



Proceedings of the City Council Meeting
Special Meeting
Williamsburg, Kansas
February 2, 2017
7:00pm

The City of Williamsburg Kansas met in Special Meeting on February 2, 2017. Mayor Horne and City Council Members present were Council Member Stover, Council Member Tipton, Council Member Worden and Council Member Norton. Council Member Rhoads arrived at 7:13pm
Minutes were taken by Dealy Sims.
Guest present were Sam Johnson and JR Harris.

Meeting called to order 6:32 pm by Mayor Horne.

Mayor Horne thanked everyone for coming this evening and explained the topics of the meeting. Short term financing for wastewater project and contract for senior housing project.

Mayor Horne informed the Council that after losing the CDBG funding he began conversations with Bob Perry, Sam Johnson, and Bruce Boettcher looking for alternative ideas to keep the project moving forward to be able to meet KDHE compliance schedule. Currently we have KDHE for the short term financing for the project and then USDA will then buy the loan from KDHE and USDA will have the long term financing. With the financing from KDHE we are required to have Davis Bacon wages on the project. This increases the cost of the project by about \$1,000 per day. This is \$250,000 more for just labor costs. This is over and above the amount for the project. That was originally offset by the CDBG funds but now that the funds are no longer available the City will need to figure out where that money is going to come from. Mayor Horne has been looking into other financing options to see what could be done. He spoke with Blake Jorgensen with Kansas State Bank. They could not help with the project because it is too large. Mr. Perry reached out to First National Bank in Waverly. Mayor Horne went over the e-mail that was passed out. If the Council wishes to go this way, First National Bank would pay off what is owed to KDHE and take over from there. It would be an 18-month loan that can be paid off in 7 months. This way USDA will be able to then buy that from First National and continue as originally planned. The loan would be closed before construction is complete. The current interest rate with KDHE is 1.9% and the interest rate with First National Bank will be 1.75%. Mr. Perry recommends to the Council that they go with First National Bank for the temporary financing. It will cost a little more to Mr. Perry, but will save in the long run on the project for not having to have the Davis Bacon wages and the lower interest rate. Mr. Boettcher contacted Rod Giesser with KDHE and he totally understood our position. He would not have any hard feelings if the City choose to go with First National Bank. Mr. Johnson answered questions from the Council on the time frame, the availability of the funds and the notifications to the contractors bidding the project. Mr. Harris asked Mr. Johnson why we could not just change the scope of the project to save the funds. He believes that 90% of the pipes are good it is the manholes that are the issue. He thinks that if the liners are removed and just fix the issues as they arise that would help save on costs. He doesn't understand why we are putting liners into pipe that is still good. Mr. Johnson explained that changing the project to save the money would just be just lessening the amount of grant money that we are getting from USDA so it is not really saving the City any money. There will also still be a certified inspector on site throughout the project. Council Member Norton's opinion was that there were a lot of cracks in the pipes. He thinks that it should all be fixed now because if we don't fix it all now we will not be able to get any other loans until this one is paid off and that is not going to be soon. Mr. Johnson also said that the CCTV that was done several years ago by the City of Ottawa was not clearly marked where the issues were. The engineers looked at that CCTV and estimated that 25% of the system was bad so they wrote their estimate report to send to the state off of that. With doing the whole project it should last 75-100 years. He believes that the way that the lift stations are set up right now does not make sense. It needs to be fixed. Mayor Horne reminded the council that the whole reason for doing this project was because of the letter that was received from KDHE giving us no choice. He is confident that KDHE would not allow the repairs to be just patchwork. Mr. Johnson also recommended to the council that if they

do choose to go with First National Bank then they should move the bid opening date back a week to allow the contractors to make the changes to their bids. Discussions took place on the specifics.

Council Member Norton made a motion to withdraw from the SRF Loan with KDHE. Seconded by Council Member Worden. Motion passed 3-2 with Council Member Stover and Council Member Rhoads as nay votes.

Council Member Tipton made a motion to allow Mr. Perry and Mayor Horne to proceed with First National Bank in Waverly for the temporary financing of the wastewater project as presented. Seconded by Council Member Worden. Motion passed 3-2 with Council Member Stover and Council Member Rhoads as nay votes.

Council Member Tipton made a motion to move the bid opening date back to February 21, 2017 at 2:00 pm and to award the contract on March 6, 2017 regular Council Meeting. Seconded by Council Member Norton. Motion passed 5-0.

Mayor Horne informed the Council that there was an issue that just came up today on the Senior Housing Project Contract. They were getting ready to submit all the paper work but after Mr. Walsh reviewed the contract he had some concerns. Mayor Horne informed the Council on the concerns that Mr. Walsh had. Mr. Wash also informed Mayor Horne that he could not give any other advice because he is also the attorney for Osage County which is where this contract is based out of. He gave Mayor Horne the name of Mr. Rick Godderz who is an attorney that could give the legal advice that is needed on this contract. Mayor Horne spoke with Mr. Godderz and he agreed with Mr. Walsh that it was not in the best interest of the City to give away land that they have no control over. Mayor Horne reminded the Council that they had already made a motion to move forward with this project, but with this new information he wanted to make sure. The Council can continue with the project, Mayor Horne can work with the attorney to get it straighten out, or they could pull out completely. Nothing is set in stone with this project until the Kansas Housing approves it and the tax credits are purchased. Discussions took place on this topic.

Council Member Stover made a motion to pull out of the senior housing project completely. Seconded by Council Member Tipton. Motion passed 5-0.

Council Member Tipton made a motion to adjourn the meeting at 8:26 pm. Seconded by Council Member Rhoads. Motion passed 5-0.