

MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE

July 6, 2016

The Mission Finance and Administration Committee met at Mission City Hall, Wednesday, July 6, 2016 at 6:40 p.m. The following committee members were present: Pat Quinn, Tom Geraghty, Arcie Rothrock, Nick Schlossmacher, Debbie Kring, Kristin Inman, Ron Appletoft and Suzie Gibbs. Councilmember Appletoft called the meeting to order at 6:40 p.m.

Also present were City Administrator Laura Smith, City Clerk Martha Sumrall, Assistant City Administrator Brian Scott, Police Chief Ben Hadley, Public Works Director John Belger, Public Information Officer Emily Randel, and Management Assistant Glen Cole.

Lease-Purchase of Vehicles and Equipment

Mr. Scott provided background on the lease-purchase of six police vehicles and one motorcycle, and stated that the new skid-steer loader for public works that was previously discussed as a part of this plan has been purchased outright as funding was available. The cost for these items was \$433,000 with the total for the police vehicles being \$367,920. The city has worked with Ehlers on this issue, and competitive quotes were taken from several financial institutions to receive the best interest rates and terms. U.S. Bank submitted the best bid with an interest rate of 1.54%, which equates to \$13,392.96 in interest cost over the course of the four year lease. The first payment will be due in March 2017 and this is included in the 2017 budget.

Councilmember Appletoft requested additional information on the "all in" cost for these vehicles. Mr. Scott stated that there will be an additional cost of approximately \$4,000 for bond counsel and financial advisor services. Councilmember Appletoft noted that by leasing these vehicles the cost is approximately \$17,000 more. Discussion continued on the actual cost for each car once fully outfitted with light bars, cameras, etc. bringing the actual cost to approximately \$70,000 per car. The committee also discussed the interest rate with Mr. Scott stating that the normal rate is about 1.7% so the US Bank rate of 1.54% is close. Councilmember Appletoft also asked if there is an "out clause" to not bind future councils. Ms. Smith stated that the lease-purchase agreements include a non-appropriations clause to deal with that issue.

Councilmember Appletoft also requested that some of the language in the resolution be changed, specifically the wording "immediate" need for police vehicles. He requested that "immediate" be removed. He also asked what other financing means were considered (cash) and stated that he does not agree with the wording "public interest" included in the resolution. Councilmember Quinn stated that the lease-purchase of these vehicles is in the public interest, unless we had the cash to purchase these vehicles outright, which we do not. Ms. Smith stated that she will check with our bond counsel about any issues with updating the language in the proposed resolution.

Councilmember Gibbs recommended that the resolution authorizing the Mayor to execute the necessary documents to complete the lease-purchase agreement for six police vehicles and one police motorcycle, with the suggested revised language, be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

Councilmember Kring asked that Council be provided with a spreadsheet outlining all the costs required for the new vehicles.

Municipal Investment Pool (MIP) Resolution

Mr. Scott stated that the Pooled Money Investment Board operates the Municipal Investment Pool (MIP) for the purpose of allowing member municipalities in Kansas to invest idle funds in investments that yield a favorable rate of return, while protecting the principal and allowing the funds to be available when needed. With recent personnel changes, it is necessary to authorize additional employees access to the MIP so that they may complete accounting functions for these funds. The proposed resolution will authorize the City Administrator, Finance Director and two Senior Accountants to have access to the MIP.

Discussion by the committee continued on who usually accesses the MIP funds, who was previously on this account (Treasurer Don Chamblin and Ms. Smith), and how often funds are moved in the account. Ms. Smith stated that funds are usually moved out in March and September for bond and interest payments, and that in January and June funds are moved into the MIP (property tax payments). Ms. Smith also outlined the various controls in place for accessing the MIP and moving funds, noting that wire transfers through the Mission Bank require a signed letter that is presented in person at the bank. She also stated that the MIP website now includes greater security by giving each user a unique login and password, rather than just one for the city. This account is reconciled monthly and we are notified when intra- and inter-transfers take place. She stated that one person could be removed from the resolution so that only three employees have access to the MIP.

Councilmember Appletoft asked what is the average amount in the MIP and expressed his concerns with four employees having access to the account, stating that with more people there is more exposure. Discussion continued on insurance, ensuring that there is segregation of duties, and the need to have a good process in place for accessing the MIP.

Councilmember Quinn recommended that the resolution designating authorized representatives for the Kansas Municipal Investment Pool be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

Ordinance Amending Implementation Date of Mission Gateway CID District #1
Ordinance Amending Implementation Date of Mission Gateway CID District #2

Ms. Smith stated there are currently two CID districts on the Gateway site, that when activated would impose .5% at the proposed Walmart and 1% over the rest of the project. She stated that these districts go with the land, not the project or developer. These proposed ordinances would delay the activation date of the districts and preserve the entire 22 year duration for collection of revenues. This will provide Council with the greatest degree of flexibility in evaluating how CID revenues might be used. She stressed that once activated, the CID “clock” cannot be reset. She also noted that the developer must apply to have the activation date delayed, and Council has been provided with a copy of this request in their packet. The new activation date would be October 1, 2017.

Councilmember Geraghty asked whether the developer’s recent change in name for the owner of the property would enable them to “skip out” on property tax payments. Ms. Smith stated that they are currently in arrears on the most current property tax payments, and explained the County’s process for taking action should the taxes remain unpaid. She stated that the developer has said these will be paid this summer. The Planning Commission is scheduled to review the revised preliminary site plan at their July meeting, and this would then come forward to the City Council for approval. Discussion continued on when the Planning Commission packet will be available, why the new activation date is in the fall of 2017 with Ms. Smith noting that you can always push that date back but once activated the clock starts and time could be lost with nothing built on the site, and how the CID funds were proposed to be distributed in the previous development agreement. Ms. Smith stated that the developer has paid the first half of the property taxes due, and the Mayor stated that the developer is up to date in payments on reimbursables. She also stated that through the stormwater assessment, there is \$12 million lien on the property, should the developer not pay his taxes.

Councilmember Quinn recommended that the ordinances amending the implementation date for the Gateway Community Improvement Districts (CIDs) to an effective date of October 1, 2017 be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

2017 Budget - Community Investment Program (CIP)

Ms. Smith stated that as part of the budget process, the multi-year Community Investment Program (CIP) will be considered and adopted by resolution. She provided background on the 2016 CIP budget discussions, noting that several options to replace the Transportation Utility Fee were considered and adopted as part of the budget. She provided a handout of Mission’s outstanding debt (non-General Fund) through the year 2031, the life of our existing debt. She also discussed the desire to reduce debt, issues with cash-flowing larger projects, the sunset dates for the street sales tax and the parks and recreation sales tax, and the need to renew revenue streams before taking on more debt in these funds. Discussion continued on the inflexibility of dedicated revenue streams, the impact last year’s budget decisions (to replace TUF) have had on residents, and the amount dedicated to stormwater improvements

(\$600,000). Ms. Smith stated that three scenarios have been presented in the stormwater CIP (Gateway best, middle and worst).

Ms. Smith provided information on the Street Program Plan 2017-2021 with two scenarios, and discussed the history of the the program, including inventory and rating of all streets. Council recently approved updating the PCI score for all streets, which will assist with “reshuffling the deck” once new scores are received. This, along with core sampling, will allow staff to reprioritize streets in the maintenance program. The committee also discussed new technologies for street maintenance (UBAS), and the desire to see how streets recently included in the program are holding up (new PCI scores). Ms. Smith provided information on challenges with this program including the TUF litigation that is still in process and the possibility that we would need to repay the TUF, and whether Mission should consider a potential sales tax for streets particularly at a time when Johnson County is working to implement a sales tax for a new courthouse.

The committee discussed the Foxridge I and II projects including the recently updated CARS resolution that includes an increased cost for this project as a placeholder for CARS funding if all improvements are included (stormwater under the street due to the failure of a metal pipe, streetlights, sidewalks, etc.). Ms. Smith suggested that another bus tour would be helpful in better understand the improvements recommended. Scenario B of the Street Program Plan pushes the construction of Foxridge Phase II out one year. Ms. Smith stated that staff is recommending scenario B, noting that we need to know the outcome of TUF litigation before taking on any other large scale projects. Questions regarding the TUF should be answered by 2018, and this scenario will help in matching up federal grant cycles and sales tax renewals.

The committee discussed the information provided on the three scenarios for the Stormwater Program, with Ms. Smith stating that the “best case” needs to be set aside at this time and that the “worst case” should be considered as it is best to plan for the worst and then be able to add projects in if possible. Discussion continued on the amount the city has invested in stormwater improvements to date, the interceptor built under Johnson Drive and funding issues with that project due to Fairway’s objections through SMAC (Ms. Smith noted that SMAC is changing their business practices), the need for upstream Rock Creek Channel work, and improvements needed to the secondary stormwater system throughout the city. In 2005 an inventory and condition rating of secondary stormwater systems was conducted using visual inspection. Ms. Smith also discussed issues with determining whether secondary stormwater systems are in an easement vs. private property, and whose responsibility it is to maintain these.

Ms. Smith stated that Mission is getting “back in line” at SMAC and anticipates a improvements to Rock Creek Channel behind the Mission Bowl, where there have been resident complaints and a portion of the parking lot in the area is eroding. A timeline for this project was discussed - 2016: conceptual design/preliminary engineering, 2018: earliest date for SMAC funding. Discussion continued on previous stormwater engineering studies along Rock Creek.

Ms. Smith summarized the discussion by stating that staff recommends Scenario B for the Street Maintenance Program and the “Worst Case” Scenario for the Stormwater Program. She stated that we are not looking at a tax or fee increase in the 2017 Budget.

Councilmember Kring requested a “snapshot” of vacant property in Mission and its status, and a reporting of how much revenue the “large rooms” at the Community Center have brought in.

Ms. Smith recommended that the July 13th worksession begin at 6:00 p.m. All agreed.

This item was informational only and no action was taken.

Meeting Close

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 8:20 p.m.

Respectfully submitted,

Martha Sumrall
City Clerk