

This is a business meeting of the governing body for the City of Herington. There is no implied or expressed right for persons outside the governing body to speak or voice their opinion unless specifically recognized by the chair.

Regular Meeting
December 21, 2021
5:30 p.m.

1. Pledge of Allegiance

2. Consider Minutes of the Regular Meeting December 7, 2021

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

3. Public Forum

4. Additional Agenda Items

5. Approval of Agenda

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

6. City Clerk Update

7. Discussion and Action on Water Treatment Plant Loan Adjustment

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

8. Discussion and Action on Dickinson County 911 Advisory Council Appointment of Andrew Avantagiato

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

9. Discuss and Action on NRP Resolution # 947

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

10. Discuss and Action on Hogdgon Lease Extension

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

11. Pool Update

12. City Manager Comments

13. Commissioner Comments

14. Adjourn

Motion _____ Seconded _____ Action _____
Commissioner Castleberry, Commissioner Donahue, Commissioner Bell,
Commissioner Hartman, Mayor Urbanek

To join the City Commission meetings from your computer, tablet, or smartphone, go to
<https://www.youtube.com/channel/UCbvSBw6l4w85XQHSX0S1BXg>. Public Forum Comments can be
dropped in the deposit box or emailed to cityoffice@cityofherington.com.

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Public Comment is limited to 3 minutes per person. This is intended for citizens to express their views. This is a business meeting of the governing body for the City of Herington. There is no implied or expressed right for persons outside the governing body to speak or voice their opinion unless specifically recognized by the chair. All Commissioners can add additional agenda items if they choose for discussion. See The Code of Procedure for Kansas Cities section 10 Agenda items. *“Members of the public may not place an item on the agenda but may have a governing body member sponsor such an item.”*

All questions posed during public forum should be answered within the specific agenda item by any Commissioner or followed up as needed by staff in a timely manner during regular business hours following the meeting.

Please also review the protocol from The Code of Procedure for Kansas Cities Section 7 Public Comment. *If public comment is allowed during the meeting, the citizen desiring to comment on matters of a general nature, not specific to an agenda item, shall sign up in advance of the meeting & shall provide his or her name and address for the purpose of putting both in in the minutes of the meeting. Any comment taken on specific agenda items shall require the citizen to state his or her name and address for the minutes. The mayor or meeting chair may limit the time of each citizen based upon the number of people wishing to speak and the amount of time available for the public comment portion of the meeting.* All questions posed during public forum should be answered within the specific agenda item by any Commissioner or followed up as needed by staff in a timely manner during regular business hours following the meeting. Unfortunately, some citizen prolonged dialogue, demeanor & or outburst during the meeting has caused this to be enforced for all.

It is recommended that you request in advance for a specific item to be added to the agenda. This request should be received by the City Manager before Friday at noon preceding the meeting. See The Code of Procedure for Kansas Cities section 10 Agenda items. Agenda items. *“Members of the public may not place an item on the agenda but may have a governing body member sponsor such an item.”*

I would encourage every citizen to reach out to every Commissioner to have personal discussion of their concerns. By reaching out to select individuals only, may result in dissatisfaction of the outcome. We all have discussions with many citizens, how we base our decision is relative to the individuals that reach out to us specifically.

Regular Meeting
December 7, 2021
5:30 p.m.

The Board of City Commissioners of the City of Herington, Kansas met at City Hall at 5:30 p.m. on the above date – the following being present: Mayor Debi Urbanek, Commissioner Curtis Hartman, Commissioner Vance Donahue II, and Commissioner Ben Castleberry. Absent was Commissioner Robbin Bell. Also in attendance were City Manager Branden Dross, City Attorney Brad Jantz, City Clerk Megan Lawrenz, Police Chief Chad Langley, Fire Chief Andrew Avantagiato, Neighborhood Enforcement Officer Crystal Parris, Police Officer Brian Schantz and family, Police Officer Alan Cottone, Police Officer Ronald Cervera, Eric Gares, Gabbi Simmons, Galen Schneider and Janet Wade.

The meeting opened with the Pledge of Allegiance.

Mayor Urbanek made a motion to approve the minutes from the regular meeting November 16, 2021, seconded by Commissioner Donahue. Motion carried 4-0.

Commissioner Donahue made a motion to approve the revisions to the minutes from the regular meeting January 5, 2021, seconded by Commissioner Castleberry. Motion carried 4-0.

Public Forum – Galen Schneider – 211 South C, Herington, KS 67449 – New and old lakes.

Additional Agenda Items – None.

A motion was made by Mayor Urbanek, seconded by Commissioner Hartman to approve the agenda as written. Motion carried 4-0.

Public Hearing – Neighborhood Revitalization Plan – The public hearing for the Neighborhood Revitalization Plan opened at 5:39pm, hearing no comments from the public the hearing was closed at 5:39pm.

Police Update – There were 182 calls for service. 1 felony arrest and 2 misdemeanor arrests. Officer Cottone is attending FTO training. The police department is still looking to fill one position. Officer Brian Schantz was promoted to Detective.

Fire Update – There were 38 calls for service. 1 trash/rubbish fire, 1 excessive heat, 7 medical assists, 5 motor vehicle accidents with injuries, 3 gas leaks, 2 assists, 2 unauthorized burnings, 11 controlled burns, 3 smoke scares and 3 smoke detector malfunctions. Training topics were, MAYDAYS pumping, joint ice rescue class with Chapman might be scheduled for February 20, 2022, and Safety Chief Roberts and Fire Chief Avantagiato will be attending incident safety and department health and medical officer training, this training will also be open to others in the department. Staffing update, the fire department is always looking for more volunteer firefighters. Department and Equipment Update, air packs have been delayed estimated shipping date is 12/12/2021. The fire station committee met and narrowed down 3 possible locations for the fire station. ISO came back, City is an ISO 4, within five miles of the station is an ISO 6 and

the airport is an ISO 10. Need to improve out training program, more hours and officer training. Received a grant from Gary Sinise foundation for \$18,000 for turnout gear. Received a grant from Kansas State Fire Marshalls office for \$3400 for turnout gear. State Fire Marshal grant set to expire next year and was cut this year, please contact state representatives for support of this grant. Looking at big increases in equipment prices at the first of the year. Submitting a AFG for a new tanker/pumper. \$16,600 city portion to cost share of \$350k if awarded. Will be a year before we find out results, will help with hauled water, reserve pumper, replace brush 4.

Neighborhood Enforcement Update – Crystal had an ISO interview last Monday. We scored extremely high this year. They were last here 7 years ago before we adopted the ICC. The interviewer drove around our community before the meeting and saw many improvements around town. Crystal has started classes for the IPMC training and should be certified within the next four to five months. After IPMC she plans to start IBC training and plans to be certified in the beginning of 2023. After that she plans to start on the trade inspection certifications, as of now David Kahle is going on plumbing and electrical inspections with her. There are three condemnations this month. She has started the abatement process for next year. There are currently four properties on the list. Crystal has been working to learn about the floodway and flood plain and has been working with the state to get citizens questions answered. We have collected \$5530.90 in permit fees and inspection fees as of the end of October.

City Clerk Update – October’s financials were given to the Commissioners, and she explained that there were some funds moved out of General Admin to Water and Light Admin to utilize that budget. It’s a learning process, and staff was unaware that those budgets were available to use for city hall administrative expenses.

Mayor Urbanek made a motion to approve Ordinance 1843 and authorize the mayor’s signature, seconded by Commissioner Hartman. Motion carried 3-1, with Commissioner Donahue casting the dissenting vote.

ORDINANCE 1843

AN ORDINANCE AMENDING THE CODE OF THE CITY OF HERINGTON, KANSAS, TO ADD CHAPTER IV, ARTICLE 6, SECTIONS 4-609 AND 4-610 ESTABLISHING BOND AND INSURANCE REQUIREMENTS FOR ANYONE PERFORMING ANY SERVICES UNDER THE MECHANICAL CODE, AND TO WHICH SUCH CODE APPLIES, AS SET OUT IN THE CODE FOR THE CITY OF HERINGTON, KANSAS CHAPTER IV, ARTICLE 6 AND REPEALING ANY OTHER CURRENT ORDINANCES, OF PORTIONS THEREOF, IN CLONFLICT HEREWITH.

Fire Protection Agreement – Mayor Urbanek made a motion to approve an agreement for fire protection services for Fire District 11, Clarks Creek Township for \$5326.69, and authorize the mayor’s signature, seconded by Commissioner Donahue. Motion carried 4-0.

Fire Protection Agreement – Mayor Urbanek made a motion to approve an agreement for fire protection services for Fire District 7, Morris County for \$10,783.84, and authorize the mayor’s signature, seconded by Commissioner Donahue. Motion carried 4-0.

Fire Protection Agreement – Mayor Urbanek made a motion to approve an agreement for fire protection services for all Sections 1-36 in Lyon Township, Dickinson County, Kansas for \$20,436.59, and authorize the mayor’s signature, seconded by Commissioner Donahue. Motion carried 4-0.

Fire Protection Agreement – Mayor Urbanek made a motion to approve an agreement for fire protection services for Union Township, Dickinson County Kansas for \$2504.72, and authorize the mayor’s signature, seconded by Commissioner Donahue. Motion carried 4-0.

CMB License Renewal – Commissioner Hartman made a motion to approve the cereal malt beverage license renewal for Pizza Hut for the year ending 12/31/2022, seconded by Commissioner Donahue. Motion carried 4-0.

CMB License Renewal – Commissioner Hartman made a motion to approve the cereal malt beverage license renewal for Uncle Bob’s Bowling Center for the year ending 12/31/2022, seconded by Commissioner Donahue. Motion carried 4-0.

CMB License Renewal – Commissioner Hartman made a motion to approve the cereal malt beverage license renewal for Ampride for the year ending 12/31/2022, seconded by Commissioner Donahue. Motion carried 4-0.

CMB License Renewal – Commissioner Hartman made a motion to approve the cereal malt beverage license renewal for Family Dollar/Dollar Tree for the year ending 12/31/2022, seconded by Commissioner Donahue. Motion carried 4-0.

Tri-County Free Fair Board Lease – Mayor Urbanek made a motion to approve the lease extension with the Tri County Free Fair Board for 820 S Broadway, seconded by Commissioner Donahue. Motion carried 4-0.

Special Meeting City Commissioners with Planning Commissioners – Mayor Urbanek made a motion to set a special joint meeting between the city commissioners and planning commissioners on Saturday, January 15, 2022, at 9am, seconded by Commissioner Castleberry. Motion carried 4-0.

Mayor Urbanek made a motion to approve the revisions made to Ordinance 1840 and approve Ordinance 1844 and authorize the mayor’s signature, seconded by Commissioner Castleberry. Motion carried 4-0.

ORDINANCE 1844

AN ORDINANCE AMENDING ORDINANCE NO. 1840 GRANTING A CONDITIONAL USE PERMIT ON CERTAIN PROPERTY LOCATED AT 110 N. BROADWAY TO SPECIFY ONLY A LIMITED CONDITIONAL USE WITHIN THE CITY OF HERINGTON, DICKINSON COUNTY, STATE OF KANSAS, FOR A SPECIFIC PORTION OF THE PREMISES, A SEPARATE RESIDENTIAL DWELLING ONLY, LOCATED IN THE REAR OF THE COMMERCIAL STRUCTURE ONLY, UNDER THE AUTHORITY GRANTED BY ORDINANCE 1490 ADOPTING ZONING REGULATIONS FOR THE CITY OF HERINGTON, KANSAS; REPEALING EXISTING ORDINANCES; AND INCORPORATING ALL SUCH PROVISIONS BY REFERENCE.

Conditional Use Permit for 602 N D St – Mayor Urbanek made a motion to approve the conditional use permit for 602 N D St., Herington, KS 67449 for business signage, Ordinance to be numbered in the next sequential order and authorize the mayor’s signature, seconded by Commissioner Hartman. Motion carried 4-0.

McClaren Right of Way – City Manager Branden Dross updated the commissioners that it could cost between \$15,000 and \$25,000 to vacate and dedicate McClaren right of way issues and may investigate a cost sharing option with residents effected.

2021 Lake Season Financials – City Manager Branden Dross provided a spreadsheet of revenues and expenses for the lake for 2019, 2020 and 2021. He was advised to double check revenues recorded from the lake reservation software and asked to investigate a sum of money the city received in 2012 to be used for lake improvements.

Executive Session – Mayor Urbanek motioned to that the Herington City Commission recess into executive session, pursuant to the consultation with an Attorney on matters that would be deemed privileged in the attorney-client relationship exception K.S.A. 75-4319 (b)(2) to discuss matters of litigation to include the Governing Body, City Manager, City Attorney and City Clerk with the open meeting to resume at 6:35pm, seconded by Commissioner Hartman. Motion carried 4-0. No action taken.

Executive Session – Mayor Urbanek motioned to that the Herington City Commission recess into executive session, pursuant to the consultation with an Attorney on matters that would be deemed privileged in the attorney-client relationship exception K.S.A. 75-4319 (b)(2) to discuss contract negotiation to include the Governing Body, City Manager, City Attorney and City Clerk with the open meeting to resume at 6:55pm, seconded by Commissioner Hartman. Motion carried 4-0. No action taken.

City Manager Comments – Will be attending council meetings in Woodbine and Hope in January and February of 2022 to discuss water rate increases. The water treatment plant loan increase was approved with USDA but was not given to KDHE, staff is working through that now. Chuck Scott gave his notice effective January 1, 2022. A pool house tour is scheduled for Friday form 2:30 to 3:30pm. Staff have been working on tree trimming at the lake on Sand and Salt. Looking into implementing a consent agenda in the future. Staff is working on the websites for the lakes. Looking into options for a community improvement district along highway 77.

Commissioner Castleberry – Reminded the community about the lake meeting at the community building at 5:30. Mentioned Corkie working on the signage at highway 77 and 56 and mentioned the CVB and Chamber possibly cost sharing.

Commissioner Donahue – Mentioned the contractors boards, and encouraged the community to attend the start of the basketball tournament at the school

Commissioner Hartman – None.

Mayor Urbanek – Followed up about the leases. City Attorney advised that they are done, and he is working on an inventory list.

Adjourn – Commissioner Hartman made a motion to adjourn, seconded by Commissioner Castleberry.
Motion carried 4-0.

Megan Lawrenz, City Clerk

DRAFT

December 16, 2021

C. Mazaza Mtawali
KDHE – Bureau of Water
1000 SW Jackson, Suite 420
Topeka, KS 66612-1367

Re: City of Herington, Kansas (Project No. 2927)

Dear Mazaza;

In December 2021, we received a request to update the financial review originally completed for the City of Herington KS (the “City”) in May 2017. The City has requested an increase to its original loan in the amount of \$1,591,000, bringing the total loan amount to \$5,000,000. It was specified the loan be amortized over 20 years at 2.14%.

Ranson Financial Group, LLC has evaluated the audited financial statements for the water utility fund (the “System”) for the City for fiscal years 2017 through 2018 and 2020 and unaudited financial statements for fiscal year 2019.

The following assumptions were used: 1) the number of customers would stay at the year 2020 level of 1,248 customers; 2) cash receipts of the System, excluding Charges for service, would remain flat and the base amount was determined by the lower amount between the actual receipts received in 2020 or the average amount of receipts received over the review period, except for Loan proceeds- Water treatment facility; 3) Loan proceeds – Water treatment facility were zeroed out as that is not recurring revenue and those funds are restricted for defined project costs; 4) expenses would grow at the inflation factor of 3% per year, and the base amount would be determined using the higher amount between the actual expense amounts from year 2020 or the average over the review period, except for transfers out of the system and KDHE loan payments; 5) transfers out of the system were based on transfers made in 2020; 6) KDHE loan payments were assumed to be \$86,746 per year based on debt service paid in years 2017 through 2019 for KPWSLF Project No.2357. We could not confirm what caused the increase in the amount paid in 2020; 7) total gallons sold were based off the median monthly sales per customer from years 2018 through 2020; and 8) transfers out of the System and capital outlay were added back in for the purpose of calculating the System’s debt service coverage ratio.

The City’s last rate increase passed by ordinance on September 7, 2021 and went into effect once all publication requirements were met. The ordinance also detailed future rate increases scheduled to take effect every January 1, beginning January 1, 2023 and continuing until otherwise modified or cancelled by the City. For the purpose of this review, we ignored these annual rate increases and assumed the following proposed changes would replace the automatic annual increases.

Our analysis concludes that with the rate structure currently in effect, the System should be able to pay forecasted operating expenditures and debt service on the new loan. An increase in revenues and/or decrease in expenses of approximately 12.00% may be necessary prior to year 2023 when it is estimated the System will make both semi-annual payments on the new loan. The current water bill for a residential user for 5,000 gallons is \$61.97 and would increase to approximately \$66.00 if the rate increase, listed above, were to be implemented.

Concerns include: 1) the practice of adding back in capital outlay expenditures and transfers for the debt service coverage ratio calculation results in those expenditures not being fully funded. This practice can lead to the depletion of the System’s unencumbered cash balance especially based on the expense levels forecasted. However, we believe these costs are being at least somewhat inflated due to the inclusion of project costs being financed. Without a more detailed review, we could not accurately forecast what the System’s needs were related to capital outlay expenses; and 2) additional rate increases may be necessary if a) the System reintroduces transfers out of the System; or b) if capital outlay expenses are expected to remain at significantly high levels and are fully funded.

Recommendations include 1) that the City utilize assistance available for the on-line Rate Check-Up program provided free by the Kansas Department of Health and Environment. The on-line tool can be used to review their current water

rates and forecasted expenses; and 2) that the loan agreement be approved if steps are taken to increase water rates to adequate levels to pay debt service or we receive the City's assurance that it will increase the mill levy or some combination of the two. For budget year 2022, the City's mill levy was 82.331 mills and total mills assessed in the City by all units was 212.195 mills for residents of the City living in Dickinson County. A small portion of city residents have a higher applicable aggregate mill levy based on other taxing units located within Morris County.

Please call (316) 264-3400 or e-mail ewarren@ransonfinancial.com should you have any questions or concerns.

Sincerely,



Beth Warren
Municipal Advisor

Enclosure

C: William Carr, KDHE
Cara Hendricks, KDHE – Bureau of Water
Kerry Lyons, Department of Administration
Belinda Baber, Department of Administration
City of Herington, KS

DRAFT

Kansas Public Water Supply Loan Fund

FINANCIAL CAPACITY ANALYSIS

City of Herington, Kansas

DRAFT

Date of Report
December 16, 2021

Prepared by Ranson Financial Group, LLC

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Kansas Public Water Supply Loan Fund

Financial Capacity Analysis

Date of Report 12/16/21

Applicant: City of Herington, KS

Project #'s	2927
SRF Request	\$5,000,000
Other Funding	\$0
Total Project Costs	<u>\$5,000,000</u>

Anticipated Interest Rate	2.14%
Term	20
Estimated Annual Debt Service	\$308,619.77

SECURITY	
Bond Insurance	no
Taxing Authority	yes
125% Debt Service & Reserve	no
140% Debt Service	no

RECOMMENDATION STATUS	
Approved	yes
Disapproved	no
FIAC Agreement	no
Reviewed by	ecw

PROFORMA ANALYSIS

Anticipated Present Operating Revenues	\$ 830,331.37
Additional Revenues from Rate Increase	98,407.93
Anticipated Total Revenues	<u>\$ 928,739.31</u>
Present Operating & Net Non-operating Exps	\$ 1,279,925.00
Projected Increase(Decrease)	<u>445,092.57</u>
Total Forecasted Expenses	<u>\$ 1,725,017.57</u>
Net Income	\$ (796,278.26)
Net Adjustments to Income	1,192,647.80
Income Available for Debt Service	<u>\$ 396,369.54</u>

Outstanding Debt	\$ 2,315,788
Proposed SRF Debt	\$ 5,000,000
Total Debt	\$ 7,315,788
Inc. Available for Debt Service	\$ 396,370
Debt Service	\$ 395,366
Coverage	100.25%

Comments:

The City has applied for a loan from the Kansas Public Water Supply Loan Fund. The Loan will finance the constructions of new water and electrical infrastructure and demolition of existing building including: 1) relocation of electrical service; 2) construction of a new filter building; 3) relocation of the pump room; 4) construction of new offices/restrooms; 5) trihalomethane reductions; 6) upgrades to the water plant computer system; 7) improving site paving; 8) removal of unused chemical feed silos; and 9) construction of a backwash basin.

City of Herington, KS
Water Utility Fund
Income Statement Summary ⁽¹⁾

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Receipts				
Charges for service	\$640,203	\$907,427	\$749,206	\$759,490
Other charges	6,559	14,561	6,825	7,073
Reimbursed expense	920	1,130	606	1,301
Loan proceeds - Water treat. facility	0	0	86,951	599,163
Miscellaneous	4,812	1,605	2,713	2,203
Total receipts	\$652,494	\$924,723	\$846,301	\$1,369,230
Expenditures				
Production				
Personal services	\$119,193	\$79,633	\$109,526	\$77,499
Contractual services	10,527	12,161	6,370	10,160
Commodities	81,534	77,156	79,906	83,937
Capital outlay	0	257,642	75,958	625,272
Transmission and distribution				
Personal services	85,265	109,279	99,757	119,364
Contractual services	14,958	12,819	10,478	8,019
Commodities	62,613	42,848	78,103	92,388
Capital outlay	0	1,995	94,170	104,354
Contingencies	1,542	0	0	0
Transfers to:				
Equipment reserve fund	20,000	20,000	0	0
Capital improvement fund	0	10,000	0	0
General and administrative				
Personal services	9,763	132	52,956	24,454
Contractual services	18,858	24,968	15,908	14,800
Commodities	4,229	1,044	375	0
Other				
Sales tax	17,379	18,364	18,661	16,216
Water protection fee	3,767	3,809	2,842	4,209
Workers' compensation	9,806	8,800	0	3,937
Payroll expense	0	0	192	0
Insurance	0	0	2,135	0
Unemployment compensation	1,176	132	0	80
KDHE loan payments	86,746	86,746	86,746	95,236
Total Expenditures	\$547,356	\$767,528	\$734,083	\$1,279,925
Receipts over (under) expenditures	\$105,138	\$157,195	\$112,218	\$89,305
Unencumbered cash, beginning	\$21,016	\$126,154	\$283,349	\$395,567
Unencumbered cash, ending	\$126,154	\$283,349	\$395,567	\$484,872

⁽¹⁾ Information for 2019 is unaudited

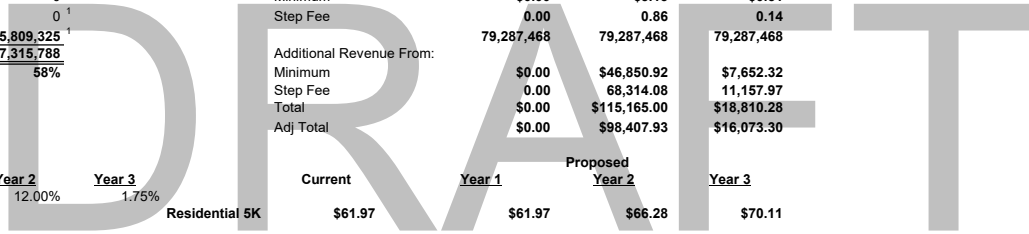
City of Herington, KS

Statement of Cash Receipts and Expenditures	2017	2018	2019	2020	2022	2023	2024
Cash Receipts							
Charges for service	\$640,203	\$907,427	\$749,206	\$759,490	\$820,066	\$820,066	\$918,474
Other charges	6,559	14,561	6,825	7,073	7,073	7,073	7,073
Reimbursed expense	920	1,130	606	1,301	989	989	989
Loan proceeds - Water treat. facility	0	0	86,951	599,163	0	0	0
Miscellaneous	4,812	1,605	2,713	2,203	2,203	2,203	2,203
Rate Increase	N/A	N/A	N/A	N/A	0	98,408	16,073
Total Cash Receipts	\$652,494	\$924,723	\$846,301	\$1,369,230	\$830,331	\$928,739	\$944,813
Expenditures and Transfers							
Production							
Personal services	\$119,193	\$79,633	\$109,526	\$77,499	102,337	105,407	108,570
Contractual services	10,527	12,161	6,370	10,160	10,779	11,102	11,435
Commodities	81,534	77,156	79,906	83,937	89,049	91,720	94,472
Capital outlay	0	257,642	75,958	625,272	663,351	683,252	703,749
Transmission and distribution			0				
Personal services	85,265	109,279	99,757	119,364	126,633	130,432	134,345
Contractual services	14,958	12,819	10,478	8,019	12,273	12,641	13,020
Commodities	62,613	42,848	78,103	92,388	98,014	100,955	103,984
Capital outlay	0	1,995	94,170	104,354	110,709	114,030	117,451
Contingencies	1,542	0	0	0	409	421	434
Transfers to:							
Equipment reserve fund	20,000	20,000	0	0	0	0	0
Capital improvement fund	0	10,000	0	0	0	0	0
General and administrative							
Personal services	9,763	132	52,956	24,454	25,943	26,722	27,523
Contractual services	18,858	24,968	15,908	14,800	19,768	20,361	20,972
Commodities	4,229	1,044	375	0	1,498	1,543	1,589
Other							
Sales tax	17,379	18,364	18,661	16,216	18,730	19,292	19,871
Water protection fee	3,767	3,809	2,842	4,209	4,465	4,599	4,737
Workers' compensation	9,806	8,800	0	3,937	5,979	6,158	6,343
Payroll expense	0	0	192	0	51	52	54
Insurance	0	0	2,135	0	566	583	601
Unemployment compensation	1,176	132	0	80	368	379	391
KDHE loan payments	86,746	86,746	86,746	95,236	86,746	86,746	86,746
New Debt Service	N/A	N/A	N/A	N/A	154,310	308,620	308,620
Total Expenditures and Transfers	\$547,356	\$767,528	\$734,083	\$1,279,925	\$1,531,980	\$1,725,018	\$1,764,907
Receipts over (under) expenditures	\$105,138	\$157,195	\$112,218	\$89,305	-\$701,649	-\$796,278	-\$820,095
Income Available for Debt Service							
Receipts over (under) expenditures	\$105,138	\$157,195	\$112,218	\$89,305	-\$701,649	-\$796,278	-\$820,095
Contractual services	0	0	-86,951	-599,163	0	0	0
Production							
Capital outlay	0	257,642	75,958	625,272	663,351	683,252	703,749
Transmission and distribution							
Capital outlay	0	1,995	94,170	104,354	110,709	114,030	117,451
Transfers to:							
Equipment reserve fund	20,000	20,000	0	0	0	0	0
Capital improvement fund	0	10,000	0	0	0	0	0
Other							
KDHE loan payments	86,746	86,746	86,746	95,236	86,746	86,746	86,746
New Debt Service	N/A	N/A	N/A	N/A	154,310	308,620	308,620
Totals	\$211,884	\$533,578	\$282,141	\$315,004	\$313,468	\$396,370	\$396,472
Debt Service	\$86,746	\$86,746	\$86,746	\$95,236	\$241,056	\$395,366	\$395,366
Debt Service Coverage Ratio	244.26%	615.10%	325.25%	330.76%	130.04%	100.25%	100.28%

Forecasted operating expenditures are based upon either the last year expense or average, whichever is higher and is adjusted at the assumed inflation rate.

OPERATIONS

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	
Number of Customers, beginning	N/A	N/A	1,249	1,247	1,248	1,248	1,248	
Number of Customers, ending	N/A	1,249	1,247	1,248	1,248	1,248	1,248	
Percentage Increase	N/A	N/A	-0.16%	0.08%	0.00%	0.00%	0.00%	
Water Pumped / Purchased	N/A	107,531,000	104,183,000	113,111,000	107,444,906	107,444,906	107,444,906	
Water Sold	N/A	79,351,000	76,048,000	85,231,000	79,287,468	79,287,468	79,287,468	
Water Flushed	N/A	13,011,000	12,263,000	14,731,000	13,000,583	13,000,583	13,000,583	
Water Loss	N/A	15,169,000	15,872,000	13,149,000	15,156,855	15,156,855	15,156,855	
Water Loss %	N/A	14.11%	15.23%	11.62%	14.11%	14.11%	14.11%	
Water Sold Per Avg. Customer	N/A	5,294	5,078	5,693	5,294	5,294	5,294	
Water Pumped / Purchased Per Avg. Customer	N/A	7,174	6,957	7,556	7,174	7,174	7,174	
Water Flushed Per Avg. Customer	N/A	868	819	984	868	868	868	
2020 Equalized Assd. Val. of Taxable Tangible Property	\$10,738,691	\$25.00	\$25.00	\$23.50	\$26.07	\$26.07	\$29.20	Minimum
2020 Motor Vehicle Valuation	1,941,897	5.69	5.69	6.08	7.18	7.18	8.04	Step Fee
Total Equalized Assessed Tangible Valuation	\$12,680,588	2,000	2,000	0	0	0	0	Gallons in Min
30% debt limitation	\$3,804,176	29,976,000	29,952,000	0	0	0	0	Gallons Included
Outstanding general obligation debt - December 31, 2019	\$1,200,000	49,375,000	46,096,000	85,231,000	79,287,468	79,287,468	79,287,468	Gallons Remaining
Exempt general obligation debt	590,000							
Net general obligation debt subject to debt limit	\$610,000	\$374,700.00	\$374,400.00	\$351,795.00	\$390,424.32	\$390,424.32	\$437,275.24	Minimum Revenue
Ratio of Applicable GO Debt to Equalized Assd. Valuation	5%	280,943.75	262,286.24	518,204.48	569,284.02	569,284.02	637,598.11	Revenue from Step
Revenue Adjustment		\$655,643.75	\$636,686.24	\$869,999.48	\$959,708.34	\$959,708.34	\$1,074,873.34	Total Revenue
		-27.75%	-15.02%	14.55%	\$820,066.12	\$820,066.12	\$918,474.06	Adj Total Revenue
Capital Leases	\$306,463 ¹							
Revenue Bonds/PBC Bonds	0 ¹				\$0.00	\$3.13	\$0.51	
Other Debt	0 ¹				0.00	0.86	0.14	
Loans	5,809,325¹				79,287,468	79,287,468	79,287,468	
Total General Obligation Debt and Other Debt Instruments	\$7,315,788							
Ratio of Direct Debt to Equalized Assessed Valuation	58%							
⁽¹⁾ not included in the 30% debt limitation								
PROFOMA ASSUMPTIONS	Year 1	Year 2	Year 3	Current	Year 1	Year 2	Year 3	
INCOME FACTOR	0.00%	12.00%	1.75%	Residential 5K	\$61.97	\$61.97	\$66.28	\$70.11
EXPENSE FACTOR	3.00%							



	<u>2022</u>	<u>2023</u>	<u>2024</u>
Increase to:			
Minimum	\$0.00	\$3.13	\$0.51
Step Fee	0.00	0.86	0.14
Additional Revenue From:			
Minimum	\$0.00	\$46,850.92	\$7,652.32
Step Fee	0.00	68,314.08	11,157.97
Total	\$0.00	\$115,165.00	\$18,810.28
Adj Total	\$0.00	\$98,407.93	\$16,073.30

DEBT SUMMARY

	(as of December 31, 2019)					(as of December 31, 2019)				
	Type	Final Maturity	Interest Rate	Unpaid		Included in Debt Limit	Type	Final Maturity	Interest Rate	Unpaid
GO Bonds										
Series 2014		03/01/25	1.00-2.80%	\$590,000	\$0	Temporary Notes				
Series 2017		10/01/28	3.00%	610,000	\$610,000	N/A				
Total GO Bonds				<u>\$1,200,000</u>	<u>\$610,000</u>	Total Temporary Notes			<u>\$0</u>	<u>\$0</u>
Revenue Bonds/PBC Bonds						Capital Leases				
N/A						CAT excavator	04/01/22	3.25%	\$30,468	
						Asphalt zipper	05/01/22	3.59%	65,390	
						Watchguard camera	02/01/23	3.65%	52,104	
						Street sweeper	10/01/25	4.52%	158,501	
Total Revenue Bonds				<u>\$0</u>		Total Capital Leases			<u>\$306,463</u>	
Revolving Loans						Other Debt				
Sewer loan		09/01/25	2.58%	\$200,969		N/A				
Water loan		02/01/27	3.33%	531,045						
KDOT loan		08/01/24	3.91%	48,961						
KDOT loan		08/01/22	3.69%	28,350						
Total Revolving Loans				<u>\$809,325</u>		Total Other Debt			<u>\$0</u>	
						Total Debt Prior to New Loan			\$2,315,788	
						Proposed Water Loan			<u>5,000,000</u>	
						Total New and Existing Debt			<u>\$7,315,788</u>	

DRAFT

City of Herington, KS

Actual Draws - Actual Interest Rate
 Amortization of Loan Costs ESTIMATED

Project Principal: \$4,987,500.00
 Interest During Const.:
 Service Fee During Const.:
 Loan Origination Fee: \$12,500.00
 Loan Reserve Account: \$0.00
 Financial Integrity Assurance Contract: \$0.00
 Gross Loan Costs: \$5,000,000.00

Gross Rate: 2.14%
 Service Fee Rate: 0.35%
 Loan Interest Rate: 1.79%
 1st Payment Date: 8/1/2022
 Number of Payments: 40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	8/1/2022	\$5,000,000.00	\$44,750.00	\$100,809.89	\$8,750.00	\$154,309.89	\$4,899,190.11
2	2/1/2023	4,899,190.11	43,847.75	101,888.55	8,573.58	154,309.89	4,797,301.56
3	8/1/2023	4,797,301.56	42,935.85	102,978.76	8,395.28	154,309.89	4,694,322.81
4	2/1/2024	4,694,322.81	42,014.19	104,080.63	8,215.06	154,309.89	4,590,242.17
5	8/1/2024	4,590,242.17	41,082.67	105,194.29	8,032.92	154,309.89	4,485,047.88
6	2/1/2025	4,485,047.88	40,141.18	106,319.87	7,848.83	154,309.89	4,378,728.01
7	8/1/2025	4,378,728.01	39,189.62	107,457.50	7,662.77	154,309.89	4,271,270.51
8	2/1/2026	4,271,270.51	38,227.87	108,607.29	7,474.72	154,309.89	4,162,663.22
9	8/1/2026	4,162,663.22	37,255.84	109,769.39	7,284.66	154,309.89	4,052,893.83
10	2/1/2027	4,052,893.83	36,273.40	110,943.92	7,092.56	154,309.89	3,941,949.91
11	8/1/2027	3,941,949.91	35,280.45	112,131.02	6,898.41	154,309.89	3,829,818.89
12	2/1/2028	3,829,818.89	34,276.88	113,330.82	6,702.18	154,309.89	3,716,488.07
13	8/1/2028	3,716,488.07	33,262.57	114,543.46	6,503.85	154,309.89	3,601,944.60
14	2/1/2029	3,601,944.60	32,237.40	115,769.08	6,303.40	154,309.89	3,486,175.53
15	8/1/2029	3,486,175.53	31,201.27	117,007.81	6,100.81	154,309.89	3,369,167.72
16	2/1/2030	3,369,167.72	30,154.05	118,259.79	5,896.04	154,309.89	3,250,907.93
17	8/1/2030	3,250,907.93	29,095.63	119,525.17	5,689.09	154,309.89	3,131,382.76
18	2/1/2031	3,131,382.76	28,025.88	120,804.09	5,479.92	154,309.89	3,010,578.67
19	8/1/2031	3,010,578.67	26,944.68	122,096.69	5,268.51	154,309.89	2,888,481.98
20	2/1/2032	2,888,481.98	25,851.91	123,403.13	5,054.84	154,309.89	2,765,078.85
21	8/1/2032	2,765,078.85	24,747.46	124,723.54	4,838.89	154,309.89	2,640,355.31
22	2/1/2033	2,640,355.31	23,631.18	126,058.08	4,620.62	154,309.89	2,514,297.22
23	8/1/2033	2,514,297.22	22,502.96	127,406.90	4,400.02	154,309.89	2,386,890.32
24	2/1/2034	2,386,890.32	21,362.67	128,770.16	4,177.06	154,309.89	2,258,120.16
25	8/1/2034	2,258,120.16	20,210.18	130,148.00	3,951.71	154,309.89	2,127,972.16
26	2/1/2035	2,127,972.16	19,045.35	131,540.58	3,723.95	154,309.89	1,996,431.58
27	8/1/2035	1,996,431.58	17,868.06	132,948.07	3,493.76	154,309.89	1,863,483.51
28	2/1/2036	1,863,483.51	16,678.18	134,370.61	3,261.10	154,309.89	1,729,112.90
29	8/1/2036	1,729,112.90	15,475.56	135,808.38	3,025.95	154,309.89	1,593,304.52
30	2/1/2037	1,593,304.52	14,260.08	137,261.53	2,788.28	154,309.89	1,456,042.99
31	8/1/2037	1,456,042.99	13,031.58	138,730.23	2,548.08	154,309.89	1,317,312.77
32	2/1/2038	1,317,312.77	11,789.95	140,214.64	2,305.30	154,309.89	1,177,098.13
33	8/1/2038	1,177,098.13	10,535.03	141,714.94	2,059.92	154,309.89	1,035,383.19
34	2/1/2039	1,035,383.19	9,266.68	143,231.28	1,811.92	154,309.89	892,151.91
35	8/1/2039	892,151.91	7,984.76	144,763.86	1,561.27	154,309.89	747,388.05
36	2/1/2040	747,388.05	6,689.12	146,312.83	1,307.93	154,309.89	601,075.22
37	8/1/2040	601,075.22	5,379.62	147,878.38	1,051.88	154,309.89	453,196.84
38	2/1/2041	453,196.84	4,056.11	149,460.68	793.09	154,309.89	303,736.16
39	8/1/2041	303,736.16	2,718.44	151,059.91	531.54	154,309.89	152,676.25
40	2/1/2042	152,676.25	1,366.45	152,676.25	267.18	154,309.89	0.00
Totals			\$980,648.49	\$5,000,000.00	\$191,746.91	\$6,172,395.41	

City of Herington, KS

Actual Draws - Actual Interest Rate
 Amortization of Loan Costs ESTIMATED

Project Principal: \$4,987,500.00
 Interest During Const.:
 Service Fee During Const.:
 Loan Origination Fee: \$12,500.00
 Loan Reserve Account: \$0.00
 Financial Integrity Assurance Contract: \$0.00
 Gross Loan Costs: \$5,000,000.00

Gross Rate: 2.14%
 Service Fee Rate: 0.35%
 Loan Interest Rate: 1.79%
 1st Payment Date: 8/1/2022
 Number of Payments: 40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
41	8/1/2042	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
42	2/1/2043	0.00	0.00	0.00	0.00	0.00	0.00
43	8/1/2043	0.00	0.00	0.00	0.00	0.00	0.00
44	2/1/2044	0.00	0.00	0.00	0.00	0.00	0.00
45	8/1/2044	0.00	0.00	0.00	0.00	0.00	0.00
46	2/1/2045	0.00	0.00	0.00	0.00	0.00	0.00
47	8/1/2045	0.00	0.00	0.00	0.00	0.00	0.00
48	2/1/2046	0.00	0.00	0.00	0.00	0.00	0.00
49	8/1/2046	0.00	0.00	0.00	0.00	0.00	0.00
50	2/1/2047	0.00	0.00	0.00	0.00	0.00	0.00
51	8/1/2047	0.00	0.00	0.00	0.00	0.00	0.00
52	2/1/2048	0.00	0.00	0.00	0.00	0.00	0.00
53	8/1/2048	0.00	0.00	0.00	0.00	0.00	0.00
54	2/1/2049	0.00	0.00	0.00	0.00	0.00	0.00
55	8/1/2049	0.00	0.00	0.00	0.00	0.00	0.00
56	2/1/2050	0.00	0.00	0.00	0.00	0.00	0.00
57	8/1/2050	0.00	0.00	0.00	0.00	0.00	0.00
58	2/1/2051	0.00	0.00	0.00	0.00	0.00	0.00
59	8/1/2051	0.00	0.00	0.00	0.00	0.00	0.00
60	2/1/2052	0.00	0.00	0.00	0.00	0.00	0.00
61	8/1/2052	0.00	0.00	0.00	0.00	0.00	0.00
62	2/1/2053	0.00	0.00	0.00	0.00	0.00	0.00
63	8/1/2053	0.00	0.00	0.00	0.00	0.00	0.00
64	2/1/2054	0.00	0.00	0.00	0.00	0.00	0.00
65	8/1/2054	0.00	0.00	0.00	0.00	0.00	0.00
66	2/1/2055	0.00	0.00	0.00	0.00	0.00	0.00
67	8/1/2055	0.00	0.00	0.00	0.00	0.00	0.00
68	2/1/2056	0.00	0.00	0.00	0.00	0.00	0.00
69	8/1/2056	0.00	0.00	0.00	0.00	0.00	0.00
70	2/1/2057	0.00	0.00	0.00	0.00	0.00	0.00
71	8/1/2057	0.00	0.00	0.00	0.00	0.00	0.00
72	2/1/2058	0.00	0.00	0.00	0.00	0.00	0.00
73	8/1/2058	0.00	0.00	0.00	0.00	0.00	0.00
74	2/1/2059	0.00	0.00	0.00	0.00	0.00	0.00
75	8/1/2059	0.00	0.00	0.00	0.00	0.00	0.00
76	2/1/2060	0.00	0.00	0.00	0.00	0.00	0.00
77	8/1/2060	0.00	0.00	0.00	0.00	0.00	0.00
78	2/1/2061	0.00	0.00	0.00	0.00	0.00	0.00
79	8/1/2061	0.00	0.00	0.00	0.00	0.00	0.00
80	2/1/2062	0.00	0.00	0.00	0.00	0.00	0.00
Totals			\$980,648.49	\$5,000,000.00	\$191,746.91	\$6,172,395.41	

RESOLUTION NO. 947

A RESOLUTION OF THE CITY OF HERINGTON, KANSAS ADOPTING A NEIGHBORHOOD REVITALIZATION PLAN AND DESIGNATING AN EXPANDED NEIGHBORHOOD REVITALIZATION AREA.

WHEREAS, the Governing Body of the City of Herington, Kansas pursuant to the authority provided by K.S.A. 12-17,114 et seq., is desirous of adopting a plan to assist the revitalization of certain designated areas of the City of Herington; and

WHEREAS, the Governing Body of the City of Herington, pursuant to public notice did hold a public hearing on the 7th day of December, 2021 to hear and consider public comment on the Neighborhood Revitalization Plan;

BE IT RESOLVED by the Governing Body of the City of Herington, Kansas, as follows:

Section 1. Neighborhood Revitalization Plan. The City Commission does hereby adopt the Neighborhood Revitalization Plan, attached hereto as Exhibit A.

Section 2. Designation of Neighborhood Revitalization Area. The City Commission does hereby designate the real property described in Part 1 of the Neighborhood Revitalization Plan as the Neighborhood Revitalization Areas. The following conditions exist within said areas: deteriorating structures and a predominance of improvements. which, by reason of age, history, architecture or significance should be preserved or perpetuated.

Section 3. Neighborhood Revitalization Fund. The City Commission does hereby agree to establish and maintain, for the City of Herington, Kansas, a program and fund account, in cooperation with Dickinson County, Kansas identified as a Neighborhood Revitalization Fund to finance redevelopment of the revitalization area and to provide rebates of property tax increments as set forth in the revitalization plan. Administrative proceeds received by the City in accordance with the revitalization plan shall be credited to the City's general fund.

PASSED AND ADOPTED by the Governing Body of the City of Herington, Kansas, this 21st day of December, 2021.

Debi Urbanek, Mayor

ATTEST:

Megan Lawrenz, City Clerk

HODGDON

— POWDER CO —

November 8, 2021

Branden Dross, City Manager
Herington City Hall
17 North Broadway
Herington, KS 67449

Dear Mr. Dross,

This letter is in reference to that certain Declaration of Lease dated May 1, 1978 originally between the City of Herington, Kansas ("City") and Pyrodex Corporation, as assigned by Pyrodex Corporation to Hodgdon Powder Company, Inc. ("Hodgdon"), as amended by that Lease Amendment dated September 7, 2004 between City and Hodgdon (the "Lease Amendment", and together with the Declaration of Lease, the "Lease").

The term of the Lease is set to expire on December 21, 2021. Pursuant to Section 3 of the Lease Amendment, Hodgdon was granted the right to extend the term of the Lease for six (6) additional periods of ten (10) years each. Hodgdon has previously exercised the first of these extension options.

Hodgdon hereby exercises the second of the extension options, extending the term for an additional ten (10) year period commencing on December 22, 2021 and expiring on December 31, 2031

Please acknowledge receipt of this letter by signing and returning a copy to the undersigned. Feel free to contact the undersigned if you have any questions.

Sincerely,



Steve Kehrwald
President & CEO
Hodgdon Powder Company, Inc.

ACKNOWLEDGED BY:
CITY OF HERINGTON, KANSAS

Print Name: Branden Dross

Print Title: City Manager