



City of Lawrence

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CITY COMMISSION

MAYOR
MIKE AMYX

COMMISSIONERS
ARON E. CROMWELL
LANCE M. JOHNSON
MICHAEL DEVER
ROBERT CHESTNUT

February 15, 2011

The Board of Commissioners of the City of Lawrence met in regular session at 6:35 p.m., in the City Commission Chambers in City Hall with Mayor Amyx presiding and members Chestnut, Cromwell, Dever, and Johnson present.

A. PROCLAMATIONS/RECOGNITIONS

1. None.

B. CONSENT AGENDA

It was moved by Chestnut, seconded by Cromwell, to approve the consent agenda. Motion carried unanimously.

1. Approved City Commission meeting minutes from 01/11/11 and 01/18/11.
2. Received minutes from various boards and commissions:

Board of Zoning Appeals meeting of 01/06/11
Sustainability Advisory Board meeting of 01/12/11
3. Approved payroll for 01/30/11-02/12/11 in the amount of \$1,830,948.67, and claims to 208 vendors in the amount of \$2,470,145.20.
4. Approved licenses as recommended by the City Clerk's Office.

Cereal Malt Beverage Off Premises License to Hird Retail Liquor, 601 Kasold Drive.
5. Approved appoints as recommended by the Mayor

Contractor Licensing Board:

Appoint Greg Rau (749.5090) to a position that expires 12/31/14.

Lawrence Cultural Arts Commission:

Reappoint Jane Pennington (843.2852) to a position that expires 01/31/14.

Public Incentive Review Committee:



Reappoint Cindy Yulich (749.0800) to a position that expires 01/31/14.

6. Bid and purchase items:

- a) Waived bidding requirements and approve extension of the Intellution Software Maintenance to GE Fanuc Intelligent Platforms, Inc., for \$37,561.99 for the period of March 1, 2011 – March 1, 2012.
- b) Approved the purchase of a street sweeper from Allianz Sweeper Company in the amount of \$227,950 and a skid steer compact loader in the amount of \$37,516 from Bobcat through the HGAC cooperative bid for the Public Works Department.
- c) Approved sale of surplus equipment on Gov Deals.
- d) Awarded bid for unit price of HVAC work for the Parks and Recreation Department to McElroy's, not to exceed \$40,000.

7. Adopted the following ordinance(s) on first reading:

- a) Ordinance No. 8613, establishing NO PARKING along the north side of 27th Street between Kensington Road and Mayfair Drive.

8. Adopted the following ordinance(s) on second and final reading:

- a) Ordinance No. 8610, for the Rezoning (Z-11-15-10) of approximately .36 acres from RS5 (Single-Dwelling Residential) to RSO (Single-Dwelling Residential-Office), located at 1701 Massachusetts Street. (PC Item 3; approved 10-0 on 1/24/11)
- b) Ordinance No. 8611, for the Rezoning (Z-12-18-10) of approximately .6 acres from IG (General Industrial) to RS7 (Single-Dwelling Residential), located at 315 Perry Street, 309 Perry Street and 528 N. 3rd Street. *Initiated by Planning Commission on 12/13/10.* (PC Item 5; approved 10-0 on 1/24/11)

9. Authorized the City Manager to execute a Second Amendment to Agreement with T-Mobile for the City of Lawrence property at 1815 Stratford Road.

10. Receive fourth quarter report and annual report for the Bert Nash Outreach Program.

C. CITY MANAGER'S REPORT:

David Corliss, City Manager, presented the City Manager's Report. Corliss and the City Commissioners recognized John Miller and thanked him for his service to the community in the Legal Department.

D. REGULAR AGENDA ITEMS:

1. **Receive public comment, direct staff concerning a task force for solid waste/recycling issues, and consider adopting Resolution No. 6918, establishing a Solid Waste Task Force.**

David Corliss, City Manager, introduced the item. He said the Solid Waste fund ended up in good shape last year by controlling expenditures. He said radios would be a big item in the future. He said containerization and facility needs would also be significant. He said a resolution was drafted that would create a task force for solid waste services. To be part of the 2012 budget process it was important to get the task force working now. Glass recycling was another item the task force could look at.

Chestnut said for 2010 the City broke even. He said solid waste tonnage was declining, which was probably economically driven. He asked if the status quo would sustain itself.

Corliss said it would be challenging. The City would remain in the black with a couple of unknowns including gas prices and metal prices. Some years the cost fluctuations could be absorbed and other times it would be more challenging. He said the Commission needed to tell staff how and if the City would move toward automation and mandated containerization. Long term he thought the City could do it, but needed to ask if the City needed additional partners, particularly in recycling. He said he was hedging, but he was comfortable with 2011 and 2012. If gas prices went to \$4/gallon that would be a huge issue.

Cromwell asked about tipping fees

Corliss said tipping fees had gone up 30% in 2011 and in 2012 it would be 3.5%. It would be a challenge to absorb the cost without passing it on to the customers.

Cromwell wanted it to be clear that with fuel and healthcare costs there would be tremendous challenges.

Dever asked about the projected 2011 expenditures vs the 2011 budgeted expenditures.

Corliss said an ending fund balance of 22% was projected.

Mayor Amyx said staff or vehicles were not added in 4 years. He said with the City's current staff and equipment, he asked if the City could take on any growth in the community.

Corliss said there were slightly fewer than 30,000 accounts. Staff had actually decreased in the previous years. The City had the ability to scale up if growth required it.

Amyx asked whether the revenue from new accounts would pay for the service.

Corliss said that revenue had to be looked at on an annual basis.

Mayor Amyx called for public comment.

Jim Mullins said he sent the Commission a paper on privatization a few weeks ago, and a document called 8 Myths of Recycling. He said it was a right time to have a task force but it needed input from citizens not just staff. He said he read the reports and thought tough questions needed to be asked and any and all options should be considered. He didn't know what solution would be best but wanted the city to look at all options. He said to put people on the task force that were going to look at private entities and what was possible.

Daniel Poull said he supported a task force and he hoped the goal included recycling and whether that would be a City function or not was unknown, but he was hopeful that goal would happen.

Michael Almon said he wanted to address relative costs and fairness. He said today was his day for trash pickup and he had no trash to go out. He handled a lot of his own waste streams though composting and recycling. Other people threw out huge piles of trash on a weekly basis and his rate increase was subsidizing their convenience. He said the system could be built more effectively such as a volume based fee structure. Regarding privatization, they would have all the same costs as the City except they also had a profit margin which would be a rate increase. He said with privatization costs generally went up and service went down.

Matt Lehrman said he supported the task force and the task force should have a broad range of stakeholders and citizens. He said the Sustainability Advisory Board wanted “pay as you throw” to be considered.

Mayor Amyx said he had a little bit of a concern about the May 15 date being unrealistic. It would take some time to come up with a good product. He also liked the idea of “pay as you throw.”

Chestnut said the composition of the task force was important and the members needed to be made up of people with a good grasp of the issues. He suggested including Michael Eglinski, City Auditor, on the task force. He said if there was some ebb and flow of deficit for a year or two to look at this he thought he was comfortable with that because it was a big issue and a lot of different stakeholders to be involved. He said it needed to be an outside look in at the service. He thought May 15 would not be enough time; it would take 6-12 months at least and it would come back to the Commission multiple times. He said the City Commission did not need to make rash decisions.

Johnson said he agreed and the City Commission should take the time and get it right.

Dever said it was a long term investment. He said the timeline was aggressive. He said the City made adjustments to save money several years ago so there was a buffer now. He said he was in favor of a task force, having clear definitions, giving serious consideration to “pay as you throw”, and having the results in a format that could compare the City’s costs and operations to the private sector. He said the City Commission needed to talk about whether a consultant was needed.

Mayor Amyx said it was too early in the process to consider a consultant.

Cromwell said the solid waste issues would not be resolved soon. In a few months the pertinent issues might be identified and then those issues could be analyzed. He said KU needed to be a partner in this issue because of the amount of waste the university and the

students generated. He said including Michael Eglinski was not a bad idea. He also suggested including the Sustainability Advisory Board. This was an opportunity to see how things could look in the future. Taking a look at the glass recycling request would be good for the task force. A realistic time line might be 12 months with periodic reports to the City Commission.

Mayor Amyx asked about the number of people.

Corliss said a range, such as 7 to 11, could be included.

Cromwell said that sounded good.

Mayor Amyx said to add the city auditor to section 3 of the resolution.

Corliss said sometimes the auditor might be reluctant to be part of policy making, but the City Commission could decide.

Mayor Amyx said the auditor could be included if he thought it was appropriate.

Mayor Amyx said the City had a great Solid Waste Division. Even when he had a hard time getting around in the snow, his trash was picked up. He wanted to be supportive of the current solid waste department's employees and those employees did great work in all kinds of conditions.

Corliss said he understood that the Commission would adopt the resolution with a 12 month deadline with periodic reports back to the City Commission as appropriate; include the auditor in section 3; and include 7-11 task force members.

Mayor Amyx said he wanted the task force appointed in two weeks.

It was moved by Cromwell, seconded by Dever, to adopt Resolution No. 6918, establishing a Solid Waste Task Force, with amendments as outlined by the City Manager. Motion carried unanimously.

2. **Receive additional information related to a request from the Airport Advisory Board to construct new T-Hangers.**

Charles Soules, Public Works Director, introduced the item.

Corliss and the City Commissioners thanked Roger Zalneraitis for his service to the community.

Zalneraitis presented the staff report.

Chestnut asked what assumptions were made about the incremental costs for the maintenance of the new hangers.

Zalneraitis showed that it increased over time.

Chestnut said a \$65,000 subsidy was needed. Was the additional property tax generated included?

Zalneraitis said yes, currently 28 hangers generate about \$2,800. He said he expected about \$2,000 for the new hangers. He also said about half the fuel purchases would be made at the Lawrence airport.

Chestnut said fuel costs were lower at surrounding airports.

Dever asked whether staff asked the people on the waiting list about the tax status of their airplanes.

Zalneraitis said no.

Dever said that could be important to know.

Cromwell asked what other benefits, to the City of Lawrence, that were not on the spreadsheet, could come from the addition of the T-hangers.

Mayor Amyx said people present could address that question.

Mayor Amyx called for public comment.

Richard Haig, Chairman of Airport Advisory Board, said Zalneraitis had been a lot of help regarding this issue. The airport's economic impact was huge. It had a \$10.7 million impact on the community. He said not only flowage fees but also sales taxes, restaurant dollars, hotel rooms were booked. Under FAA guidance some revenues had to go back into the airport. He said down the road rental rates would contribute to the costs of maintenance on the airport. He

said activity needed to be promoted at the airport. Almost every airport in the region had a waiting list and there was a shortage of hanger space. He said their airport had a long runway but it would not hurt to add additional length. The board requested that more hangers be added. There were often requests from businesses that needed easy access to their airplanes and Lawrence could not accommodate that access without more hangers.

Mayor Amyx asked whether occupancy would be higher than 80%.

Haig said yes.

Chestnut asked if there was so high a demand for hangers why weren't the rates high enough to pay for the debt service.

Haig said many hangers were built a long time ago, and some with higher rates were larger. He said private industry didn't usually build the hangers because of the tax advantages of the municipalities. He said municipalities were a little slow in developing their airports.

Amyx asked about the City's competition.

Haig said the airport's biggest competition would be Leavenworth, which was currently undeveloped. He said some of the hangers at other airports were run differently than Lawrence's airport.

Amyx said he struggled with the idea of a \$65,000 subsidy and asked if something was missing to lower that cost.

Haig said it would be things like people moving to Lawrence and spend money elsewhere, which were hard to quantify.

Mayor Amyx asked if the additional spin off revenues might come close to making up that difference.

Haig said he couldn't give numbers to quantify that but businesses would move to Lawrence. Most of the aircraft were business owned.

Chestnut asked what "other hanger revenues" were and said the actual cost was higher because the City already used that revenue.

Zalneraitis said yes.

Cromwell said basic supply and demand said the rent was too low, and that could change the subsidy needed.

Chestnut said that to get to that break even point, current revenue was added. He said adding that revenue to the equation and the subsidy number was closer to \$100,000, and only needed to look at what was incremental to this project.

Dever asked what other hanger revenues could be used for.

Soules said it had to be used for something airport related. It could be used to defer costs at the airport such as maintenance.

Chestnut said using the other hanger revenues in the analysis for the cost of the new hangers meant that the operations of the airport had to be subsidized in that amount.

Corliss said that there was a stream of revenue from the hangers now. That paid the debt on the existing hangers and the general fund which paid the costs for running the airport. What has been proposed was that the revenue from the hangers pay for the new hangers rather than going to the general fund. That would require additional general fund revenue.

Haig asked whether equity went into the equation since the hangers ended up in the City's possession.

Corliss said improvements were made to other parts of the community and the city did not necessarily look to see if those improvements pay for themselves. It was difficult to know how far to extend that analysis.

Chestnut said what happened was that \$150,000 would be paid for in bond and interest and essentially minus the \$60,000 revenue resulted in a 1/8 mill increase in the bond and interest fund. He said he wasn't being critical of the project he just wanted to make sure

everyone understood that correctly. The City Commission had to decide whether this was something they were willing to do given the other priorities.

Amyx asked whether the subsidy could get down to zero, by any combination of the project.

Haig said the airport could raise the rates because there was a demand. If the rates were raised to \$300 the airport would still have 100% occupancy.

Amyx said there were many priorities and another \$65,000 was difficult. He was not willing to create another shortfall. He said the board should look at ways to shrink that subsidy through changing the project, raising the rates, etc.

Haig said their board brought this project to the City Commission because the construction costs were low at this time.

Dever asked about the expected useful life of the hangers and whether grants were sought from the FAA.

Haig said the expected useful life was 50 years.

Soules said hangers were not a high priority for FAA.

Cromwell said the rent was clearly too low and that caused a burden for the City. He said this issue should be taken back to the advisory board.

Mayor Amyx asked what site prep work was needed.

Haig said leveling the ground, getting things where it needed to be.

Mayor Amyx asked if that prep work could be done in-house.

Corliss said yes, if the City didn't do something else. He said one alternative was having the City pursuing the design and look at those costs.

Dever said the City made a substantial investment on water and sewer.

Corliss said it was \$2 million dollars financed over 12 years.

Chestnut asked if there was a way to ask for deposits if moving forward.

Haig said yes and he thought the airport would still have 100% occupancy.

Gary Fish said regarding additional income, a few areas in the spreadsheet could be tweaked. Additional revenue from property taxes on the A, B and C hangers was not included. He said the asset at the end of the 30 years was important and the collective profit was \$1.6 million after the 30 years. The maintenance numbers started at 25% per year and those numbers would go up to 50%, which was pretty heavy in his judgment. In reality this would possibly be additional revenue.

Chestnut said at some point, the City needed to look at incremental financing for the airport over time.

Fish said the revenues and costs should be tracked directly in the future to see exactly what the profit would be, and look at it more like a business plan.

Lloyd Hetrick said he understood the up front costs but Lawrence was behind other cities and would fall behind further. FAA funds come from counts of takeoffs and the airport needed to keep up.

Al Stuber said if rent was \$300 the subsidy would disappear and \$255 would not work. Any rent charged over \$300 would put the airport on the top side. At \$440 rent after 12 years the airport would really be in the black. He suggested not letting the rent go through at \$255 but to hold the project until the advisory board gets 20 people to sign a contract and put down a certain amount of deposit.

Amyx suggested that this be sent back to the advisory board to see if it was possible to get the subsidy lower. The City Commission would be hesitant to subsidize this proposed project at this point.

Haig asked if the airport should get commitments.

Amyx said not at this time.

Chestnut said he did not think zero was attainable, but certainly closer was better. On the West Labs project, a \$25K-\$30K gap was discussed. An important question was whether the City was jeopardizing their FAA funding by falling behind other airports, and the advisory committee should try to quantify that. He wanted this project to work but the size of the gap was great. He said the short term gap would be very difficult for the next City Commission to deal with.

Johnson said he wanted to see investment at the airport, but it came down to a good idea with bad numbers. He was not clear as to all the impacts. This project looked like a great public-private partnership opportunity. Right now he was not comfortable with what he saw.

Cromwell said he believed the future of the airport was important and helpful for the growth of the community. He didn't want the airport to become marginalized. He said the money from the subsidy could be used on projects somewhere in the community. It was important to come up with a project that would have less impact on the bottom line. Maybe more hangers with higher rent could be better.

Dever said he appreciated what the advisory board was trying to do. Rent assessments should be done. The concept has been vetted but he asked if it was the right time.

It was moved by Dever, seconded by Johnson, to defer the item pending additional informational from the Airport Advisory Board. Motion carried unanimously.

E. PUBLIC COMMENT:

None.

F. FUTURE AGENDA ITEMS:

David Corliss, City Manager, outlined potential future agenda items.

G: COMMISSION ITEMS:

Amyx said the Sherylville sewer issue should be a future agenda item.

H: CALENDAR:

Corliss reviewed calendar items.

I CURRENT VACANCIES – BOARDS/COMMISSIONS:

Existing and upcoming vacancies on City of Lawrence Boards and Commissions were listed on the agenda.

Moved by Cromwell, seconded by Chestnut, to adjourn at 8:53 p.m. Motion carried unanimously.

APPROVED:

Mike Amyx, Mayor

ATTEST:

Jonathan M. Douglass, City Clerk