

RECORD OF PROCEEDINGS OF THE GOVERNING BODY CITY OF GARDNER, KANSAS

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September 3, 2024

The City Council of the City of Gardner, Kansas met in regular session on September 3, 2024, at 7:00 p.m. in the Council Chambers at Gardner City Hall, 120 East Main Street, Gardner, Kansas, with Mayor Todd Winters presiding. Present were Councilmembers Mark Baldwin, Kacy Deaton, Mark Wiehn, Steve Shute and Steve McNeer. City staff present were City Administrator Jim Pruetting; Finance Director Matt Wolff; Police Chief Pam Waldeck; Utilities Director Gonz Garcia; Parks Director Jason Bruce; Community Development Director Dave Knopick; Public Works Director Kellen Headlee; City Attorney Ryan Denk; City Clerk Renee Rich. Others present included those listed on the sign-in sheet and others who did not sign in.

There being a quorum of Councilmembers present, Mayor Winters called the meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

Mayor Winters led those present in the Pledge of Allegiance.

PRESENTATIONS

1. Proclaim September 2024 as National Suicide Prevention Awareness Month in the City of Gardner

Mayor Winters read into record a proclamation that September 2024 be known as National Suicide Prevention Awareness Month in the City of Gardner, Kansas.

PUBLIC HEARINGS

1. Consider holding a public hearing to receive public input regarding the City's intent to exceed the revenue neutral rate

Councilmember Shute made a motion to open a public hearing to receive public input regarding the City's intent to exceed the Revenue Neutral Rate.

Councilmember Deaton Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

No members of the public came forward.

Councilmember Deaton made a motion to close the public hearing.

Councilmember Shute Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

NEW BUSINESS

1. Consider adopting a resolution of the City of Gardner, Kansas, to exceed the revenue neutral rate

Finance Director Wolff explained Senate Bill 13 established new notification and public hearing requirements if the proposed budget will exceed the revenue neutral property tax rate (RNR). RNR is the mill levy required to raise the same amount of property tax as the prior year using current year assessed valuation amounts. The Johnson County Clerk calculated Gardner RNR as 16.825. The city's proposed fiscal year 2025 budget is based on a proposed mill rate of 18.319 which exceeds RNR. In compliance with Senate Bill 13, House Bill 2104 and House Bill 2239, the city published notice of public hearing to consider exceeding RNR in the August 20th edition of the Legal Record. The notice of hearing was also published on the city's website on August 20th.

Shute clarified the resolution is to set the mill levy. Wolff confirms it is to establish the rate and set the mill and will be a roll call vote. Shute feels if we approve New Business Item 1, we lock in the mill levy. He feels this action locks in the budget. He opposes the mill levy and we can afford to lower this mill levy. If we are doing this just in case we have bonding capacity given the current economic concerns, it is not worth it. If we need to raise the mill levy in the future to take care of bonding issues, the best way to do that is through a bond issue and vote, not through holding onto the mill just in case we need it. He is not in favor of this.

McNeer asks if the budget for 2025 will be bigger than the 2024 budget. Wolff confirms and explains this resolution is to exceed the RNR and stating the mill rate. You can still adjust the budget in the next item, but the

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mill rate is established here. Wolff explains the RNR would have lowered the mill levy based on valuation. What is being proposed is a flat mill levy. There is a slight property tax increase because we are capturing part of the valuation increase.

Deaton would love to offer a revenue neutral and lower it. She doesn't feel like we can afford it with our current growth. The only way to keep up is by capturing it when we can. We cannot slow down our growth or slow down our projects. The flat mill rate scenario is going to best for moving forward.

McNeer asks if we leave it where it's at, would we create a surplus? He said we are coming up on some inflationary times, so the budget may not even come close to what we would need. Wolff says it is correct that by keeping the mill levy flat, we are collecting more property taxes, so there's a surplus compared to last year's property taxes. However, inflation costs are included in the budget and we are still planning to spend down some general fund balance which is a long-term goal of the council.

Baldwin's opinion is for this year's budget we should stay flat because if we want to continue capturing the growth, we have to have the means to capture the growth. The other side of this discussion is looking at budget and expenses. Deaton reminds that staff has already cut out over \$1M out of the budget. Shute would like to lower a 1/2 mill as anything is better for our citizens than to take the money now in case we need it. McNeer said he is concerned with cutting and then having to come back and ask for an increase because inflation caused budget problems.

Mayor feels the value the citizens get from the mills they pay is very high. We have a conservative budget and is well thought out. We are in a growth mode and cutting a 1/4 percent has much more effect on future growth and positioning ourselves in the future than a small savings each month.

The full discussion can be viewed here: <https://www.youtube.com/watch?v=yYFekde8DCo>

Councilmember Deaton made a motion to adopt Resolution No. 2150, a resolution levying a property tax rate exceeding the Revenue Neutral Rate for the City of Gardner, Kansas

Councilmember McNeer Seconded.

With all of the Councilmembers voting in favor of the motion, the Resolution passed and was assigned number 2150.

Shute:	No
McNeer:	Yes
Baldwin:	Yes
Deaton:	Yes
Wiehn:	Yes

PUBLIC HEARINGS

2. Consider holding a public hearing to receive public input regarding the proposed FY 2025 Budget

Councilmember Deaton made a motion to open a public hearing to receive public input regarding the proposed FY 2025 Budget.

Councilmember Deaton Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

No members of the public came forward.

Councilmember McNeer made a motion to close the public hearing.

Councilmember Deaton Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

NEW BUSINESS

2. Consider adopting an ordinance adopting the Fiscal Year 2025 Budget

Finance Director Wolff gave a summary of the 2025 budget. The budget is structurally sound as represented by adequate reserves in both levy funds at the end of 2025. Projected end of year fund balance is 33% of expenditures. The proposed mill rate is 18.319 mills, the same as the prior year. It provides for continued investment and infrastructure to improve the quality of life for residents and to support community growth. It includes a planned water rate increase of 3.7% in 2025 to continue supporting the annual debt service for the Hillsdale Treatment Plant expansion and the construction of a new water transmission line. It also includes a proposed Wastewater increase of 4.2% in 2025 to support the expansion of the Kill Creek Water Resource Recovery Facility.

Shute said looking at the general and debt expenditures, the debt services expenditures are statutory and we can't do anything about those. We have good finance people and have been very judicious on keeping our rates low. We are obligated to a nearly \$6M debt service payment next year. Our general fund is set at \$18.5M which comes out to 12.9 mills. Shute asks if we are seeing any decrease in our infrastructure special sales tax. Wolff said it has been flat the last two years. Shute asks if the infrastructure special sales tax fund is going to have to be supplemented with general funds the next two years. Wolff said no for the next year. The sales tax is set to sunset at the end of 2025 and to keep in mind we have a couple years of debt service that extend past that when we issued bonds, so if we have any balance remaining, it is dedicated to paying off those bonds. Shute asks about any other long-term expenditures. He is aware of the Justice Center and long-term requirement that we are utilizing county funds to help bridge the gap, but those funds will be going away. Wolff confirmed and said the Justice Center payments stretch much further than the actual sales tax did and that is part of the reason for the capacity in the bond and interest fund. Shute asks about the parks fund and if we are seeing increases in the parks funds given we have several subdivisions underway. Wolff said we are not seeing as much as you would think because we have agreed to waive some park impact fees if they're agreeing to put in and construct trails that align with the master plan. It's a value to the city to allow, but it means we're not collecting the park impact fees for some of those developments. Shute said 75% of the general fund is for personnel which is a problem for keeping the cost contained, but he does not want to reduce full time employees. He asks everyone if there is any other place in the general fund we can cut. Pruetting said we learned there would be an increase of \$100,000 in unanticipated unbudgeted costs for our computer software package for protection. Animal Control Services are going up significantly and that is after a cut to a significant number of positions and other things from the general fund. Everything in the budget was reviewed in great detail.

The full discussion can be viewed here: <https://www.youtube.com/watch?v=yYFekde8DCo>

Councilmember Deaton made a motion to adopt Ordinance No. 2809, an ordinance adopting the 2025 Budget of the City of Gardner, Kansas.

Councilmember Baldwin Seconded.

With all of the Councilmembers voting in favor of the motion, the Ordinance passed and was assigned number 2809.

McNeer: Yes
Baldwin: Yes
Deaton: Yes
Wiehn: Yes
Shute: No
Winters: Yes

PUBLIC HEARING

3. Consider holding a public hearing to receive public input regarding the amendment of the FY 2024 budget

Councilmember McNeer made a motion to open a public hearing to receive public input regarding the amendment of the FY 2024 Budget.

Councilmember Deaton Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

No members of the public came forward.

Councilmember Deaton made a motion to close the public hearing.

Councilmember Baldwin Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

NEW BUSINESS

3. Consider adopting an ordinance amending the Fiscal Year 2024 Budget

Finance Director Wolff said the 2024 budget was adopted on September 5, 2023. The governing body approval of the annual budget sets the expenditure authority for the city's various funds for that budget year. KSA 79-2929a allows bodies to amend their current budget and requires the same notice and public hearing process as required for the adoption of the original budget. In order to avoid a potential budget violation for fiscal year 2024, a housekeeping technical budget amendment is needed to increase expenditure authority for the airport fund. In compliance with KSA 79-2929a, a proposed increase shall be balanced by previously unbudgeted revenues and revenue other than ad valorem property tax. There is no additional mill levy associated with this budget amendment. The cause of the amendment is the acquisition of land adjacent to the Gardner Municipal Airport. This land acquisition was a top priority of the FAA because it secures part of the airport's runway protection zone. The land acquisition exceeded the original budget estimate of the FAA. The FAA will provide grant funding for 90% of the cost; however, there is a timing issue with the grant proceeds. The expense occurred in 2024, the grant proceeds will not be received until 2025 at the earliest. At a previous meeting, council authorized an interfund loan from the electric fund to the airport fund to provide temporary financing. The loan will be repaid in full after the grant proceeds have been received. In compliance with Kansas statute, the 2024 amended budget hearing was published in the August 20th edition of the Legal Record and was also published on the city's website on August 20th.

Councilmember Shute made a motion to adopt Ordinance No. 2810, an ordinance amending the 2024 Budget of the City of Gardner, Kansas.

Councilmember Deaton Seconded.

With all of the Councilmembers voting in favor of the motion, the Ordinance passed and was assigned number 2810.

Baldwin: Yes
Deaton: Yes
Wiehn: Yes
Shute: Yes
Winters: Yes
McNeer: Yes

PUBLIC COMMENTS

Mark Edwards, 32463 168th Ct, moved here in April. He received two statements from the city referencing increase property taxes to afford infrastructures that were going to happen in our area that were quite shocking. Then he got the statement from the county that has appraised the property two times what it was last year. He retired in July and will be on a fixed income so these kinds of things impact his day-to-day living.

CONSENT AGENDA

1. Standing approval of the minutes as written for the regular meeting on August 19, 2024

2. **Standing approval of City expenditures prepared August 15, 2024 in the amount of \$302,641.16; August 21, 2024 in the amount of -\$51,957.00 and August 22, 2024 in the amount of \$1,246,187.66**
3. **Consider authorizing the Mental Health Co-Responder Funding Agreement with the Johnson County Sheriff's Office and contributing \$20,000 toward the Sheriff's Office Co-Responders costs for the 2024 calendar year.**
4. **Railroad Crossing Elimination (RCE) Grant Application**

Councilmember Baldwin removed Item 3 from the Consent Agenda.

Councilmember Deaton made a motion to approve the Items 1, 2, and 4 on the Consent Agenda

Councilmember McNeer Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

Discussion of Item 3, *Consider authorizing the Mental Health Co-Responder Funding Agreement with the Johnson County Sheriff's Office and contributing \$20,000 toward the Sheriff's Office Co-Responders costs for the 2024 calendar year.*

Councilmember Baldwin wants to know the plan for funding this in 2025 and if there is a grant in the works. Waldeck said we do not have a grant and plan to use the Special Alcohol Fund. We will apply for a grant but in order to apply for the grant, we would have to partner with someone like Spring Hill or take on the co-responder full time which we don't necessarily need. We utilize the co-responder a great deal, but I don't know if we have enough for a full-time co-responder which is a lot more than the \$20,000. Baldwin asks if this just gets us to the end of the year and then we don't have a co-responder. Waldeck explains it would be the same agreement, but may include a 5% increase, but doesn't expect the cost next year to be a lot more. The grant got us a little further into the year than was originally expected and we anticipate the same contribution between Spring Hill, Gardner and Johnson County next year. McNeer asks if this is for the benefit of our officers. Waldeck says this benefits our officers and citizens. The mental health co-responder diverts from jailing and connects to resources. It cuts down on repeat calls, people going into the judicial system when they really need mental health assistance and use of force. It's just an overall system that really benefits law enforcement, corrections and citizens. Waldeck said it is our responsibility to negotiate if we want a co-responder. Currently we share the co-responder with Spring Hill and the Johnson County Sheriff's office. McNeer asks who's responsible for funding the co-responder. Waldeck confirms the city would be responsible for paying our portion. Shute says this is money well spent. He is concerned on how it would work the next year if we don't have a grant.

Councilmember Baldwin made a motion to approve Item 3 on the Consent Agenda Items.

Councilmember Deaton Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

PLANNING & ZONING CONSENT AGENDA

1. **Consider approving the preliminary plat for Symphony Farms 7th and 8th and accepting the dedication of right-of-way and easements on the final plat for Symphony Farms 7th Plat.**

Councilmember Deaton made a motion to approve the Planning & Zoning Consent Agenda.

Councilmember Baldwin Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

COMMITTEE RECOMMENDATIONS

OLD BUSINESS

NEW BUSINESS

4. Consider a resolution declaring the intent of the City of Gardner, Kansas, to issue Industrial Revenue Bonds (taxable under federal law) in the principal amount not to exceed \$2,800,000 for the purpose of financing a portion of the acquisition, construction and equipping of an expansion to a commercial facility within the City (Olathe Ford RV, Phase 1)

Finance Director Wolff said Olathe Ford RV has requested the use of Industrial Revenue Bonds to finance a portion of its expansion project. The project includes the construction of a service facility and body shop. The financing approach would provide the developer with a sales tax exemption on construction materials. IRBs will be payable solely out of the rentals, revenues and receipts derived from the lease of the project to the company from the city. The bonds shall not be general obligations of the city nor constitute a pledge of full faith and credit of the city and shall not be payable in any manner of taxation. The bonds have been requested by the developer for the sales tax exemption on the construction materials. There is no property tax abatement associated with the bonds.

Councilmember Shute made a motion to adopt Resolution No. 2151, a resolution declaring the intent of the City of Gardner, Kansas, to issue Industrial Revenue Bonds (taxable under federal law) in the principal amount not to exceed \$2,800,000 for the purpose of financing a portion of the acquisition, construction and equipping of an expansion to a commercial facility within the City (Olathe Ford RV, Phase 1)

Councilmember McNeer Seconded.

With all of the Councilmembers voting in favor of the motion, the Resolution passed and was assigned number 2151.

Deaton: Yes
Wiehn: Yes
Shute: Yes
McNeer: Yes
Baldwin: Yes

5. Consider donating \$50,000 to the Gardner Historical Museum toward the building of an addition to the Bray House at 207 W. Shawnee St.

City Administrator Pruetting said the Gardner Historical Museum approached the city with a request for \$50,000 to support their expansion of the Bray House to provide additional space needed for storage of artifacts, office space and a new work area. The project is currently in its early stages and is scheduled for completion by the end of the year. The total cost of the project is \$155,000 and they will finance any remaining balance for the project. This went to the economic development committee that reviews requests for transient guest tax funds. The committee voted unanimously to approve the request. It is consistent with the proposed use of transient guest taxes to promote tourism.

Councilmember McNeer made a motion to authorize the City Administrator to process a donation in the amount of \$50,000 to the Gardner Historical Museum for the building an addition to the Bray House at 207 W. Shawnee St.

Councilmember Shute Seconded.

With all of the Councilmembers voting in favor of the motion, the motion carried.

COUNCIL UPDATES

Chief Waldeck said we have a new lateral officer starting October 1. Three completing training right now and three in the background stage of the hiring process.

Utilities Director Garcia gave an update on Substation 1, T2 upgrade. The council awarded the contract to Olsson on October 16, 2023. The upgrade included an upgrade from 14 MVA to a 30 MVA; the addition of a third feeder breaker and an upgraded distribution line to serve the Coleman warehouse area; and an auto switch to isolate T1 in the event of a failure in order to avoid service disruption to customers on the east side of town. During the engineering phase, our insurance carrier recommended three options for the new transformer. One included a

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different type of oil. In a standard transformer they use a mineral oil and they are recommending putting a FR3 oil, a vegetable oil which raises the flash point. The second option was putting in sprinklers which is very expensive. The third option was putting a firewall between the two transformers. Since we were getting a new transformer, I requested a quote on the new oil and one with the mineral oil. The difference is \$400,000 just on the oil itself. We compared a 30MVA with FR3 is \$2M versus \$1.7M with mineral oil so there's some savings. On the third feeder breaker we were planning to beef up a distribution line that will serve the northeast or east of McDonald's for future developments. That would require a new feeder breaker. The estimated cost is \$65,000 and the bid is due September 6. Along with the feeder breaker, you need a new line which is estimated at \$950,000. We do not know if any development will be coming any time soon on the east or northeast part of town. Looking at the numbers, it looks like the feeder breaker and feeder line can be done at a later time unless something comes up in the next several months that will require additional power.

Baldwin asks what the lead time would be on the parts. Garcia said it would take about a year. Since we are not recommending doing the feeder line or breaker, it doesn't make sense going with the 40 MVA transformer because it will be too big. McNeer asks what the lead time is on the KOC Electric transformer out of Korea. Garcia said that is 52 weeks. McNeer asks about a transformer made in the US. Garcia said there is one other option which would be 100-week lead time and costs about \$400,000 to \$800,000 more. Right now we have a contract with KOC, but they do not have an established company in the US, but was negotiated through a representative in Georgia. The city is looking at the option of waiting for KOC to set up a US location for payment. If not, then we would have to go to the second low bid which is \$400,000 to \$800,000 higher with twice the lead time. McNeer asks what is the risk with not having warranty support and paying in advance. Garcia said KOC has a partnership in the US with four transformer manufacturers so if there's a problem, any of those shops can do the warranty work and most of the parts are readily available in the US. McNeer asked if there was any difference in quality. Garcia said they meet an international standard for the transformer and all specifications were reviewed by the engineering consultant. Shute asks how many municipalities or municipal electric utilities have this company. Garcia said there are two companies in the US that has KOC and they are Samsung factories. Evergy may be looking at KOC because of the delivery time, they have not confirmed they have a contract. Wiehn asks if this 30 MVA transformer is replaced with 45MVA later, could the 30 be used somewhere else. Garcia said we can move it to substation 4 in the second phase.

Administrator Pruetting said the county commission approved a .872 mill increase for our fire department and anticipate that will go down to .62 when one of the abatements rolls off possibly later this year. In 2016, we had a \$1.4M contract with the fire department and we were told the mill levy would go down and was equivalent to a little less than nine mills at the time. When you factor in the mill levy for the bond they used to build the station in Edgerton, we're up over 15 mills in 8 years. The cost of fire service to Gardner has tripled in 8 years. He does not feel the mill levy will go down because they will hire more firefighters and buy more equipment. He feels it important we start monitoring what is going on.

Councilmember Shute asks Director Bruce about the situation with the pool and said he thought we had closed 2/3 of the pool for most of the summer. Bruce said it was the last 5 days. Shute asks if this is going to be an ongoing expense. Bruce said the most we have spent is \$79,000, but it takes time to locate the issue and do the repairs. Shute confirms we are still partially subsidizing the pool since admissions do not cover the costs.

Councilmember Deaton wants to thank the finance department as the budget process starts and finishes with a 2 week down time. Thanks to Jim for reviewing everything and to all directors for looking at where we can cut and keeping our citizens in mind when working on it. All other councilmembers shared the sentiment.

EXECUTIVE SESSION

ADJOURNMENT

There being no further business to come before the Council, on a motion duly made by Councilmember McNeer and seconded by Councilmember Shute the meeting adjourned at 8:25 p.m.

City Clerk

City of Gardner, KS

Council Actions

September 3, 2024

The City Council took the following actions at the September 3, 2024, meeting:

1. Proclaimed September 2024 as National Suicide Prevention Awareness Month in the City of Gardner.
2. Held a public hearing to receive public input regarding the City's intent to exceed the revenue neutral rate.
3. Adopted a resolution of the City of Gardner, Kansas, to exceed the revenue neutral rate. (Passed 4-1)
4. Held a public hearing to receive public input regarding the proposed FY 2025 Budget.
5. Adopted an ordinance adopting the Fiscal Year 2025 Budget. (Passed 5-1)
6. Held a public hearing to receive public input regarding the amendment of the FY 2024 budget.
7. Adopted an ordinance amending the Fiscal Year 2024 Budget. (Passed unanimously)
8. Approved the minutes as written for the regular meeting on August 19, 2024. (Passed unanimously)
9. Approved City expenditures prepared August 15, 2024 in the amount of \$302,641.16; August 21, 2024 in the amount of -\$51,957.00 and August 22, 2024 in the amount of \$1,246,187.66. (Passed unanimously)
10. Authorized the Mental Health Co-Responder Funding Agreement with the Johnson County Sheriff's Office and contributing \$20,000 toward the Sheriff's Office Co-Responders costs for the 2024 calendar year. (Passed unanimously)
11. Signed a Railroad Crossing Elimination (RCE) Grant Application (Passed unanimously)
12. Approved the preliminary plat for Symphony Farms 7th and 8th and accepted the dedication of right-of-way and easements on the final plat for Symphony Farms 7th Plat. (Passed unanimously)
13. Adopted a resolution declaring the intent of the City of Gardner, Kansas, to issue Industrial Revenue Bonds (taxable under federal law) in the principal amount not to exceed \$2,800,000 for the purpose of financing a portion of the acquisition, construction and equipping of an expansion to a commercial facility within the City (Olathe Ford RV, Phase 1) (Passed unanimously)
14. Authorized donating \$50,000 to the Gardner Historical Museum toward the building of an addition to the Bray House at 207 W. Shawnee St. (Passed unanimously)