

July 17, 2023

The City Council of Scott City met in regular session on the above date at 6:30 p.m. in City Hall.

Council member Kelly Funk lead the Council and others present in prayer.

Present were Mayor Everett Green, Council members Craig Richards, Jeff Allen, Kelly Funk, Bo Parkinson, Barb Wilkinson, Adam Winter, Armando Tarango, City Attorney Jennifer Cunningham (via Zoom), City Administrator Brad Pendergast, and City Clerk Ruth Becker.

The Council and others recited the Pledge of Allegiance.

The minutes of the July 3, 2023, regular council meeting were presented.

Motion by Bo Parkinson seconded by Jeff Allen to approve the minutes of the July 3, 2023, regular council meeting. Vote – Unam.

Appropriation Ordinance # 1006B was presented.

Motion by Adam Winter seconded by Armando Tarango to approve Appropriation Ordinance # 1006B. Vote – Unam.

Beginning the 2024 Budget discussion, City Administrator Brad Pendergast noted that the proposed budget had changed by about .10 mills due to the need to adjust Neighborhood Revitalization Program figures. The difference amounts to about \$1000.00.

Provided in the packet was *Notice of Hearing to Exceed Revenue Neutral Rate & Budget Hearing – Budget Summary for 2024*. This document demonstrates a fund summary of the proposed 2024 budget and outlines the need to hold a public hearing to exceed the Revenue Neutral Rate (RNR) for the 2024 budget.

Also included in the packet was *Resolution 2023-05*, a resolution of the City of Scott City, Kansas regarding the governing body's intent to levy a property tax exceeding the Revenue Neutral Rate. City Administrator Brad Pendergast explained that any city intending to exceed the RNR for the 2024 budget year is required to hold a public hearing and to notify the County Clerk, by July 20, of the proposed RNR and the scheduled time and date of the public hearing. This document, when filed with the County Clerk, meets these requirements. Mr. Pendergast further explained that both documents identify that the Scott County Clerk had determined the City's 2024 RNR to be 61.864 mills while the proposed budget demonstrates that the City will exceed that rate, expecting to levy a tax for 63.360 mills. He also noted that the Public Hearing to Exceed the RNR will be held at 6:30 p.m. on Tuesday, September 5, 2023, just prior to the Budget Hearing.

Motion by Bo Parkinson seconded by Craig Richards to approve *Resolution 2023-05*, a resolution of the City of Scott City, Kansas regarding the governing body's intent to levy a property tax exceeding the Revenue Neutral Rate. Vote – Unam.

Also provided in the packet was *Draft Resolution 2023-XX*, a resolution of the City of Scott City, Kansas to levy a property tax rate exceeding the Revenue Neutral Rate, to be addressed at the September 5, 2023, Public Hearing to Exceed to the RNR. City Administrator Brad Pendergast encouraged the Council to adopt this ordinance at that time, even if the budget has been trimmed

to fall at or below the RNR. This action would protect the City from penalties that may be incurred if circumstances cause the proposed mill levy to be above the RNR.

City Clerk Ruth Becker, who had discussed the Clerk Department's need to fill the Assistant City Clerk position during the June 26, 2023 special meeting to discuss proposed expenditures for the 2024 budget year & other budget related items, formally requested to fill the position. She noted that the expense to fill the position is already included in the 2023 budget, so funds are available to make this hire as soon as possible. Council members inquired if this request needs to be approved by motion. Mayor Everett Green and City Administrator Brad Pendergast confirmed that this position is below the department head level and that the expense has already been included in the current budget, so there is no need for a formal motion. Consensus of the Council was to allow City Clerk Ruth Becker to advertise to fill the Assistant City Clerk position.

Mayor Everett Green announced a change to the order of the agenda. To allow traveling presenters the opportunity to return home earlier, the water rates discussion would be held after the report from GMS Engineer Trevis Smith.

Provided in the Council packet was *Pine Village Management Agreement 2023*, submitted by property manager Ardith Scammehorn for approval. Council members inquired about the difference between this document and the agreement that was approved at the June 19, 2023 Council meeting. It was explained that the previously approved document, *Multi-Family Project Borrower's/Management Agent's Management Certification*, was a boilerplate Rural Development agreement allowing Kustom Bookkeeping to provide property management services according to Rural Development regulations. The document currently on the agenda for approval is an agreement strictly between the City and Kustom Bookkeeping. Initially, Ardith Scammehorn (Kustom Bookkeeping), property manager for Pine Village felt that this document was self-renewing, but when it was brought to her attention that the terms clearly stated that the current agreement's three-year term expires July 31, 2023, she was able to provide an updated agreement for Council's approval. City Attorney Jennifer Cunningham concurred that this agreement needed a formally approved extension if the partnership with Kustom Bookkeeping were to continue.

Motion by Barb Wilkinson seconded by Jeff Allen to approve *Pine Village Management Agreement 2023* with the term to expire no later than July 31, 2026. Vote – Unam.

Dirks, Anthony, & Duncan Auditor Mathew Medill was in attendance to present *The City of Scott City, Kansas Financial Statement For the Year Ended December 31, 2022*, which was included in the packet for Council review.

Mr. Medill informed the Council that the letter included in the financial statement entitled *Independent Auditor's Report* summarized that the City of Scott City adopts a resolution each January setting out finding and determination of the governing body requesting a waiver of the generally accepted accounting principles. He also indicated that it is the responsibility of the auditing firm to express an opinion on the financial statement based on their audit.

In briefly reviewing the financial statement, Mr. Medill pointed out the following areas of interest:

- The financial statement confirms that there were no statutory violations found in 2022.
- Regarding internal and operating efficiency, Mr. Medill recommended that a recent ordinance setting sewer rates be amended or rewritten to clearly state that all new accounts be charged sewer rates based on the 2500-gallons included in the base water rate, or sewer

rates based on the 3000-gallon water usage average. Currently, there is nothing explicitly stated in the ordinance concerning regarding new accounts with no usage history.

- The financial statement confirms \$164,394 in outstanding encumbrances.
- The City (Municipal Court) holds \$30,210 in agency funds—monies that do not belong to the City but are held by the City to pay back court bonds.
- The City transacted five budgeted transfers as allowed by state statute.
- The City of Scott City paid out \$34,978 in 2022 for accrued vacation leave to employees who left employment in “good standing.”
- In the “Long-Term Debt” section, Mr. Medill noted that although the KDHE Public Water Supply Loan (KPWSLF) was issued in the amount of \$6,100,000, only \$1,655,345 had been drawn down in 2022. Upon completion of the water system improvement project, KDHE will recalculate a final amortization schedule based on the amassed disbursements to the City less any principal already paid. The discrepancy between the budgeted receipt amount of \$6.1 million and the actual amount reimbursed drastically skewed the 2022 revenue budget for the Water Fund.
- The Fire Equipment Sinking fund still has funds to be utilized by the Scott County Fire Department, since the merger with the Scott City Fire Department in January 2022. These funds can be held until they are needed. Once the fund has been spent down to \$0, then the fund can be closed out.
- Mr. Medill reminded the Council that each year the audit addresses “related parties.” The audit mentions that the City purchases its insurance from the Rodenbeek & Green Agency, which amounted to \$163,211 in 2022. Mayor Everett Green is the Agency Principal of the Rodenbeek & Green Agency.
- Unrelated to the 2022 City Audit, Mr. Medill warned of a new trend of Cooperatives (COOPs) suing cities over increased valuations.

Motion Jeff Allen seconded by Armando Tarango to approve *The City of Scott City, Kansas Financial Statement For the Year Ended December 31, 2022* as presented by Auditor Mathew Medill with Dirks, Anthony & Duncan. Vote – Unam.

Warren and Trisha Harkness with WTH Aviation Services, LLC, Scott City Municipal Airport’s Fixed Base Operator (FBO), were present to update the Council on happenings at the airport. An area of concern is the screen on the FuelMaster pumps. The heat of the summer has made it difficult to read. Mr. Harkness reported that they are looking at options to fix the situation. The Council requested that Mr. Harkness research options and report the cost and resolution options to City Administrator Brad Pendergast. Trisha Harkness reported that credit cards are currently not working on the FuelMaster tower due to phone line issues. She mentioned that when A+ Services, Inc. left the FBO role, they discontinued the phone line to the card reader. WTH staff contacted Granite Telecommunications (Granite), the same company that supports the City of Scott City’s analog phone lines; Granite will be supplying the airport fuel pump card readers with a phone line, most likely later in the week.

GMS Engineer Trevis Smith was present via Zoom to update the Council on ongoing projects. He had provided *Report to City Council – July 17, 2023* for the Council packet for review.

- **Water System Improvements** – A third round of comments regarding the project design were received from KDHE on June 27, 2023. Plans, specifications, and the well-site deed were returned to KDHE, as requested, on July 6, 2023. Also, a third round of comments

on the *Sources of Pollution-No Impact Statement* (Pollution Statement) were received by KDHE on June 29, 2023. A conference call was held on July 7, 2023 to discuss requested revisions to the statement. Based on the direction given during the conference call, revisions were sent by GMS to KDHE early the previous week. When the Pollution Statement is accepted, KDHE will issue an “Approval to Bid” letter. The letter is expected to be issued within the next few weeks. GMS will advertise for bids for the required 30-day period. GMS hopes to start the bidding process by the end of July or the beginning of August.

- **Drainage Master Plan** – An existing conditions map will be sent to City staff for their review later this week. It will include existing storm facilities, drainage basins, and flow patterns throughout the study area. The map incorporates the aerial survey data, field survey data, and the field evaluation of storm facilities. A copy of this map will also be provided to Scott County at their request. GMS anticipates that they will send a Draft Drainage Report for the City’s review in August. This report will summarize not only the existing conditions and methods of analysis but will also include recommendations to improve the most significant drainage issues found within the city. The report will also include estimated costs to make recommended improvements and will outline potential outside funding alternatives. A review meeting will be scheduled with GMS and City of Scott City to discuss the findings of this report. The final Drainage Master Plan is expected to be complete in September or October.

City Administrator Brad Pendergast had distributed *Water Rate Analysis Brief – 7/17/23* which was included in the packet. He noted that he had been working on water rates as previously directed by the Council and that as he began researching the actual cost of water production, what he found prompted a more in-depth look at not only the cost of production for water, but also the potential need for an updated water rate structure. Some of the key points that Mr. Pendergast discussed with the Council are as follows:

- Meter replacement costs (with meters having approximately a 20-year lifespan) need to be covered by the base rate that the City charges its users based on the meter size. Mr. Pendergast projected a 2% cost increase every two years over the 20-year period. Because meter replacement costs are approximately 10% of the total expenditures of the Water fund, ideally the EQRs (multiplier for meter sizes based on \$27.80 for a ¾” meter as a multiplier of “1”) may need to be adjusted so that replacement percentage for each EQR equals roughly 10%. To better determine the amount spent on meter replacement, Mr. Pendergast will consider adding a line account specific to “meter replacement supplies” instead of having them lumped in with other “water and sewer line materials”.
- Based on the 2022 figures for water utility expenditures (excluding debt payments) and the number of gallons pumped in 2022 (\$1,557,382 for 366,650,000 gallons), it was determined that the actual cost to produce and provide water to customers is \$3.16 per 1000 gallons. Using that figure, Mr. Pendergast determined that all ¾’-2” meters have significant gaps for which the water rates being charged do not cover the cost to produce the water. Mr. Pendergast explained that because the City’s Water fund is considered by state statute to be a “business fund,” meaning that the funds to operate the business are collected by the customers utilizing the service, not by levying tax dollars, there should be no point at which the cost of production of water should not be covered by the water rates imposed by the City. The Council conceded their agreement.

- To remove the undercharging gap, Mr. Pendergast proposed the following rate table:

Proposed Water Rate Table	Proposed Charge Per 1,000 Gallons	Current Charge per 1,000 Gallons	% Change
2,501-20,000 Gallons	\$ 2.06	\$ 1.70	21.2%
20,001-40,000 Gallons	\$ 3.16	\$ 1.70	85.9%
40,001-60,000 Gallons	\$ 3.25	\$ 2.72	19.5%
60,000-80,000 Gallons	\$ 3.50	\$ 3.72	-5.9%
80,000-100,000 Gallons	\$ 4.75	\$ 5.44	-12.7%
Over 100,000 Gallons	\$ 5.44	\$ 5.44	0.0%

- Regarding the initial discussion that started the need to revisit water rates several months ago, the potential to reconsider the way that multi-family dwellings’ water rates are being billed, City Administrator Brad Pendergast recommended two options for billing multiple-family dwellings. First, if the Council were to decide to base water rates on the number of living units, an \$8.70 charge would be added to the base rate of each additional unit tied to a single meter. Second, if the Council were to decide to base water rates on the number of structures, a \$21.75 charge would be added to the base rate of each additional structure tied to a single meter.

After Mr. Pendergast has presented his findings, other discussion on the water rate topic included the following:

- The Council would like to see a new water rate ordinance in place by the beginning of 2024.
- Altering the water rates in a manner like what has been discussed would make City of Scott City’s water rates more comparable to other cities like Scott City. It was noted by Mayor Green that the City’s water rates are currently in the lowest ¼ of all the rates in the state.
- It was suggested that the base rates could be lowered and that the tiers charged for water consumption could be increased, which would benefit those users who do not use much water and, at the same time, encourage conservation of water due to the increased cost of water actually used. Mr. Pendergast cautioned against this practice, stating that during years of higher precipitation amounts, the City’s revenue in the Water fund could fall below what is needed to operate the water utility.
- The need for the second page of the printed water bill to be available to those customers who receive their bills by email was discussed.
- When asked about the suggestion to provide a rebate totaling 50% of a customer’s annual base rate to customers who use fewer than 2500 gallons per month for all 12 months in a calendar year, City Clerk Ruth Becker stated that there are approximately 65 customers who would potentially qualify for a rebate if the Council were to choose to include such an option in the finalized water rate ordinance.

Consensus of the Council was to allow City Administrator Brad Pendergast time to work on a new water rate structure ordinance and to seek direction from the Council as needed.

During the open agenda, Council member Barb Wilkinson noted that her church’s pastor had brought a backpacker to “coffee” and he had mentioned the police department. Mrs. Wilkinson

asked the man about his thoughts about the police department, without identifying herself as a City Council member, and his response was “you’ve got one of the good ones!” Council member Wilkinson commended the police department on the image that they hold with outsiders.

City resident Linda Tilton inquired about the second page of the bill, mentioning that she did not know what that was. City Administrator Brad Pendergast explained that the back of a printed/mailed water bill contains a description of the billing codes that are found on the front page of the bill. Mayor Everett Green noted that he had been made aware of the issue and the billing department is working with the software company to include that information in future emails containing water billing statements.

Scott County resident Ben Jackson was present to address the Council regarding the current City ordinance which defines “vicious dog.” He noted that, although he lives in the county, he lives right on the edge of the city limits. He mentioned that his dogs had been involved in an incident the week prior which led him to look at the City’s ordinance and the definitions included therein. He explained that he owns 5 German shorthair pointers that have been trained to hunt and kill birds, noting that his dogs do not discriminate between chickens and other birds. The previous week, his dogs got out of their perimeter, came into town, and killed some chickens. The chickens at this specific location within the city limits are allowed by a non-conformance certificate that was granted when the property was rezoned. Mr. Jackson reminded the Council that the definition of a vicious dog, according to the ordinance, is “a dog that attacks a human being or a domesticated animal without provocation.” Based on this definition, he agrees that his dogs would be considered vicious for having attacked domesticated chickens without provocation. The definition does not define that an attack must occur within city limits for a dog to be declared dangerous. Also, the ordinance states that simply the act of owning a vicious dog within the city limits is an illegal act. Mr. Jackson feels that the way the ordinance is written, it serves as an injustice to the police department who cannot interpret the ordinance the way they would likely interpret it if it were open to interpretation. Because this removes the discretion of the police officers, they are not necessarily acting on the *intent* of the ordinance and not able to focus on what the City’s governing body wanted to prevent in the first place. He stated that a few years ago, he had another dog who escaped his enclosure and had killed a chicken that also lived outside of the city limits. He noted that the police department had been contacted at that time as well, but because the attack occurred outside of the city limits and because he and his neighbors had reached an agreement on their own for Mr. Jackson to purchase one of their pigs during the County Fair as retribution, no charges or fines were imposed. With the most recent incident, because the attack occurred within the city limits, the police department was required to take action. However, because one of the dogs was a nursing mother, the dogs are being allowed to be kept on their home premises (while contained) until their September court hearing date. Mr. Jackson ended by thanking the Council members for the service that they provide and asked them to consider the points that he made when working on an updated “dangerous dog” ordinance. City Attorney Jennifer Cunningham mentioned that she and Police Chief Post have been working together on an updated ordinance and that she had spoken with Mr. Jackson earlier in the day, listening to his input.

Included in the packet was *Monthly Pool Update for Council Packet, Figures through June 30*. There were no questions or comments from Council members.

Provided at the Council table was *June Inspection Report* as presented by Building Inspector Jerek Wasinger. Mr. Wasinger updated the Council on the following ongoing projects:

improvements at La Fiesta, restoration work at Mom & Pops following their fire, remodel and addition at Love's/Godfather's Pizza, installation of the artificial turf at the high school football field, and the Fairleigh hangar at the airport. He also mentioned that two applications for variance had been approved at the July 13, 2023, Planning & Zoning Commission hearing. He felt that both applications (one for a fence and the other for a deck) were simple and to the point.

Police Chief David Post reiterated that he and City Attorney Jennifer Cunningham had been working on a long agenda list of items to be addressed. At the top of that list is an updated dangerous dog ordinance as mentioned earlier in the meeting. The police department is receiving a large number of criminal calls for service.

Sergeant Colton Schmitt is scheduled to attend an FBI course, *Supervisor Leadership Institute*, in Arkansas City from July 31 – August 4, 2023. This is one of three courses that Sergeant Schmitt plans to take. Police Chief Post noted that these courses are highly prestigious.

Officer Bailey Davidson is scheduled to attend a conference in Wichita, also July 31-August 4, 2023, for some additional School Resource Officer (SRO) training. She had been scheduled to attend Advanced SRO training, but that event has been cancelled.

Personnel who work in the dispatch area of the Law Enforcement Center are purging unnecessary files in preparation for the remodel which is scheduled to occur in August.

The annual Police Department pool party will be held at Scott City Municipal Pool on August 4, 2023. Food and beverages will be provided to all officers and dispatchers. So that everyone has the opportunity to attend, the Sheriff's office will cover the city limits and Court Clerk/Part-Time Dispatcher Patricia Barbosa will cover dispatch during the duration of the party.

Parks Superintendent Terence Appel had nothing to report.

Street, Water, and Sewer Superintendent noted that he and his crew have been working on drainage issues in the southwest part of town. These areas are being addressed in the drainage study being conducted by GMS.

Mr. Appel noted that, so far this year, they have not had to spray for mosquitoes.

Mr. Appel informed the Council that he and his crew are working to lower two newly-installed water lines at 96th and Manor Drive. During the K-96 water line upgrade project, ahead of the K-96 KDOT resurfacing project, KDOT had approved the installation of 4" and 8" water lines in that area. City Administrator Brad Pendergast noted that the City is keeping track of expenses incurred for this relocation effort, and he plans to bill KDOT for these expenses.

Street, Water, and Sewer Superintendent Terence Appel reported that 2 million gallons of water had been used in the last month.

Mr. Appel informed the Council that some of his crew had traveled to Leoti to assist with their chlorination efforts. Mayor Green commended the Public Works crew for their dedication in assisting neighboring communities as needed.

City Clerk Ruth Becker offered to register City officials who were interested in attending the *League Annual Conference* in Wichita Saturday, October 7 – Monday, October 9, 2023. Mrs. Becker will register and book hotel rooms for herself, City Administrator Brad Pendergast, and Council member Barb Wilkinson. Mayor Everett Green will also attend, but as a member of the League's governing body, his registration and hotel reservation have been made for him.

City Administrator Brad Pendergast had nothing further to report.

City Attorney Jennifer Cunningham had nothing further to report.

Financial, Investment, & Quarterly Reports were provided to the Council for review.

Motion by Jeff Allen seconded by Barb Wilkinson that the City Council recess into executive session to discuss personnel issues pursuant to the non-elected personnel matter exception, K.S.A. 75-4319(b)(1), retaining the Mayor, Council, City Administrator, City Attorney, and City Clerk, with the open meeting resuming in the Council room at 8:04 p.m. Vote – Unam.

The Council came out of executive session.
Mayor Green called the meeting back to order.
No action was taken.

Mayor Green had nothing additional to report.

The Council took a short break.
Mayor Green called the meeting back to order.

Motion by Adam Winter seconded by Armando Tarango to adjourn at 8:14 p.m. Vote – Unam.

Everett M. Green
Mayor

Ruth Becker
City Clerk