

City of Spring Hill, Kansas
Minutes of City Council Regular Session
April 14, 2016

A Regular Session of the City Council was held in the Spring Hill Civic Center, 401 N. Madison, Council Chambers, Spring Hill, Kansas on April 14, 2016. The meeting convened at 7:00p.m. with Mayor Ellis presiding, and Glenda Gerrity, City Clerk recording.

Councilmembers in attendance: Chris Leaton
Floyd Koder
Chad Eckert
Andrea Hughes

Councilmembers absent: Clint Gillis

Staff in attendance: City Administrator Jonathan Roberts
Police Chief Richard Mann
Finance Director Melanie Landis
Community Development Director Jim Hendershot
Building Inspector Patrick Burton

Consultants in attendance: City Attorney Frank Jenkins
City Bond Advisor Tyler Ellsworth

ROLL CALL

The City Clerk called the roll of the City Council. With a quorum present, the meeting commenced.

APPROVAL OF THE AGENDA

The Mayor requested to add Item 11. Resolution No. 2016-R-12: Consider awarding an Amended Contract with Piat, Inc. (DBA ServPro)

Motion by Leaton, seconded by Eckert, to approve the agenda as revised. Motion carried 4-0-0

CITIZEN PARTICIPATION:

Virginia Jones, 711 S. Webster Street, Spring Hill, Kansas, addressed the Governing Body about urban farming and requested consideration of raising chickens in her backyard. The Mayor thanked Ms. Jones for attending the meeting and suggested she contact the City Administrator to discuss her request further. Ms. Jones was provided the City Administrator's business card.

CONSENT AGENDA:

Motion by Leaton, seconded by Eckert, to approve the Consent Agenda as presented.

1. **Approval of Minutes: March 24, 2016**
2. **Appropriation Order 2016-04-14**
3. **Consider Temporary Use Permit: TUP-03-16, Queen's Price Chopper – outside storage of merchandise**
4. **Proclamation: April 2016 Fair Housing Month**
5. **Proclamation: Start by Believing Day, Metropolitan Organization to Counter Sexual Assault**
6. **Proclamation: Spring Hill Arbor Day**
7. **Consider Special Event Permit: Let Your Light Shine 5K, Josh & Michele Ivans**

Motion carried 4-0-0.

FORMAL COUNCIL ACTION

8. Resolution No. 2016-R-10: Resolution of intent for Industrial Revenue Bond (IRB)

The Finance Director presented the Resolution determining the intent of the City of Spring Hill, KS to issue its IRBs (taxable under federal law) in the approximate principal amount of \$10,706,500 to pay a portion of the cost of acquiring, constructing and equipping a multifamily housing facility within the City (Blackhawk Apartment Project).

Ms. Landis stated that IRB's are an economic development tool available to cities under Kansas law (see K.S.A. 12-1740 and 79-201a) to provide financing for private business facilities and may be used to finance all or a portion of the project. Ms. Landis reported that the City is in receipt of an IRB application for the Blackhawk apartment project. The application request is for IRB's to finance a portion of the project, abatement of property taxes averaging fifty percent (50%) over ten (10) years and exemption of sales tax on construction of the project. The resolution of intent is proposed under section fourteen (14) of the policy related to property tax abatement established under resolution 538.

If this resolution is approved, actions remaining include 1) cost/benefit analysis which will be performed by an outside agency based on information provided within the application; 2) public hearing; 3) payment in lieu of taxes (PILOT) agreement.

Ms. Landis also reported that this process includes a financial review of the business of the developer, Mr. Grant Merritt. The City received a request to forego the financial review. Staff reached out to the City's Financial Advisor, Mr. Tom Kaleko with Springsted, who suggested three points to consider to forego the financial review for this type of IRB:

1. Level of risk both for financial and reputation,
2. Degree of which public funds will be used for private purposes, and
3. Level of community interest of the project.

The City's Bond Advisor, Mr. Tyler Ellsworth, Kutak Rock, provided a response to these three points.

1. With this type of IRB, there is little financial risk to the City. The City is not paying out money that it already has and the City's credit is not on the line even though bonds are being issued. These are not general obligation bonds which are payable from unlimited taxes; these bonds are payable from a particular revenue source which, in this case, is a lease that is all orchestrated by the Kansas IRB Statutes.

2. There is no money that the city is paying directly to the Mr. Merritt. There will be a future agreement that property taxes may be abated based on the total assessed valuation of the project and a subsequent agreement that the City will present to Mr. Merritt as to how those tax payments will be divvied up. The proposed resolution does not lock-in an agreement with Mr. Merritt.

3. The Mayor stated that this project will provide an affordable, entry level of housing for the Spring Hill community and this is the right project for Spring Hill.

It was also noted that the City's financial review is completely independent of a decision to extend credit to Mr. Merritt.

Staff recommended to approve Resolution 2016-R-10 determining the intent of the City of Spring Hill to issue its industrial revenue bonds in the approximate principal amount of \$10,706,500 to pay a portion of the cost of acquiring, constructing and equipping a multifamily housing facility within the City (Blackhawk Apartment project).

Motion by Leaton, seconded by Eckert, to approve Resolution 2016-R-10. Motion carried 4-0-0.

9. Resolution No. 2016-R-11: Resolution of intent to finance certain equipment

The Finance Director presented the resolution of intent to finance certain equipment. Ms. Landis reported that when purchasing equipment, leasing is a viable option when cash is not readily available. The proposed resolution would allow the City to purchase the equipment prior to having the lease details worked out. The City has used a lease process with local banks the last several years and has had great success with low interest rates and would expect the same to continue with the proposed process.

Equipment to be funded include:

(2) Public safety vehicle	\$84,000
(1) Ford F-150	\$27,000
(1) John Deere tractor	\$15,000
(1) Cat Loader	\$32,000

The request for replacement of these vehicles and equipment are in coordination of the vehicle replacement program. An additional resolution for other equipment budgeted for 2016 purchase will be added to a future agenda.

Staff recommended approval of Resolution 2016-R-11 of intent to finance certain equipment with the issuance of federally tax-exempt debt.

Motion by Leaton, seconded by Eckert, to approve Resolution 2016-R-11 as stated. Motion carried 4-0-0.

10. Consider Approval of Agreement: Assignment of liability for counterfeit card transactions, Forte

The Finance Director presented the Assignment of Liability for counterfeit card transactions with Forte. Ms. Landis reported that effective, October 1, 2015, there was a shift in the liability standard relating to fraudulent use of counterfeit cards accepted through a point of sale system. The payment networks began assigning liability for counterfeit card transactions to the party in the transaction that utilizes the least developed and/or non-EMV (EuroPay, MasterCard, Visa) compliant point of sale technology.

This new standard requires that the City, as the agency accepting payments from the public, put into place technology to protect the card companies from fraudulent transactions occurring through onsite transactions. The most common way to do this is use of a card acceptance device that will read the EMV chip enabled cards most recently issued by banks and credit card companies.

The City currently accepts card transactions through Forte for most payment transactions and through Activenet for aquatic center activity payments. These systems operate separately and new devices have been ordered for use on the Activenet system.

Forte is currently developing and testing its EMV compliant POS solution; however, it did not meet the October 1, 2015 deadline. This assignment of liability transfers the assignment of liability for fraudulent transactions from the City, the merchant, back to Forte until such time that they can provide an acceptable POS solution.

Staff recommends that the Council approve the assignment of liability document and authorize the Mayor to sign on behalf of the City as acceptance.

Motion by Leaton, seconded by Eckert, to approve the assignment of liability document and authorize the Mayor to sign on behalf of the City as acceptance. Motion carried 4-0-0.

10a. Resolution No. 2016-R-12: Consider awarding an Amended Contract between the City of Spring Hill, Kansas and Piat, Inc. (DBA ServPro) for the purpose of adding duct cleaning services to the original contract with Piat Inc. relating to City Hall/Civic Center; further providing for the cancellation of the contract between the City of Spring Hill, Kansas and Midwest Duct Cleaning Services, Inc. relating to duct cleaning services at City Hall/Civic Center

The Community Development Director presented the First Amendment with Piat, Inc. d/b/a ServPro. On March 24, 2016, the City approved a contract for duct cleaning services with Midwest Duct Cleaning Services, Inc. (Midwest) in conjunction with the mold remediation project. On April 13, 2016, Midwest advised the City that to obtain the insurance coverage as required by the contract, it would be difficult to meet the project schedule. Subsequently, to address the issue, ServPro and Midwest proposed that ServPro's contract be amended to make Midwest its subcontractor. Therefore, the insurance requirement would be met under its insurance coverage for the duct cleaning services that would still be provided by Midwest as a subcontractor of ServPro. The premium cost for providing the additional insurance coverage would be \$5,000.

The proposed amendment includes the following:

1. Fees and Costs. The ServPro contract amount has been increased from \$25,426.07 to \$58,169.79. The difference is comprised of the original Midwest contract amount of \$26,355, additional insurance premium cost of \$5,000 and overhead/profit. Also the cost of the stationary bond is increased from \$740.61 to \$1858.28.
2. Itemization of Services and Unit Prices. The description of services has been changed to include the cleaning of the HVAC System.
3. Bonds. A new statutory bond(s) is required to include the increase in the contract amount.

The First Amended contract with Piat, Inc. (d/b/a ServPro) will enable the project to continue to be on schedule. As part of the change in the structure of the contracts, the resolution cancels the original Midwest contract.

Staff recommended to approve Resolution No. 2016-R-12 authorizing and directing the Mayor to execute the First Amended Contract with Piat Inc. d/b/a ServPro for the purpose of adding Midwest Duct Cleaning Services, Inc. as subcontractor for duct cleaning services; further canceling the duct cleaning services contract between the City and Midwest Duct Cleaning Services, Inc.

Motion by Leaton, seconded by Koder, to approve the ServPro contract in the amount of \$58,169.79 include the Midwest contract inside of the ServPro contract as stated. Motion carried 3-1 (Eckert)-0.

DISCUSSION

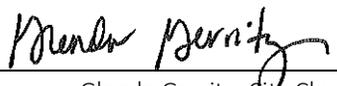
11. 1ST Quarter Financials Review

The Finance Director presented the 1st Quarter Financials that included a report on all funds revenue, expenditure and fund balance, city debt and financial information, general fund revenues and general operating fund.

ADJOURN

Motion by Leaton, seconded by Eckert, to adjourn.

The meeting adjourned at 7:55p.m.


Glenda Gerrity, City Clerk

Approved by the Governing Body on April 28, 2016.