

MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE

July 11, 2018

The Mission Finance & Administration Committee met at Mission City Hall, Wednesday, July 11, 2018 at 7:55 p.m. The following committee members were present: Arcie Rothrock, Nick Schlossmacher, Kristin Inman, Debbie Kring, Ken Davis and Sollie Flora. Absent: Councilmembers Pat Quinn and Hillary Thomas. Mayor Appletoft was also present. Councilmember Schlossmacher called the meeting to order at 7:55 p.m.

Also present were City Administrator Laura Smith, City Clerk Martha Sumrall, Assistant City Administrator Brian Scott, Public Works Director John Belger, Chief Ben Hadley, Parks & Recreation Director Christy Humerickhouse, and Public Information Officer Emily Randel.

Resolution of Intent to Issue IRBs, Kieth + Associates

Ms. Smith stated that staff was contacted by Keith + Associates (WAK Development, LLC) after they recently purchased the building at 6299 Nall, their current office location, to request the City's consideration of the issuance of Industrial Revenue Bonds for their improvements to the building and expansion of office space. They have applied for a small business loan for this project, and the Mayor provided a letter of support for this application.

Evan Fitts, Polsinelli, attorney for Keith + Associates, provided information on the proposed project and request by the property owner for IRBs. He stated that they plan to make a significant investment in their business, which has been located in Mission since 1983 and in the current building since 1991. They recently purchased the building and have developed plans for remodeling. This building sits at a prominent corner in the City at Shawnee Mission Parkway and Nall, so improvements to the building will benefit the City. The property was purchased for \$3 million and they plan to put another \$2.5 million into interior and exterior improvements. He stated that he suggested requesting IRBs from the City as a tool to assist with this project.

Bill Keith, Keith + Associates, provided background information on their dental practice in Mission which was started by his father in 1983. They have a well established practice but are unable to see as many patients as they would like due to their current space limitations. After considering improvements to their offices, they decided to purchase the building as improvements are costly and they wanted to own the building if making a significant investment. He stated that they plan to bring the building up to current standards and noted several other buildings in the area as examples (1900 Building developed by Karbank).

Councilmember Davis requested additional information on the amounts included in the application. Dr. Keith stated that they anticipate \$2.5 million in improvements and the purchase of the building was approximately \$3 million. Mr. Fitts stated that they have been working with Gary Anderson, Gilmore & Bell, Mission's Bond Counsel, and stated that the actual issuance will

probably be sized smaller. Councilmember Davis also asked is there is a proforma associated with this project or additional financial information from the owners that can be reviewed. Dr. Keith stated that he does not believe the financials would be applicable, but he could share this information if needed, noting that the ownership of the building is changing. Mayor Appletoft stated that the IRBs are issued through the City but that we have no liability. Councilmember Flora asked if there is additional information on the need of the IRBs for the project and the value of the project. Dr. Keith stated that they are working with a strict budget, and if the IRBs are awarded the additional funds will be allocated to improvements.

Discussion by the committee continued on how IRBs are issued and function with Mr. Fitts stating that they are conduit financing only. He provided examples of how this process works. He also stated that based on the breakdown of sales taxes, approximately \$30,000 would be from Mission sales tax. Councilmember Kring requested information on previous IRBs issued by the City and Ms. Smith provided a listing of those issued during the past 10 years.

Ms. Smith stated that the resolution of intent lists a not to exceed amount of \$4 million which is a broad amount for labor and materials. Councilmember Kring asked if they anticipate adding other dental specialty practices to the building and Dr. Keith stated that they would like to. As part of the renovation they will be moving to the third floor of the building leaving their current space available. He noted that there are few dental specialists in Mission and this would be an opportunity for them to be in one location.

Councilmember Davis recommended that the resolution of intent to issue Industrial Revenue Bonds for WAK Development, LLC for the 6299 Nall building renovation project be forwarded to Council for approval. All on the committee agreed but this will not be a consent agenda item.

Franchise Ordinance, MCImetro Access transmission Services Corporation / Verizon

Ms. Sumrall reported that MCImetro/Verizon approached the City to install a fiber network in Mission. A franchise agreement/ordinance is required in addition to a right-of-way permit. MCImetro/Verizon plans to offer services to businesses and government customers, but not residential customers. Terms of the agreement include the collection of a franchise fee of 5% of gross receipts and a term of 10 years with two additional two-year terms. MCImetro/Verizon has stated that they plan to only deploy fiber to existing structures and will not construct new cell towers, small cells, antennas or other wireless facilities. Councilmember Davis asked what impact their fiber installation will have on staff. Mr. Belger stated that it will primarily only impact him, and that this will be smaller than other recent installations by Google and Consolidated. Actual construction will be managed through the right-of-way permit, and staff will be able to stop issues before they start and work with the company to reroute lines. Councilmember Davis also asked if any stormwater collapses were due to fiber installation. Mr. Belger stated that in the past, companies have paid to fix any damage to stormwater, etc. Ms. Smith stated that we are unsure of exactly where and when they anticipate placing fiber, and noted that Mission may simply be a pass-through to other communities.

Councilmember Davis recommended that the ordinance granting to MCImetro Access Transmission Services Corp. dba Verizon Access Transmission Services a contract franchise to construct, operate and maintain a telecommunications system in the City of Mission, Kansas and prescribing the terms of said contract franchise to Council for approval. All on the committee agreed. This will be a consent agenda item.

Recommended 2019 Budget

Ms. Smith provided an overview of the Recommended 2019 Budget. The final assessed value from Johnson County has been received and Mission will be able to maintain our current mill rate, even with the property tax lid. The total estimated revenues in the 2019 General Fund Budget are \$13.53 million, an increase of approximately 8% over 2018 estimated. The total assessed valuation provided by the County is approximately \$157 million which represents an overall increase of 12.86%. One mill in the 2019 budget generates approximately \$156,841. She stated that the City was able to take advantage of the law enforcement exemption in the property tax lid. This recommended budget includes:

- All supplemental requests.
- Contractual revenues and expenses for animal control, noting that all NEACC cities would like to contract with Mission for these services.
- Shifting the improvements to Nall that will be completed with Prairie Village to 2023.
- Special Alcohol Fund designated for the Drug and Alcohol Council at \$40,000, DARE at \$15,000, and mental health co-responder at \$15,000.
- Maintaining the Solid Waste Utility Fund at a cost share of 86% paid by residents, 14% by the City which will result in an increase for residents from \$169/year to \$175/year. This contract will expire in December 2019 and she anticipates issuing an RFP for services next year.
- The MCVB Fund, which is funded by the transient guest tax, funds all costs for publication of the Mission Magazine five times per year, is a pass-through for holiday adoption program funds, and we manage the Mission Business Partnership funds.
- Mission Crossing TIF/CID Fund accounts for revenues and expenses associated with the TIF District and CID associated with Mission Crossing development and all distributions from this fund are made in accordance with the development agreement for the project.

Ms. Smith stated that there will be a Budget Community Dialogue at the beginning of the City Council Meeting on July 18th, 7:00 p.m.. A powerpoint will be presented to provide an overview of the recommended budget. The public hearing on the budget will be held at 6:30 p.m. on Wednesday, August 1st during the Finance & Administration Committee Meeting. Approval of the 2019 Budget will be on the August 15th City Council Meeting agenda.

Councilmember Flora asked how close we were to the property tax lid in preparing the 2019 Budget. Ms. Scott stated that public safety expenses brought the mill up to under the lid. These expenses included such things as personnel (health insurance) costs and replacement of radios.

This item was for discussion only and no action was taken.

Other - Department Updates

Councilmember Kring expressed her concerns with recycling at the recent Mission Summer Family Picnic. She feels we need additional recycling bins that are placed next to trash receptacles with branding to ensure they are used by as many people as possible. She stressed that children are often the best to educate adults about recycling. She would like to consider other recycling options/efforts for Mission events. Ms. Randel stated that best practice is to have staffing for the recycling bins to assist and encourage people. This is the model recommended by Bridging the Gap. She also stated that they encourage clear recycling bins. Councilmember Kring asked that the Sustainability Commission consider this issue and bring forward to Council what they think would work best.

Ms. Smith stated that temporary fencing has been installed at the Mission Trails/EPC development. Crossland Construction has rolled back the screening on the fence near the Community Center's Beverly entrance for increased visibility for those exiting the Center. "No Parking" is now in place along the west side of Beverly to also assist. The sidewalk on the west side of Beverly remains closed as we do not want pedestrians walking in front of a construction entrance. Staff will continue to watch this area and make adjustments as needed.

The MoKan Swim Championships are scheduled for Tuesday, July 17th and Thursday, July 19th at the outdoor pool. Parking will be at a premium and all were encouraged to park near the Community Center in the overflow lot.

Yellow Lab has been scheduled to take Governing Body photos prior to the July 18th City Council meeting. Ms. Randel will send additional information to Council regarding this.

Meeting Close

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 8:45 p.m.

Respectfully submitted,

Martha Sumrall
City Clerk