

MULVANE CITY COUNCIL  
REGULAR MEETING MINUTES

December 6, 2021

7:30 p.m.

The Mulvane City Council convened at the City Building at 211 N. Second at 7:30 p.m. Presiding was Mayor Shelly Steadman, who called the meeting to order at 7:30 p.m.

**Council Members Present:** Kevin Cardwell, Terry Richardson, Brent Allen, Nancy Farber Mottola.

**Others Present:** Mike Robinson, Debra Parker, Joel Pile, Kent Hixson, J.T. Klaus, Tim Huntley, Gordon Fell, Rachael Blackwell, Kevin Baker, Brian Bradshaw, Kyle McClellan.

**Pledge of Allegiance:** All stood for the Pledge of Allegiance led by Mayor Steadman.

**Approval of Regular Meeting Minutes Dated 11-15-2021:**

MOTION by Allen, second by Mottola to approve the Regular meeting minutes dated 11-15-2021. MOTION approved unanimously.

**Correspondence:** Mayor Steadman was contacted by a business owner on Main St. inquiring about the work in the alleyway behind the businesses on the south side. Mayor Steadman referred the issue to city staff. Staff contacted the Gas Company about completing the work.

**Review and Closing of the Agenda:** None

**Appointments, Awards and Citations:** None

**OLD BUSINESS**

**1. Public Hearing to Amend the 2021 Annual City Budget:**

The city needs to amend the 2021 budget for the following reasons:

- Due to bond refunding in 2021, the city needs to amend the debt service to accommodate the amount of the refunding.
- The City did not budget to spend money from the Special Alcohol fund in 2021. We are no longer allocating money to this fund. The fund has a current balance of \$56,316. This amendment provides spending authority to the fund, eventually making it inactive.
- Expenditure authority to retire the Library Bonds early.

To be in compliance with the Kansas Cash Basis Law, the city is required to amend the budget prior to the end of the calendar year, December 31<sup>st</sup>. This amendment process must include a public hearing. A notice of public hearing was published in the *Mulvane News* on November 18, 2021, which is at least 10 days prior to the public hearing.

MOTION by Richardson, second by Mottola to recess the 12-06-21 City Council meeting for a period of one (1) minute in order to hold a public hearing for the purpose of amending the 2021 budget.

MOTION approved unanimously.

There was no one present to speak at the public hearing.

MOTION by Cardwell, second by Mottola to reconvene the 12-06-21 City Council meeting.

MOTION approved unanimously.

MOTION by Mottola, second by Richardson to amend the 2021 budget as presented.

MOTION approved unanimously.

## **2. Kansas Star Property Tax Appeal – Withhold of Property Tax Revenue by Sumner Co.:**

City Administrator, Kent Hixson, reviewed the Kansas Star property tax appeal with the council, and what potential impact it will have on the tax levying funds. Hixson emphasized the Casino is an excellent corporate partner and we have been able to lower taxes and increase services because of the increased property tax it has generated.

City Attorney, J.T. Klaus, explained the appraisal and appeals process. Klaus also offered ideas for better preparation for building the budget in the future. The decrease in the tax distribution will impact the tax levying funds. The City's financial advisor will be consulted when looking at the different sources of revenue and the best funds to use for any transfers. Klaus reviewed the following information with the council.

Each year since 2012, the Kansas Star has appealed the valuation of their property to the State Board of Tax Appeals (BOTA). The three board members of BOTA review the evidence in each case and issue a final order by a majority vote. Final orders of the BOTA may be appealed to the District Court or Court of Appeals of the State of Kansas per K.S.A. 74-2426. The Kansas Star has appealed the BOTA final orders each year since 2012, only three of those years (2012, 2013 and 2015) have been settled.

The Kansas Star Casino is the largest property taxpayer in the city. The Casino's assessed valuation for 2021 was 51% of the total city assessed valuation. Based upon the 2021 valuation, Kansas Star will pay \$2,205,300 in property tax to the city. Property tax revenues are distributed amongst the tax levying funds according to the certified budget. The city's tax levying funds are the General Fund, Employee Benefit Fund, Bond & Interest Fund, and Library Fund. The city receives two different sources of revenue from the Kansas Star, it is important to distinguish between the property tax paid by the Kansas Star and the 1% gaming revenue.

The results of past appeals have caused the valuation of the Kansas Star to fluctuate. The 2015 valuation order reduced the valuation of the Kansas Star by 47%. The valuation reduction is retroactive, meaning all taxing entities must pay back property tax they collected on the amount above the adjusted valuation. To pay back the Kansas Star, the Sumner Co. Treasurer will withhold current property tax distributions to all the taxing entities (school district, city, Recreation

Commission, Historical Society) until they have recovered the full amount of ad valorem tax Kansas Star overpaid for the year in question.

In early November, with the settlement of the 2015 appeal, the Sumner Co. Treasurer sent a letter to the city providing notice of a significant withholding of property tax payments beginning in January 2022. The city will not receive a property tax distribution until \$989,990 of city property tax has been collected by the county for remittance to Kansas Star. The withholding represents a 23% reduction in property tax revenue for FY22.

The city has maintained contingency funds in anticipation of the property tax adjustments which has a current balance of \$500,000. The reduction of 2022 tax revenue will exhaust this reserve.

Staff is analyzing budgetary impacts of transferring funds from the utility funds to offset a portion of the loss of property tax revenue. In addition, FY 22 General Fund expenditures are being reviewed to see if projects or major purchases can be delayed.

The following chart from the Sumner County Treasurer details the original appraised and assessed values with the appraised and assessed values following appeal:

Year	County Appraised	County Assessed	Court Order Appraised	Court Order Assessed
2012	90,797,500.00	22,699,375.00	80,307,500.00	20,076,875.00
2013	225,797,500.00	56,449,375.00	147,597,500.00	36,899,375.00
2014	155,177,500.00	38,794,375.00		
2015	176,397,500.00	44,099,375.00	82,697,500.00	20,674,375.00
2016	166,797,500.00	41,699,375.00		
2017	155,000,000.00	38,750,000.00		
2018	176,797,504.00	44,199,376.00		
2019	183,399,568.00	45,849,892.00		
2020	190,587,460.00	47,646,865.00		

***Blank lines indicates still in Litigation***

Formula Appraised Value X .25=Assessed Value  
Assessed Value X Mill Levy=Taxes

#### Long Term Financial Challenges:

The use of contingency funds with the reduction in spending and/or delaying of projects coupled with utility fund transfers will bridge the loss of property tax revenue in FY 22.

1. FY 22 contingency funds will be exhausted, which impacts the FY 23 budget by reducing the cash carryover. Having healthy cash reserves is a major contributing factor for achieving a good bond rating. Without a healthy cash carryover, the city will need to raise property taxes and/or make permanent cuts within the tax levying funds of the city.
2. The 2014, 2016, 2017, 2018, 2019 and 2020 years have yet to be settled by the Court. If two or more years are settled at once and the property value of the Kansas Star continues to be

reduced, future property tax withholding by the Sumner Co. Treasurer could seriously impact revenue for the tax levying funds of the city.

This will be an ongoing challenge for the city. Staff will continue to work on methods to prepare for the future and keep the council informed.

## **NEW BUSINESS**

### **1. Public Works Dept. – Purchase a new sanitary sewer main camera:**

Public Works/Utility Director, Kevin Baker, reviewed the need for a new sanitary sewer main camera with the council and gave a background of our current system.

The city's current sewer main camera was purchased in 2008. This unit gave us the ability to pan and tilt the camera and steer the tractor in the main and record data to a DVD. The Rover camera system and supporting equipment is 13 years old. Parts are unavailable and the computer software is obsolete, resulting in the inability to initiate data reports for viewing from a computer.

The ability to visually inspect a sewer main is an instrumental tool to identify a problem, locate customers taps and show if the problem is on the customer or the city side. The proposed new camera has a laser for pinpointing and measuring cracks, holes, and water levels for determining how bad the pipe sags. The new camera/crawler, equipped with a lift, will allow us to inspect larger lines (up to 24") with higher flow rates. Currently we can only camera an 8" line. Supporting software will enable operators to generate a profile of the tap and/or main.

Proposals were received from four (4) vendors:

Red Municipal & Industrial Equipment Company	\$176,623.00
Midwest Vac Products	\$183,583.00
Key Equipment & Supply Co.	\$147,625.00
Mayer Equipment & Supply, L.L.C.	\$147,658.00

The purchase of the camera system is in the Capital Improvements Plan. Council asked about securely storing the trailer. The delivery of the equipment would be 4 -5 months and would include training for 1 year.

MOTION by Mottola, second by Richardson to approve the purchase of one (1) New Rausch Eco Star Main Line Camera System with all supporting equipment mounted 7' x 14' trailer as per specifications from RED Equipment, LLC. in the amount of \$176,623.00.

MOTION approved unanimously.

## **ORDINANCES & RESOLUTIONS**

### **1. Resolution calling for a city sales tax election:**

The proposed resolution authorizes a special question election to be held on January 18, 2022. The special election will ask the following question:

Shall the City of Mulvane, Kansas levy a 1% retailers' sales tax pursuant to K.S.A. 12-187 *et seq.* for not more than 5 years for the special purposes of financing and paying the costs of acquiring, constructing, furnishing, and equipping (1) a new downtown fountain park with water feature, (2) footbridges and other city park improvements, (3) Rock Road resurfacing, and (4) city stormwater drainage improvements?

Bond Counsel has prepared the Resolution authorizing the special question election for a 1.00% sales tax.

MOTION by Richardson, second by Cardwell to adopt Resolution No. 2021-21 authorizing a special question election regarding a 1% sales tax.  
MOTION approved unanimously.

#### RESOLUTION NO. 2021-21

A RESOLUTION TO SUBMIT TO THE QUALIFIED ELECTORS OF THE CITY OF MULVANE, KANSAS THE PROPOSITION OF LEVYING A ONE PERCENT (1%) SPECIAL PURPOSE RETAILERS' SALES TAX IN THE CITY.

Staff will put together information materials to help educate the public regarding the sales tax. If the sales tax passes, council will determine the priorities of the projects.

#### ENGINEER

##### **1. Project Review and Update:**

City staff reviewed project updates with the council which included: E. Mulvane Street Drainage, Emerald Valley Estates Phase 2 Infrastructure, Hidden Valley Addition, Main "A" Sanitary Sewer Improvements, Downtown Streetscaping, Pool Re-Painting, Rock Road Sewer Lift Station Abandonment, BRIC Grant – Flood Mitigation Funding, Second Street Pedestrian Crossing at Martha Ave.

**City Clerk:** None

**City Administrator:** Planning and Zoning Director, Joel Pile, updated the council on the HEAL grants available. We have been assisting business owners with grant applications. This is a one-to-one match up to \$75,000.

**City Attorney:** None

##### **Consent Agenda Items 1 - 11:**

MOTION by Mottola, second by Richardson to approve Consent Agenda items 1 – 11.

1. Payroll dated 11-26-21 (\$211,169.84)
2. City Utility Bills (\$14,580.42)
3. Approve a cereal malt beverage license for Jump Start Stores Inc.

4. Approve a liquor license for Kansas Star Casino, LLC.
  5. Approve a liquor license for Empire Tacos, LLC.
  6. Approve the Copier Maintenance Agreement with Galaxie Business Equipment for the period covered from October 27, 2021 to October 27, 2022.
  7. Warrant Register (\$654,004.60)
  8. Hidden Valley Estates – Pay App. #1 to APAC Paving (\$323,189.10)
  9. Hidden Valley Estates – Pay App. #2 Final to APAC Paving (\$35,909.90)
  10. Emerald Valley Estates – Pay App. #3 Final to Ks. Paving (\$35,185.63)
  11. E. Mulvane St. Drainage – Pay App. to JoJacs (\$17,488.45)
- MOTION approved unanimously.

**ANNOUNCEMENTS, MEETINGS, AND NEXT AGENDA ITEMS:**

- Monday, Dec 20th - next council meeting @ 7:30 p.m.

**ADJOURNMENT:**

MOTION by Richardson, second by Mottola to adjourn the City Council meeting at 8:45 p.m.  
MOTION approved unanimously.

Minutes by:  
Debra M. Parker, City Clerk