

MONDAY

AUGUST 15, 2022

The Governing Body of the City of Pratt met in Regular Session in the Commission Room located at City Hall.

PRESENT:	Zach Deeds	Mayor
	Don Peters	Commissioner
	Gary Schmidt	Commissioner
	Jeanette Siemens	Commissioner
	Kyle Farmer	Commissioner
ALSO PRESENT:	Bruce Pinkall	City Manager
	LuAnn Kramer	City Clerk
	Regina Goff	City Attorney
	Brent Carver	Finance Director
	Russell Rambat	Public Works Director
	Brad Blankenship	Building Inspector
	Jamie Huber	Director of Electric Utilities
	Larry Eisenhower	Recreation Director
	Nate Humble	Chief of Police

CALL TO ORDER:

The regular meeting was called to order by Mayor Deeds. The Mayor instructed the Clerk to note that all Commissioners were present.

Mayor Deeds reminded the audience that this meeting may be taped and/or recorded.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Commissioner Farmer led the audience and staff in the invocation and Mayor Deeds led the Pledge of Allegiance.

MINUTES:

Commissioner Farmer made a motion to approve the minutes of the August 01, 2022 regular work session day #1 minutes, the August 01, 2022 recessed Commission meeting minutes, August 02, 2022 recessed work session day #2 minutes and the August 08, 2022 recessed Commission meeting minutes. Commissioner Schmidt seconded the motion and it passed unanimously.

BUSINESS:

PRESENTATION OF THE 2021 CITY OF PRATT AUDIT:

Ms. Delaney Smith with Adams Brown LLC presented the 2021 City of Pratt audit to the Commission. Ms. Smith commented that the first three pages of the audit included the independent auditor's report and the first page included the unmodified opinion and the adverse opinion. Ms. Smith explained that the City follows KMAAG (Kansas Municipal Audit and Accounting Guide), which gives an adverse opinion and that was the highest opinion you could receive. Ms. Smith stated that they also go over the

responsibilities of management and what the responsibilities of the auditors were. Ms. Smith stated that pages four and five included the financial statements and states that the City pools all their funds together and at the end of the year there was \$5.5 million in unencumbered cash. Ms. Smith commented that that was about \$851,000 over the prior year; however, \$495,000 of that was ARPA funds.

Ms. Smith stated that on page twelve were several check lists of things they had to go through and there were three compliance violations. Ms. Smith explained that one violation was that the financial statements were not published within thirty days after the quarter ended, which was a violation of K.S.A. 12-1608. Ms. Smith stated that the second violation was that the City did not remit the bond payments within twenty days of maturity, which was a violation of K.S.A. 10-130 and the third violation was that the Special Parks and Recreation fund had a negative ending cash balance, which was a violation of K.S.A. 10-1113 and a budget violation of K.S.A. 79-2935. Ms. Smith stated that she understood that they were waiting on a donation; however, the State Statute could not wait on a donation.

Ms. Smith moved on to page fourteen and long-term debt schedule and at the end of the year there was \$6.6 million, which would be paid off in 2041. Ms. Smith commented that page fifteen was the actual to budget and the last page of Schedule 2 was a comparative to last year. Commissioner Peters went back to page twelve and asked about the violations. Ms. Smith stated that the publications would probably happen again since the bank reconciliations were not done, because you had to publish those thirty days after the quarter was done. Finance Director Carver stated that we were right around the corner to being able to do that because he had AGH helping him now. Ms. Smith explained that the bond payment had to be there twenty days before it was due or it was in violation. Mr. Carver stated that he had not known how that worked.

Ms. Smith stated that the letter goes over any matters and there were no issues with management and they did look at management controls. Ms. Smith commented that they recommended that a quarterly payroll reconciliation be completed. Ms. Smith explained that this used to be done and had been dropped; however, they did recommend that it be done again before anything be sent to the IRS. Ms. Smith stated that they had a couple of items that got put on the encumbrance listings that never were in the minutes. Ms. Smith commented that, even if it was last minute, they recommend even if it was in January, it should be brought to the Commission's attention that it was something over the \$10,000 amount or there should be a policy adjustment. Ms. Smith stated that the third one was bank reconciliations and they understood that this was being worked on.

Ms. Smith stated that there was one material weakness that they had to list and that was the five encumbrances at the end of the year that added up to \$376,000 and were unrecorded. Mr. Carver asked if that was directly related to the minutes. Ms. Smith stated that it was and it could be any contract or purchase that had been approved and put on the books the year it was approved. Ms. Smith stated that they do go through the minutes very closely to see what had been spent or a liability to be spent. Commissioner Peters commented that there were encumbrances of \$378,615 and the letter stated that the City should establish an effective system for recording and reviewing accounts payable and encumbrances to ensure that all were properly reported. Commissioner Peters asked if Ms. Smith was going to help us do that. Ms. Smith stated that she had already talked to Mr. Carver about that and she had suggested going through the minutes and keep a spread sheet. Ms. Smith added that, what had not been marked off as paid, would need to be posted and it did not have to be complicated. Mr. Carver stated that he had asked all the supervisors what he had not encumbered at the end of the year. Ms. Smith stated that there might be things that they want to encumber, but it would still need to come through the Commission if over the budget authority.

CONSIDERATION AND APPROVAL OF LETTER OF INTENT FOR CONSTRUCTION MANAGER AS CONTRACTOR SERVICES:

City Attorney Goff stated that she had not received the standard form for construction at the end of the last week, so she had emailed Mr. Kyle McCawley over the weekend. Ms. Goff commented that she did get the document today; however, it was not ready for the Commission. Ms. Goff explained that this was a bridge document. Mayor Deeds stated that this takes the rush off. Mayor Deeds asked if we would need a Special Call meeting when she felt comfortable with the contract. Ms. Goff stated that we would not have the guaranteed maximum price until mid-September, so she was fine with having the contract on the next agenda. Commissioner Peters asked if this would delay starting the pool. Ms. Goff commented that the pre-construction phase would last through September.

Ms. Goff stated that Dondlinger was very anxious to do this project and they were already ordering materials. Mayor Deeds questioned if they had added to the back end of the timeline. Public Works Director Rambat stated that they were not, to his knowledge. Ms. Goff stated that she had had a video call with Mr. McCawley and City Manager Pinkall last week. Mr. Pinkall stated that he thought it was going as well as it could be. Commissioner Siemens asked if this would still work for opening after school was out. Ms. Goff stated that they were looking at July 1st. Mr. Rambat commented that they would not make the promise of Memorial Day, because a lot of things were out of their control. With no more discussion, Commissioner Farmer made a motion to approve the Letter of Intent for Construction Manager as Contractor Services. The motion was seconded by Commissioner Siemens and carried unanimously.

CONSIDERATION AND APPROVAL OF CITY ATTORNEY AGREEMENT:

City Manager Pinkall stated that the agreement was in the packet and he recommended that the Commission approve it. Ms. Goff stated that the wording was similar to Municipal Judge Eisenhower's Contract since he was also considered an employee of the City and she had also looked at former City Attorney Ernie Richardson's contract since he had been a salaried employee of the City. Mr. Pinkall stated that it would be a positive note to have Ms. Goff here full time. With little more discussion, Commissioner Schmidt made a motion to approve the City Attorney Agreement as presented. The motion was seconded by Commissioner Farmer and carried unanimously.

CONSIDERATION AND APPROVAL OF APPOINTMENT TO PLANNING AND ZONING COMMISSION:

Building Inspector Blankenship informed the Commission that Ms. Donna Hoener-Queal had resigned from the Planning and Zoning Board two or three months ago and Mr. Steve Mills had written a letter that he would be willing to fulfill the rest of her term. Mr. Blankenship commented that the Board had recommended the approval of Mr. Mills. Mayor Deeds approved of the recommendation and the Commissioners all gave their consent.

CONSIDERATION AND APPROVAL OF RESOLUTION 081522 FOR TEMPORARY NOTES FOR POOL PROJECT:

City Attorney Goff stated that notes were a different concept than bonds because they could be privately negotiated. Mr. Steve Shogren from Stifel Nicolaus and Company reminded the Commission that they had scheduled a sale for general obligation bonds in the amount of \$6.1 million about three weeks ago; however, a pleasant development happened. Mr. Shogren stated that a generous gift pledged to pay for the pool over a four-year period and that canceled the sale and changed the plan.

Mr. Shogren stated that the City still needs financing and they were recommending the sale of temporary notes. Mr. Shogren explained that temporary notes were a full faith pledge of payment of the City for full

payment limited to four years of cash flow. Mr. Shogren stated that they were recommending private placement of the note and they had visited with the three local banks and they had not shown any reluctance. Mr. Shogren commented that they would send them a private placement memorandum and a term sheet to the banks about the 23rd with a request to respond by the last day of the month. Mr. Shogren stated that they were confident that they would produce a purchaser of the notes with a competitive interest rate for the City. Mr. Shogren commented that they had let them know that they would touch base with them and that we wanted to keep this local and that we would like to close the issue by September 21st.

Commissioner Peters asked if it would be possible to have one bank hold \$4 million and others to hold \$1 million if all three banks were interested. Mr. Shogren stated that it was and it was not. Mr. Shogren explained that there were certain rules with private placement and it was with one purchaser; however, they could after the fact. Mr. Shogren commented that it was his understanding that we prefer one purchaser and the contract would be with one bank.

Mr. Kevin Cowan with Gilmore and Bell stated that his part was simple and that he had prepared a resolution that describes what Mr. Shogren had described. Mr. Cowan commented that it authorizes Stifel, Gilmore and Bell, the City Attorney and the City Manager to do the things necessary to take the proposals back to the Commission with good sell results and recommendations. Commissioner Peters asked about the interest rate on four-year bonds or notes. Mr. Shogren stated that he had shared this with the banks and, a temporary note with an A rating with a 26 maturity, was sold at 2.6. Mr. Shogren commented that rates had popped up a little bit, but they would be under 3%.

Mayor Deeds mentioned a meeting they had had and they had come up with \$5.5 million would be what we would be financing. Mr. Shogren agreed with pre-engineering and election. Mayor Deeds stated that the resolution had \$6.1 million. Mr. Cowan stated that it should say authorized amount. Finance Director Carver asked if the issuance cost came out immediately. Mr. Carver clarified that, if we take the bond money in and pay them out, he would have to do a budget amendment or he could pay them with a different source. Mr. Shogren stated that it was not only them, but it was bond council and State Treasurer. Mr. Cowan stated that bond proceeds were exempt from budget laws. Mr. Carver asked if that included pre-engineering too. Mr. Cowan stated that it did. Mr. Carver asked about Federal exceptions. Mr. Cowan stated that it was State law exceptions. Mr. Cowan explained that, if you spend bond proceeds and it had not been budgeted during your audit, it should be recognized by your auditors.

With no more discussion, the following Resolution 081522 was presented to the Commission for their approval: **RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2022, OF THE CITY OF PRATT, KANSAS.** Commissioner Farmer made a motion to approve Resolution 081522 authorizing the offering for sale of general obligation temporary notes, series 2022 of the City of Pratt, Kansas. The motion was seconded by Commissioner Peters and carried unanimously.

UPDATE ON SALES TAX:

Finance Director Carver stated that sales tax and guest tax were up more than normal. Mr. Carver commented that alcohol tax was about the same and explained that we had received five payments for the special highway tax in 2021, which we had not received before. Mr. Carver stated that we may get that this year and we would be ahead of schedule. Mr. Carver commented that the library was making about what they had been. Mr. Carver stated that it was good to see the last several years for property taxes. Mr. Carver commented that we get paid five times a year and it was based on valuation also. Commissioner Peters stated that Tourism was bringing in some money from 2012 to 2018. Ms. Goff stated that she thought that was from the oil and wind farms crews.

OPEN AGENDA:

No one in the audience wished to address the Commission.

REPORTS:

City Manager:

- **Pool Project:**

City Manager Pinkall stated that there would be some celebrations at the end of the year at the pool. Mr. Pinkall commented that the pool would be closing on the 3rd of September and it would be a free day and the citizens could come take the last dip in the pool for free with refreshments and some fun things to do. Mr. Pinkall stated that it would be a sendoff for the old pool with pictures, documentation and compare what it was 90 years ago.

Public Works:

- **Cost Share project:**

Public Works Director Rambat stated that he had applied for a cost share grant project with the State for the alleys on Main Street and he had increased his percentage to 20% hoping that might help the chance of getting the grant. Mr. Rambat commented that the project would be behind Home Lumber and by the skating rink from Jackson up to Piteer to Highway 281. Mr. Rambat stated that the business owners were pretty excited about it and this project would be around \$300,000. Mr. Rambat stated that the deadline was September 15th.

- **10-year record high:**

Mr. Rambat stated that Water Superintendent Clay had informed him that we had pumped a 10-year record high 81.3 million gallons last month. Commissioner Peters commented that he knows that we got our water rights extended. Mr. Rambat stated that they were extended until 2026 and they would not extend them again. Mr. Rambat commented that this one 10-year high did not get us close to what we were. Mr. Rambat explained that people use water savers and were more aware of their usage. Mr. Rambat stated that we stand to lose close to a 1/3 of our water rights and there was nothing we could do about it. Mr. Rambat added that EBH was in that thought process; however, if we went crazy, we would blow our mains out of the ground, they were so old. Commissioner Schmidt asked if the water mains were hanging in there. Mr. Rambat stated that we were doing pretty well and that we had six or seven wells running at one time and that did stress the system pretty well.

Building Inspections:

- **Braum's:**

Building Inspector Blankenship stated that the Director of Real Estate for Braum's had been contacted again by email about whether or not they were going to build in Pratt. Mr. Blankenship commented that she had let him know that building costs were through the roof and to check back with them in a few months and not to give up on them.

Electric Department:

- **High usage:**

Director of Electric Utilities Huber stated that utility usage was up and there were a lot of phone calls coming in up front. Mr. Huber commented that air conditioners were not shutting off with this heat. Mr. Huber stated that people want their meters checked, but they were not bad. Mr. Huber commented that we peaked at 23 ½ megawatts a while back and that was pretty high.

- **Solar Farm:**

Commissioner Peters asked about the solar farm. Mr. Huber stated that he had complained about them not mowing and there were a couple of pins that had blown off. Mr. Huber commented that he had emailed them and cc'd Ms. Goff on it and they were out there mowing it today.

Recreation Department:

- **Gaga Ball:**

Commissioner Farmer asked Recreation Director Eisenhauer if Eagle Scout Colby Gordon had gotten approved for the gaga ball court. Mr. Eisenhauer stated that he was on the board's next agenda.

Police Department:

- **New Officer:**

Police Chief Humble stated that they have a new officer starting August 29th and he would have to go through the academy. Chief Humble commented that he will be fully staffed.

- **National Night Out:**

Chief Humble stated that police and fire would be holding a National Night Out by participating in a kick ball game against each other. Chief Huber explained that they would be holding it at the Sports Complex and there would be PHS and Skyline cheerleaders there and PCC Encore would be doing the National Anthem. Chief Humble added that there would be things for pre-school kids to do and the proceeds would go to the food bank and the teen center. Chief Humble stated that, after the game around 8:30 p.m., there would be a movie on the opposing field. Chief Humble commented that the food would be served around 5:30 p.m. with the game starting at 7:30 p.m.

- **First day of school:**

Chief Humble stated that some of the officers were at all the school on the first day of school to greet the kids.

Finance Department:

- **Budget update:**

7 – August 15, 2022 (Regular Commission meeting)

Finance Director Carver stated that he would be holding the budget hearing on the September 6th Commission meeting along with the revenue neutral rate hearing. Mr. Carver commented that the hearing notifications had to be published ten days before the hearings.

Mayor and Commission:

- **Sandy Creek lots:**

Mayor Deeds stated that he had a meeting with City Attorney Goff and City Manager Pinkall with the potential buyer of the remainder of the lots in Sandy Creek and it looked good. Mayor Deeds added that the topic of conversation was the variances.

Executive Session:

Mayor Deeds made a motion to go into executive session for non-elected personnel and to return at 6:45 p.m. The motion was seconded by Commissioner Farmer and it passed unanimously.

Mayor Deeds made a motion to return from executive session at 6:45 p.m. with nothing to report. The motion was seconded by Commissioner Schmidt and passed unanimously.

ADJOURN:

Commissioner Farmer made a motion to adjourn. The motion was seconded by Commissioner Peters and carried unanimously.

APPROVED BY THE MAYOR:

ZACH DEEDS, Mayor



ATTEST:

LUANN KRAMER, City Clerk