colson reported a proposal would be presented to the Governing Body at the October 14, 2014, Council meeting. He stated the proposal would be based on the information gathered to date with the hopes a decision will be made by the Governing Body.

ANNOUNCEMENTS BY THE CITY MANAGER, MAYOR AND MEMBERS OF THE COUNCIL;

Mayor Wolgast commented on the Kansas Department of Transportation (KDOT) Consult Meeting regarding this region of the state and reported the meeting provided an avenue for all regions to present their priorities regarding requested improvements by KDOT. He noted the Wanamaker/Arvonnia area study and a new turnpike exit between the east and south terminals were discussed as future projects for the Topeka-Shawnee County area.

Councilmember Ortiz thanked everyone for their outpouring of love in the past few weeks over the loss of her father. She commended the Kansas State University's football team and the Kansas City Royals for honoring fallen Topeka Police Corporal Jason Harwood's family.

Councilmember Schwartz stated she attended the Apple Festival at Ward Meade and thanked all the volunteers and people who participated in the great event. She announced the Mulvane Art Center's 90th Anniversary Gala "Imagine Art for a Lifetime" would be held on October 10, 2014, at 7:00 p.m. at the Mulvane Art Museum Galleries.

Councilmember Hiller reported she attended the Inter-City Trip to Tulsa, Oklahoma, and was able to see Tulsa's extensive plans to develop the riverfront which was presented in phases.

She commended Tulsa for engaging the community which is the most important component to successful economic development. She commented on the League of American Bicyclists member visit which provided good feedback. She announced the East Topeka United Methodist Church building has been advertised online and in newspapers by the Faith and Fellowship Ministry free of charge to anyone who would like to move the structure or renovate it. She congratulated Downtown Topeka Inc., who celebrated their 50th Anniversary on October 6, 2014; Saint Francis Health Center on the dedication of their new emergency room on October 7, 2014; and Valeo Behavioral Health Care on their new addition to the west Topeka campus of 26 rooms to address the needs of the community.

Cindy Greene and Marshall Barber appeared to speak under public comment.

At 7:36 p.m., Councilmember De La Isla moved to recess into executive session for a time period not to exceed ten minutes to discuss matters related to employer-employee labor negotiations relative to the IAFF negotiations to include the City Manager, Director of Administration and Financial Services, Deputy City Attorney and the Governing Body. The motion seconded by Councilmember Schmidt carried unanimously. (9-0-0)

At 7:46 p.m., Mayor Wolgast reconvened into open session and announced there was no action taken.

Brenda Younger, City Clerk, provided an overview of the October 14, 2014, preliminary Council agenda.

NO FURTHER BUSINESS appearing the meeting was adjourned at 7:50 p.m.



Brenda Younger
Brenda Younger
City Clerk

Utilities 10-7-14 CW Hiller Discussion

Considerations for Votes 10-14-14 Net \$5 million additional to Utility Fund

1) Rates Consider using the Staff 6%/5%/5% recommendation with a couple of changes

A) Consider adjusting all rates so that none fall below the 2014 rate. Could generate approximately \$140,000 over 2015-2017.

B) Raise Commercial to Multifamily rates. If there are some mega-users in the Commercial class, consider reclassifying as Industrial....holding their rates until 2017 when Industrial catches up to the 2014 Commercial rate. Could generate over \$800,000 over 2015-2017.

2) Redirect Utility Bond Proceeds from 2013 Transfer the \$1 million in utility bond proceeds paid to General Fund in 2013 as "advance" for new assessments back to the Utility Fund balance from the General Fund balance.

3) Roll back Utility PILOTs/Admin Fees Reduce by \$1 million per year in Water/Wastewater starting 1/1/15. These fees, from Water and Wastewater, will have been raised \$2.3 million since 2012 as of the 2015 Budget. This reduction can be accommodated without affecting personnel or programs.

4) Ask Council Economic and Community Development Committee, to review all current sources of customer assistance – Franchise Fee rebate, Round Up, social services utility assistance programs. Task Committee with advising Council whether additional funds are needed to help our poorest customers as well as recommendations for simple and inexpensive delivery and administration. If low-user Residential rates are not going up, this program would likely not require additional funds.

Other Savings and Offsets Possible \$8-10 million in savings to Utility Fund

1) Staffing and economies of service delivery in all 3 Utilities - Suggest further review, could reduce staff or costs.

2) Weir and Levees paid for – Suggest asking County to agree to apply \$6 million in 2016 leftover Countywide Sales Tax to River projects - \$1.9 million for River Weir retrofit and \$4.1 million for Mandated Levee Repair Match. Would offset some need for future Stormwater increase.

3) South Topeka Water, Wastewater, Stormwater, Fire Protection, Streets - Suggest review and consideration as to whether JEDO or other funds might be available for some. Would offset pending CIP projects, both General Fund and Utility.