

Hillsboro, Kansas
August 15, 2017

1. The city council met in regular session on Tuesday, August 15, 2017 at 4:00 p.m. in council chambers with Mayor Delores Dalke and Council members David Loewen, Byron McCarty, Bob Watson, and Brent Driggers present.
2. Others Present: Morgan Marler & Steven Janzen, Water Department; Russell Groves, Chairman MCCEDC; Preston Hodges and Peter Schumacher, HD Supply; Jon Hefley, The Lumberyard; Don Ratzlaff, Hillsboro Free Press; Anthony Roy, Economic Development Director; Jared Jost; Lou Thurston, Candidate for Mayor; Jonah Gehring, Candidate for City Council; Josh Boehm, City Attorney; Larry Paine, City Administrator; and, Jan Meisinger, City Clerk.
3. **CALL TO ORDER** – Mayor Dalke called the meeting to order at 4:00 p.m.
4. **PUBLIC COMMENTS** – none
5. **MINUTES** – The minutes of the 8-1-17 regular meeting were approved as distributed.
6. **VOUCHERS** – Motion was made by Council member Watson and seconded by Council member Loewen to approve the vouchers in the amount of \$64,310.64. Motion carried unanimously.

7. MARION COUNTY ECONOMIC DEVELOPMENT – Council member Loewen read the following statement:

Countywide Economic Development

My family moved to Hillsboro when I was two years old. I lived in the City of Hillsboro until I was fourteen. We moved out in the county to the dividing line between the Hillsboro and Marion School Districts when I was fourteen. While at Tabor I met my wife who was born and raised in Marion. We now live in Hillsboro. I have become well aware of the different cultures that exist in the two communities, and within the larger county. We can allow these diversities to strengthen us or we can let them drive us apart. The choice is ours.

City officials in Hillsboro were brought into the process of the effort to develop a countywide economic development group late in that process. Therefore it has taken, what seems to be, a long time to deliver our support or non-support for this venture. However, the time we have been given to process what has been presented has been relatively short. We simply didn't know enough to make the decision. We are aware that it has strained the patience of some, and I want to thank those who have patiently awaited our response.

I believe that there is a need for Hillsboro's involvement:

The Relationship of Hillsboro's Economy is tied to the Economy of the rest of the County:

- *Outside of Tabor College the economy of Hillsboro is closely tied to the economy of the rest of the county.*
- *Many agri-businessmen who live outside city limits in Marion County drive the economy of the municipalities and support many of the businesses within the city limits. We need their support and they need ours.*
- *There is a shortage of employable workers for our businesses that already exist. This is a growing cultural problem. We need to develop a group of laborers who are not at work to simply punch the time clock, but who instead buy in to the mission of the organizations that they work for. The lack of industry and energy in the workforce needs to be revived in order for the county's economics to become more prosperous. In order to properly prepare the type of worker needed and to keep this type of worker within the county, several ideas need to be examined. I would suggest the following: 1) the preparation of students for the workforce in our educational institutions; 2) the inspiration of seeing work as a part of mission in our religious institutions; 3) the development of stable family structures; 4) the willingness and capacity of industry within the county to offer competitive wages with other major employers nearby (such as those in Hesston, and McPherson); and 5) the willingness to approach other diverse and individual factors such as substance abuse.*

I realize that with every investment in economic growth there is risk, and that managing risk is a big part of business. The question offered is: Is the risk of joining this countywide venture a worthwhile risk? The way that I see it, I believe that it is. Years ago Reynolds Aluminum was courted and came to Hillsboro's

newly developed industrial park at great cost. It soon left. But, I would say that the risk of developing the industrial park was a success, even though the rail spur put in for Reynolds was never used and later removed. In much the same way, I believe that there is a possibility that the Marion County Community Economic Development Committee may not be as successful as we hope for it to be, in the ways that we hope for it achieve that success. However, if a greater sense of cooperation between the communities in the county is achieved, I believe that as a result of this effort we will all become the richer for it.

Furthermore, I believe that this group will not be a simple doubling of services already offered by our own director of economic development, but that the development committee will provide a chance for Anthony to build connections and gain vital information to aid him in the development of our own municipal economy.

Because of the above factors I am in favor of supporting a countywide effort in economic development. Therefore I move that the city of Hillsboro give full financial support of \$44,500 for two seats on the Marion County Community Economic Development Committee.

Motion was seconded by Council member Watson. Discussion: The question of how board membership would be addressed was asked. Mr. Groves said originally, they wanted the board to be as independent as possible; so, elected officials or employees of a government could not serve. They are considering making a by-laws change to at least allow employees of government to serve on the board. Mr. Groves said regardless of the outcome of the vote today, MCCEDC will continue cooperating with the City of Hillsboro in every way. The \$44,500.00 request was established based on population. Hillsboro actually has a higher population, but the board decided to put Hillsboro and Marion on the same level. Peabody, per capita, has a reduced rate. Smaller cities in the county will be represented under the county's umbrella. They recognize that the larger cities have a greater potential for benefit. Roger Hofer, Marion City Administrator, will remain on the board as a founding member. Council member Loewen and Council member Watson then amended their motion and second to make the 1 year \$44,500.00 contribution contingent upon MCCEDC amending their by-laws to allow government employees to serve on the board. MCCEDC is meeting Thursday (August 17th) to discuss this. Council could have a special meeting next Tuesday (August 22nd) to decide whether the 2 ½ mills for the county economic development stays in or taken out of the 2018 budget. Council member Driggers and Council member McCarty both expressed concerns about an increased mill levy. Mayor Dalke said Hillsboro citizens already pay their fair share to the county for taxes, so are we willing to put in another 2 1/2 mills on the city side for economic development recognizing everyone wants to get along and we all have the same goals? --- Will Hillsboro's contribution make a difference?

The MCCEDC board has three seats from the county, two from Marion, two from Peabody, and if joined, Hillsboro would also have two. The council would nominate people for these seats and the corporation would decide whether to accept the nominations. Council member McCarty said he was more worried about existing businesses than one that wasn't here yet. Mr. Groves said they would not be strictly focused on new business. He felt it was important to shore up ones that were here. Small businesses were the lifeline of the economy. City Administrator Paine said he felt it was more important to consider elected officials who represent the community as members of MCCEDC. He felt this would be a resource to give direction to the board that would lead to success and urged Mr. Groves to consider that. Council member Loewen and Council member Watson again agreed to amend their motion and second to make the one-year \$44,500.00 contribution contingent upon MCCEDC making an amendment to their by-laws to allow government employees or elected officials to serve on the board. This would insure that every municipality would be treated the same. Vote: Council members Loewen, Watson, and Driggers, yes; Council member McCarty, no. Motion carried.

8. 2018 BUDGET ADOPTION – City Administrator Paine said the \$71,000.00 he has included for the Public Building Commission (old hospital) equals three mills. There are electrical and heating/air conditioning issues that need to be addressed, which will reduce the amount in that fund. After discussion, motion was made by Council member Driggers and seconded by Council member McCarty not to include the \$71,000.00 to the PBC in the 2018 budget. Motion carried unanimously.

The \$44,500.00 for MCCEDC is 2.5 mills. Because of the condition placed on granting the \$44,500.00, City Administrator Paine said it would be appropriate to wait until next week to adopt the budget. Motion was made by Council member Watson and seconded by Council member Loewen to call for a special council meeting to adopt the 2018 budget on Tuesday, August 22nd at 4:00 p.m. Motion carried unanimously.

9. PURPA ORDINANCE #1280 – PURPA stands for Public Utility Regulatory Policies Act. The purpose of the 1978 federal legislation was to encourage alternative generation projects and to require an electric

utility to purchase electricity from the qualifying facility at the utility's avoided cost or greater. A qualifying facility is one that uses 80 MWs or less of energy produced by a non-utility using renewable biomass, waste, geothermal or co-generation. The key reasons for approving this ordinance are:

- The city has a purchase power agreement with KPP where we have agreed to purchase all our power from the power pool.
- KPP has more analytical capacity to review projects like this than we do.

Developers have been contacting member cities about setting solar projects where their project could save the city substantial money using their projects. Unfortunately, these developers do not understand several features of the Southwest Power Pool tariff. They assert that the complete cost of energy can be avoided. Our cost of energy is broken down to the following categories: Cost of energy; Fuel adjustment; Demand; Transmission; Line Loss.

Of the above named items, only the cost of energy and the fuel adjustment are deemed to be avoided costs. It represents less than half of our cost of power when we buy from KPP.

The developer's lack of knowledge of our purchase power agreements creates problems for the customers they talk to and to the city councils they try to work with. As a result, they set up unreasonable expectations for savings.

To offset the problems of getting good analysis, KPP will take responsibility for dealing with the developer. The proposed ordinance will allow KPP to file a waiver with the Federal Energy Regulatory Commission (FERC). The ordinance transfers the requirement for the city to purchase the power from the "qualified facility" to KPP.

Motion was made by Council member McCarty and seconded by Council member Driggers to approve Ordinance 1280 – *AN ORDINANCE AUTHORIZING FILING OF APPLICATION WITH THE FEDERAL ENERGY REGULATORY COMMISSION (FERC) BY THE KANSAS POWER POOL ("KPP"), A MUNICIPAL ENERGY AGENCY, ON BEHALF OF THE CITY OF HILLSBORO (CITY), A MEMBER CITY OF KPP, FOR WAIVER OF CITY'S MUST-PURCHASE REQUIREMENT UNDER THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978 (PURPA) AND ADOPTING RULES FOR COMPLIANCE WITH FERC'S PURPA REGULATIONS.* Council was polled with the following vote: Council member Loewen, yes; McCarty, yes; Watson, yes; Driggers, yes. Motion carried unanimously.

10. LUMBERYARD REZONING – ORDINANCE 1281 – On 7-27-17, the planning commission recommended council approve the request from Jon Hefley (The Lumberyard) to rezone 108 N. Birch, (lots 8 & 9, Block 2, Hills 2nd Addition) from multi-family R2 to Central Business District C-2. Motion was made by Council member Watson and seconded by Council member McCarty to approve Ordinance 1281 – *(AN ORDINANCE REZONING A PARCEL OF PROPERTY FROM R-2 (MULTI-FAMILY RESIDENTIAL) TO C-2 (GENERAL BUSINESS DISTRICT) AS PROVIDED FOR BY CHAPTER 24-1.01 OF THE ZONING REGULATIONS FOR THE CITY OF HILLSBORO, KANSAS.* Council was polled with the following vote: Council member Loewen, yes; McCarty, yes; Watson, yes; Driggers, yes. Motion carried unanimously.

11. WATER PRODUCTS – Preston Hodges and Peter Schumacher, HD Supply, met with council to give an automated meter reading presentation so they could better understand the technology and how it could be useful here. These meters were first brought to the market in 2010 and have a 20-year warranty. They would improve low flow accuracy, are tamper resistant, and have alarm notification if there is a backflow, leak, or empty pipe. On the electric side, a map would show where a power outage was. Demand charges could be applied, two readings could be provided if someone had generation, shut-offs could be done remotely, and the meter reading process would be faster and more accurate. Hillsboro already uses the handheld meter reader from HD Supply and we have already been assigned an FCC frequency. No action was taken.

12. REVIEW POLICY #41 – CHRISTMAS PARTY – Policy #41 will be modified to include the museum coordinator and will be submitted for approval.

13. PBC MEETING – SALEM HOME ELECTRIC SERVICE – At 6:22 p.m., council recessed into a Public Building Commission meeting to discuss electric issues at the old hospital building. The PBC meeting adjourned at 6:29 p.m. and the regular council meeting resumed.

14. BOARD APPOINTMENTS – deferred

15. CITY ADMINISTRATOR'S REPORT – City Administrator Paine said he had received the report from Standard & Poor's. Our bond rating remains an A Stable, which is good news.

On August 6 & 7, part of our electric crew went to Kiowa to help restore power after tornado damage. They were very thankful for our help. There were three other cities also assisting under our mutual aid agreement.

Steve Fast, Museum Coordinator, has submitted invoices from Miller Construction - \$12,500.00 and Dillis Owen - \$6,600.00 for work completed on the Adobe House. Motion was made by Council member McCarty and seconded by Council member Watson to approve payment of these two invoices. Motion carried unanimously.

16. ADJOURNMENT – Motion was made by Council member Watson and seconded by Council member Loewen to adjourn at 6:34 p.m. Motion carried unanimously.

/s/
DELORES DALKE, MAYOR

ATTEST:

/s/
JANICE K. MEISINGER, CITY CLERK