

Council Minutes – August 12, 2014

COUNCIL CHAMBER, Topeka, Kansas, Tuesday, August 12, 2014. The Councilmembers of the City of Topeka met in regular session at 6:00 P.M., with the following Councilmembers present: Councilmembers Hiller, Brown, Ortiz, Everhart, De La Isla, Manspeaker, Schwartz, Schmidt and Harmon -9. Mayor Larry E. Wolgast presided -1.

AFTER THE MEETING was called to order, Minister Sandra Peters, Wonderful Works Deliverance Center COGIC, gave the invocation.

THE PLEDGE OF ALLEGIANCE was recited by those present in the chamber.

A PRESENTATION of the City of Topeka 2nd Quarter Financial Report was given by Brandon Kauffman, Chief Fiscal Officer. He provided a brief review of Major Revenue Highlights, Miscellaneous Expenses and the Treasurer's Quarterly Statement.

Mayor Wolgast asked if stormwater fees were included in the water and wastewater fees; and when the report was compiled because it does not reflect recent projects.

Brandon Kauffman stated the stormwater fees were not included in the report; however, the information could be included in future reports. He reported the information was compiled on June 30, 2014 and encouraged the Governing Body to email him with specific project questions.

Councilmember Schwartz commended City staff for adding the report to the City's website for the public to view.

Councilmember Ortiz asked how many payments were remaining on the Topeka Boulevard Bridge project.

Brandon Kauffman stated the last payment would be in 2016.

Councilmember De La Isla reported the City's credit rating has improved and commended the City's management and Financial Services staff for the accomplishment.

THE CONSENT AGENDA was presented as follows:

RESOLUTION NO. 8643 introduced by Councilmember Sylvia Ortiz, granting L and H Mobile Electronics an exception to the provisions of City of Topeka Code Section 9.45.150, et seq., concerning noise prohibitions was presented.

MINUTES of the regular meeting of July 15, 2014, and special meeting of July 22, 2014, were presented.

Councilmember De La Isla moved to approve the consent agenda. The motion seconded by Councilmember Schmidt carried unanimously. (9-0-0)

RESOLUTION NO. 8644 introduced by Councilmember Karen Hiller approving a special event known as Car Show, Barbeque and Beer Garden was presented.

Councilmember Hiller stated the event would take place on August 23, 2014, and encouraged citizens to participate in the event.

Councilmember Hiller moved to approve the resolution. The motion seconded by Councilmember Brown carried unanimously. Mayor Wolgast voted "yes." (10-0-0)

ORDINANCE NO. 19914 introduced by City Manager Jim Colson, allowing and approving City expenditures for the period of May 31, 2014, through June 27, 2014, and enumerating said expenditures therein was presented.

Doug Gerber, Administrative and Financial Services Director, reported approval would authorize City expenditures in the amount of \$18,025,605.83.

Councilmember De La Isla moved to adopt the ordinance. The motion seconded by Councilmember Schmidt carried unanimously. (9-0-0)

The ordinance was adopted on roll call vote as follows: Ayes: Hiller, Brown, Ortiz, Everhart, De La Isla, Manspeaker, Schwartz, Schmidt and Harmon -9.

PUBLIC HEARING NOTICE

A PUBLIC HEARING to consider the expansion of the Heartland Park Redevelopment District and amendment of the Redevelopment Project Plan was presented.

Jim Colson, City Manager, gave a brief summary of the process that included Kansas Department of Commerce, Jayhawk Racing and other entities involved in Heartland Park Topeka to achieve the best possible position for the City to reestablish a viable entertainment racing facility and economic development in the city. He stated a portion of the sales tax collected would meet the ongoing debt service; therefore, there is no tax increases associated with these bonds because it would be a redeployment of existing funds based on the sales within the city. He reported the agreement would allow the City to control the future ownership and plan of Heartland Park.

Chad Sublet, City Attorney, reported the process was initiated to achieve two goals, 1) to acquire the property and land associated with it and, 2) expand the STAR Bond District (*Attachment A*). He outlined the maps which represented the current district and the new district and stated the expansion would generate approximately \$16.4 million in additional revenue to pay off the current Heartland Park debt. He noted the proposed ordinance would ask the Kansas Secretary of Commerce to give the City the authority to issue STAR bonds and there would be a 60-day protest period if the ordinance is adopted.

Doug Gerber, Administrative and Financial Services Director, addressed Heartland Park's financials and the amount of revenue generated and stated the district expansion would generate additional funds to provide a net gain to the City of approximately \$8.8 million.

Mayor Wolgast moved to open the public hearing and asked if there was anyone present who would like to speak to the matter.

George Silovsky, representing Deb Strom, spoke in support of Heartland Park Topeka; however, he opposes expanding the STAR bond district because he is unsure why the City wants to continue to support the complex. He expressed concern with businesses in the proposed district moving from the area.

Ryan Staub, Kansas City BMW Club, spoke in support of expanding the STAR bond district and provided statistics on economic development funding generated by their events. He stated the Kansas City BMW Club plans to support Heartland Park Topeka in the future which has the potential to bring in national events.

Robert Wayman, Kansas City Porsche Club of America, spoke in support of expanding the STAR bond district and stated Heartland Park Topeka has one of the most exciting road courses in the Midwest and first-rate facilities.

Stacy Prim spoke in opposition to the expansion and design of Heartland Park Topeka; being annexed into the City; and paying additional taxes. She asked where the money would be coming from to pay for the STAR bonds.

Mayor Wolgast stated the proposed expansion would not be annexed into the City; however, it would expand the STAR bond district to broaden the base of retail sales tax generators.

Jim Colson stated there is no impact on area businesses or residents included in the proposed expansion area of the STAR bond district.

Joseph Ledbetter spoke in opposition of expanding the STAR bond district and referenced Council action and discussions in 2005 and the amount of funding allocated towards Heartland Park Topeka under the administration of Ray Irwin. He asked if there was an appraisal of Heartland Park property and how it is being valued. He commented on the expansion including

White Lakes Mall and questioned how revenues would be collected from the area when there are very few businesses in the area. He questioned who would manage Heartland Park and what the plan would be because he is concerned the issue will need to be addressed in another five (5) years.

Kurt Young, Topeka Lodging Association President, as well as, local hotel owner spoke in support of expanding the STAR bond district and reported every hotel in Topeka, as well as, the community benefits from events occurring at Heartland Park Topeka. He stated Heartland Park Topeka is a valuable asset to the Topeka-Shawnee County and State of Kansas tourist market and should be protected.

Rick Taylor, Sports Car Club Topeka Chapter member, spoke in support of expanding of the redevelopment district and noted the amount of economic development funds generated from the facility are important to the community. He stated millions of dollars have been invested privately in the track with the understanding of the long-term effect on the community.

Upon hearing no further comments, Mayor Wolgast announced the public hearing closed.

ORDINANCE NO. 19915 introduced by City Manager Jim Colson, adding additional area to the Heartland Park Redevelopment District, a major motorsports complex redevelopment area, amending the Heartland Park Redevelopment Project Plan, and approving a request to the Secretary of Commerce for authority to issue additional sales tax and revenue ("STAR") bonds in excess of the amount previously approved, all pursuant to K.S.A. 12-17, 160 et seq., as amended was presented.

Chad Sublet, City Attorney, reported approval would authorize the City Manager to request the Kansas Secretary of Commerce to approve issuance of additional STAR bonds, followed by another ordinance to be presented before the Governing Body regarding the issuance of the

bonds. He noted City staff would continue to refine the language over the next 30 to 40 days and then move forward after the 60-day protest period ends. He stated the plan would need to be amended to acquire property and land associated with repayment of the debt and projections are based on real numbers supplied by the State of Kansas for the area.

Councilmember Manspeaker asked for clarification on if the percentage of sales tax that would be used to repay the bonds would normally be given to the State and not the City.

Doug Gerber, Administrative and Financial Services Director, stated the State would give their portion of sales tax funds in the approximate amount of \$16 million for the purpose of paying for the STAR bonds.

Mayor Wolgast asked what the not to exceed \$6 million would include.

Chad Sublet stated the City took a conservative approach and believes the amount will be closer to \$5 million; however, the preliminary request would be to grant up to \$6 million. He reported the City would only purchase Heartland Park Topeka property and the City has no intentions to operate Heartland Park; therefore, the City would enter into a contract with a management company.

Councilmember Schwartz reported she has received numerous emails and has assured citizens their questions would be answered in the next 60 days. She asked if the operating costs and improvements that have not been completed are included in the 2014 and 2015 City budgets.

Chad Sublet stated \$300,000 is included in the workout agreement and covered by CoreFirst Bank and Trust for operating expenses. He noted the road course improvements may need to be dealt with in the future.

Councilmember Hiller asked for clarification in regards to the expanded district and the agreement that says the State's share of sales tax would be allocated to the City. She asked if the

scenario is exclusive to the issuance of STAR bonds or if it would happen anyway; and what would happen if there is an excess of revenues generated.

Chad Sublet stated the acquisition of real property and expanding the district go hand in hand and any excess revenues would be returned to the State.

Councilmember Schmidt asked what the outcome would be if the ordinance is not approved.

Doug Gerber stated if the current path continues, the City would be liable for approximately \$8.1 million.

Councilmember Schmidt moved to adopt the ordinance. The motion seconded by Councilmember Everhart carried. Mayor Wolgast voted "yes." Councilmember Manspeaker voted "no." (9-1-0)

The ordinance was adopted on roll call vote as follows: Ayes: Hiller, Brown, Ortiz, Everhart, De La Isla, Schwartz, Schmidt, Harmon and Mayor Wolgast -9. Noes: Manspeaker -1.

PUBLIC HEARING NOTICE

A PUBLIC HEARING for the purpose of obtaining public input on the 2015 City of Topeka Consolidated Action Plan was presented.

Brad Reiff, Housing and Neighborhood Development Deputy Director, reported the Consolidated Action Plan is a U.S. Department of Housing and Urban Development requirement enabling governments to receive federal entitlement grant funds. He stated the Citizen Advisory Council has provided input to City staff to develop the budget and is based on the 2014 funding levels. He briefly highlighted the local programs that are supported by federal funding.

Mayor Wolgast moved to open the public hearing and asked if there was anyone present who would like to speak to the matter.

No one appeared to speak. Mayor Wolgast announced the public hearing closed.

APPROVAL of the FY 2015 Consolidated Action Plan and Budget was presented.

Councilmember Everhart moved to approve the FY 2015 Consolidated Action Plan and Budget. The motion was seconded by Councilmember Harmon.

Councilmember Hiller reported the program started in 1976 and Topeka ensured these (Community Development Block Grant) funds have been dispersed for the needs of neighborhoods, including the City adding \$1.4 million to the SORT Program making an overall huge impact in the community.

Mayor Wolgast commended City staff for the excellent information distributed to the Governing Body.

The motion to approve the 2015 Consolidated Action Plan and Budget carried.

Councilmember De La Isla abstained. (8-0-1)

PUBLIC HEARING NOTICE

A PUBLIC HEARING to obtain public input and answer questions and objections from taxpayers regarding the proposed 2015 City of Topeka Operating Budget was presented.

Doug Gerber, Administrative and Financial Services Director, briefly outlined the budget process which included the Council adopting priorities, public input sessions, online polls and Budget Committee meetings. He reported on June 24, 2014, the Budget Committee recommended to the full Council approval of the budget as amended and to keep the City's mill levy the same at 39.736 mills.

Mayor Wolgast moved to open the public hearing and asked if there was anyone present who would like to speak to the matter.

Earl McIntosh thanked the City Manager and City Councilmembers for their service. He distributed a handout highlighting taxes citizens must pay to live in Shawnee County and

expressed concern with the housing and job markets. He asked the following questions: When the City and County consolidated the Parks and Recreation Departments it was said the savings would be so significant it would reduce property taxes, where is the \$5 million of savings and where did it go; why is the budget of the Topeka Police Department \$7.3 million and the Topeka Fire Department \$4.6 million more than comparable to cities of Topeka's size; and what is the City doing to collect back taxes from delinquent homeowners.

Joseph Ledbetter spoke in opposition of increasing the mill levy and expressed concern with the poverty rate in the community, as well as, increases in utility rates and loss of jobs. He encouraged the Governing Body to listen to constituents, ask more questions and demand accountability.

Upon hearing no further comments, Mayor Wolgast announced the public hearing closed.

ORDINANCE NO. 19916 introduced by City Manager Jim Colson, approving and adopting the operating budget for calendar year 2015 and appropriating the amounts for the purpose set forth therein was presented.

Councilmember Everhart reported the Budget Committee met on June 24, 2014 and recommended approval of the 2015 City of Topeka Operating Budget as amended, the amendments are reflected in the proposed ordinance.

Mayor Wolgast stated the Budget Committee report has been received.

Councilmember Everhart moved to adopt the ordinance which contains the 2015 City of Topeka Operating Budget as approved by the Budget Committee. The motion was seconded by Councilmember De La Isla.

Councilmember Schwartz expressed concern with Topeka being one of the top ten cities for renting as opposed to home ownership which causes a loss in property taxes and affects the City's revenues. She asked what this could mean for the City.

Councilmember De La Isla stated information has estimated 40% rent versus 60% homeownership and over 50% are low-income households which means there is a severe crisis in homeownership in the community.

Jim Colson, City Manager, stated the City does not have a specific plan to address the issue at this time; however, the City is aware of the issue and would work closely with the City's Housing and Neighborhood Development Division through Community Development Block Grants (CDBG).

Councilmember De La Isla stated she is working closely with the City to address the issue, as well as, the Stages of Resource Targeting (SORT) and Topeka Opportunity to Own programs which provide affordable housing options. She noted renters are still paying property taxes because it is a requirement of landlords.

Councilmember Hiller stated the rent to homeowner ratio has been the same for the last 50 years; however, programs are being adjusted slowly and are very successful. She encouraged everyone to continue working on the issue and keep working on code compliance concerns because people do want to live in the city.

Councilmember Schwartz asked about the \$5 million savings expected from the City-County Parks and Recreation Department merger.

Doug Gerber, Administrative and Financial Services Director, reported the City continues to make debt service payments with a final payment of \$1 million in the 2015 operating budget.

He noted some of the savings have been used to offset ongoing expenses associated with the merger.

Councilmember Everhart stated she believes there never was a savings and will be liable to pay for more years to come because the City is still paying debt service on all the buildings that were given to Shawnee County.

Mayor Wolgast stated when the Parks and Recreation Departments merged, the savings were not there as anticipated.

Councilmember Manspeaker stated many people are delinquent on their property taxes and expressed concern with the regression nature of sales tax. He encouraged the City to discover methods for a more progressive tax measure that would benefit the entire community.

Mayor Wolgast reported the number of delinquent property taxes collected are projected to be higher this year.

Councilmember Hiller stated the City Attorney's office has been working for a year on Parks and Recreation property transfers and it is still not complete. She asked if adopting the ordinance would finalize the Transient Guest Tax and Social Service allocations. She thanked all City staff that worked hard to lower expenses for 2014 and is pleased to see no mill levy increase for 2015. She spoke in support of the 2015 City of Topeka Operating Budget and encouraged the Governing Body to continue to watch every budget closely. She noted the City would need to address utility rates in the near future and she hopes to see some property tax relief by next year.

Doug Gerber stated adopting the ordinance would finalize the Transient Guest Tax and Social Service allocations.

The motion to adopt the ordinance which contains the 2015 City of Topeka Operating Budget as approved by the Budget Committee carried. Mayor Wolgast voted “yes.” Councilmember Schwartz voted “no.” (9-1-0)

The ordinance was adopted on roll call vote as follows: Ayes: Hiller, Brown, Ortiz, Everhart, De La Isla, Manspeaker, Schmidt, Harmon and Mayor Wolgast -9. Noes: Schwartz -1.

No Retail Cereal Malt Beverage License applications were presented.

ANNOUNCEMENTS BY THE CITY MANAGER, MAYOR AND MEMBERS OF THE COUNCIL;

Brenda Younger, City Clerk, outlined the August 19, 2014 Council agenda.

Jim Colson, City Manager, commended Councilmember Schmidt for being selected as one of Greater Topeka’s Top 20 Under 40.

Councilmember Hiller reported National Night Out Against Crime events on August 9, 2014, had a great turnout. She reminded the community about the Topeka Railroad Festival on August 16, 2014, at the Great Overland Station. She stated the Neighborhood Team has expressed concern with the City’s Code Compliance and supports the changes being made. She requested staff to keep in touch with her regarding the changes moving forward.

Councilmember Brown encouraged citizens to attend the Topeka Railroad Festival on August 16, 2014 at the Great Overland Station. He commended the volunteers and neighborhoods that supported the National Night Out Against Crime events.

Councilmember Ortiz reported the National Night Out Against Crime events were great and try to bring positive concepts to neighborhoods. She thanked Mayor Wolgast and Councilmember Brown for attending some of the neighborhood events. She commended former

Police Chief Ron Miller for his service to the City. She reminded citizens to slow down as students have returned back to school. She encouraged citizens to attend the movie screening of “The Lorax” at Dornwood Park on August 16, 2014, at 8:30 p.m.

Councilmember De La Isla commended the students involved in the improvements made in the Hi-Crest neighborhood and stated she looks forward to more progress in the community.

Councilmember Schwartz thanked Doug Whitacre, Public Works Director, for the immediate response to watermain breaks. She congratulated everyone involved in the National Night Out Against Crime events for coordinating a great event. She reported the Topeka Sustainability Advisory Council met last week and stated she hopes City staff would follow through on some of the suggestions.

Councilmember Schmidt commended everyone involved in the National Night Out Against Crime events. He thanked the City Manager and Boy scouts of America, Jayhawk Area Council for nominating him for Topeka’s Top 20 Under 40 award.

Mayor Wolgast stated he attended many of the National Night Out Against Crime events and noted there is great diversity throughout the city. He acknowledged the work the City has done on the Heartland Park Redevelopment District and noted the direction it is going is significant and would bring better service to the city in the future. He commended City staff for conducting an excellent budget process and the manner in which the budget was handled to achieve a good solid budget.

Ron Miller and Joseph Ledbetter appeared to speak under public comment.

NO FURTHER BUSINESS appearing the meeting was adjourned at 8:02 p.m.



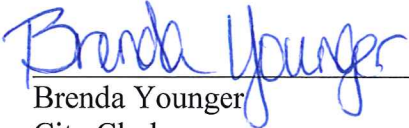

Brenda Younger
City Clerk

EXHIBIT B-1
APPDENIX D

