

CITY OF DE SOTO
CITY COUNCIL
City Hall, 32905 W. 84th Street
December 18th, at 7:00 P.M.

MINUTES

The meeting was called to order with Roll Call by Mayor David Anderson.

Roll Call:	Cannon	Present	Morse	Present
	Drennon	Present	Templin	Present
	Maniez	Present		

Mayor Anderson led the Pledge of Allegiance. Citizens signed the book on page 132.

PUBLIC HEARING: Amendment to the 2008 Budget for the City of De Soto. City Administrator Pat Guilfoyle stated this year's budget was adopted in August, 2007. Some things have transpired and as a result, the budget needs to be amended. There are five funds that require an amendment. They are the Debt Service, Sewer, Refuse, CDBG, Transient Guest Tax, and the Electric Utility. Administrator Guilfoyle provided a power point presentation for the Council and public present, and explained the basis of the amendments needed for each fund. Discussion ensued between Mayor Anderson and Administrator Guilfoyle regarding the budget amendments. Councilman Drennon asked about the repayment structure to the Electric Utility Fund. No further comments from the Council members.

Mayor Anderson opened the public hearing for comments. No one appeared and Mayor Anderson closed the public hearing.

Consent Agenda Items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action.

1. Consent Agenda:
 - a. Approve Minutes of the Council Meeting of December 4th, 2008.
 - b. Approve Pay Ordinance No. 607.

Motion by Councilman Morse to approve the Consent Agenda; second by Templin.

Roll Call:	Cannon	Yes	Morse	Yes
	Drennon	Yes	Templin	Yes
	Maniez	Yes		

Motion carried.

2. Call to Public:

"Members of the public are welcome to use this time to comment about any matter relating to City business that is not listed on this Agenda. The comments that are discussed under Call to Public may or may not be acted upon by the Council during this meeting. **There is a four-minute time limit.** Please stand and wait to be recognized by the Mayor."

Drew Culbertson, 8778 Golden Lane, on behalf of the VFW, stated he provided a letter to the City Clerk for distribution to the Council. He said the VFW has met and exceeded the time frame on several of the requirements. He is here on behalf of the VFW requesting a time modification on the building façade to be completed. Mr. Culbertson said the Post wants to put on a better quality façade, and would like to be allowed more time to complete

the façade. He said there is a businessman in De Soto who is willing to help with the façade, and they are hoping to improve the appearance of the original materials.

Discussion ensued between Mayor Anderson, Attorney Reavey and Mr. Culbertson regarding the sidewalk requirement and location. Discussion between Councilman Maniez and Mr. Culbertson regarding the building façade and the extension of time.

Motion by Councilman Maniez to authorize the Mayor to sign an amendment to the agreement with the VFW to suspend the building façade portion until June 15th, 2009, for proposed changes; second by Cannon.

Roll Call:	Cannon	Yes	Morse	Yes
	Drennon	Yes	Templin	Yes
	Maniez	Yes		

Motion carried.

3. Chamber / EDC Report: Sara Ritter, Executive Director, received the CERI report for 2008. The City's zip code population is 5,678. De Soto's average income is \$30,281. She said the EDC Board of Directors met and have scheduled a strategic planning retreat in January, and Council members are invited to participate. The Chamber's Annual Dinner is Saturday, January 24th, at the VFW.
4. Old Business: N/A
5. New Business:
 - a. Adopt Budget Amendments to 2008 Budget.

Motion by Councilman Maniez to approve the 2008 Budget Amendments; second by Drennon.

Roll Call:	Cannon	Yes	Morse	Yes
	Drennon	Yes	Templin	Yes
	Maniez	Yes		

Motion carried.

- b. Discussion Regarding City's Future Water Utility Direction. Engineer Mike Brungardt provided a handout and a power point presentation for the Council and public. He introduced Tony O'Malley from Larkin Group and Jeff White, the City's Financial Advisor from Columbia Capital Management. The Council last discussed five different plans in October, 2008, and the Council narrowed it down to two plans. Engineer Brungardt reviewed the questions that were brought up during the discussions in October and provided more information regarding the maintenance and replacement, as well as the debt service. A copy of the presentation is attached to these Minutes and incorporated herein. Jeff White explained the options of the funding scenarios for the two plans.

Mr. Tony O'Malley, of The Larkin Group, Inc., provided a handout and a power point presentation to the Council regarding the possibility of a regionalization water program.

A discussion ensued among Council, Mayor Anderson and Engineer Brungardt. Mayor Anderson asked each Council member the question, "Why would you take a higher cost option across the board?" Councilman Morse stated "It is the unknown. These projections are based on today's number and who says these figures are correct and what will happen in 20 years." Councilwoman Templin said, "Major businesses coming

into town would be the difference between the two plans.” Councilman Morse said, “I will not give up the water rights; someday those may be worth more than the whole City of De Soto.” Councilwoman Cannon asked Engineer Brungardt if his figures included the wheeling charges. Councilwoman Templin asked Administrator Guilfoyle if, in his discussions with Olathe, are the numbers still firm as originally discussed. Discussion by Administrator Guilfoyle and Councilwoman Templin regarding the terms of an agreement. Administrator Guilfoyle responded that a “conceptual” agreement has been discussed, but only in the “conceptual” sense. A discussion continued among Council and staff. Mayor Anderson called for the Council to answer his previous question.

Councilman Maniez said it would cost him about \$6.00 a month more to have the City retain ownership and produce the water; and we built a new sewer plant, why would we give away our water and the control of our water resources?

Mayor Anderson said the net present value says the City is spending \$5 million more. Councilman Maniez said these are all “projection numbers” and who is to say what the future is? Councilman Morse said you can’t attract a big water user if you don’t have the water to sell to it. Is De Soto guaranteed that Olathe will provide the water in that case?

Engineer Brungardt said the City will need to use the wells or surrender the water rights.

Councilman Drennon said he wouldn’t spend the extra money and the increases needed would hurt the City more. He said the best choice is to purchase from Olathe.

Councilwoman Cannon said we have something to build on, and she doesn’t want to see the City lose control of our water resources. Are there other options?

Mayor Anderson said the Council is setting up the City for the next 40 years, and it could be a high risk of raising the rates and the potential for raising the mill levy.

Councilman Maniez said the City was in the driver’s seat when negotiating the deal to get Intervet to build in our city. And, are we going to be able to do that with Olathe?

Councilwoman Templin said every city around us has cheaper water rates.

Councilman Morse said no one has talked about “Plan C” which is to just continue on and see what the future brings. Discussion continued on “what if” scenarios.

Councilman Morse said this is such a tough decision, why not take it to a vote of the people and let the citizens decide. Councilman Morse said there are too many “what ifs”.

Mr. Bob Garrett asked the Mayor if he is really willing to put the City at risk in dealing with Olathe when Olathe really doesn’t care about the well-being of De Soto; it is strictly a business arrangement. Discussion between Mr. Garrett and Mr. O’Malley regarding Olathe’s future growth and water supply to their city customers.

Continued discussion between Mr. Garrett and Mr. McDaniel and the Mayor and Council. Mr. McDaniel said the Council and Mayor need to tell the citizens in De Soto what is going on with the water situation. Discussion by Council, Mayor and audience regarding the citizens being informed about what is going on with the City’s water plan.

Mayor Anderson called a five-minute break at 9:50 p.m.
Mayor Anderson reconvened the Council at 9:56 p.m.

c. Consider Fee Resolution Adjusting Rates for Water Service. Administrator Guilfoyle said one of the reasons for the rate adjustment is because there was no rate increase in earlier years to support infrastructure improvements. He discussed the annualized water rate increases since 2000, and the need for the current water rate increase. In summary, the City made no rate adjustments in five of the six years between 2000 and 2006. The average annualized rate increase between 2000 and 2009 is 2.3%. Mayor Anderson stated maybe the rates should be increased by 30%, make a realistic adjustment to avoid an inevitable depletion of the Water Fund's balance by 2010. The Council directed Administrator Guilfoyle to analyze the Water Fund's projected future end-of-the-year balances and to develop a rate increase that could be placed into effect immediately that would maintain future Water Fund balances at the 2008 EOY level. Council asked for that rate increase to be placed on the next Council agenda for its consideration.

d. Consider Fee Resolution Adjusting Rates for Sewer Service.

Motion by Councilman Morse to approve Resolution No. 830 Adjusting Rates for Water by +5% and for Sewer by +6.2%, second by Templin.

Roll Call:	Cannon	Yes	Morse	Yes
	Drennon	Yes	Templin	Yes
	Maniez	Yes		

Motion carried.

6. Executive Session:

Motion by Councilman Maniez to go into Executive Session at 10:25 p.m. for 10 minutes, 8 minutes for attorney-client and 2 minutes for personnel, and to invite Administrator Guilfoyle to attend; second by Templin.

All Council approved by "ayes".

Motion carried.

Motion by Councilman Maniez to return to regular session at 10:35 p.m. and only the two items stated were discussed and no votes were taken; second by Templin.

All Council approved by "ayes".

Motion carried.

7. Advisory Reports:

a. City Administrator, Pat Guilfoyle, asked about the date for the January 1st meeting.

Motion by Councilwoman Templin to change the City Council meetings from the 1st and 3rd Thursdays to the 1st and 3rd Wednesdays for the month of January, 2009, due to the holidays; second by Drennon.

All Council approved by "ayes".

Motion carried.

- b. City Attorney, Patrick Reavey, said the Council received a letter from Mr. Frank Jenkins, on behalf of Charles Oswalt. Councilwoman Templin said this presentation was already made. Council stated they were not interested in seeing this item on the Agenda.
- c. City Engineer, Mike Brungardt, was not present.
- d. City Planner, Linda Bohnsack, was not present.
- e. City Clerk, Lana McPherson, had no report.

8. Council & Mayor Comments:

Councilman Maniez asked Administrator Guilfoyle about the vehicle gas usage report.

Councilwoman Templin asked Administrator Guilfoyle about the expense report regarding the Blues & BBQ event. She said she would like a report that would assess what it costs the City for any labor and expenses for the Riverfest Park.

Councilwoman Templin said she would like a letter sent to every resident about the Council looking at the water options. Mayor Anderson said he would like to wait until all the data is available, and then send out a letter.

Councilman Drennon said to tell the road crew they did a great job on the roads.

Motion by Councilman Drennon to adjourn at 10:55 p.m.; second by Templin.

All Council approved by "ayes".

Motion carried.

Respectfully submitted:

Lana R. McPherson, MMC, City Clerk