



City Manager's Report

October 24th, 2017

Honorable Mayor Blackie and Commissioners Cole and Gwin,

We have had a busy past three weeks since the last Commission meeting. The past ten (10) years capital improvement and equipment purchases assessment has taken a significant amount of staff resources in addition to the work putting together more information and evaluating options with the water treatment plant. I have met with Vyve Broadband and High Tech Relief Center out of Ottawa in an effort to improve our information technology (IT) network and assets while also improving our phone system and reducing costs. I attended a meeting of Southeast Kansas City Managers and Administrators in Humboldt and discussed how we can all work together and learn from each other to improve our communities. I spoke with our water treatment plant engineer, Brian Wintle, about the proposed plant and addressed cost concerns and ways we might bring the cost of the new plant down; he is going to be here Wednesday afternoon at four (4) p.m. to go through some more options with Director Amaya and I. I welcome any of you who may be able to attend. Director Amaya and I also met with an experienced water engineer with local ties, regarding our new plant design and they are going to get back to us this month with their thoughts on the proposed plant.

I also visited with local resident and Saint Luke's Chief Financial Officer, Vicki Mills, about ways in which the City and Hospital might partner in order to bring down costs and benefit us both. Mrs. Mills' main advice was that we need to have a larger group of employees to go to the marketplace with to lower our costs. A larger group spreads out the risk over a larger pool, and a larger pool of premiums, and will get us better rates. She advised that even partnering with the County likely would not be a large enough group. She mentioned teaming up with other cities

and forming a larger pool to insure. I know this has been done in other states but to my knowledge there is no such pool in Kansas. I will research this and in the event there is not one, look into the possibility of starting one. She also indicated that we could keep likely keep our costs down by restricting which hospitals and doctors our insurance covers (i.e. only use St. Luke's). Mrs. Mills also gave me some insight as to what the hospital has done in recent years to deal with their rising insurance costs; some of those are:

- A point system to keep your premium at the base level (Need to get sixty points)
 - If you are a tobacco user you need to get more points (Eighty points)
 - Ten points each for a mammogram or pap smear, ten points for participation in a yoga or cycling class
- Ban tobacco use on premises and while employees are on the clock
 - Being more restrictive in hiring practices – don't hire tobacco users

I think a lot of these are ideas which we are going to be forced to consider, unfortunately, they are major lifestyle changes which are going to be difficult on our employees. I plan on having these discussions over the next year with our staff to find ways we can implement some innovative ideas such as these to keep our costs down.

We have a vacancy on the Walker Art Committee and are therefore advertising for interested individuals for it as well as the Airport Board. As the Anderson County Advocate has changed their publication format, they no longer have the ability to print our legal publications – therefore, all legal publications will be printed in the Anderson County Review from now on. Killough Construction has finished the Highway 59 Turn Lane project as well as completed the street projects we had planned throughout the community. Killough came in slightly under budget for the turn lane project, although, as it is a 100% state reimbursed project, the cost savings go to the State rather than the City.

We met with the Anderson County Director of Emergency Management, J.D. Mersman, on improving the reliability of our radio communication system. We currently have radio repeaters based at the west water tower and they are currently susceptible (as we discovered with our most recent power outage) to failure if the battery backup is nonfunctional or if power is out for a significant amount of time (the battery is only designed to maintain power for short

periods of time). The County is going to install new repeaters on the water tower and will transfer our two frequencies to their new digital repeaters to provide a much better county-wide radio network for both the City and the County. The County is also going to look into obtaining a backup generator to utilize as the backup power source for the repeaters rather than relying on batteries. This partnership with the County will result in a much more robust and efficient radio network for both of our uses.

The Tax Reform Bill under consideration by the United States House of Representatives does many things and will undoubtedly see significant changes before any tax reform package becomes law. However, one significant negative change for the City is that the House bill eliminates tax exempt financing for municipal bonds. This is of significant importance because if such financing is eliminated, our costs for any project requiring us to borrow money will grow significantly. Tax exempt municipal bonds allow investors to purchase our bonds (loan us money) and the interest they receive from our payments is exempt from federal (and most state) income taxes. If investors will now be forced to start paying taxes on interest income received from our bond payments, the interest rates we can obtain will increase. For comparison sake, a proposed new water treatment plant at \$15,000,000 project cost over twenty (20) years will cost us almost a million dollars more at an interest rate of 3.5% compared to 3.0% (\$20,878,560 to \$19,965,600 or \$1,043,928 to \$998,280 annually). As mentioned above, this change in law still has many steps to go through to become law (passage by House, passage by Conference Committee with Senate, final passage by both the House and Senate) so hopefully it gets kicked out at some point, but if you are so inclined, a couple of phone calls to our State Representatives can only help.

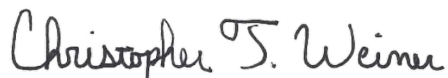
As for agenda business, item A is consideration of the ordinance vacating fifteen (15) feet of our right of way on Catalpa Street to eliminate the issue with Mr. Pollock's building. With item B I seek your guidance on whether to move forward with the design engineering of the proposed new water treatment plant. I have attached KRWA's rate analysis as well as my own, as KRWA's is on a forty-year term. We could also wait to see what comes of Wednesday's meeting with PEC and see what other options we may have. However, in my opinion, we can make adjustments as we go and the total cost of the project will undoubtedly be different from the anticipated costs, the key is just your comfortability with the necessary rate adjustments.

Item C is the capital improvement and equipment purchases assessment over the past ten years that Commissioner Gwin asked for. I welcome any questions you may have and although I will likely not have the answer immediately, I will locate it for you. The final action item is the approval of our bills and payroll, \$189,591.22 and \$110,836.80 respectively.

Under the informational category you will find our departmental reports, Susan Wettstein's recognition as employee of the month for the month of October and information regarding significant upcoming dates. As for Susan's award, she has performed admirably since her promotion to Director of Community Development as each of her departments are functioning at a high level. Susan provides exemplary administrative support to myself and all of her coworkers. She constantly brings a positive attitude to work and is incredibly dedicated to her job. I cannot thank her enough for the job she has done over the past month and I know will continue to do. Please thank her for her commitment and service if you get the opportunity.

As always, please let me know if you have any questions and I appreciate the opportunity to serve you and this wonderful community as your City Manager.

Sincerely,

A handwritten signature in dark ink that reads "Christopher T. Weiner". The signature is written in a cursive, flowing style.

Christopher T. Weiner, City Manager