



# CITY OF TOPEKA

MEETING NOTES

## Governing Body: ARPA Workshop

CITY COUNCIL  
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**Date:** January 15, 2022

**Time:** 9:00am

**Location:** 1<sup>st</sup> Floor Conference Room; Cyrus K. Holliday Bldg 620 SE Madison  
(virtual attendance was available as well)

**Governing Body Members Present:** Mayor Michael Padilla, Councilmembers Karen Hiller, Christina Valdivia-Alcalá, Sylvia Ortiz, Tony Emerson, Brett Kell, Hannah Naeger, Neil Dobler, Spencer Duncan, Michael Lesser

**City staff present:** Interim City Manager Bill Cochran, Finance Director Stephen Wade, City Attorney Amanda Stanley, Josh McAnarney (Finance), Adam Vaughn (Finance)

### Call to Order

Mayor Padilla called the meeting to order and explained that the goal of this meeting was to keep the public informed of the process as the Governing Body moves through the deliberations. There has been some confusion as to what the ARPA funds are and what projects will qualify for funding. In an effort to avoid misleading the public, it is important to work through the process step-by-step. At this meeting, Mayor Padilla would like to focus on the process, information, and keeping the Governing Body ready to be better prepared for discussion for future meetings. Specific projects would not be discussed at this time.

### ARPA Funding Workshop Discussion

Interim City Manager Bill Cochran noted this meeting was a Governing Body meeting and not simply a staff meeting. The role of staff at this meeting is to provide information to the Governing Body to assist with decision making and setting expectations. There has been some new information shared regarding what ARPA funds can be spent on.

City Attorney Amanda Stanley shared the new information in a presentation. [*This presentation can be found at <https://topeka.novusagenda.com/agendapublic> or at the bottom of the notes.*]

Councilmember Emerson: There are two pathways we can go down; one is that we can use it on any governmental service. And the other enumerates the different

uses. Is there an advantage of going the second route? It seems the second route seems more cumbersome and has more reporting requirements. City Attorney Stanley confirmed the second option has a lot more reporting requirements. The first route would be the easiest reporting requirement.

Councilmember Emerson: Are there things you can do under the second route that you cannot do under the first route? City Attorney responded there was not. Ultimately, it would be a policy choice for the Governing Body to decide on.

Councilmember Emerson: How certain are we on the \$55M amount? Finance Director Stephen Wade stated he was pretty certain on that amount. The calculations assumes a 5.2% year-over-year growth factor. Topeka has not seen 5.2% growth in quite some time, so based on that, unless the economy booms, we are solid on that amount.

Councilmember Hiller: Sought clarification on the two options. City Attorney Stanley stated the first rule was the interim rule. This information is the final rule that will be published.

Councilmember Valdivia-Alcalá: If we do option 1, lost revenue for the City...would that be a separate fund? Or would that go to the General Fund? Finance Director Wade stated the funds have been separated. It has a separate fund for tracking purposes and will not be part of the General Fund.

Councilmember Valdivia-Alcalá: So, the full amount will be put into that separate fund, and then the City could still take requests from entities on how the money is spent? Director Wade confirmed.

Councilmember Hiller: It is still the \$47M? The number that is available? City Attorney Stanley confirmed.

Councilmember Lesser: For the public, at this point, it is good to understand that this is a one-time distribution that we will be receiving. As people begin thinking of ways to use the money, remember that there may be money to start a program, but there would not be continual funding to sustain it from City revenue alone. He encouraged people to think about sustainability and additional funding sources as we move forward with future input meetings.

Finance Director Wade provided a financial estimate for the City for the next five years. This information was provided at a special session of the Policy & Finance Committee and Public Infrastructure Committee (November 16, 2021). [*This presentation can be found at <https://topeka.novusagenda.com/agendapublic> or at the bottom of the notes.*] To create these figures, staff estimated increases of payroll due to contractual obligations, as well as expected increases of non-payroll and debt service fund. In doing this, staff looked at City's borrowing amounts were for both the General Obligations and Utilities. The projections allow for about \$9M/annually, which has been the average. The City can afford to continue to do this. If the ARPA funding was used for infrastructure expenses, it would allow for decreasing some of that debt. Total debt service has been increasing over the past several years. The estimates showing that without additional utility rate increases, the City could only spend \$17M/annually on Utility Bonds. An advantage of using ARPA funds would be that it allows the City to expand beyond the \$17M and still control the debt levels so that they are not increasing. If ARPA funds are not spent for infrastructure, it will hamper the ability for water line replacement and other options that the Utilities Department have recommended to the City Manager.

Councilmember Valdivia-Alcalá: Are we not going to receive some additional funding for infrastructure that is coming down the pipe? Director Wade stated that information was unknown. The Kansas Department of Commerce and the SPARK Committee will make the decisions on that funding. Staff believes those will be competitively bid. If the City has a project that has to go to the State to apply to receive funding on, projects that included waterline replacement, lead line replacement would be favored more. However, there has not been much information shared about that funding.

Councilmember Valdivia-Alcalá: Could we expect to know more information after this Legislative season? Interim City Manager Cochran responded that information was not known. He added that the funding went directly to the State. It was his understanding that a decision would be made by mid-February as to how some of those dollars will be allocated and spent and the rest would be competitive bid dollars. There is a possibility that we will receive some of those dollars, but no way to know what the amount will be.

(Video 30:00 minute mark) Councilmember Naeger: Are there some specific projects that we can have freedom to fund with ARPA funds? Asking to see how

we can maximize the use of these funds to ensure we are keeping utility rates as consistent as possible, for as long as we can. Interim City Manager Cochran confirmed decisions could be made to identify projects that qualify under the rules and move forward with the projects using the current dollars we have.

Councilmember Naeger: Would we set up the bid process the way we do our other third-party projects? Interim City Manager Cochran stated some of the projects, such as lead pipe removal, would be a process where the City would bid out a contract to replace those. The difference is that we have the dollars in-hand. We do not have to wait for bonding. Councilmember Naeger recommended further review into these options to maximize how much we can get done with the money. She would like to also look at what options would be available to also begin working on new infrastructure for the areas that have needed it for decades.

[Finance Director Wade referenced slide number 14 of the Financial Forecast presentation]. The Governing Body has approved \$63M and \$35M next year for bonded money for utilities projects in 2022 and 2023. In essence, there is roughly \$100M that will need to be bonded based on previously approved projects. Any of the ARPA funding that is put toward infrastructure, would reduce the amount of money that will have to be bonded.

Councilmember Emerson: The Federal Reserve has stated they would be doing four rate increase next year. How might these effect future interest rates? Director Wade said he was optimistic, but there may be some effect that would make the cost of borrowing higher. Councilmember Emerson inquired if these figure changes could be calculated once we knew what the increases would be? Director Wade confirmed that the calculations were designed to allow for any figure to be added and reflect changes accordingly.

Councilmember Valdivia-Alcalá: Similarly, does this take into account the cost of annual inflation? Director Wade stated the cost of inflation calculations that were used were at 3%. This reflects the current rate. If inflation continues to grow, the expenses will go higher. The rate increases would either have to go up, on utilities, or the borrowing go down, in order to continue paying our bills. Councilmember Emerson was referencing the cost of borrowing on the loans, which will continue to raise.

Councilmember Dobler: Suggested setting initial parameters for discussion. Can this Body agree that a major goal is debt reduction? Although we cannot pay down on debt, we could pay cash for projects as opposed to bonding. Secondly, for whatever portion of money that will be provided to non-profits within the community, we set up some sort of application process that would allow for tracking specific outcomes. Councilmember Dobler agreed that the City should not fund any program that creates new full-time employees (FTE) for the City which would require continuous funding once these dollars are expended. He would also like to be cognizant to other programs that may be receiving other ARPA dollars. This bill is \$1.9T. There are a lot of other programs out there that will qualify for some of this funding.

Councilmember Duncan: Feels there are two conversations to be had. One is to determine what we want the “community funds” to look like, as in determine the dollar amount. Then, we know what the two “pots” of money will be and we can have discussion on what the parameters will be for each “pot”. Councilmember Duncan feels that whatever the amount of funding that is designated to stay in-house, should go toward areas of capital improvements and infrastructure. This will lead to debt reduction.

Councilmember Valdivia-Alcalá: Agreed with the main areas to begin focusing on. Sought clarification on what was envisioned with infrastructure. She would like to see it go toward infrastructure within neighborhoods. Councilmember Dobler responded that the neighborhood infrastructure projects have typically been things that the City has either paid for through the cash fund or through GO Bonds. Those would also qualify, but there are two different “buckets” of debt the City has. GO Bonding, which we pay through property tax. Utility bonding is the other. We will have to, at some point in the future, raise the mill levy, or utility rates, or we can use those funds to pay some of those expenses down.

Councilmember Valdivia-Alcalá inquired if suggestions related to not adding FTE’s was strictly for additional City of Topeka positions, or would be for any non-profit applicant. She feels it should apply to both areas and that, if community needs were being considered, the process should be for established programs that are trying to improve their service to the community. One idea she spoke to was digital equity, which would provide service to the community but does not require many new positions added. Councilmember Dobler agreed and stated there would be the two areas which then would require two discussions on each.

Mayor Padilla: Regarding next steps, we need to revisit the priorities of the Governing Body, to keep in consideration what community funds we are going to support. Mayor also appreciated comments made about not double-funding programs that may already be eligible or receiving ARPA funding from other sources. Mayor also agreed that the funding is not to establish new FTE's that will require additional funding to sustain the position(s) in the future. He appreciated the ideas about how we look at debt reduction by keeping focus on using cash rather than bonding.

Councilmember Kell: Suggested having department heads and community agencies present to the Governing Body to include project needs and show what long-term impacts the funding would provide. Agreed that there would need to be an additional review from the outside applicants to determine if they would be receiving ARPA funding from other sources, and this would set a baseline for where we are and where we want to go.

Councilmember Lesser: As we set parameters, and are looking at infrastructure projects, to remember the trickle-down impact it will have. These projects will create jobs for local contractors or vendors, who, hopefully, will source their materials locally as well. He suggested being cognizant of how some of those things can be accomplished through an emphasis in capital improvements; streets, curbs, roofs, etc. From the big picture down, there can be some real positives to it.

Councilmember Ortiz: Spoke about infrastructure and tubing. She noted in Districts 2 and 3, and perhaps some of districts 4 and 5, there are no curbs and gutters but ditches. These are not very well maintained, but those citizens still pay the same share of water, stormwater, and sewer taxes. She would like to see some type of program established that would allow low-moderate income constituents, and constituents on a fixed income, to apply for assistance with paying to fix these tubing issues. Councilwoman noted that when a curb is broken, the City repairs it, and pays for the concrete. However, with tubing, although the City may do the work to replace it, the constituent is responsible for paying for the tubing. Fixing tubing will also help with street maintenance.

Councilmember Ortiz: Will staff continue monitoring the state money? If we get some of that kickback, we can put it somewhere else? Will the matching money be on the City side to match with? City Attorney Stanley spoke to the matching

money and stated it is simply one option. There are federal programs that require the City to match “x” amount with a local share. Water projects were used as an example. And the City could use ARPA money as our matching share. Generally, federal programs will not allow the use of federal funding as a source of matching share, however this is an exception.

Councilmember Naeger: Suggested prioritizing full projects to allow for maximizing the money and spreading it out as much as possible. She used the 12<sup>th</sup> street project as an example. The street work was not where the project ended. The City took the opportunity to also replace utility lines at the same time, which allowed for both needs to be addressed simultaneously, and avoids having to tear up the new street in a few years to replace water lines.

Councilmember Dobler: If we look at the City “bucket”, there is an opportunity to impact parts of our community that has probably been hit harder by COVID. We will need to rely on staff to tell us which projects give us the most return, but we can designate a portion of that to LMI projects, tube pipe replacement programs, sidewalks, storm sewers and many other things that the City has struggled with for years, and folks do not have the means to do on their own. This is an opportunity to focus on parts of town where they have been hit harder than other parts of town.

Councilmember Valdivia-Alcalá: Agrees with comments made by Councilmembers Ortiz and Dobler. This is an opportune time to let residents know, especially in LMI districts, what the City’s intention is. Something specifically that seems to be a bone of contention in LMI neighborhoods is that sidewalks have not been repaired, to the point of being a public health issue because the ADA accessibility is restricted, people are not able to walk with a baby stroller on the sidewalk, it is uneven and unsafe for elders to walk on without fear of tripping. People choose to walk in the street to avoid the poorly maintained sidewalks. At the same time, Code Enforcement hesitates to write these issues up in these neighborhoods because they realize that most of the folks are on fixed incomes or disability and cannot afford the 50/50 sidewalk program. Could we put a chunk of that one-time money into the 50/50 program and use it intentionally to assist with getting these sidewalks fixed. It would have to be a controlled amount, but it would be one way to show LMI folks that their needs are seen.

(Video 1:02:00 minute mark) Councilmember Kell: Spoke to the City building maintenance needs. Specifically looking at the firehouses, some have leaky roofs, mold issues, etc and this is where our firefighters live for multiple days of a week. We also need to look at the health of our city workers, as they live or spend many hours in those buildings.

Councilmember Hiller: Noted there seemed to be consensus on the four points Councilmember Dobler brought up earlier; paired with the financial projections provided by Director Wade. Thoughts to ask ourselves in terms of identifying whether this is a strategic investment; is this going to be worth more than we are spending on it? Will it have a lifetime after we have spent this money on it? Once we get past setting the fundamental criteria, we need to rank and rate what we are looking at, on both the community side and City side. Another thought to consider, should the City be paying for this at all? Or should ARPA funding be paying for this? Example provided was the Dreams competitive grant worth \$1.7M that the LMI neighborhoods can bit on this year. That will be an opportunity to say “we want to start working through this neighborhood with sidewalks or tubing”. With that funding already set to go, we may not need to use ARPA money for it. She referenced the third handout that staff provided, and noted this would be another way to identify projects that might already be able to be covered by the ARPA funds and to have the conversations with those other entities to see what they would be funding, or collaborating on with the City. [*This information can be found attached to the agenda item and is titled Shawnee County and State of Kansas ARPA Funding Allocations*] She appreciates the broad project list that has been provided.

Councilmember Valdivia-Alcalá: On topic of child care, if there was a program to offer incentives or economic development, it could be important for young families to know that they have good, quality, reliable child care options in Topeka. If we do not want to duplicate funding, how would we go about extracting the information from whatever sources to identify whether or not they were receiving funding from the other sources? Councilmember Duncan responded that, with his suggestion of having two “buckets”, that we would also identify who we are designating to sift through that...whether it goes through a current existing committee, or we create a new committee, but a combination of staff and Council, and we task them with those exact details to then determine whether it meets the criteria to move forward for consideration.



Mayor Padilla feels that, along with everything else that has been discussed, it is important to discuss supporting LMI neighborhoods and seeing what long-term changes in those neighborhoods. The thing he looks at the most is how the investment within the community will have the greatest impact within the community. He felt encouraged by this discussion. Additionally, this is a way for the Governing Body to be the conduit for their constituency by having those conversations and bringing forward those desires, wants and needs for their districts.

Councilmember Valdivia-Alcalá: Stated she felt that once the final decisions have been made, all Topekans will be able to see that everyone on the community has been able to be helped in some way or another by these improvements.

Councilmember Hiller: Encouraged the Governing Body to take notes along the way to keep from having to rely on staff for everything. In response to the question Councilmember Valdivia-Alcalá had about other sources from applicants, we can add a line on the application that asks for that information. We can ask them to identify other sources that are available, what their long-term outlook is for their program, and how it would be supported.

Mayor Padilla: Inquired if we already have an application? Interim City Manager Cochran stated there is an application that is used currently for the Social Service Grants. We can utilize that as we want. His question to the Governing Body was to give direction to staff as to what the process will look like, and what the allocation breakout will be. The CIP budget is coming up soon. If it is known that we will use dollars for specific projects, which alleviates pressure on the CIP. Projects can also then be moved around, or we can reduce the amount of debt.

Councilmember Dobler: Stated it seemed there was agreement on the general parameters. The next big step is going to be to figure out what the dollar amounts are, as well as figuring out what our goals are for the community dollars. Are those goals economic development? Quality of life? Social service agencies? He believes if the Governing Body can determine those dollar amounts, it would give direction to the community.

Interim City Manager Cochran suggested having the community application process be vetted by the Social Service Grants committee, with recommendations then moving to the full Governing Body.

Councilmember Dobler: Agreed with the suggestion by Interim City Manager Cochran, but stated that both on the “city bucket” side and the “community bucket” side, it was important to have those parameters identified and stated prior to the application process taking place. This would resolve time being wasted on the application process if they know up front that something will or will not be funded.

Councilmember Emerson: With the first presentation, we need to provide direction to staff as to which of the two options reviewed by City Attorney Stanley the Governing Body wanted to pursue. Is there a downside to choosing the first option? It almost seems too good to be true. City Attorney stated having direction as to which option the Body wanted to pursue would be helpful. Director Wade noted that, from a finance perspective, it is much easier to use the lost revenue. We used a similar path with the CARES Act funds, so the Body would be consistent with its approach to the ARPA funds. This does not mean the City would be any less transparent, however from a reporting aspect, Finance would prefer the first option.

Councilmember Emerson: Do we need to create a resolution for this decision?

Councilmember Duncan: First question, the process we sort of talked about heading toward, in terms of the “two pots of money, two buckets...” does that process fit that Option 1? City Attorney Stanley confirmed it would and added there were two different aspects of it. There is the “legal, check-all-of-our-boxes-so-the-federal-government-doesn’t-recoup-all-of-the-money”, which is what the Finance Director means by saying it is easier to claim it as lost revenue and fill out those proper forms, show documentation, and put it in a separate fund. Option 2 means waiting to check the boxes as each individual program is spent.

Councilmember Duncan: It seems there are three things we need to do today...to make a formal declaration of which process we are going to use, to make a monetary designation of what we want the community “bucket” to look like, and at least outline what group of people on the community side we want to task with looking at what the application looks like and what the parameters will be based on discussion to then bring back to the Governing Body.

Councilmember Hiller: Suggested setting parameters and letting staff decide which option would be best for them to use for reporting and legal measures. She felt most of the parameters would fit to either of the options.

City Attorney Stanley: Federal money in ARPA, specifically, exempts itself from our Kansas budget laws, so we do not have to pass an ordinance or follow the revenue neutral rate, etc. Although technically the Body could just pass a motion to designate this as lost revenue, she recommended creating this as a resolution for the sake of transparency, and for the public. The resolution would state that the ARPA funds would be designated as lost revenue and would direct staff to follow all of the reporting requirements. The Body could then proceed with the other process for deciding on how to actually spend the funds.

Mayor Padilla: Inquired with Councilman Duncan for his comment about designating a group or body to help with determining where some of the funding would be spent, and if he was thinking of something outside of the Governing Body? Councilman Duncan stated he was not thinking of an outside party, but also was not sure if the Social Service Grants Committee would be the group of Governing Body members to take on this task, as they already have a lot of community dollars they review. He also felt that perhaps the Transient Guest Tax committee would be an appropriate place for the review, as they also deal with some of those factors. He did not have a definite suggestion, but did not want to only limit it to the Governing Body members on that committee, but would invite other Body members that may want to take part in this process. Interim City Manager Cochran stated the Policy & Finance Committee would also be an appropriate committee to participate.

Councilmember Hiller: Suggested using the Social Service Priority Sheet as well as the Scoring Sheet as a template for the community side applications.

Interim City Manager Cochran: Noted the application would need to be adjusted to dramatically simplify the process. The information being sought is pretty simple. Councilmember Hiller agreed, but felt the templates would be applicable.

Mayor Padilla: Stated the Body needed to decide on which goals they wanted to achieve with the community dollars. Doing so would make the task of identifying which projects fit best into the overall goal and impact of the community.

(Video 1:30:20 minute mark) Councilmember Emerson: Stated it would be helpful to him to identify what the city needs are. Reviewing the information provided by Finance, there are assumptions that we will see utility rate increases on an annual basis, and he would like to see the assumptions of what those rates would look like if we did not have to make those increases.

Councilmember Duncan: If there is roughly \$46M being given to us, the City could use all \$46M of that for City projects. Councilmember Emerson clarified that his concern would be to allocate a minimal portion to utilities to find out that people's water bills are going to be raised by 50% over the next 10 years. He wants to know what those figures would look like before setting allocations.

Councilmember Kell: Suggested hearing from the department directors about what projects they feel are needed, and the rough amounts associated with those. And to then review which of the community projects could benefit from those city projects.

Interim City Manager Cochran: A list of input from the department directors was provided to the Council from former City Manager Brent Trout. He spoke to Councilmember Emerson's point of wanting to reduce or trying to reduce the future costs for the citizens of Topeka, one of the projects listed is lead pipe removal. A positive to that is that there are infrastructure dollars already tentatively allocated for that program. He suggested creating a fallback plan, in case the City does not receive all of that allocation. The removal of lead pipes is very important from a public health and safety standpoint that effects a lot of our citizens who reside in the LMI neighborhoods.

Councilmember Kell: Noted he had not received that list. Mayor Padilla instructed staff to please send it to the Councilmember.

Councilmember Hiller: Floated some numbers to get the conversation started. If the City can expect to receive \$45.67M, one suggestion could be to use \$43M to utilities and infrastructure, \$1.5M that we have already allocated for hazard pay, and \$1.1M for community or other.

Councilmember Dobler: Sought verification regarding the hazard pay. He thought it had come from the previous COVID-19 dollars. Interim City Manager Cochran stated the hazard pay was an allocation made from the ARPA dollars. The first

round of COVID-19 money was the CARES Act dollars. This second round is the ARPA funding.

Councilmember Dobler: Have we totally expended the CARES Act dollars yet? Director Wade responded there was about \$2M left that has not be directly committed. There was some conversation about the HVAC system in City Hall, but it has not been directly committed.

Councilmember Hiller: Would the hazard pay be eligible for CARES Act money? Interim City Manager Cochran confirmed it would.

Councilmember Valdivia-Alcalá: Inquired with Councilmember Hiller as to where the \$43M dollar city funds figure came from? Councilmember Hiller stated utilities/infrastructure was a priority and that the City is spending \$100M/annually on utilities, so the \$43M could be spent very quickly.

Councilmember Emerson: Noted it was his understanding that about \$20M was part of the Polk/Quincy Viaduct project as well, which would otherwise be money the City would have to bond or take from the General Fund.

Councilmember Lesser: Suggested using the term “Priority List” in place of “Wish List” for a bureaucratic organization.

Councilmember Duncan: Suggested slight change to Councilmember Hiller’s estimation, to be \$42M to the City, and \$2.1M to the community. Councilmember Hiller noted that if part of the remaining \$2M in CARES Act funds could be used for the hazard pay, it would free up an additional \$1.5M of the ARPA funds.

Councilmember Ortiz: Requested staff provide what money is set aside for what items already so the Governing Body has a clear understanding of the finances before making the marks. She would like to see as much money as possible put back into the community. She also wants to understand what we have and what we do not have.

Councilmember Valdivia-Alcalá: Agreed with Councilmember Ortiz that she would like to see as much money go to the community as possible, while also understanding that debt reduction is of high importance. She is also in agreeance with Councilmember Ortiz that of almost \$47M, only providing \$1.5-\$2M of that

to the community will cause a rub somewhere along the line. She suggested that being able to show LMI constituents what their utility bill might look like by using the funds for utilities may help them buy-in and see the bigger picture. Her personal rub is with the \$20M being already allocated toward the Polk/Quincy Viaduct project.

Councilmember Dobler: Is the \$20M for Polk/Quincy Viaduct utility relocation, that is the City's responsibility, accurate? Interim City Manager Cochran stated it was not. Staff has been working diligently with Kansas Department of Transportation (KDOT), and new numbers have been presented. That number has been drastically reduced.

Mayor Padilla paused the meeting for a 10 minute intermission at 11:00am.

Interim City Manager Cochran: Provided updated figures. The City will receive \$45,676,831 in ARPA Grant Funding. Of that, we have received \$238,415.50. Keeping in mind that approximately \$45M is the total, his recommendation would be to designate and allocation of \$35M toward infrastructure purposes with the remainder to be determined upon the Governing Body's approval as to how they would like to spend those funds.

Mayor Padilla: Sought comments from the Governing Body in response to Interim City Manager's statement.

Councilmember Dobler: So we are setting the bar at \$35M for infrastructure? So we could possibly go above that for additional infrastructure, but we are not going to go below it? Interim City Manager Cochran confirmed that was correct. Councilmember Dobler inquired if, then, the \$10M would go to the community programs, or just some portion of that which is left to be determined? Interim City Manager Cochran confirmed.

Councilmember Valdivia-Alcalá: She voiced hesitation to follow that recommendation until they were provided with what those total numbers would be.

Councilmember Emerson: Inquired as to what the figure would need to be regarding utilities, going forward to avoid the increases for the next decade? Director Wade did not have that figure completed at the time of questioning, but

stated one thing staff would have to take a best guess on would be the rate of inflation. He explained that if the rates are not tracking with the rate of inflation, then another solution would have to be found.

Councilmember Valdivia-Alcalá: Repeated the information to help with clarification...As staff is trying to do the projections, what we currently see for the next 10 years, is that rates for water and sewer are going to continue to increase to the point that at the end of the 10 years, they could be paying upwards of 50% more than they are paying currently? Councilmember Emerson confirmed. Councilmember Valdivia-Alcalá continued, by noting that to people who make \$100,000/annually, this increase would not impact them much, however, she noted there were elder couples who currently have to live on a fixed income of less than \$1,000/monthly, and that for them and others in the LMI communities, a 50% increase in utilities would be a huge burden. By using the ARPA money, which she understood the utilities may exceed the ARPA allocation, we could help avoid where the increase would not go directly to our residents of Topeka? Councilmember Emerson confirmed her understanding was correct.

Councilmember Duncan: If we put, as an action item on the February 1<sup>st</sup> Governing Body agenda, the proposal put forward by Interim City Manager of \$35M, would that still fit the timeline for staff to begin crunching numbers for CIP, and time to provide the information that the Councilmembers are looking for? As opposed to making that decision today? Director Wade confirmed. Councilmember Duncan stated that would then be his first recommendation. He would like to add a second action item to that agenda to designate a committee to begin working on the process of further review.

Councilmember Hiller: Stated she felt Councilmember Duncan was on the right track, but that additional time may need to be spent on deciding how to spend the additional \$11M, before tasking a committee to set priorities. Councilmember Duncan responded that his thought would be to have the committee begin at an even more basic first step than that...perhaps to identify what the application might look like, and to provide the first set of parameters, and to work from there. This process could take months, rather than weeks.

Finance Director Wade: Seeking clarification from Councilmember Emerson; we know we will have goods increases and costs of labor increases over the next 5-10 years. We had originally modeled that out at 3%. To stay flat, the blended rates

would have to increase 3%. Is it your intent, Councilmember Emerson, to stay flat? Or to not have any rate increases, therefore subsidizing the cost of good increases? Councilmember Emerson responded his thought would be that, to the extent that is possible, to use the money to get ahead of the maintenance and bend some of those costs down so we are not chasing water main breaks all over town. Ideally, he would like to see the City get ahead, and inquired as to what amount of money would be needed to then keep rates to customers flat over the next decade. Director Wade noted the clarification helped.

Councilmember Hiller: Requested staff to provide examples of how the rate increases would affect citizens at various amounts to help quantify what this would look like in 10 years, and showing what various gradations could look like for citizens. She noted that being able to see that, even if the full amount could not be flattened, that being able to show what any reduction in that monthly rate would end up at would be helpful in understanding and explaining this to the public better. Having a dollar number rather than just a percent would be easier to understand.

Councilmember Valdivia-Alcalá: In theory, if we were able to take however much was going to be used toward offsetting utilities, would we be able to re-designate that toward other programs if the City receives additional infrastructure funding? City Attorney Stanley confirmed this could be done, especially if the resolution designated the ARPA funds as lost revenue. At that point, as far as the federal government is concerned, that money has been spent. Then, if infrastructure money comes down the pipe, we could reallocate it in different ways.

Councilmember Valdivia-Alcalá: Inquired if tracking would be continue to be done, even though it may not be required by the federal government? Director Wade confirmed.

Councilmember Dobler: Question for future consideration, when we voted for the increase in water rates a few years ago, the expectation given by staff was that six miles of waterline improvements would be able to be made. He clarified, that we would continue to do the six miles per year, and paying cash for it rather than bonding...he would like to see what the debt service looks like presently, and would also like to ensure we are addressing the current standard of fixing six miles a year that are presently set. He feels an update from Utilities would be good to put before the Governing Body soon.



Councilmember Dobler: Secondly, he wants to ensure that when projects come before the Governing Body, both for discussion and CIP, that there is a designation included to show which projects or portions of projects are being paid for with ARPA money.

Mayor Padilla: Agreed with suggestions by Councilmember Dobler.

Councilmember Hiller: Question to Director Wade, as you move toward creating an outcomes-based budgeting model, is part of that intent to address exactly what Councilmember Dobler has requested? Director Wade confirmed.

Councilmember Duncan restated his two motions:

MOTION 1: To accept the Interim City Manager's request to designate at least \$35M toward infrastructure projects, and to have this on the February 1, 2022 Governing Body agenda for action.

Councilmember Duncan clarified that with that approval, staff would still be required to receive approval from the Governing Body as to what individual projects were.

City Attorney Stanley sought clarification for the resolution. As part of the resolution, would it be Councilmember Duncan's preference to include that the funding is to be considered lost revenue? Councilmember Duncan confirmed.

Councilmember Emerson: Voiced apprehension at setting a dollar amount on the resolution, as it would be interpreted as a firm number. Councilmember Duncan agreed the resolution could leave the dollar amount portion blank. A decision may be made at the February 1<sup>st</sup> meeting on a firm number.

Councilmember Hiller: Suggested stating that the full \$45.6M is in the resolution to make clear that the rest would be used for further consideration. Councilmember Duncan agreed and inquired with City Attorney if that would be acceptable language. She confirmed.

MOTION 2: To designate the process of reviewing and recommending the community dollar portion to a standing Council committee at the February 1<sup>st</sup> Governing Body meeting.

Councilmember Duncan: Making that designation, will allow the committee to begin setting their meetings and timelines.

The next ARPA Funding Workshop will be held on Saturday, February 12<sup>th</sup> from 9:00am-1:00pm. This will be a hybrid meeting with in-person and virtual attendance options being available. Location: 1<sup>st</sup> Floor Conference Room of the Cyrus K. Holliday Building (620 SE Madison).

### **Adjourn**

Mayor Padilla adjourned the meeting.

Meeting video can be viewed at: <https://youtu.be/Nk7sLUNj6kA>