



## **City Manager's Report**

November 28<sup>th</sup>, 2017

Honorable Mayor Blackie and Commissioners Cole and Gwin,

The Tax Reform Bill recently passed by the United States House of Representatives and the comparison bill under consideration by the Senate both change American tax law significantly. If a reform bill does pass it will undoubtedly have a significant effect on our community as a whole but as the City itself does not typically pay taxes as a corporation, the scope of changes which impact the City will be much smaller. The tax-exempt financing for municipal bonds which I addressed in my last report still is at risk of being eliminated, especially for projects dealing with utilities and the airport, as it was a part of the House Bill just passed. Additionally, in both the passed House Bill and the Senate Bill under consideration, tax-exempt advance refunding bonds are eliminated – thereby eliminating our ability to take advantage of lower interest rates if they ever fall below the existing interest rate on our current or future debt. As both Chambers have this provision as part of their bill, I expect to see it in the final bill proposed to become law.

Given the new timeframe for getting the agenda and packet out to you, I don't have as much to report as usual and the agenda is substantially lighter than usual. Over this week I attended the Housing Authority Board Meeting and addressed their questions regarding the budget and possibilities to change some expensing procedures and financial reports. Wednesday afternoon Brian Wintle and Sarah Unruh from Professional Engineering Consultants (PEC) were here and answered questions from Commissioner Cole, Director of Gas and Water Amaya, and myself, on the proposed water treatment plant. Unfortunately, exiting that meeting I didn't think we are going to be able to cut much from the existing proposal to reduce the cost. The most

significant cut I believe we could reasonably make would be to eliminate the ultraviolet (UV) disinfection equipment (leaving the physical space open for future installation if needed) which would only save us an estimated \$272,900. I did speak with Pat McCool, an engineer, with the Kansas Rural Water Association (KRWA) and he brought up some excellent points to consider. He questioned whether it is wise (or even if we will be able to obtain funding) to finance the entire cost of the plant on a rate increase spread fairly evenly across our customers when approximately 35% of our water goes to one customer (the ethanol plant). If eight years from now the value of ethanol declines sharply due to the prevalence of electric cars, fuel efficient vehicles, or any number of reasons, and the ethanol plant folds, how do we make our debt payments? He suggested we work with the ethanol plant to have them pay for their proportional share of the plant up front, have them finance it on their own, and then don't charge them the rate increase for debt service. I hope to have a meeting with East Kansas Agri Energy's (EKAE) – the ethanol plant – Chief Executive Officer (CEO), Bill Pracht, about ways we can work together to address both of our needs. Mr. McCool also suggested we visit some other water plants and see how their process is set up as well. While the previous Water Production Superintendent, Jim James, did this, Director Amaya and I have not, so we will find some time to do this and see if it offers any insight into possible changes or cost savings we may be able to make. I have also reached out to the engineer who walked through the plant with Director Amaya and I and am still waiting to hear what his thoughts are on the proposed plans. It is looking unlikely that we will be able to trim much in terms of cost of the proposed plant, but we will continue to seek possible savings if possible. I will also be meeting either later this month or at the beginning of December with Rita Clary of KRWA and the United States Department of Agriculture (USDA) to discuss possible funding options. We also hosted an economic development meeting with multiple area businesses and representatives from KansasWorks, where we discussed programs that KansasWorks has available to financially assist with training staff. We will look into these programs for the City as well as we are also eligible. I attended part of the Kansas Association of City Management's (KACM) Annual Conference and participated in multiple valuable workshops.

As for the agenda items, we have one applicant for the Airport Advisory Board and one potential applicant for the Standing Committee for Artwork (Walker Art Committee) at the time of writing this report. I have attached the letter of interest from Airport Board applicant Michael Brown and will send out any further applications we receive prior to the meeting. In recent years the City has provided Christmas bonuses of \$200 to each City employee. Please let me know if this is something you would like to provide again this year. I recommend we do as it is a morale booster for City staff and a reward for the hard work and dedication of our staff over the past year. I will email out a copy of our bills once we complete the next pay cycle.

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. Have a wonderful Thanksgiving!

Sincerely,

Christopher T. Weiner, City Manager