



EL DORADO

THE FINE ART OF LIVING WELL

City of El Dorado, KS
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El Dorado, KS 67402
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TO: City Commission
FROM: Tabitha Sharp, City Clerk
SUBJ: Work Session Meeting Agenda
DATE: September 11, 2019

A Work Session is scheduled for September 11, 2019 at 6:00 pm in the Commission Chambers at City Hall, 220 E. First Avenue. The following items will be presented:

I. ITEMS FOR PRESENTATION AND DISCUSSION

- a. Water Sales Policy
- b. Neighborhood Revitalization Program Revisions
- c. Tennis Court Interlocal Agreement

II. September 16, REGULAR AGENDA REVIEW

- a. Proclamations
- b. Consent Agenda
 - i. City Commission Minutes
 - ii. Appropriation Ordinance
- c. New Business
 - i. Second Quarter Financial Report
 - ii. Tennis Court Interlocal Agreement
- d. Executive Session
 - i. Non-Elected Personnel

III. REPORTS

- a. City Commission Reports
- b. City Manager's Report

2018 Commission Priorities

Water Sales • Community Image • Industrial and Business Parks • Parks and Recreation • Public Safety



WATER SALES POLICY



CITY OF EL DORADO, KANSAS

CURRENT WATER SALES POLICY

- Adopted December 5, 1995
- Policy prioritized water needs and sales as follows:
 1. Current and future customers within city limits;
 2. Current customers outside the city limits (where a contractual agreement is in effect);
 3. Current customers requesting additional allocations; and then
 4. New customers.
- The City shall actively pursue additional water sales until the annual average reaches 15.0 MGD.
- At that time, the City will not allow any new contracts for water sales outside the city or increase present contractual maximums.
- Remainder of unsold or uncontracted water (between 15.0 and 22.2 MGD) will be retained for in-city growth and economic development.

Firm Yield:	22.2
Current Peak:	(less) <u>10.0</u>
Available for Future:	12.2
Future Demand	
Municipal:	1.5
Industrial:	4.0
Rural Water:	<u>2.0</u>
Est. Future Demand:	7.5
Remaining Yield:	4.7

LAKE STORAGE

Municipal demand of 1.5 MGD allows the City to double its current usage and support a population of approx. 26,000.

The “industrial demand” figure of 4.0 MGD allows the City to capitalize on its asset with water-intensive industrial development.

Rural water demand has been a relatively low growth opportunity over the years. This trend is likely to continue except in limited circumstances.

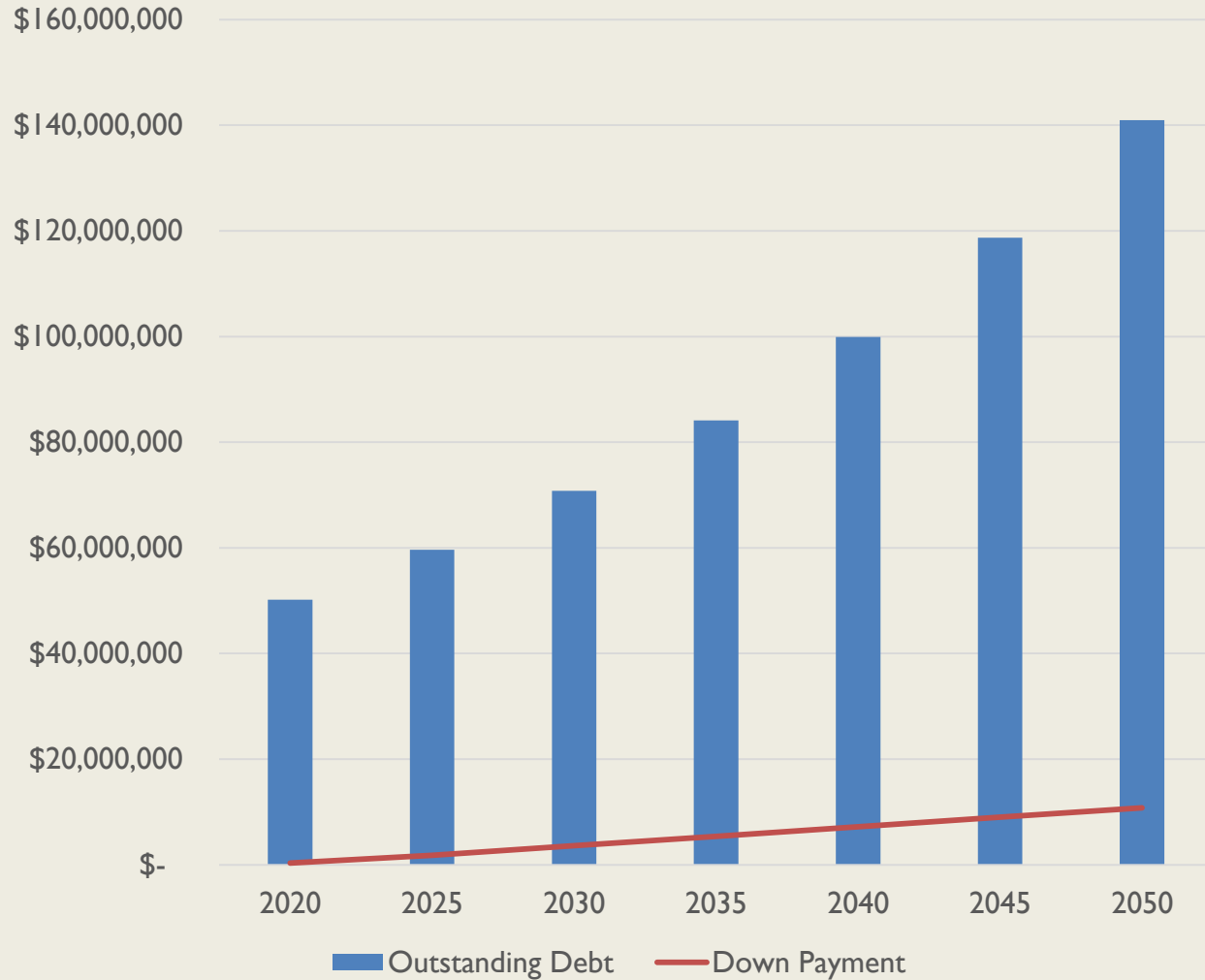
LAKE EQUITY AND DEBT

- What we own...
 - After the recent Lake Debt pay-off, the City owns storage capacity for 11 MGD, or nearly 50% of the total storage capacity of El Dorado Lake.
- What we owe...
 - As of June 2020, the principal amount on the remaining lake storage capacity of 11.2 MGD is \$50.2 million.
 - The outstanding principal amount increases annually until the debt is “activated” and payments begin.



SCENARIO A

“FUTURE DOWN PAYMENT” OPTION



SCENARIO A

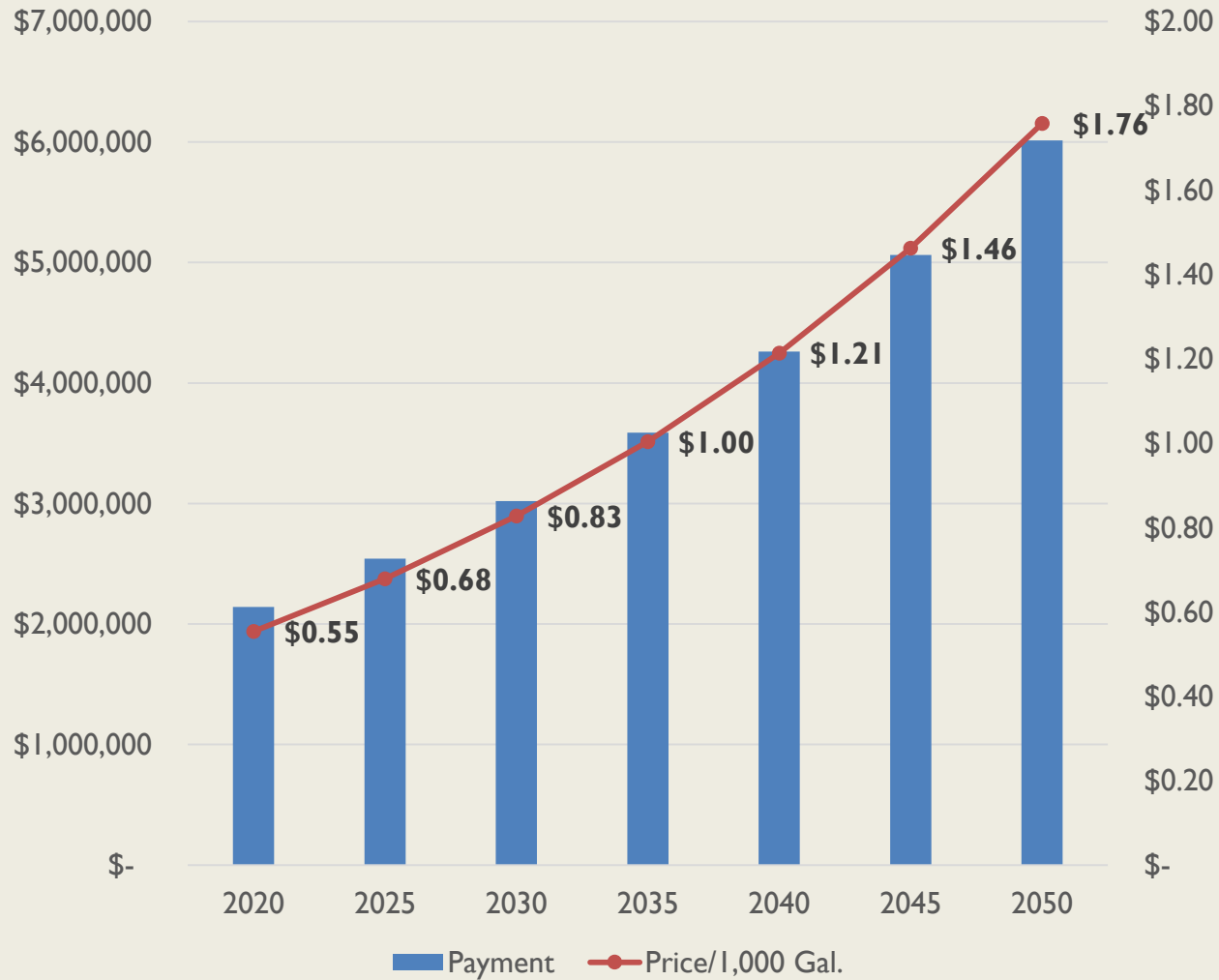
“Future Down Payment” Option

The City annually invests \$360,000 towards an eventual “down payment” on future loan.

Planned to start in 2020 with water revenue previously allocated to same purpose.

On average, the “down payment” equals about 5% of the outstanding principal amount in any calendar year.

By 2050, allocated funds will amount to approx. \$10.8 million.



SCENARIO A

“Future Down Payment” Option

The chart shows the debt payment and price per 1,000 gal. for the remaining 11.2 MGD of storage capacity to demonstrate the increasing cost depending on when it is “activated” for payment.

Price per 1,000 gal. is in addition to current volume price of \$1.69 per 1,000 gal.

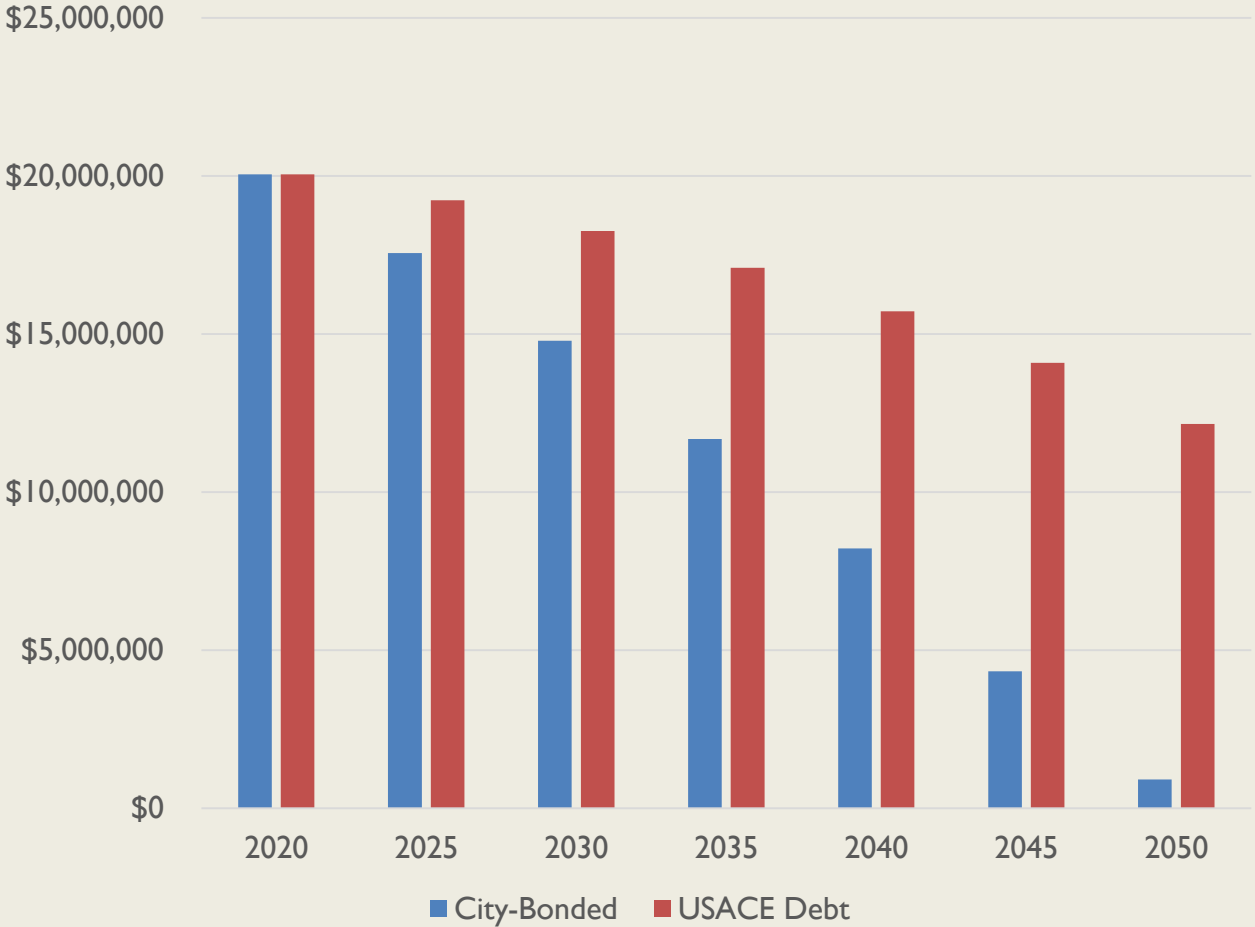
The principal amount will increase to \$409 million if not activated for payment by 2081.



SCENARIO B

“CITY STORAGE” LAYAWAY OPTION

Outstanding Debt



SCENARIO B

“City Storage Layaway” Option

Staff projects future needs of the City at 5.5 MGD.

The City has 1.0 MGD of unencumbered storage space remaining in Stage 3.

Therefore, the City requires another 4.5 MGD to satisfy its future water needs.

Projected interest savings of \$14.9 million by bonding the debt instead of financing through USACE.

LAKE STORAGE FINANCING*

SCENARIO B – CITY STORAGE (4.5 MGD)

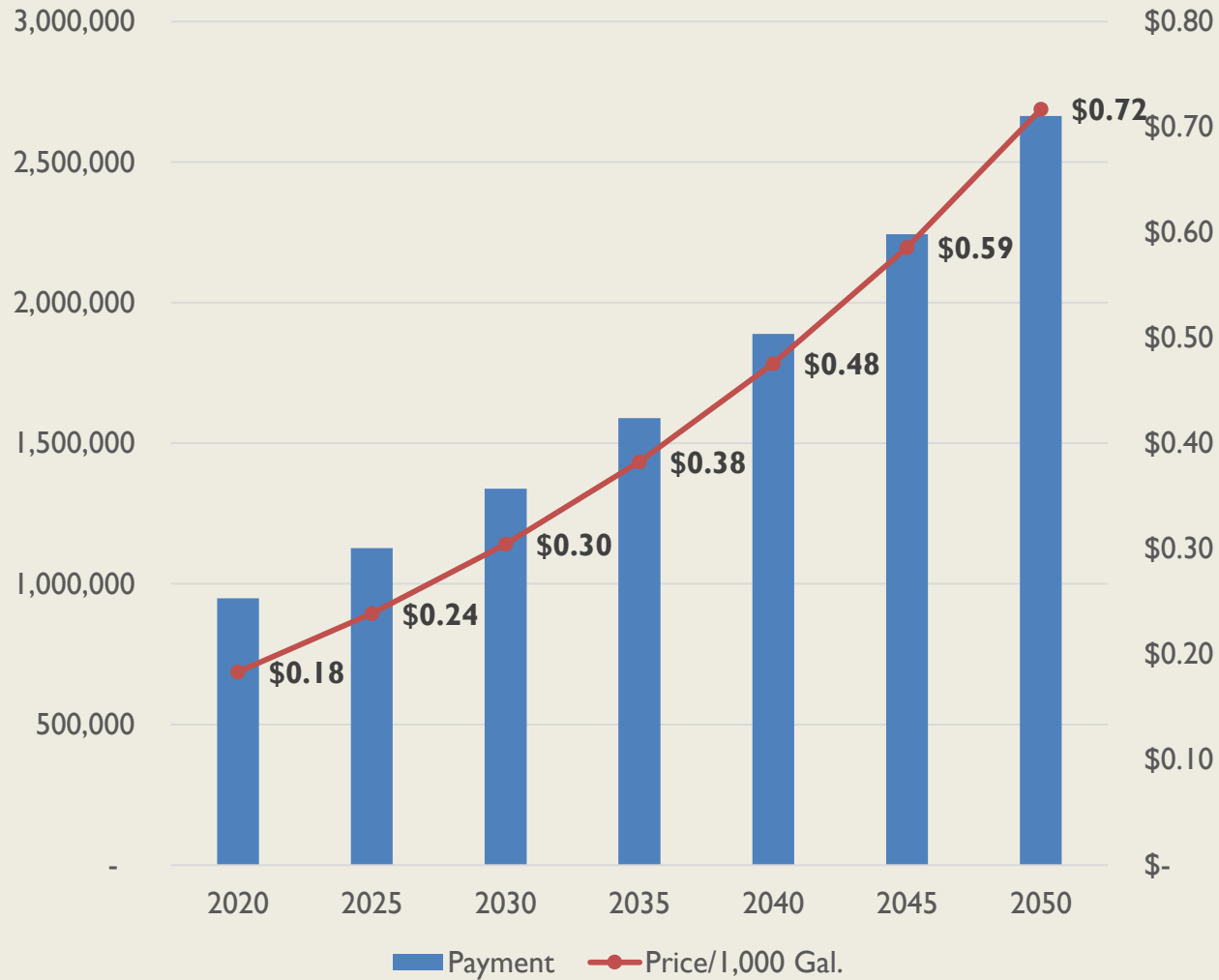
BOND FINANCING

- 30-year amortization at 2.250%
- Total est. interest: \$7.9 million
- Est. payment of \$948,700
- Water Rate increase: \$0.18 per 1,000 gal.

CORPS AGREEMENT

- 50-year amortization at 3.502%
- Total est. interest: \$23.3 million
- Payment of \$875,800
- Water Rate increase: \$0.16 per 1,000 gal.

**Assumes financing begins in 2020*



SCENARIO B

“City Storage Layaway” Option

The chart shows the debt payment and price per 1,000 gal. for 4.5 MGD of storage capacity to demonstrate the increasing cost depending on when it is “activated” for payment.

Price per 1,000 gal. is in addition to current volume price of \$1.69 per 1,000 gal.

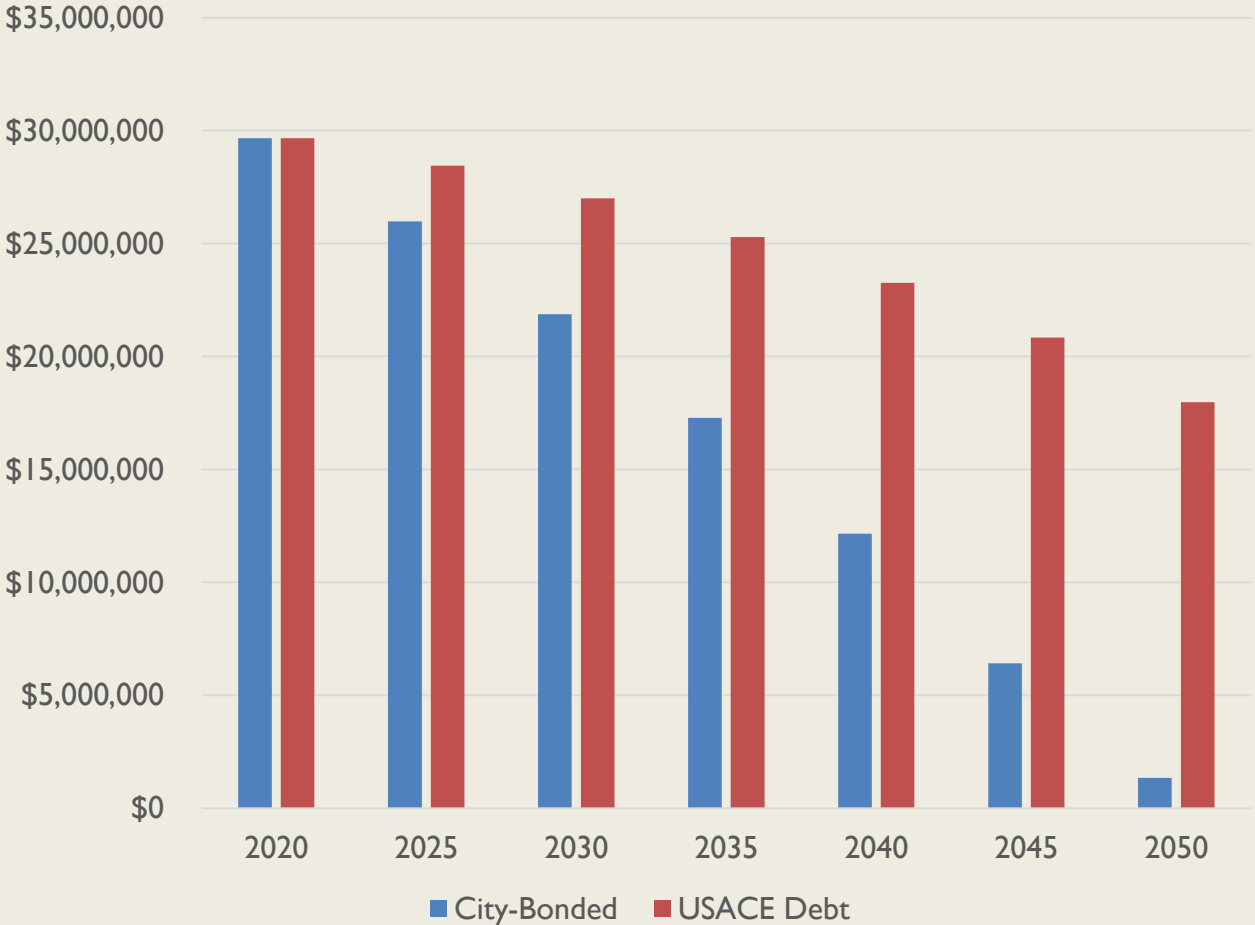
The principal amount will increase to \$409 million if not activated for payment by 2081.



SCENARIO C

“REGIONAL STORAGE” LAYAWAY
OPTION

Outstanding Debt



SCENARIO C

“Regional Storage Layaway” Option

Staff projects future needs of the City at 7.5 MGD.

The City has 1.0 MGD of unencumbered storage space remaining in Stage 3.

Therefore, this option requires 6.5 MGD to satisfy future water needs of the City and RWDs.

Projected interest savings of \$22.2 million by bonding the debt instead of financing through USACE.

LAKE STORAGE FINANCING*

SCENARIO C – REGIONAL STORAGE (6.5 MGD)

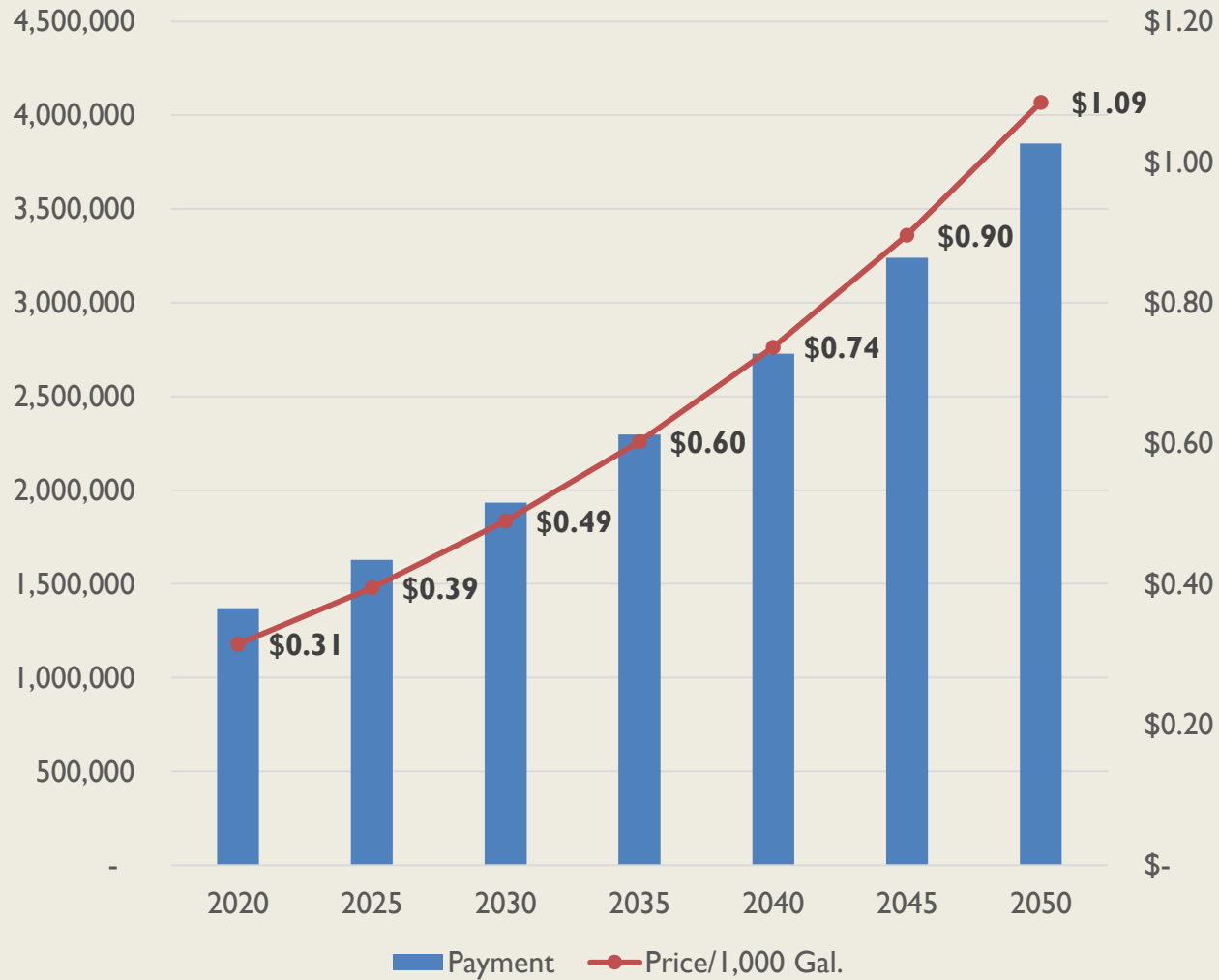
BOND FINANCING

- 30-year amortization at 2.250%
- Total est. interest: \$11.4 million
- Est. payment of \$1.37 million
- Water Rate increase: \$0.31 per 1,000 gal.

CORPS AGREEMENT

- 50-year amortization at 3.502%
- Total est. interest: \$33.59 million
- Payment of \$1.26 million
- Water Rate increase: \$0.28 per 1,000 gal.

**Assumes financing begins in 2020*



SCENARIO C

“Regional Storage Layaway” Option

The chart shows the debt payment and price per 1,000 gal. for 6.5 MGD of storage capacity to demonstrate the increasing cost depending on when it is “activated” for payment.

Price per 1,000 gal. is in addition to current volume price of \$1.69 per 1,000 gal.

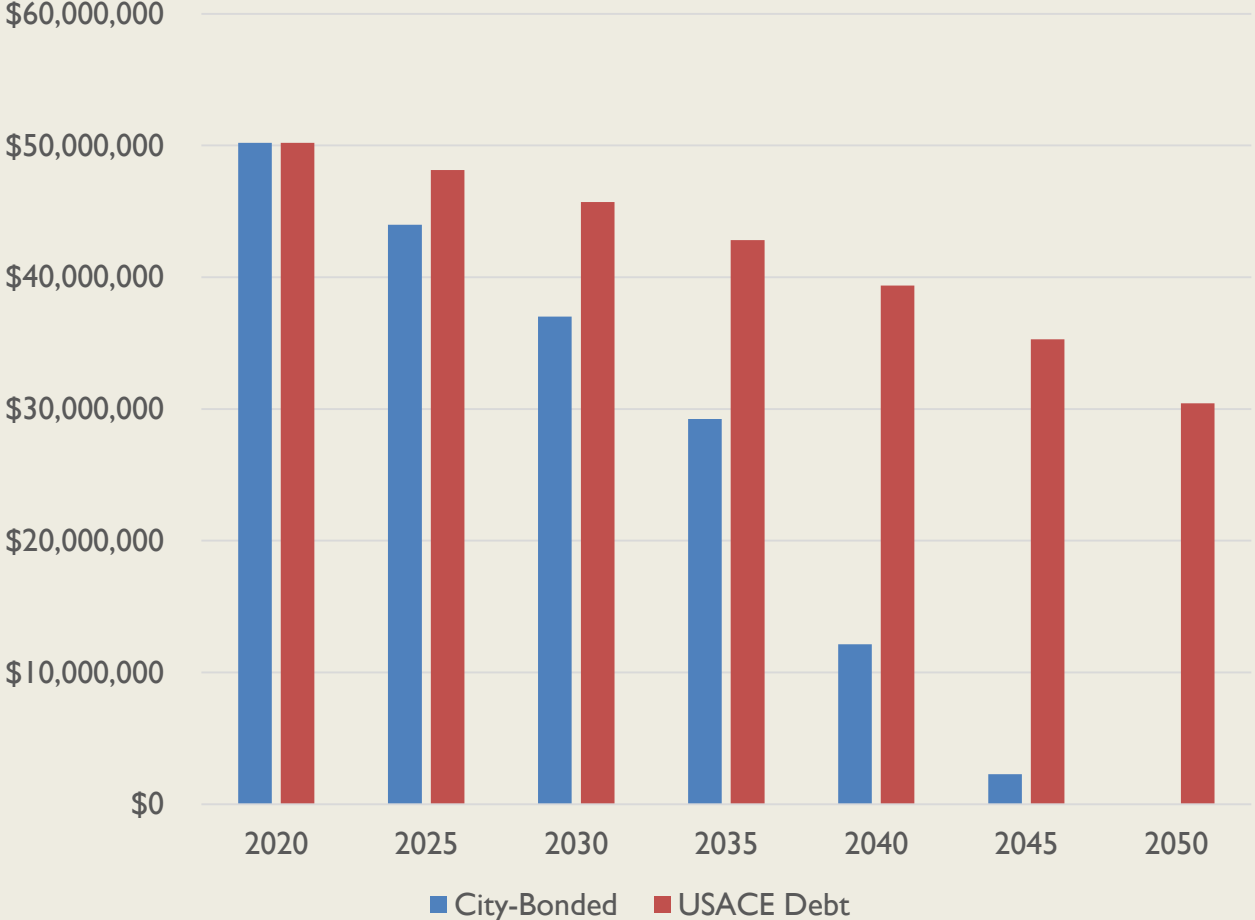
The principal amount will increase to \$409 million if not activated for payment by 2081.



SCENARIO D

“ENTIRE LAKE STORAGE” LAYAWAY
OPTION

Outstanding Debt



SCENARIO D

“Entire Lake Storage Layaway” Option

The remaining storage capacity of El Dorado Lake is 11.2 MGD.

The City has 1.0 MGD of unencumbered storage space remaining in Stage 3.

Therefore, this option secures remaining 11.2 MGD storage capacity of the lake.

Projected interest savings of \$37.5 million by bonding the debt instead of financing through USACE.

LAKE STORAGE FINANCING*

SCENARIO D - ENTIRE LAKE STORAGE (11.2 MGD)

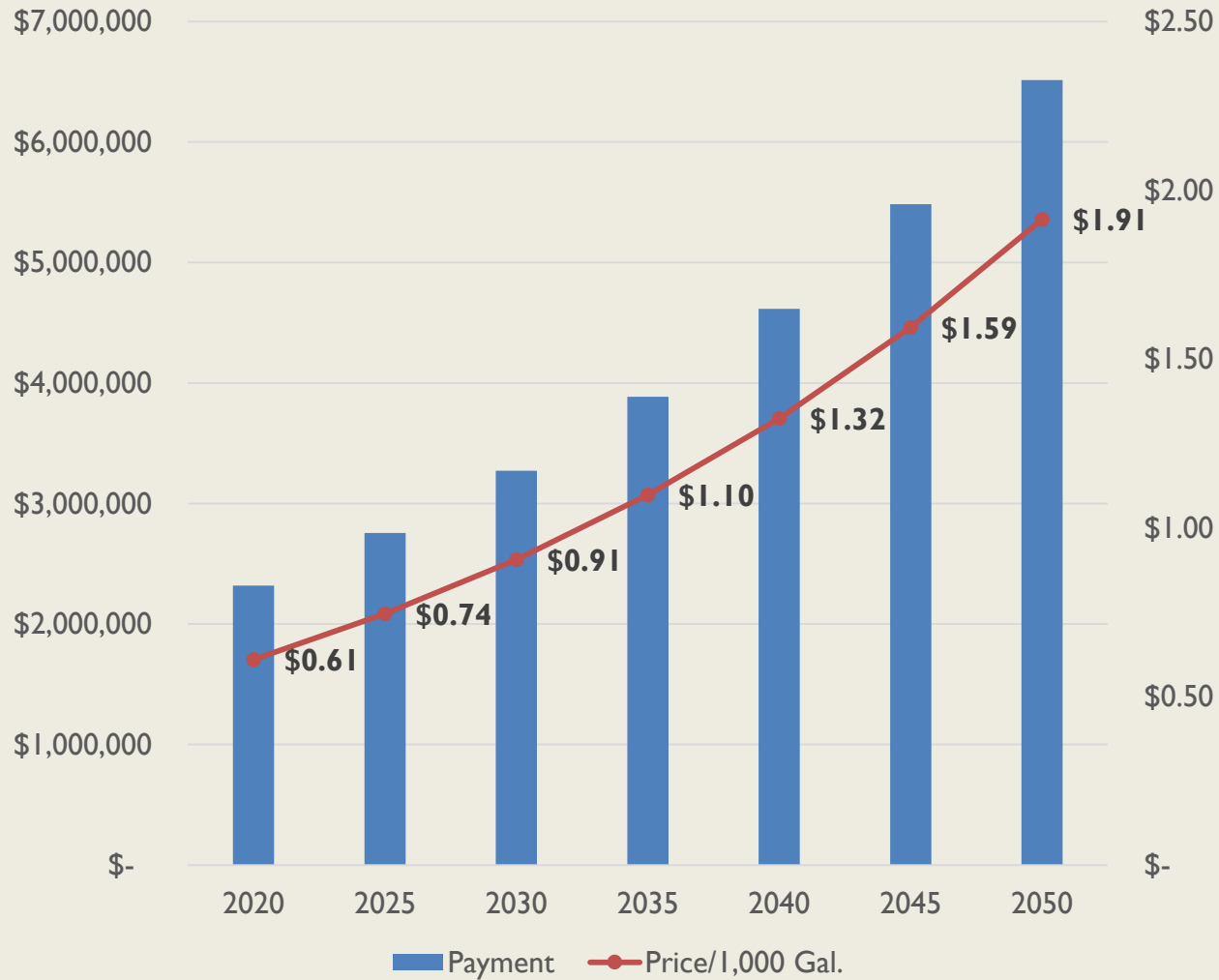
BOND FINANCING

- 30-year amortization at 2.250%
- Total est. interest: \$19.4 million
- Est. payment of \$2.39 million
- Water Rate increase: \$0.61 per 1,000 gal.

CORPS AGREEMENT

- 50-year amortization at 3.502%
- Total est. interest: \$56.9 million
- Payment of \$2.14 million
- Water Rate increase: \$0.55 per 1,000 gal.

**Assumes financing begins in 2020*



SCENARIO D

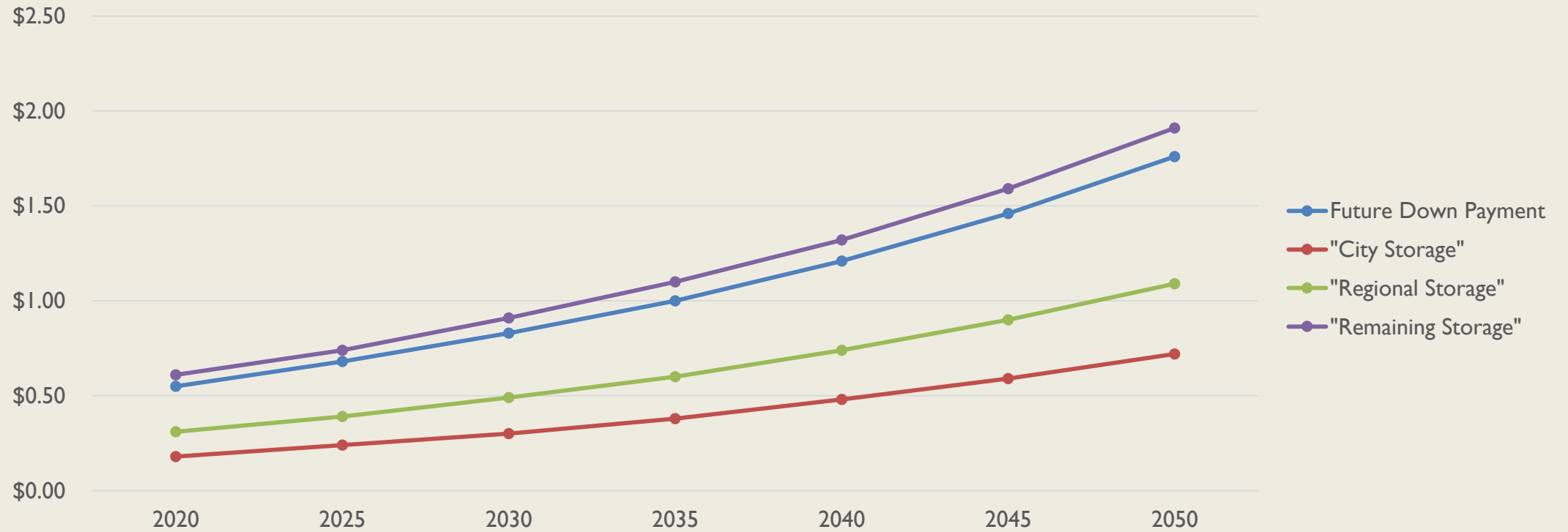
“Entire Lake Storage Layaway” Option

The chart shows the debt payment and price per 1,000 gal. for 10 MGD of storage capacity to demonstrate the increasing cost depending on when it is “activated” for payment.

Price per 1,000 gal. is in addition to current volume price of \$1.69 per 1,000 gal.

The principal amount will increase to \$409 million if not activated for payment by 2081.

FINANCING COMPARISON



POLICY CONSIDERATIONS

- How should the City proceed with planning for future liabilities associated with lake storage capacity?
 - Continue to annually “save” \$360,000 for eventual down payment towards future Lake Debt;
 - Begin making payments on future storage capacity needed for City’s future growth;
 - Begin making payments on future storage capacity needed for region’s future growth; or
 - Begin making payments on future storage capacity needed to “secure” remaining storage capacity of lake.
- Should the City consider issuing its own bonds to finance the repayment or proceed with financing from the USACE?

POLICY CONSIDERATIONS

- Should the City approach RWDs and other interested stakeholders with a proposal to “grant” them a portion of the remaining lake storage capacity to reduce the City’s future liability?
- Does the City wish to reserve more than 4.0 MGD for economic development purposes? If so, what is an acceptable quantity of storage space to reserve?

INTERLOCAL AGREEMENT
Tennis Court/Pickleball Complex

This INTERLOCAL AGREEMENT (“Agreement”), made and entered into this _____ day of September 2019, by and between the City of El Dorado, Kansas, a municipal corporation of the State of Kansas (“City”), and the Unified School District No. 490, Butler County, Kansas, a quasi-municipal corporation of the State of Kansas (“District”).

WHEREAS, the City and District have a long-standing working relationship and have continued to exchange services and facilities as needed; and

WHEREAS, in the furtherance of the spirit of cooperation between the parties and maintenance of this tradition, the parties have determined that because of a need for tennis and pickleball courts, that a joint and cooperative effort would be the most economical approach to meeting the needs of both the City and the District; and

WHEREAS, in the interest of economy, the parties hereto desire to enter into an agreement for the equipping, maintenance, and operation of the North Main Tennis Court/Pickleball Complex (“Facility” or “Complex”) to be used as a community recreational facility.

NOW, THEREFORE, in consideration of the promises, covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. Authority. Both parties derive their authority to enter into this Agreement from the provisions of K.S.A. 12-2901 et seq. Both are "public agencies" as defined by K.S.A. 12-2903(a), and K.S.A. 12-2904(a) authorizes public agencies to enter into interlocal agreements to jointly exercise powers to execute functions relating to the construction and maintenance of recreational facilities and programs.

Before this Agreement shall become effective, the City, by ordinance, must authorize its Mayor to sign this Agreement and the District, by resolution, must authorize the President of the Board of Education to execute this Agreement. Certified copies of the adopting ordinance and resolution shall be attached to this Agreement. As a final condition of the effectiveness of this Agreement, it must be submitted to and approved by the Attorney General of the State of Kansas as to its form and compatibility with the laws of the State of Kansas. It is understood that the Attorney General will approve this Agreement unless he finds that it does not meet the conditions set forth in Kansas law and he shall detail, in writing, for the parties, any respects in which this Agreement fails to meet the requirements of law. Failure to disapprove of this Agreement within ninety days of its submission shall constitute approval.

2. Purpose. The parties agree to cooperatively exercise their powers for a public purpose. Specifically, the parties state that the purpose of this Agreement is to provide joint and cooperative ownership and management between them for the equipping, maintenance, and operation of the Facility to be used as a community recreational facility by the parties, which Facility has been determined to be necessary to meet the needs of the City and the District.

Per the terms of the General Warranty Deed filed with the Register of Deeds of Butler County, Kansas, and attached hereto, the Facility shall remain and retain a recreational public park use in perpetuity as long as the Facility is located within a designated floodplain. The use of the Facility is subject to agreement between the City and the District as provided in this Agreement and as otherwise amended.

3. Site. The Facility is generally located in the north half of North Main Park of the City of El Dorado, and as legally described as:

All of Block 21 and the West Half of Block 20 and that portion of the Original Platted Topeka Street (now vacated), from the South line of said Blocks 20 and 21 to the North line of said Blocks 20 and 21, all in Riverside Addition to the City of El Dorado, Butler County, Kansas.

4. General Operational Responsibilities.

- a. **The City**. The City shall be responsible for scheduling the use of the Facility, and shall promptly notify the District Athletic Director of any events scheduled at the Facility. The City shall mow the area comprising the North Main Park, to include the common area comprising the Facility. The City shall winterize the concession/restroom building each year at the same time other park facilities are winterized. The City will assist with the periodic cleaning of the tennis courts, to include the removal of leaves.
- b. **The District**. The District shall promptly notify the City of any scheduling of the use of the Facility. The District shall clean the restroom and concession stand building and shall remove all trash and debris from the Facility before and after each use, and will remove and replace pickleball nets after use, as needed, on a court agreed to by both parties. The District will assist with the periodic cleaning of the tennis courts, to include the removal of leaves. The District will report any damage to the courts and related facilities to the City.
- c. **Joint**. Both parties agree to share jointly in cost of repairs to all improvements such as nets and standards, lights, concession and restroom building, fencing, sidewalks and parking areas, seating, and tables. Both parties agree to share equitably in the cost of any capital improvements determined to be of need by the Administrative Board and Facility Committee. The parties agree to negotiate in good faith on the scope of planned projects as well as the financing and ongoing maintenance requirements associated therewith. Neither party shall be obligated to agree to any requests for capital improvements or the payment for any capital improvements unless otherwise agreed to in writing.

5. Ownership. Legal title to the real estate, improvements and personal property used to operate and equip the facility, including all modifications, construction, reconstruction or replacement, shall be owned equally in one-half undivided interests by the parties. A properly executed Warranty Deed has been filed with the Register of Deeds of Butler County, Kansas, providing for an undivided one-half interest in and to the real property upon which the Facility is sited along with an easement to all necessary parking facilities and roads necessary for ingress and egress to the Facility. The City shall maintain in a workmanlike manner the currently existing parking facilities and roadways; provided, however, if the Facility needs additional parking areas, the parties hereto will negotiate the sharing of the cost of any such parking expansion.

6. Amendment and Termination of Agreement. It is the intent of the parties that this Agreement shall be permanent and continuous so as to provide for the joint mutual use of the Facility by the parties pursuant to provisions of this Agreement. This Agreement shall continue until such time as it is terminated by either party in accordance with terms and conditions set forth hereinafter. This Agreement may be changed or modified only by mutual written agreement of both parties. Any modification or change shall be accomplished by the enactment of necessary ordinances or resolutions of each of the respective governing bodies approving such modification or change.

7. Cash Basis and Budgetary Law; Non-Appropriation of Funds. This Agreement shall not be construed in a manner that causes either party to the Agreement to be in violation of the Cash Basis Law, K.S.A. 10-1101, *et. seq.* or the Budget Law, K.S.A. 79-2929, *et seq.* In this regard either party may terminate

the Agreement at the beginning of its next fiscal year if the party terminating the Agreement fails to appropriate funds necessary for the operation, maintenance and repair of the Facility for the next fiscal year. Notice of termination based on non-appropriation of funds shall be given, in writing, to the non-terminating party at least 120 days prior to the end of the terminating party's fiscal year.

8. Utilities. The City shall, during the term of this Agreement, provide and pay for all utilities servicing the Facility including, but not limited to: electricity, water, and sanitary sewer.
9. Administrative Board. The parties, pursuant to K.S.A. 12-2904, elect not to establish a separate legal entity to conduct the joint and cooperative undertaking contemplated herein. In lieu thereof, the parties agree to provide for administration in accordance with the provisions of K.S.A. 12-2904(d)(1)(2). An Administrative Board ("Board") comprised of three persons is hereby established to administer, oversee and control the operation of the Facility as provided herein. The City shall designate the City Manager to act as a member of the Board and the District shall designate the School Superintendent. The two named representatives shall then pick a third person who shall be the Chairperson of the Board who must be a resident of both the City and School District.

The Board shall have general supervisory control over the Facility, but it is not contemplated that it should be involved in day-to-day decision-making. The Board's primary responsibility will be settling differences between the parties as to scheduling and other matters that cannot otherwise be resolved by the Facility Committee and to be directly involved in decisions regarding any major maintenance, reconstruction, addition, remodeling or property acquisition (such decisions shall also require approval by the governing bodies of the respective parties).

The Board, with governing body approval, shall have the responsibility for major acquisition of real and personal property and its disposal in the event of sale. Any funds generated from the sale of property or from third-party rental income, shall be divided equally between the parties and the District shall use its portion as an offset to labor and utility costs and the City shall use its portion to establish an equipment fund to purchase facility equipment.

10. Facility Committee. There is hereby established a Facility Committee ("Committee") which shall consist of a representative designated by the City Manager and a representative designated by the School Superintendent. These two persons shall work cooperatively to conduct the day-to-day operation of the Facility including, but not limited to, supervision of maintenance, activities, custodial services, scheduling and equipment procurement. The Committee, if unable to agree regarding a matter, shall submit the issue to the Board for final determination which shall be binding upon the parties. It is contemplated by this Agreement that the action of the Board will be rarely invoked; that most decisions shall be made regarding the Facility by the Committee as representatives of each of their legal entities.
11. Facility Organization. The Facility has been constructed as a dual-purpose facility with eight tennis courts and four pickleball courts. The parties agree that at least six courts will be setup as tennis courts unless a pickleball event has been scheduled through the City that does not otherwise conflict with a previously scheduled District event. Both parties will work together to ensure that at least two courts are setup for pickleball play when the District is not using said courts for scheduled practices or for sanctioned District events as provided herein or as otherwise scheduled with the City.
12. Scheduling Priority. The parties shall cooperate with regard to coordinating the use of the Facility. However, priority use by the District at certain times is of such importance that the parties desire to set forth in this Agreement certain scheduling priorities:

- a. During the tennis season, the District shall have priority scheduling for practice on all eight tennis courts from 3:00 to 6:00 pm on Monday through Friday.
 - b. The District shall have priority scheduling for the Facility for the purpose of hosting tennis meets and tournaments as part of the District athletic program.
 - c. The parties hereto understand that each may, from time to time, have special events or activities that may require an alteration in the above-described scheduling procedures. To that end, the parties each pledge their cooperation to the other party in an effort to maximize the use of the Facility in a manner that will be beneficial to residents of the City and the District, and be flexible and cooperative in making scheduling changes or alterations from the above-stated arrangement.
13. Insurance. All repairs, maintenance, reconstruction, or other structural or substantial changes to be initiated at the Complex shall be done under the supervision of the Administrative Board and the governing bodies of the respective parties, and the cost of such shall be borne equally by each party. Each of the parties, at their option, may obtain, maintain and keep in force causality and liability insurance covering the Facility. The parties shall use their mutual effort to procure a policy for fire, casualty and extended coverage for the Facility in an adequate amount to allow reconstruction in the event of a total loss and each of the parties shall bear the cost of said insurance premium equally; provided, however, if it is most economical for the City to cover the Facility under its presently existing coverage, a calculation shall be made as to the premium increase necessitated by the coverage of the Facility, half of which shall be paid by the District to the City on an annual basis. Any insurance policy obtained for the Facility by either party shall name the other party as an additional insured.
14. Disposition of Assets. If this Agreement is terminated as provided herein, the City shall have the right to purchase the District's one-half interest in the Facility based on the total investment in the Facility, which shall be calculated by adding the sum of the total investment made by both parties with respect to the construction and equipping of the Facility. The Total Investment in the Facility shall not include the cost of maintaining, repairing or providing utilities and insurance. If the City and District cannot agree as to the value of the one-half interest in the Facility, the parties agree to settle the dispute by mediation before resorting to binding arbitration.
15. Indemnification. The parties shall at all times indemnify and hold the other party harmless against all actions, claims, demands, costs, damages and expenses of every kind which may be brought or made, arising out of any act or omissions of the other party, its agents, employees, guests and invitees. The individuals and officials acting under the terms of this Agreement shall be indemnified to the extent and with the limits as set forth in the Kansas Tort Claims Act, as defined by K.S.A. 75-6108, *et seq.*
16. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. There are no verbal understandings, agreements, representations, or warranties between the parties which are not expressly set forth herein. This Agreement supersedes all prior agreements and understandings between the parties, both written and oral.
17. Severability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under the present or future laws effective during the term of this Agreement, then and in that event, it is the intention of the parties that the balance and remainder of this Agreement shall not be affected thereby.
18. Filing. This Agreement shall be filed with the Register of Deeds of Butler County, Kansas, and with the Secretary of the State of Kansas, pursuant to K.S.A. 12-2905.

19. Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of Kansas.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed in quadruplicate by their duly authorized officers, duly attested and approved and their official seals affixed, each of which copies shall be considered an original, as of the date first above written.

CITY OF EL DORADO, KANSAS
A Municipal Corporation

BY: _____
MAYOR

ATTEST:

BY: _____
CITY CLERK

UNIFIED SCHOOL DISTRICT NO. 490
BUTLER COUNTY, STATE OF
KANSAS

BY: _____

ATTEST:

BY: _____
CLERK

APPROVAL OF ATTORNEY GENERAL

The above and foregoing Interlocal Agreement between the City of El Dorado, Kansas, and the Board of Education of Unified School District No. 490, Butler County, State of Kansas, is hereby found and determined to be in proper form and in compliance with K.S.A. 12-2904 et seq. and the same is hereby approved.

DATED at Topeka, Kansas this _____ day of _____, 2019.

ATTORNEY GENERAL OF THE
STATE OF KANSAS

RESOLUTION

Be it resolved by the Board of Education of Unified School District No. 490, Butler County, Kansas, that the President of the Board is hereby authorized to sign on behalf of the Board the Interlocal Agreement with the City of El Dorado for the equipping, maintenance, and use of the joint tennis court/pickleball complex hereby entered into on this _____ day of _____, 2019.

UNIFIED SCHOOL DISTRICT NO. 490
BUTLER COUNTY, STATE OF KANSAS

BY: _____
BOARD OF EDUCATION MEMBER

BY: _____
BOARD OF EDUCATION MEMBER

BY: _____
BOARD OF EDUCATION MEMBER

BY: _____
BOARD OF EDUCATION MEMBER

BY: _____
BOARD OF EDUCATION MEMBER

BY: _____
BOARD OF EDUCATION MEMBER

BY: _____
BOARD OF EDUCATION MEMBER

ATTEST:

BY: _____
CLERK

CERTIFICATE

I, _____, Clerk for the Board of Education, USD #490 of El Dorado, Kansas, do hereby certify that the foregoing is a true and correct copy of Resolution of _____, 2019, adopted by the Board of Education at the _____, 2019 meeting.

(SEAL)

Board Clerk