MINUTES  
of the  
KEENE CITY COUNCIL  

THURSDAY, MARCH 14, 2019  

PRESENT: Mayor Gary Heinrich, James Belz, Robert Cooper, Cheryl Schram, and Gwen Beeson.

ABSENT: Rob Foster and Lisa Parrish

CALLED TO ORDER: Called the Regular meeting to order at 7:00 p.m.

Invocation & Pledge of Allegiance – Mayor Gary Heinrich

1. Public Comments:

   No Comments.

2. Mayor’s Comments:

   Cheryl Schram announced Meals on Wheels Week, Entrepreneur Program with SWAU, Food Bank and Free Yoga class every Monday and Free English Class every Thursday.

3. Discussion and possible action regarding the minutes dated January 31, 2019.

   Cheryl Schram made a motion to approve the minutes dated January 31, 2019. Seconded by Robert Cooper. The motion carried unanimously, 4-0-0.

4. Presentation and discussion with possible action regarding a presentation by Pinnacle Bank on investment accounts and banking services for the City of Keene. This item was tabled on February 28, 2019.

   Amy Lingo with Pinnacle Bank came forward with a presentation regarding our banking services with Pinnacle Bank. Ms. Lingo started with the money market accounts and money market funds. Money market accounts that are held with Pinnacle Bank are regulated by the Federal Deposit Insurance Corporation. This type of money market accounts is known as a savings account. These deposits are backed by pledged with the Public Funds Investment Act. These accounts can
also be fully insured through the Federal Deposit Insurance Corporation using a program known as Insurance Cash Link or ICS Service. Money market funds are investment funds governed by the Securities and Exchange Commission. They are investments in the short-term debt of governments and corporations. The classification of this type of account is a mutual fund. Upon purchase, a par value is established, and this value may fluctuate. These accounts are backed by pledges meeting the requirements of the Public Funds Investment Act. The community banking model uses local market deposits to fund loans. The deployment of local deposits to businesses and consumers is an example of community banking. Loans in Johnson County area for commercial total $139,220,253 and consumer total is $36,190,046. Average commercial notes are $158,565 and average consumer notes are $22,000. Treasury yields as of March 7, 2019 which vary month to month. Currently the overnight excess deposits at the Fed pay 2.40%. The City's previous rate was .55% which has been changed as of March 1, 2019 to 2.40%. Ms. Lingo showed the fee schedule and pointed out that all fees are waived for the City of Keene. The value-added services from waived fees equal an average annual savings of $1,671 with an additional annual savings for positive pay of $720. In comparison the 2.40% APR that Pinnacle Bank is offering on the investment account for the City of Keene, Pinnacle Bank currently holds obligations due from the City of Keene at a weighted Annual Percentage Rate equal to 2.47%. Based on annual average balances, when value services are added to current rate offered, the effective return to the City of Keen is 2.49%.

Cheryl Schram stated that we talked about the difference between the Logic investment and how annually we could end up even though we earned this because of market fluctuations we could end up at zero. Clarification that you are saying that what we earn is earned then it is solid money.

Amy Lingo stated that it is the difference between mutual funds versus a savings account. Ms. Lingo continued to state that Logic Funds and Pool Funds are not risky investments. However, they are subject to fluctuate daily. Pinnacle is offering a savings account with no fluctuation.

Brian LaBorde stated that after speaking with Amy Lingo, staff would recommend staying with Pinnacle Bank but a financial contract with Pinnacle does need to be updated.

Robert Cooper clarified that the current contract with Pinnacle expired in 2001.
Gwen Beeson stated that she understood why Cheryl Estes brought this to Council. It was not her decision to make but Ms. Estes wanted to make sure we had all the information.

Mayor Heinrich likes using Pinnacle because they are local.

Cheryl Estes stated that when she brought this information to Council, she just wanted to make sure that Council had all the options on the table in order to get the best rate. Ms. Estes continued to state that her relationship with Pinnacle has been great and they are easy to work with.

James Belz made a motion to reverse the decision made on February 14, 2019 to move investment banking to Logic and to remain with Pinnacle Bank. Seconded by Gwen Beeson. The motion carried 3-1-0. Robert Cooper against.

5. Discussion and presentation regarding the January 2019 Financials.

Cheryl Estes stated that we ended the month within our budgets for all funds. The debt service fund was a little higher. Debt service payments are made quarterly; therefore, it is expected this fund to exceed budgeted amounts during the fourth month of the year. Sales tax increased by $2,661 or 8% with a compared sales tax revenue for the same time last year. Municipal Court fines and warrant revenue ended at 80.31% of budgeted revenue. This is due to significant decrease in this revenue line item in the past year. Management budgeted conservatively this fiscal year. Water revenue for residential was 32.23% and commercial was 23.29%. Commercial water revenue includes several larger sprinkler accounts that affect this revenue line item. Water department is at 35.48%. This is due to two line-items over budget. The water purchase from JSUD at 67.85% and water supply inventory at 83.93%. This was due to some wells that went down and needed to be repaired. The sewer department is at 82.45% and this due to unbudgeted emergency expenditures for numerous emergency sewer repairs. Typically, what we do is at 6 months, departments go in re-evaluate the budgets and do a projection for the year-end. At this time, we true up the numbers, clean it up and move numbers to help those departments that went over budget like sewer. Currently, we don’t foresee any reason to increase budget. Ms. Estes talked about the CIP fund. This Council came in after the money was borrowed and after the money was budgeted for some of these projects. The City Hall project is done and is off the CIP fund report. We just reported on the $2 million bond that was issued in 2017. On the
report, the original budget is shown, what was spent and what it was spent on and finally, the amount that was left over.

No Action.

6. Discussion and possible action regarding the board appointments for Planning and Zoning Commission.

Mayor Heinrich read aloud the names of the applicants. Mayor Heinrich requested that an alternate be found for the Commission.

Robert Cooper made a motion to re-appoint Karl Konrad, Melba Bower and Phillip Jackson to the Planning and Zoning Commission. Seconded by Gwen Beeson. The motion carried unanimously, 4-0-0.

Gwen Beeson asked about Phillip Jackson.

Robert Cooper stated that Phillip Jackson is a former fire fighter.

7. Presentation and discussion with direction to staff regarding a proposed Water Capital Improvements Plan.

Derek Turner with Jacob & Martin came forward. The water system is composed of several elements. The source is from groundwater wells and purchased-threatened water from JSUD. The storage is ground storage and elevated storage. The pressure maintenance are pump stations and elevated tanks. The treatment is disinfection and iron removal. The service area is certificate of convenience and necessity which gives a retail public utility the exclusive right to provide retail water service to an identified geographical area. The corporate limits and ETJ is not required to have a CCN.

Project scope is to evaluate the City’s water supply and distribution system and recommend alternatives to improve water supply and distribution. Also, recommend alternatives to reduce water loss and maintenance costs. Create a 20-year plan for recommended improvements and provide alternatives for implementation. The methodology is to create and review water hydraulic model, review current water supply and prepare future demand projections. Identify problem areas in distribution system, prepare cost estimates for each improvement, prioritize improvements based on location, impact and cost, and finally develop a capital improvement plan based on priority and cost. The types of line improvements are replacement, upsizing, looping and new. The CIP goals are to insure adequate water supply to all areas, reduce water loss and reduce
maintenance expense and outages. Also, coordination with street CIP to reduce unnecessary costs. The population demand is currently estimated at 6,266 with 2018 water use equaling 200,191,500 gallons per year and water use in gallons per capita per day is 87.5. The 2040 projected population is 9,639 with 2040 projected water use equaling 307,845,563 gpy. The current surface water supply is 365,000,000 gpy and the current groundwater supply is 322,192,800 gpy. This assumption is with all wells in operation making the water supply adequate.

Water purchased from JSUD is 114,530,627 gallons. Water pumped from wells is 85,660,873 gallons. 2018 average daily water use is 548,470 gpd. 2018 peak daily water use is 1,808,000 gpd. It is projected that daily demand will exceed daily supply by 2035. The max JSUD daily allowed is 1,000,000 gpd. The max available from wells is 882,720 gpd. The projected 2040 daily peak is 2,0015,175 gpd. It is recommended the City procure additional daily supply by 2033. For storage requirements, the total storage currently provided is 3.75 million gallons. Gallons required is 0.68 and projected 2040 requirement is 1.05 million gallons. For elevated storage 0.40 million gallons is currently provided. The required is 0.24 million gallons. For 2040 projections the requirement is 0.37 million gallons. Storage is adequate.

Derek Turner provided a proposed water improvement table breaking down recommendations for the next 20 years in 5-year increments for North of Hwy 67. The 1-5-year plan inventory and overall cost is $1,752,000. This includes the street inventory portion of these utility improvements. The 6-10-year plan inventory and overall cost is $1,749,150. The 11-15-year plan inventory and overall cost is $4,494,200. Finally, the 16-20-year plan inventory and overall cost is 1,918,350. The 20-year outlay is $7,413,700 with options to mitigate with grant funds, developer or capital fund participation and larger projects. Funding options can be done with low interest loans or possible loan forgiveness from TWEB & USDA. Issue debt as certificates of obligation or general obligation bond. CDBG offers grants or you can pay as you go. Derek Turner followed up with the proposed water improvement table breaking down the recommendations for the next 20 years in 5-year increments for South of Hwy 67. The 1-5-year plan and overall cost is $592,500. The 6-10-year plan and overall cost is $403,075. The 11-15-year plan and overall cost is $425,360. The 16-20-year plan and overall cost is $567,240. The 20-year overall cost is $1,988,175. The yearly maintenance would be to rehab wells, repair/replace pumps, motors and valves. Repair/replace chemical feed equipment. Replace faulty valves. Add isolation valves. Replace meters. A recommended yearly budget for these items is $150,000. Rehab for storage tanks is typically on a 15-year cycle. A recommended yearly amount set aside for this item is $15,000.
James Belz asked where we were with the rehab storage tanks at this point.
Derek Turner stated that historically, money has never been put aside for this. They are currently in decent shape. The tank on CR 805 was down but is currently online.

James Belz asked for a percentage.
Derek Turner stated 75-80%.

James Belz stated that the recommendation is to set aside $15,000 a year. How much does it cost to do one?

Derek Turner stated $150,000.

Mayor Heinrich asked what size tank.
Derek Turner stated 250 gallons.

Brian LaBorde stated that Derek Turner will come back with the Sewer later. When we do come back Council needs to consider water rates and a consistent plan to chip away at these improvements in addition to O&M.

No action.

8. Discussion and possible action regarding construction phasing options for extension of sanitary sewer to Hyline, Gardendale and Oakridge subdivision area.

Derek Turner stated that the City was not eligible to submit a CDBG application and Council directed staff to look into phases of construction for the extension of sewer to Hyline, Gardendale and Oakridge area. Phase 1 is to upgrade lift station and extend sewer boring under Cooke Parkway for $277,000. Phase 2 would extend sewer from Cooke Parkway to south end of Hyline Drive for $111,000. Phase 3 would extend sewer throughout the Hyline, Gardendale and Oakridge subdivision area with tap and service line stub out to end of ROW for $357,000.

The lift station includes an additional wet well, replacement of pumps, piping, electrical upgrades and an emergency generator with five transfer switches. The lift station alone is $160,000 out of the $277,000 from Phase 1.

Mayor Heinrich agrees with the phases. Mayor Heinrich asked Mr. Konrad when he was annexed.

Karl Konrad stated before 2010.
Wes Schram asked if the power went out if there was enough compacity at the wells that you can transport between lift stations and keep everyone’s sewers running.

Derek Turner stated under a catastrophic event, staff would have to determine which is the most critical point. We do have storage capacity at each station.

Brian LaBorde stated that there are two phases to this. One is to give direction to staff and the other one is to look at extension of sewer on the north side of City Hall. Mr. Cabansag’s development and a possible development from Mr. Miosi that will be coming forward.

Mayor Heinrich stated that the phases are possible. Is Cabansag and Miosi projects included in these numbers?

Brian LaBorde stated that we got some preliminary numbers if we were to extend water and sewer. It will be over $50,000. The other would be to redirect money to make improvements to the lift station. Both projects were not budgeted for this year.

Cheryl Schram asked when we are talking about the lift station and to the other side of the road, what is advantage and disadvantages of taking it the whole way across there. Is this a potential commercial corner?

Derek Turner stated that the advantage would make it available sooner.

Mayor Heinrich stated instead of doing it all in one year it could be done in phases over the next three years.

Cheryl Schram stated that now we have a change to Phase 1 breaking it up to Phase 1A and Phase 1B. One with it staying on this side of the Parkway.

Mayor Heinrich stated it is meant to take it to Parkway first.

Robert Cooper asked if the first estimate included the bore.

Derek Turner stated yes.

Mayor Heinrich stated that the amount includes the line, the bore and the lift station with generator and switches (5).
James Belz asked if this is being grouped together.

Brian LaBorde requested that we discuss Hyline first.

**Robert Cooper made a motion to move forward with Phase 1 at $277,000. Seconded by Gwen Beeson. The motion carried unanimously, 4-0-0.**

Mayor Heinrich asked if this generator is capable of running a water well.

Derek Turner stated eventually. We would have to look at the voltage requirements. Most wells run at 240 volts to 480 volts.

Mayor Heinrich believes that the well at 805 has a voltage higher than 480 volts.

James Belz stated that we haven’t talked about a generator yet.

Derek Turner stated that he budgeted for a new generator. We can look at other options if necessary.

James Belz asked what the wattage or rating on the generator is that you included.

Dereke Turner stated that he budgeted for 50kw generator. It must be big enough for the biggest lift station to handle all the lift stations. It is rated as the highest.

James Belz asked when the last time was we needed a generator.

Andy Wolfe stated that we haven’t needed one for the year that he has been here.

Don Martin stated that we needed one about a year and half ago at the Fun Time RV lift station due to someone hitting a power pole. We got to it with 15 minutes to spare before it overflowed. It had been without power for 3-4 hours.

Mayor Heinrich stated that a generator is a proactive procedure.

Brian LaBorde stated that when it comes time to purchase a generator during Phase 1, we can bring back options.

9. Discussion and possible action regarding a resolution to continue participation with the ATMOS Cities Steering Committee and authorize payment to committee related activities.
Robert Cooper made a motion to approve Resolution No. 2019-357 to continue participation with the ATMOS Cities Steering Committee and authorize payment to committee related activities. Seconded by Cheryl Schram. The motion carried unanimously, 4-0-0.

Brian LaBorde stated that this is a collection of cities that ATMOS advocates on our behalf for rates.

Mayor Heinrich asked what the cost is.

Brian LaBorde stated $340 for the year.

Cheryl Schram added that ATMOS lobby's on our behalf too.

Robert Cooper stated that this helps keep our rates down.

10. City Manager’s Report:

Brian LaBorde asked the Council about live streaming. A spreadsheet was handed out with bids and equipment.

Cheryl Schram asked if it was in the budget.

Brian LaBorde stated that it was in the budget, but the previous Council requested that the new Council look at it and make the decision. TSM seems to be the best solution for the price. Their maintenance would be tied into their existing contract with us. The other bids had annual fees and exuberant fees.

Wayne Cabansag stated that Facebook Live is free.

Brian LaBorde explained how it would work with the cameras and the server. The streaming would be tied to the social media platforms.

Wes Schram asked if they would be archived.

Brian LaBorde stated yes.

Lavern Quear asked if comments can be made with the live streaming.
Holly Owens stated that the reason we can't go through social media such as Facebook Love is because it needs to go through the server for ownership. We can only archive what we own. We must be able to ensure that it hasn't been manipulated in any way, it must meet the Open Meetings Act and Public Information Act criteria.

Gwen Beeson asked if it is worth the annual fee.

Brian LaBorde stated that with TSM there is no annual fee. It is a one-time cost.

Cheryl Schram verified that the 3-year support is a one-time fee every three years. I like it because it becomes an official record without question of what really happened. Would like the other two Council members to be present when this decision is made.

Brian LaBorde stated that we will bring it back to Council as an agenda item. Mr. LaBorde continued with the Shady Oak progress. It is in the clean up process. Staff would like to have the ribbon cutting on April 5th at Mr. Peterson's house.

Mayor Heinrich suggested that James Chapline cut the ribbon.

11. Discussion and requests for future items on the agenda.

Live Streaming.

12. Adjourn.

City Council adjourned at 7:49 PM.

Mayor, Gary Heinrich

City Secretary, Holly Owens, TRMC