

Hillsboro, Kansas  
June 15, 2021

1. The City Council met in regular session via Zoom and in person, on Tuesday, June 15, 2021 at 4:00pm with Mayor Lou Thurston and Council members Brent Driggers, Byron McCarty, David Loewen and Renee Gehring participating.

2. **Others Participating:** Kimberlyn Gilchrist, City Attorney; Carl Miller, Marion County Appraiser; Brent Unruh, Marion County Fair Association Board; Alex Johnson, Adams Brown; Matt Stiles, City Administrator; Danielle Bartel, City Clerk; and Rod Funk.

3. **CALL TO ORDER:** Mayor Lou Thurston called the meeting to order at 4:00pm.

4. **MINUTES:** Motion was made to approve the minutes of the 6/1/2021 regular meeting as submitted. Motion carried unanimously.

5. **VOUCHERS:** Motion was made by Council member McCarty and seconded by Council member Driggers to approve vouchers in the amount of \$94,770.50. Council member Gehring abstained because Elcon Services invoice was included in the vouchers. Motion approved.

6. **PUBLIC COMMENTS:** Carl Miller of the Marion County Appraiser's office shared that every six years the state requires inspections which includes remeasuring and taking photos. Properties in Hillsboro were last completed in 2015. Inspections will start on Monday and may take two months to complete. Appraisers will wear work vests and a county ID.

Brent Unruh representing the Marion County Fair Association (MCFA) Board shared that they would like to have a beer garden during the BBQ competition to be held on Saturday, July 24, just north of the arena. To have a controlled environment, the board will rope off the entire area. The MCFA Board was approved at a prior Council meeting to sell beverages within the arena. MCFA board requested approval from City Council to sell beer on the Fairgrounds in perpetuity. The Fairgrounds property is located west of Memorial Field to Floral Drive and from D Street to the arena. Council member McCarty motioned to approve the request, Council member Gehring seconded. Motion carried unanimously.

7. **PRESENTATION OF THE 2020 FISCAL YEAR AUDIT:** Alex Johnson of Adams Brown reviewed the audit, including the management letter, governance letter and audit report. The management letter highlighted segregation of duties which is the same as previous years due to the small number of employees. Alex suggested to continue segregating as much as possible. The governance letter noted all staff were great to work with and they had no disagreements. Alex noted both recommendations suggested by the auditors have been implemented. Adams Brown mentioned several cities are considering debt refinancing because of the low interest rates over the last year. Administrator Stiles responded that the City's financial consultant is reviewing loans to see if there are any other options at this time.

## 8. BUSINESS

### 2021 COLA

The Cost of Living Adjustment of 2% was delayed in January 2021 and is scheduled to take effect on July 1, 2021. Administrator Stiles pointed out there are a lot of new employees since April. He recommended implementing a cost of living adjustment of 2% for all full-time, non-seasonal employees effective payroll starting June 27. Mayor Thurston noted the economy is experiencing inflation and he supports the request. Council member McCarty motioned to approve the recommendation, Council member Loewen seconded. Motion carried unanimously.

### 2022 BUDGET

**Background:** The 2022 tax levy funds are drafted; the utility funds are being finalized. At this point it appears the city will exceed the Revenue Neutral Rate (RNR) in the new state law due to the increase in assessed valuation.

Assessed valuation increased 4.2% from 18,234,788 in 2021 to 18,999,989 in 2022. The proposed mill levy for 2022 is 43.437, a slight reduction from the 43.543 in 2021. It's important to note that the approved budget for 2021 had a mill levy of 46.279. It was reduced to the current rate because the assessed valuation estimate was off by 1,078,882 from the final abstract. The RNR calculation from the County Clerk's Office is 40.886 mills.

Included in the proposal is a 2% COLA Adjustment for employees in 2022. The open positions that we currently have in Administration and Electric were kept in the budget in case they need to be filled. There is an additional \$31,000 in the General Fund designated for city improvement projects. This a designation for projects like the ones suggested by the high school government class, though it could be for any improvement project.

**Financial Impact:** The city's portion of the property taxes paid by the average home owner (\$88,700), would decrease from \$444.16 to \$443.08. There will need to be utility adjustments, specifically in the water department in 2022, however that rate has not be determined yet.

If the city council were to continue with the proposed mill levy, we would need to notify the County Clerk on or before July 15 about the intention to exceed the revenue neutral rate, the proposed tax rate, and the date, time, and location of the public hearing to be held. The hearing must occur between August 10 and September 10.

Council members discussed the importance of keeping the mill levy fairly the same, which exceeds revenue neutral. Motion by Council member Driggers to move forward with this budget, recognizing it goes above the Revenue Neutral Rate. Council member McCarty seconded. Motion carried unanimously.

Council member McCarty motioned, and Council member Loewen seconded, to set the Budget Hearing and Revenue Neutral Hearing for Tuesday, August 17. Motion carried unanimously.

Council member Driggers motioned for the City Council to recess into Executive Session for the purpose of discussing personnel matters of non-elected personnel pursuant to KSA 75-4319(b)(1) for a period of 30 minutes. The regular session will resume at 5:26pm. Council member Gehring seconded. Motion carried unanimously. The council meeting resumed at 5:25pm. No action was taken during the executive session.

**9. BOARD APPOINTMENTS:** None.

**10. CITY ADMINISTRATOR'S REPORT:** City Administrator Stiles reported on the following:

**ARPA Funds:** The city received notification of the final award amount of the America Rescue Plan Act (ARPA). The City will receive \$427,205.80 in two equal installments. The first will come later this summer and the second approximately a year after that. Funds have to be spent by the end of 2024. Restrictions are still as we have talked about previously.

**Adams Brown:** the packet includes a letter from Adams Brown, the city's auditing firm. The office they have maintained on Main Street will be closing on June 30, 2021. Impact to the pandemic and the transition to remote working are the primary reasons for the move.

**Airport Credit Cards:** As reported a few months ago, the fuel pump credit card machine at the airport has been out of order off and on for several months. We had to replace the old head last year and then we had a lighting strike earlier this year that fried some of the components. There were also issues with the credit card processor. Components have been replaced in the board and everything appears to be working now.

**Sewer Mower:** The mower that the sewer department has been using for mowing the lagoons and old plant was due for replacement, having continued mechanical issues and extending the time needed to mow. We opted to replace it with a mower from 25 Outdoor Power on Ash. The original plan was to trade the old Hustler as part of the transaction putting the cost below \$8,500. However, before the transaction could be completed the Hustler had another mechanical failure. The street department took on the job of repairing it and will be holding on to it for the time being to evaluate it.

**Fiber Project:** The project continues to move forward despite weather delays. More areas of town are going to be turned on in the next few weeks. The target date of July completion for the install appears to be on target.

**Vacation:** Administrator Stiles will be on some vacation days on Wednesday, June 16 to Friday June 18. He will only be checking email periodically.

**11. COUNCIL COMMENTS:** Lou will attend the APP convention in Orlando as part of the KPP board.

**12. ADJOURNMENT:** Council meeting adjourned at 5:31pm.

ATTEST:

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LOUIS THURSTON, MAYOR

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DANIELLE BARTEL, CITY CLERK