

MANAGERS REPORT



DATE: February 4, 2022
TO: Mayor Benage and City Council
FROM: Ty Lasher, City Manager
RE: February 8, 2022 Workshop

CCUA Bel Aire Debt Service (Item I A):

As half owner in the Chisolm Creek Utility Authority (CCUA), Bel Aire is responsible for half the debt issued for both water and sewer treatment operations. Ted knows how much Bel Aire pays each year for debt service and whether it is for water or sewer. That is the extent of our history. When interest rates drop, the CCUA board has taken advantage of the low rates for refinancing. Bonds then get lumped together and we quickly lose sight of original dollar amounts and for what projects. The CCUA financial advisor, Greg Vahrenberg, will be at the meeting to go over all debt issued, Bel Aire's share, and create a much clearer vision of what Bel Aire must pay. He would also be a great person to answer CCUA bonding and debt questions.

2021 Year End Report (Item II A):

The books for 2021 have been closed and Ted knows the exact figures for expenditures, revenues, and fund balances. Due to all the growth and increased property values, we had another great year. The 2022 budget has been approved and we are operating under those expenditure and revenue numbers. It is important we maintain the budgeted reserve, or carryover, for 2022 as that figures into the overall budget.

Proposed 2022 Capital Improvement Dollars (Item II B):

The 2022 budget contains funds for capital improvements. In addition, the increased carryover numbers above the budgeted fund balances are available to be spent. Ted has calculated his recommendations for the amount of dollars available for 2022 capital expenditures.

Staffing (Item II C):

As you know, Bel Aire operates with limited staffing. Council appreciates the efficiency in payroll and our goals are to provide premium service. Due to our increased growth, we have lost our effectiveness due to staffing efficiencies. Primarily in the Planning and Zoning functions. There

is no question these are extremely important functions to growth and ones we cannot afford to fail.

Bel Aire employs 20% less staff than other cities our size in the metro. These include Park City and Valley Center who have similar population numbers. Currently, our Planning and Zoning functions are divided between Keith, Anne and Jaci. All are extremely busy with the other responsibilities. Management by committee really doesn't work and we have dropped the ball on several occasions. This has caused some frustrations with builders, developers, and engineers. If we want to continue our fast-paced growth, we can't fail in this arena. Keith and Anne have tracked their hours versus responsibilities. Anne needs an extra 29 hours per week while Keith needs another 24 hours per week to complete all their assigned tasks at peak level as well as other projects that take a back seat. These other major projects include updating our zoning codes, review and revise our Comprehensive Master Growth Plan, communicating with the public on growth and construction, completing our software upgrades for zoning and codes, backup for Mari and Keith, and a number of smaller tasks.

For these reasons, I am recommending the addition of a Community Development position to our pay plan. This position, I am estimating, will cost the city around \$90,000 annually with salary and benefits. This position is not easy to fill and requires a certain level of knowledge in planning and zoning. Keep in mind, the fees we collect from new growth average \$850,000 annually. This is a key role to our growth, developer friendly environment and one that is vital to the city. Ted is recommending the use of reserves and increased valuations to fund this position as it is key to those dollars. The only action Council must compete is update the pay plan to include the position which is included in your packet.

Without this position, my fear is Anne will begin looking for a job with less stress and responsibilities that evolves only around engineering. We will continue to see frustrations mount with developers, engineers and builders causing them to look elsewhere for development. Our goal is to be responsive, effective, and open to our citizens. We are failing to meet these goals and this position will set us up for greater success moving forward.

Grants (Item III B):

We are seeing a number of grant opportunities coming out of the federal stimulus packages. Some come directly through the feds while others are funneled through the state or WAMPO. As with most grants, there is a required 25% - 50% local match. What I would like you to consider is if you want staff to pursue such grants and understand there will be financial impacts to the city's current and future budgets. With all the projects, we

can bond out our portion and pay overtime. However, that is a commitment to fund additional debt service dollars each year. This is the reason Ted and I like to see our reserves at an amount closer to 50%. We have the flexibility to add a \$50,000 or \$100,000 bond payment to the budget without requiring a knee-jerk tax increase or substantial budget cuts. Below is a grant we would have a good chance to receive.

BASE GRANT:

Funding comes from the State Fiscal Recovery Funds program

- Max \$25M grant award
 - They will look at large grant awards and smaller awards
 - Want the program to have statewide impact

Designed to support infrastructure development with the goal of expanding business in Kansas

BASE is a matching grant program

- Minimum 25% match from partner source – private funding, local, etc.
- No more than three applications may be submitted by any eligible entity

Approved projects must start within 6 months of grant award and must be complete within 2 years

Application process opened January 31st, closes at 11:59pm on February 28th

- Justification for funds is critical
 - Other funding sources
 - Why project is so important
 - Financial status of project
 - 10 photos of project site
 - 1-3 letters of recommendation (capped at 3)
 - Need W-9
 - Signed anti-sexual harassment policy
- Eligible use of funds
 - Development of infrastructure required to support business expansions
 - Renovation of existing business parks to bring them up to modern standards
 - Development of infrastructure such as railroad spurs, water, wastewater, stormwater and other utilities
 - Driveway aprons
 - Business park signage

- Parking facilities directly associated with business attraction projects
- Speculative industrial office and residential space
- Development of infrastructure related to cybersecurity investments
- Other projects that achieve the goal of expanding the state's base of businesses and residents

I think we can tell a good story on the need to create large track industrial lots that are shovel ready and even have rail access. These infrastructure improvements are key to development and have a huge impact on future growth. However, my initial estimate is around \$4 million meaning \$1 million from Bel Aire. There is no doubt leveraging \$1 million to get a \$4 million return is a good investment. However, this requires the City to add \$50,000 in debt service annually to the water and sewer funds. Again, those reserves can handle this extra cost and we could set up a district to help cover the cost once development starts. WAMPO will most likely be getting additional funds so would like to look at more street, sidewalk, and walking path projects. Again, we will need to commit local match funds, but these will require general fund dollars. Staff is requesting your input and commitment to local match dollars before we spend a lot of time applying for grants.