

MONDAY

MAY 23, 2022

The Governing Body of the City of Pratt met in Recessed 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

CALL TO ORDER:

The recessed 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.

BUSINESS:

DISCUSSION ON BALLOT REQUIREMENTS:

City Attorney Goff stated that Dondlinger had reached out to City Manager Pinkall concerning our new pool and the one they did in Newton and the cost of it. Ms. Goff commented that Public Works Director Rambat was shocked in the construction price between ours and theirs. Ms. Goff explained that theirs was smaller in scope and we did not know what to expect when we take ours out. Ms. Goff stated that it was encouraging that we could do it for less than \$6.1 million. Ms. Goff commented that we had the banner of the biggest pool in Kansas, but questioned if we wanted that or the banner of being a responsible Governing Body that built a responsible pool. Mayor Deeds commented that we could pay equally good money and be a unified front. Mayor Deeds stated that Stifel, Nicholas would sharpen the points and civic organizations would be contacted after some coaching on how to present this. Finance Director Carver asked if the square footage was that much different. Mayor Deeds also asked if six lanes worked for the swim team and Ms. Tonja Harrison. Mr. Pinkall stated that she said that it did; however, she had stated that they could not host if we had eight.

Public Works Director Rambat stated that he had contacted Mr. Kyle McCawley and there were a lot of variables. Mr. Rambat commented that Mr. McCawley had stated that Dondlinger was a good contractor. Commissioner Siemens stated that renovated concessions and restrooms could make a difference. Ms. Goff added that Mr. Kevin Cowan had informed them of the Attorney General's opinion that, if some part of the pool remained, this would be an improvement project. Commissioner Peters mentioned the supply chain problems, so we should add 15% to 20% to the costs. Mr. Rambat stated that our current pool was 100' x 200' and 500,000 gallons, but he was not sure what we were looking at for the new one. Mr. Rambat commented that they prorate the attendance to base the size of the pool and it had to be so many

people per square foot. Mr. Rambat added that we needed to be careful to fit the dollar amount; however, we also needed to fit the community as well. Commissioner Peters stated that he would rather have eight lanes and have a bigger pool. Commissioner Peters added that we should look at what the community might need in fifty years. Mr. Rambat stated that the community could grow and we could build for eight lanes and mark six and do the other two later if necessary. Mayor Deeds stated that he liked that idea. Mayor Deeds added that they did not skimp ninety years ago and we have had a really great pool.

Ms. Goff stated that Mr. Cowan had emailed her a resolution yesterday and there were three options. Ms. Goff commented that she had discussed with Mr. Cowan about matching the Stifel spreadsheet. Finance Director Carver questioned if we were taking out a bond for way more than we needed, because one sheet said that there was a projected revenue of \$1,006,712, which matches their analysis; however, \$1 million times ten is \$10 million. Ms. Goff stated that answer was yes and there would be more than a million in the maintenance fund. Ms. Goff added that the ½ cent for ten years included the maintenance fund language. Commissioner Schmidt asked if 90% could be used for other things if we included it in the language. Ms. Goff stated that we were dealing with two different entities, bond counsel creating documents and the financial advisors. Ms. Goff stated that this would best meet our needs, which was having money for the pool and reserves to free up other money to use in other areas. Commissioner Schmidt stated that he liked the idea of being able to use it for other things such as a water project. Mayor Deeds agreed and stated that Mr. Shogren had stated that we go with General Obligation bonds for that reason. Mayor Deeds commented that this picks a single purpose. Commissioner Schmidt commented that there was a built-in cushion and the project could be paid off in less than the ten years and then you had money for other things without having to have another bond issue. Finance Director Carver stated that this did not specify GO bonds. Ms. Goff stated that this was why we had bond counsel. Commissioner Schmidt stated that 10% could be used for maintenance.

Ms. Goff stated that this spreadsheet was 4% and the initial one was for 3.75%. Ms. Goff reminded the Commission that we did not know what the interest rate would be the day we issue the bonds. Ms. Goff got Mr. Bret and Mr. Steve Shogren on the phone to answer some questions that the Commissioners had. Commissioner Schmidt stated that the interest rate went from 3.75% to 4% and he asked if there was a reason for that. Mr. Steve Shogren stated that it was a time factor. Mr. Shogren commented that he sensed from the meeting that the Commissioners wanted to wait until the vote in August to market the bonds; therefore, he had padded this a little bit. Mr. Shogren stated that he thought it would still work at 5% and the Feds were talking about bumping up rates with inflation, so they wanted to be conservative. Mr. Bret Shogren added that the interest rates were locked in when the bonds were marketed. Mr. Steve Shogren commented that 4% works well and it would be even better if they were lower. Ms. Goff commented that, bonds being marketed July 15th vs August 15th, would be the difference in interest rates. Mr. Steve Shogren stated that we were living in uncharted waters today and he had not experienced this type of inflation in forty years. Mr. Shogren commented that they had raised the rates a couple of times already and they would probably raise another two or three times before year end. Mr. Shogren added that the difference between marketing in July vs September could be 1%. Mr. Shogren stated that the plan still works with ½% and paying it off in nine years. Mr. Shogren commented that the deal works better with earlier marketing, but he understood the reluctance of the Commission not knowing if the sales tax proposal was going to be accepted.

Mayor Deeds asked what happens if it did not pass in August and why would we wait until August 2nd to market. Mr. Shogren stated that the City of Eureka committed to a GO bond project and by default a property tax levy. Mr. Shogren commented that the sales tax was much more affordable. Mr. Shogren stated that they would love to do this and make it easier to get the public knowledgeable with the offset of the grocery reduction sales tax. Mr. Shogren stated that they thought, as advisors, it made more sense to issue bonds as soon as possible to lock in rates. Mr. Shogren added that there was no chance to minimal chance that interest rates would go lower in the fall, so it might require a mill levy. Mr. Shogren stated

that, if the outcome would be negative in August, the City could come back in November with another vote on sales tax. Mr. Bret Shogren stated that, if the City was committed to the ten year buy in, you could go with ¼% sales tax and do a small mill levy to fill in the gap. Ms. Goff stated that the proposed language in the resolution did not say designated or general obligation, but it did say for the purpose of imposing a ½% City-wide sales tax for swimming pool facility purposes and providing for the giving of notice of said special question election. Ms. Goff commented that the proposed resolution reads as follows: ‘would be used to pay swimming pool improvement costs and swimming pool facility operation and maintenance costs, including debt service on bonds issued for swimming pool improvements, with collection of such sales tax to commence January 1, 2023’. Ms. Goff stated that it did not say designated or general obligation bonds, so the City’s concern was that it would be considered a designated sales tax. Mr. Shogren stated that that was not his opinion and designated means just that. Mr. Shogren explained that all the sales tax would be designated for debt service payment and use some for maintenance and operations, if listed. Mr. Shogren added that general sales tax would be where you could use part of that to go into the reserve maintenance fund. Ms. Goff asked whether the excess could be used to pay any other things. Mr. Shogren stated that you had to pay the debt service first and 10% goes to maintenance and the residual would be used to call in the bonds early. Mr. Shogren commented that he was not adamant about that and there were opportunities for other projects and Mr. Cowan proposed sales tax to sunset at ten years. Mr. Shogren added that he felt there would be residuals on top of the maintenance reserve. Mr. Shogren stated that it was important to express to Mr. Cowan whether you wanted residuals on top of the maintenance reserve. Mr. Shogren stated that his original thought was to have the sales tax sunset, which the community would be more comfortable with, and there was no reason to wait to issue the bonds. Mayor Deeds asked what the advantage was to wait until August 2nd. Mr. Carver stated that it was the comfort level.

Commissioner Schmidt commented that the resolution passed at the last meeting was capped at \$6.1 million. Ms. Goff stated that that was correct, but you could not issue more bonds than that. Ms. Goff commented that the current spreadsheet had \$6.3 million. Mr. Steve Shogren explained that the lefthand side of the spreadsheet had \$6.1 million and \$200,000 in premiums under today’s market conditions. Mr. Shogren reminded the Commission that those estimates were based on experience and he felt this was conservative. Ms. Goff clarified that we would issue the bonds for \$6.1 million and the \$208,000 was extra received for premium of the sales. Mr. Shogren stated that that was right.

Mayor Deeds commented that it comes down to the City needing to make it clear to pass this sales tax. Mayor Deeds stated that we had four choices and they were no pool, accept the ½% sales tax, put back on the ballot for the ¼% or not pass any of these at an election and it goes on property tax. Ms. Goff agreed that we needed to get on a marketing campaign immediately. Ms. Goff asked if Mr. Shogren was available to supply documentation for that. Mr. Shogren stated that they could start putting together information to share with the public in a week or two. Mayor Deeds asked if they would coach the Commission so that they said the correct thing. Mr. Shogren stated that they would.

Ms. Goff questioned if the resolution was for general purposes, because that was not what the language said. Mr. Shogren stated that that was a question for Mr. Cowan. Ms. Goff stated that she had a call in to him already. Commissioner Peters stated that he saw no reason to not issue the bonds as soon as possible. Ms. Goff stated that there had to be an ordinance for that and she would have that on the first meeting in June. When Mr. Cowan returned Ms. Goff’s call, she asked him if the resolution was for general obligation or if it had to be specific. Mr. Cowan stated that it was considered general and that would generally allow you to go more than the ten-year sunset. Mr. Cowan commented that this would allow the use for paying for the project and excess dollars to pay for operation and maintenance. Ms. Goff asked if the residuals could be used for other projects other than maintenance and operation, for example a water project. Mr. Cowan stated that it could not be, because of the way it was drafted; however, he could make a change to it. Ms. Goff questioned if we could sell it to the voters and go the ten years. Mr. Cowan stated that you might be able to if the language was changed to include

maintenance and operation and other infrastructure. Mayor Deeds commented that we would be freeing up money by include maintenance and operation to the resolution. Mr. Rambat stated that that was correct. Commissioner Schmidt asked about including infrastructure. Mr. Cowan commented that, the benefit of maintenance and operations with this source, was that there would be funds available that you might not otherwise have.

CONSIDERATION AND APPROVAL OF RES. 052322 CALLING FOR A SPECIAL QUESTIONS ELECTION:

Mayor Deeds asked if this was how it would appear on the ballot. Ms. Goff stated that it would include what was in Exhibit A. The following Resolution 052322 was then presented to the Commission for their approval: **A RESOLUTION AUTHORIZING AND PROVIDING FOR THE CALLING OF A SPECIAL QUESTION ELECTION IN THE CITY OF PRATT, KANSAS, FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY THE QUESTION OF IMPOSING A ONE-HALF PERCENT (0.50%) CITY-WIDE SALES TAX FOR SWIMMING POOL FACILITY PURPOSES; AND PROVIDING FOR THE GIVING OF NOTICE OF SAID SPECIAL QUESTION ELECTION.** Commissioner Farmer made a motion to approve Resolution 052322 authorizing and providing for the calling of a special question election in the City of Pratt, Kansas, for the purpose of submitting to the qualified electors of the city the question of imposing a one-half percent (0.50%) city-wide sales tax for swimming pool facility purposes; and providing for the giving of notice of said special question election. The motion was seconded by Commissioner Siemens and carried unanimously.

CONTINUED DISCUSSION ON HEALTH INSURANCE:

City Manager Pinkall stated that he had been trying to work through the insurance issues and had talked to the Blue Cross representative Ms. Michelle Vakulenko. Mr. Pinkall commented that she would be here on June 16th or 17th to give us our renewal information and she had told him that we were at a 58% loss ratio, which was below what they had expected. Mr. Pinkall added that we should probably be at 80% range at the end of our plan year. Commissioner Peters questioned, if we go with a broker, if that would eliminate them picking up where we were now. Mr. Pinkall stated that it did not. City Attorney Goff stated that she had also visited with Ms. Vakulenko and she had explained that we were a direct client of Blue Cross and they would continue to work with us; however, any commission to a broker was going to be extra on the City and in addition to our premium. Ms. Goff added that they give us the best price with or without a broker.

Commissioner Peters stated that he did not care if we went with a broker; however, he felt we needed to check other options with the same coverage that we have now with that kind of bill each month. Commissioner Peters commented that, if a broker did or could not get the same coverage as now, we would not do that. Commissioner Peters added that a broker's thing was to go out for bids. Ms. Goff stated that she had not reached out to Ms. Brenda Johnston or Mr. Mike Minton, because she was not sure where we were going to go.

Ms. Goff stated that one concern of the City Clerk's was that of the bidding policy and she knew of two other firms that wanted to bid on the broker contract. Commissioner Schmidt questioned, if we went with a broker and we were already satisfied with the contract for the employees, why we would not just stay with Blue Cross and try to negotiate a better price ourselves. Mayor Deeds commented that there were two perspectives and one was the broker and the other staying with BC/BS and them saying we were getting a better renewal. Commissioner Siemens commented that she was in favor of searching beyond Blue Cross Blue Shield as long as the companies had the same coverage as we have now. Mr. Pinkall explained that we were grandfathered in with a \$500/\$1000 deductible and we would not get that back if

we left BC/BS. Commissioner Siemens asked if the employees like what they had now. Mr. Pinkall stated that it was very good insurance.

Mayor Deeds stated that this had been a healthy exercise and the Commission owed it to the voters to pay the lowest rate to achieve that. Mayor Deeds commented that this would come through Mr. Pinkall and, before budget, he should be able to get with department heads so that a well-informed decision could be made. Mr. Pinkall stated that it would be his #1 priority to let them hear that information. Mayor Deeds commented that insurance was \$1.6 million of our budget and they needed to have a good pulse on what was going on. Commissioner Peters stated that he was okay with staying with Blue Cross Blue Shield if that was what the majority wanted to do. Commissioner Siemens stated that she wanted the coverage to be as good and pleasing as it was; however, if we could do that for less money, they needed to be aware of that and do some searching.

OPEN DISCUSSION:

- **Earthquake insurance:**

Commissioner Schmidt asked Mr. Pinkall about earthquake insurance. Mr. Pinkall stated that Mr. Rich Sanders from Strong's Insurance stated that EMC would cover sub-stations, electric generation and structures themselves for \$6,000 a year. Mr. Pinkall added that water and sewer lines were also covered. Commissioner Schmidt stated that there was probably a high deductible, but that was not bad for all the property we had.

Health Insurance cont.:

Commissioner Peters commented that he was okay whether we went with a broker or not; however, we should stay local if we did go with one. Mr. Pinkall stated that he would work with Ms. Vakulenko. Mayor Deeds commented that it was business as usual and they had expectations that Mr. Pinkall would stay on it and fill them in as necessary. Commissioner Peters commented that Mr. Pinkall should call Mr. Minton and Ms. Johnston about this decision.

ADJOURN:

Commissioner Siemens made a motion to adjourn. The motion was seconded by Commissioner Schmidt and carried unanimously.

APPROVED BY THE MAYOR:

ZACH DEEDS, Mayor



ATTEST:

6 – May 23, 2022 (Recessed Commission meeting)

LUANN KRAMER, City Clerk