



*MINUTES
CITY COUNCIL MEETING
COUNCIL CHAMBERS – HUTCHINSON, KANSAS
FEBRUARY 16, 2016
9:00 A.M.*

1. The Governing Body of the City of Hutchinson, Kansas met in regular session at 9:00 a.m. on Tuesday, February 16, 2016 in the City Council Chambers with Mayor Piros de Carvalho presiding. Councilmembers Dechant, Inskeep, Daveline and Soldner were present.

2. The Pledge of Allegiance to the flag was recited.

3. The prayer was given by Pastor Darryl Peterson of Grace Christian Church.

4. Petitions, Remonstrances, and Communications

Richard Greever, 3409 N. Maple, President of the Central Kansas Landlords Association, spoke about the inspection program. Mr. Greever said this is a violation of the 4th amendment; and said the 4th amendment requires a probable cause warrant. He went on to read portions of the 4th amendment.

Scott Brown announced he and two other partners will be opening a canoe/kayak/tube rental and shuttle service which will operate along the Arkansas River between 4th and Carey Park. The projected opening is May 7, 2016.

5. Consent Agenda

- a. Approval of Minutes of February 2, 2016 City Council meeting.
- b. Approval of License Agreement with Kwik Shop, Inc. for groundwater monitoring well installation.
- c. Approval of T-Hangar Lease Agreement with Tony Beauchamp.
- d. Approval of December, 2015 financial reports.
- e. Approval of appropriation ordinance in the amount of \$1,538,242.72.

Councilmember Inskeep asked about the T-hangar lease waiting list. Pieter Miller, Airport Manager, said Tony Beauchamp of Midwest Malibu has been on the waiting list for approximately four years; and said there are six more people on the list.

Motion by Councilmember Soldner, second by Councilmember Inskeep, to approve the Consent Agenda and authorize the Mayor to sign. The motion passed unanimously.

6. Ordinances and Resolutions

a. Consider Ordinance amending the Rental Registration and Inspection Program. Jana McCarron, Director of Planning and Development, spoke. Ms. McCarron said staff has reviewed various options; and recommends making no amendments to the ordinance. She said this is a new program; and they would like to have a better feel about the state of the rental units, etc. Ms. McCarron said there are 1,446 units registered to date. Final notices will be mailed on March 1, 2016, with the deadline for registration being March 31, 2016.

Motion by Councilmember Daveline, second by Councilmember Dechant, to deny the request of Investment Resource Corporation (IRC) to approve amendments to Hutchinson City Code Sections 21-1101, et seq., of the City of Hutchinson Municipal Code pertaining to the Rental Registration and Inspection Program.

Councilmember Daveline said he was a strong advocate of what was being proposed, but since the January 19, 2016 presentation, he has had a lot of feedback about this issue. He said he had a conversation with John Deardoff and Trent Maxwell; and now has a better appreciation of the inspection process. Councilmember Daveline said he does have an alternate thought. In talking with Mr. Deardoff and Mr. Maxwell, he would propose a six year inspection cycle on newly constructed rental units after the occupancy permit is issued; and the \$25.00 registration fee would be paid annually.

Mayor Piros de Carvalho asked Ms. McCarron about the inspection cycle in the current ordinance. Ms. McCarron said it allows a three year period, not six. She said there has been discussion about this; and staff would have no issue with this amendment for new construction, saying it was simply an oversight on their part.

Jim Oswald, a local attorney and landlord, also spoke for himself and on behalf of Jim and Barbara Nunns. He said he doesn't object to Councilmember Daveline's proposal; and said he assumes after the six year initial period, units will be on a three year inspection cycle. Mr. Oswald said he wants something that is consistent and fair; everyone ought to be under the same inspection period; and everyone should pay the same fee.

Richard Greever, 3409 N. Maple, President of the Central Kansas Landlords Association, said he objects to the request of Investment Resources Corporation saying their properties were built with tax credits; and they should be required to pay the same fees and have the same inspections as everyone else.

Shara Gonzales, Executive Director of New Beginnings, spoke. Ms. Gonzales said they fall under Section 42 of the IRS Code; and every transaction is scrutinized by the federal government. She also talked about the various inspections they are subjected to each year; and said compliance with this is so immense they have had to hire additional

people to deal with it. She said they pay out approximately \$25,000 a year for inspections; and now we want to add another layer of government inspection. Ms. Gonzales said they have a cap on what they can charge for rent; and to pass the fees on makes the properties less affordable.

Mayor Piros de Carvalho asked about inspections of Section 8 housing. Matt Catanese of Investment Resources, spoke. He said with Section 8 housing there is a fixed rent; and you don't have an opportunity to raise the rent to cover any additional costs. Mr. Catanese said HUD does the real estate inspections at least every third year; they are done on random units; and 25% is typical. He said it costs him approximately \$10,000 a year for the inspections, and he doesn't have anywhere to go for that money. He said he is trying to make the properties better; and trying to make them affordable. Mr. Catanese said the last time he appeared before the council he was told staff would contact him. He said he never heard from staff; and he would like to sit down and talk about this matter.

The Mayor asked Ms. McCarron about inspections for New Beginnings. Trent Maxwell, Building Official, spoke. Mr. Maxwell said he hadn't had any conversations with Ms. Gonzales, but he had spoken with Mr. Catanese and a HUD inspector. Ms. Gonzales was asked if every unit is inspected; and who does the inspections. Ms. Gonzales said all units are inspected; and there are two layers of inspection. One is done by the Kansas Housing Resource Corporation; and the other is the investors inspection.

Councilmember Dechant said the \$25.00 fee comes down to \$2.00 per month; and that shouldn't make or break a business plan. He said even with subsidized properties or Section 8 properties, it's not going to make or break the business plan in terms of operations. Councilmember Dechant said this should be true for any landlord.

Councilmember Inskeep said most individuals he has talked with are in favor of what Councilmember Daveline proposed, that being no amendments. Councilmember Soldner said she agrees; and that comments she has received are that it should be fair and equitable. She said she is concerned that they are just now hearing Ms. Gonzales' comments. Ms. Gonzales replied saying she did tell the Housing Commission the units were inspected; and was told they would not be a part of the City's inspection process. She further stated she was told subsidized units would not be inspected. Mr. Catanese said Prairie Village had a lot of community support; and they don't make much on these properties. He said he is only asking for consideration to visit with staff; and that he never received anything in the mail until he got the billing. Jana McCarron said several notices had been sent; and he should have received those. She also said Ms. Gonzales serves on the Housing Commission; and this item came up for discussion several times. Additional discussion ensued.

The Mayor said the feedback she has received has been in favor of retaining the rental registration program as written. She said we have to start somewhere; and commended staff for their work on this issue. The Mayor said she believes there were

multiple mailings sent to owners; and they should have received at least three pieces of correspondence. Councilmember Inskeep said we need to let the program work, find out where the flaws are; and go from there. Councilmember Daveline said there has been a lot of deliberation in the last couple of years on this issue; and this is a compromise.

The motion passed unanimously.

Councilmember Daveline said he wants to pursue an alternate proposal for new construction. Motion by Councilmember Daveline, second by Councilmember Inskeep, to allow a six year inspection cycle after the occupancy permit is issued by the Inspection Department, with the \$25.00 rental registration fee being paid annually. The motion passed unanimously.

7. New Business

a. Consider Contract Amendment No. 1 with J. E. Dunn Construction Company. John Deardoff, City Manager, spoke. Discussion ensued.

Scott Sherry of J. E. Dunn Construction, spoke about the guaranteed maximum price (GMP); and how that is typically set up. Discussion ensued.

Motion by Councilmember Daveline, second by Councilmember Inskeep, to approve Contract Amendment No. 1 (BP No.1) for the Hutchinson Sports Arena Project. The motion passed unanimously.

b. Consider Real Estate Contract for purchase of land at 11th and Hendricks. Paul Brown, City Attorney, spoke. Discussion ensued.

Motion by Councilmember Soldner, second by Councilmember Inskeep, to approve the Real Estate Contract for acquisition of the West 7.50 feet of Lot 3 and Lots 4 thru 7, Block 6, Fairmount Addition, Hutchinson, Reno County, Kansas; and authorize the Mayor to sign the contract and all other documents necessary for closing the transaction. The motion passed unanimously.

c. Consider 2016 KLINK Resurfacing Project Agreement with KDOT. Jeff Peterson, Interim Director of Engineering, spoke. Discussion ensued.

Motion by Councilmember Dechant, second by Councilmember Soldner, to approve to the Agreement with KDOT for the 2016 KLINK Resurfacing Project (K-61 between Lorraine and 11th); and authorize the Mayor to sign. The motion passed unanimously.

d. Consider bid tabulation and award for Avenue C and Main parking lot. Jeff Peterson, Interim Director of Engineering, spoke. Mr. Peterson said the base bid was 9% over the engineer's estimate, but that the costs are in line for the type of work being done. Discussion ensued.

Motion by Councilmember Dechant, second by Councilmember Inskip, to award the project to APAC-Kansas, Inc., Shears Division, in the amount of \$195,772.50, subject to compliance with all legal requirements; and authorize the Mayor to sign. The motion passed unanimously.

e. Consider Lease Agreement with Blue Sky Aviators for Hangar 4. Pieter Miller, Airport Manager, spoke. Mr. Miller said he is excited about this agreement as it will be beneficial for the airport. A background of Hangar 4 was given. Mr. Miller reviewed the terms of the proposed lease agreement; and said Blue Sky Aviators are willing to invest approximately \$100,000.00 in improvements to the hangar. Mr. Miller said the owner of Blue Sky wants to offer a not-for-profit flight school for young people that may have an interest in flying. Discussion ensued.

Councilmember Dechant asked about the improvements to be made. Mr. Miller said there will be upgrades to the heating, air, windows, insulation, etc. He also said there will be additional office space, conference room space, and the hangar doors will have electrical upgrades. Councilmember Dechant asked about the rental value after improvements. Mr. Miller said with the proposed improvements, rent should be between \$900 to \$1,200.00 per month. Additional discussion ensued.

Don Rogers of Wells Aircraft, spoke. Mr. Rogers said he supports this project; and it will be good for the airport. He said the airport is an asset to this community; and additional funds from the City need to be spent. The Mayor said she appreciates the investment Mr. Rogers has made; and said there is a lot of potential at the airport.

Motion by Councilmember Inskip, second by Councilmember Dechant, to approve the Lease Agreement with Blue Sky Aviators LLC for Hanger 4; and authorize the Mayor to sign. The motion passed unanimously.

f. Consider authority for filing of civil lawsuit. Paul Brown, City Attorney, spoke.

Motion by Councilmember Dechant, second by Councilmember Soldner, to approve the filing of a civil action by the Hutchinson City Attorney regarding issues before the Public Employee Relations Board; and authorize the Mayor to sign all relevant documents. The motion passed unanimously.

8. Report of City Officials

a. Council

- Councilmember Soldner commended Amy Bickel from the Hutchinson News, as well as several local photographers, for their contribution to the most recent Kansas magazine about things to do in Hutchinson.

- Councilmember Dechant said the musical “Mary Poppins” begins on Thursday at Memorial Hall; and encouraged people to attend.
- Councilmember Inskeep had no comments.
- Councilmember Daveline had no comments.
- Mayor Piros de Carvalho asked Paul Brown about the 4th amendment rights on the rental registration program. Mr. Brown said he would prepare a response for her. The Mayor also commented about Bid Package #2 on the Sports Arena saying a priority should be put toward parking. Councilmember Daveline said that has been expressed and conveyed to the building committee on numerous occasions. Their goal is for a full resurface of the parking area, as well as addressing diagonal parking on East 13th Street.

b. City Manager

Mr. Deardoff reminded the council about the Study Session on Thursday, February 18, 2016 to review council goals, water and sewer rate studies, and the December ice storm.

Mr. Deardoff said the Sports Arena Building Committee will have a special meeting on Thursday, February 18, 2016 at 3:30 p.m. to revisit the public art issue. The artists’ presentation will be shown to the Building Committee. He said there has been discussion about whether the Sports Arena applies to the public art ordinance because of the timing of the bonds, the passage of the ordinance, etc. He said he doesn’t want a \$29 million project coming down to public art. Mr. Deardoff said it’s a part of the project just like lockers. He also said groundbreaking will be March 7, 2016 at 2:00 p.m.

9. Adjournment

Motion by Councilmember Inskeep, second by Councilmember Dechant, to adjourn. The motion passed unanimously.