

**MINUTES OF THE COUNCIL MEETING
OF THE CITY OF PAOLA, KANSAS
5:30 O’CLOCK P.M.**

January 27, 2009

**HELD AT THE PAOLA JUSTICE CENTER
805 North Pearl Street in Paola**

The Governing Body of the City of Paola, Kansas, met with Mayor Stuteville presiding.

Councilmembers present: Mayor Stuteville, Council Members Pritchard, Dial, Rowlett, and Bell.

Council Members absent: Councilmember Pritchard

Also present: City Manager Wieland, Clerk Droste, City Attorney Tetwiler, Police Chief Smail, Public Works Director Bieker, Carol Everhart, Jeff Johnson, Gene Farmer, Jim Johnson, Carl Gregg, Bob Stubbs, Janet McRae, and Le Anne Shields.

Agenda Item 1 - CALL TO ORDER: The regular council meeting was called to order by Mayor Stuteville.

Agenda Item 2 - ROLL CALL: Mayor Stuteville and Council Members Dial, Rowlett, and Bell were all present. Councilmember Pritchard was absent.

Agenda Item 3 - PETITIONS, REMONSTRANCES, AND COMMUNICATIONS
Mayor Stuteville asked the audience if anyone desired to address the Council about any issue that is not an agenda item.

No one addressed the Council.

Agenda Item 4 - CONSENT AGENDA

- a. **Approval of minutes of the meetings of January 13, 2009.**
- b. **Approval of Salary Ordinance number 09-01.**
- c. **Approval of Appropriation Ordinance No. 645.**
- d. **Approval of the renewal of a Caterers License for Evergreen Events.**

Councilmember Dial made a motion to approve the Consent Agenda as presented, and authorize the Mayor to sign. Councilmember Rowlett seconded the motion and all voted aye. The motion passed 3 to 0.

Agenda Item 5 - REPORTS OF OFFICERS, BOARDS AND COMMITTEES

Agenda Item 5a – Consider a request from the American Legion for a donation to pay for lighting for the Russell Baseball Field.

Jeff Johnson, Baseball Chairman for the American Legion, addressed the Council in regard to the need to replace the lighting at the Russell Baseball Field. He provided a brief history of the facility and a detailed explanation of the need for new lighting. He explained that Kansas City Power & Light has generously donated labor and materials to replace the light poles at the field. He went on to state that the American Legion needs to raise approximately \$40,000 to replace the lights at Russell Field.

Mr. Johnson went on to explain that the American Legion has approached the Baher, Roman, and Gump Foundations along with the USD 368 Board of Education. He indicated that so far none of these have committed funds. He went on to explain that the American Legion has secured a loan from Citizens State Bank to provide immediate funding needs.

Gene Farmer, Commander of the American Legion, also addressed the Council in regard to the need for assistance for the project.

Councilmember Rowlett asked if any of the other groups have committed funds for the project. Jeff Johnson indicated that they requested that USD 368 commit to 1/3 of the expenses as the School District teams play approximately 1/3 of the games at the facility. The School District has not committed any funding to date and none of the foundation boards meet until February to consider requests for donations.

Jim Johnson explained that a former American Legion member donated \$5,000 some time ago specifically for lighting for the ball fields and to date this is the only funding available for the project other than the bank loan.

Gene Farmer asked if funds from the Transient Guest Tax could be available for the project. He explained that the Babe Ruth Tournament for the State of Kansas will be held at Russell Field this coming summer. Manager Wieland reported that the Transient Guest Tax Committee met earlier this afternoon but there was not a quorum in attendance, therefore, no decisions or recommendations could be made. Manager Wieland recommended that a request for Transient Guest Tax funds for the project be coordinated through Carol Everhart.

Mayor Stuteville asked Manager Wieland for a recommendation. Manager Wieland expressed concerns over proposed reductions in State funding, especially in the liquor tax that funds the Parks Department. He also expressed concerns over the loss of labor provided by the Osawatomie State Correctional Facility. He stated that some funds from the Parks Department were transferred to the Capital Improvement Fund in 2008 that could be used for the lights, however, he recommended that a smaller amount be committed for 2009 with the possibility of more in 2010 subject to budget considerations.

Councilmember Rowlett asked about the \$40,000 that was in the Capital Improvement Fund that was earmarked for the Community Center Roof. Since the

funds were never used for that purpose, he indicated that those funds were to go back to the General Fund. He stated that perhaps these funds could be used to help with the lighting.

Manager Wieland indicated that it was his understanding that the money was to be retained in the CIP for other projects at the Community Center.

Councilmember Rowlett suggested that the records be reviewed about the status of those funds. Mayor Stuteville suggested that the discussion was wandering off of the topic.

After further discussion, Councilmember Rowlett made a motion to approve a donation in the amount of \$5,000 to the American Legion for renovation of the lights at the Russell Field now and that an additional \$5,000 be considered in 2010 if the budget permits. The motion was seconded by Councilmember Dial. Councilmember Bell explained that he is a member of the American Legion and he wished to abstain from voting. Councilmembers Rowlett and Dial voted aye. The motion passed 3 to 0 as the abstention is counted toward the majority.

Agenda Item 5b - Consider approval of a pay request #13 from Altmar, Inc. for the Paola Justice Center.

Manager Wieland presented pay request #13 from Altmar, Inc. for the Paola Justice Center in the amount of \$176,694.12. He reported that the facility is substantially complete and this pay request pays out almost all of the contract with the exception on the 10% retainage.

Councilmember Dial made a motion to approve pay request #13 in the amount of \$176,694.12 from Altmar, Inc for the Paola Justice Center. The motion was seconded by Councilmember Bell and all voted aye. The motion passed 3 to 0.

Agenda Item 5c – Consider a request for annexation from WF Real Estate Holdings, WW Paola, LLC, and SIA Paola, LLC and an Ordinance approving same.

Clerk Droste presented a written petition from WF Real Estate Holdings, WW Paola, LLC, and SIA Paola, LLC requesting annexation of two tracts of land that are located near the southwest corner of Baptiste Drive and 311th Street. He explained that these properties adjoin the existing city limits and therefore annexation can be approved by ordinance.

Clerk Droste also explained that pursuant to the Territorial Agreement with Rural Water District No 2, these properties are in an area that has been identified as one that the City of Paola will serve without additional compensation to RWD2. He indicated that RWD2 has been notified of the potential annexation.

After further discussion, Councilmember Rowlett made a motion to approve the request from WF Real Estate Holdings, WW Paola, LLC, and SIA Paola, LLC and to

adopt AN ORDINANCE ANNEXING LAND TO THE CITY OF PAOLA, KANSAS. The motion was seconded by Councilmember Dial and all voted aye. The motion passed 3 to 0. Clerk Droste assigned number 2983 to the Ordinance.

Agenda Item 5d – Report on candidates for City Offices.

Clerk Droste reported that the following candidates have filed for the seats on the Paola Governing Body that are up for election in April, 2009:

Mayor, at large – Artie Stuteville
Council Member, Ward 1 – Jim Pritchard
Council Member, Ward 3 – Jack Rowlett, Jr.

Clerk Droste reported that no other candidates filed petitions at his office or at the office of the County Clerk. All three candidates are running unopposed.

Agenda Item 5e – Consider Quarterly Economic Development Report from the Paola Chamber of Commerce.

Carol Everhart presented the Paola Economic Development 2008 Annual Report including the balance sheet, profit and loss statement, transaction detail, and business contacts. The report was discussed and the Governing Body thanked Mrs. Everhart for her efforts in promoting Paola.

Manager Wieland also thanked Mrs. Everhart for her efforts and indicated that he believes that the Paola Economic Development Board is definitely headed in the right direction.

Agenda Item 6 – NEW BUSINESS.

Clerk Droste reported that sales tax revenues for January amounted to \$215,879. He indicated that this was the largest sales tax collection in a single month for the city.

Clerk Droste reported that the grand opening event for the Paola Community Center is on February 7th and that tickets are nearly sold out. Anyone wanting tickets should purchase them soon.

Police Chief Smail reported that 300 to 350 attended the open house for the Paola Justice Center on Sunday. Manager Wieland thanked Chief Smail and his staff for all their work in preparing for the open house.

Manager Wieland announced that Mr. Mike Gotfredson has been hired as the new City Planner. He thanked Carol Everhart, Steve Cowman, Vicki Belt and Dan Droste for assisting with the interviews.

Manager Wieland reported that the Request for Qualifications has been sent out on the new Fire Station.

Mayor Stuteville read a thank you note from City Staff for giving employees the day after Christmas as a paid holiday and for the \$25 Price Chopper gift card.

Mayor Stuteville presented the “State of the City” report as follows:

STATE OF THE CITY REPORT
CITY OF PAOLA
January 27, 2009

To the City Council, City Staff, and the Citizens of Paola:

I am pleased to transmit to you the “2009 State of the City Report” for our community. This report, by its nature, is not all inclusive of the many activities, undertakings, and achievements of our community during the past year. But, it does attempt to illustrate for you the status of those initiatives, which I believe, are of the most importance.

To say that 2008 was a challenging year may be an understatement. The national economy, as well as the State’s economy continued their downward spiral. Both at the national and state levels we saw increased budget deficits and diminishing operating revenues. We also saw sharp increases in unemployment, continued declines in the industrial base and growth rate of our country, and record fuel costs. These national and state trends have impacted our local economy as we experienced a slight increase in our unemployment rates, experienced a number of housing foreclosures, and experienced a decline in the overall housing market.

On the local level, we felt the impact of the weak state and national economies in a number of ways, but our community has continued to move forward and display a positive attitude. We, as a community, recognize that challenges breed opportunities and that we will build on our strengths as we address our weaknesses.

It has been a great honor and privilege to serve the residents of Paola as their mayor. I thank our citizens for the trust they have placed upon me and my team to represent their interests. It is a responsibility we all take very seriously and each day we work hard to ensure that our citizens’ interests are well served. I believe we do many things very well! I would stack our employees and the services they deliver in an effective and efficient manner up against ANY municipal workers anywhere. Congratulations on a job well done!

While we should take great pride in all that we have accomplished, we should never be satisfied. There are always things we can improve on. I believe we cannot accept business as usual or the status quo. We can’t be afraid to accept change. We have to try new things. We must aim higher! We must continually seek improvement to stay competitive and to be responsible stewards of the dollars our taxpayers pay. Government in Paola looks different than it did a few years ago. It will look different one year from

now, two years from now, and four years from now. If it doesn't, then we will not have succeeded in providing continuous improvements in our operations.

We must always remember who it is that we serve and why it is that we serve them. We are in the customer service industry and as such, must continue to make customer service a top priority. Government cannot be all things to all people. Where it is not our role to be involved, we must instead, be advocates or cheerleaders for those outside groups whose role it is to help. We have an amazing opportunity throughout this next year to further shape the history of our community.

I hope that as you look around our community and contemplate what you believe the state of our city is, you feel great pride in the community we call home, and will concur that this is truly an exciting time in our history. Whether you are walking through the Town Square to enjoy the renovated gazebo, enjoying Lake Miola, imagining new people living in Hidden Meadows and Rockwood III subdivisions, thinking about an evening dinner at one of our local restaurants, taking in a play or concert at the newly renovated Paola Community Center, or enjoying the recreational opportunities of Wallace Park, there is something happening in almost every corner of our city. You might also be excited about one of the major public works projects that have advanced, like the reconstruction of 303rd Street, improvements to Old KC Road, the rebuilding of Crestview Drive, improvements to camping facilities at Lake Miola, or the repaving of many neighborhood streets. Additionally, I hope you are excited about the new Paola Justice Center, the renovation of the historic Paola Community Center, the cleanup of older neighborhoods, and the many partnerships we are building. Finally, I hope you are taking great pride in the everyday accomplishments of our staff. I believe they "do it better" than anybody else, and many days those that visit our community tell us exactly that.

While I believe that the state of our city is as strong as ever, I'm concerned that our future is uncertain. We will face great challenges these next few years that have the potential to stall our progress if we let them. Changes proposed by the State in the allocation of aid to cities will alter the funds available to the City to provide services. It is a difficult time to consider major reductions in our budget. Over the last decade, our population has increased substantially, the area the city covers has increased, the number of our street miles we maintain has increased, and the demand for the services we deliver has increased. Unfortunately, as growth and the demand for services increases, we must expand those essential City services. At the same time, the cost for delivering those services has increased dramatically. Paola has really been a model of steady growth which is a positive that we should all be proud of. Communities that do not grow, die. Paola is alive and well!

This report will start with a summary of the City's major accomplishments in the past year. Then, I will provide you with a brief update on the financial position of the City. This will be followed by information on some of the City's plans for 2009, including major priorities of the City Council. Finally, I will

address what the City Council, City Staff, and I believe are the biggest challenges facing our community.

LOOKING BACK ON 2008

Looking back, 2008 has been another year of progress for Paola. For the most part, the City kept its energies focused on the essential issues identified by the City Council and community leaders. The results of that focused approach are becoming more evident. Business opportunities are developing more rapidly than in previous years in large part to the efforts of the Paola Economic Development Council, Chamber of Commerce Director Everhart, and our Community Development staff. In addition, we have seen a number of area groups working together harder than ever to make our community more inviting and a wonderful place to raise a family, grow up, retire, or do business.

During the past year, the City had many highlights that I would like to mention. New and improved community facilities such as the Paola Justice Center and the Paola Community Center were under construction. Their completion and dedications in early 2009 will be noted community events. Neighborhood and downtown improvements were areas of major focus. The implementation of a code enforcement initiative, Paola Pride, helped address a number of slum and blight conditions and helped staff define our future strategies for improving the livability and attractiveness of our neighborhoods. Improvements in the downtown included street resurfacing, sidewalk repairs, and Town Square Park improvements. The delivery of City services were fine-tuned and directed toward prevention strategies. And the community showed its true character by laying out the welcome mat and supporting new and expanding businesses.

In reflecting back on the past 12 months, several accomplishments stand out as noteworthy, and I know that many people in our community as well as our City Staff worked very hard to "make things happen." These accomplishments include the following:

- *Resurfacing of approximately 20 lane miles of City streets and Lake Miola roadway*
- *The construction of the Paola Justice Center, a 13,200 square foot building housing the Police Department and Municipal Court. The building is state-of-the-art and will provide many years of functional work area for the Police Department*
- *Renovation of the Paola Community Center which included the addition of an elevator to improve handicap accessibility, renovation of the basement meeting area and restrooms, remodeling of the theater, and many major maintenance improvements*
- *Purchase of the former Paola High School building to be remodeled to house the Fire Department. In addition, the existing gymnasium was*

reopened for community use and will continue to serve as the site for Miola League and school activities as well as general public use

- *The reconstruction of Crestview Drive*
- *The renovation of the Town Square Park gazebo*
- *The completion of the new water tower project*
- *The completion of the water supply interconnect with Rural Water District #2*
- *Completion of agreements with RWD #2 on territorial considerations and service areas*
- *Numerous upgrades to the City's sanitary sewer and water distribution systems*
- *Upgrades and purchase of equipment for Public Works*
- *Securing of grants to assist with the construction of a skate park in 2009 and additional programming for the Community Center*
- *The completion of Firefighter I and Firefighter II training for Fire Department personnel*
- *The completion of an inventory of our existing sidewalk system*
- *Upgrades to the City's computer and information management systems*

Last, but hopefully not least, the City has been and is involved in discussions with a number of businesses and developers who are looking at Paola for potential projects. We are also working closely with our neighboring communities, Miami County, and various State agencies on a number of projects that will be very positive for our community and our region.

FINANCIAL STATUS

While I don't want to overwhelm you with a lot of financial numbers, I believe it is necessary to provide you with enough detail on our major operating funds to give you a perspective on our financial condition. The information is based on our year ending 2008 summary and will be subject to some minor revisions due to audit adjustments. Overall, the information is positive.

General Fund – Based on our current estimates, General Fund Revenues were 9.2% above our 2008 budgeted amount. Expenditures were 8.7% less than budget which resulted in a better than anticipated starting cash balance for the 2009 budget year. Even though we did experience a decrease in our cash position for the General Fund, it was far less than projected.

Library Fund – The revenue projection for the Library Fund was extremely accurate. Total 2008 revenues were just slightly above the budgeted amount while expenditures were approximately 6% under the budgeted total. The cash position of the Library improved slightly as a result of the lower expenditure level.

Sewer Service (Operational) Fund – Revenues for the Sewer Service Fund were slightly below the 2008 budgeted amount, but this was offset by a 5.1% decrease in expenditures. The cash position of the Sewer Service Fund increased significantly in 2009 due to the lower than anticipated expenditure total.

Water Utility Fund – Revenues were 1.2% higher than budgeted while expenditures were 17.1% lower than budgeted. Our overall cash position for the Water Utility including the Water Depreciation and the Water Treatment Plant Reserve Funds are in good condition. The Water Plant Reserve Fund continues to grow as projected and will provide the necessary cushion as we move forward with the PUA project.

Health & Sanitation (Solid Waste) Fund – This fund remains problematic for us as increases in hauler costs for fuel adjustments and contractual obligations caused an erosion of existing cash balances. A mid-year adjustment in customer charges allowed for us to “hold our own” and even slightly improve our cash position. Going forward, staff will need to closely monitor this fund’s performance.

Street Repair – Revenues for the Street Repair budget were about 1.6% higher than anticipated. Unfortunately, expenditures were also higher than budgeted, but only by 3.4%. The overall cash position of the fund improved by about 4.3%.

Bond & Interest – Revenues for the Bond & Interest Fund were about 17.8% less than budgeted. Expenditures for 2008 were 43.2% less than anticipated due to the delay in issuing bonds for the Community Center and Fire Department projects. As a result, the overall cash position of the Bond & Interest Fund improved significantly in 2008.

For all City Budgetary Funds combined, revenues were 1.7% higher than budgeted in 2008 while expenditures were 3.2% less than budgeted. Overall, the differential between expenditures and revenues resulted in a better than expected ending cash position for the City. As we begin our 2009 budget year, we will once again need to be extremely prudent in our cash management.

And finally, our sales tax receipts reflected an increase of 18.1% in 2008. This increase reflected the collection of the ¼-cent sales tax for the Fire Department and the ½-cent sales tax for our other projects. When an adjustment is made for the additional ¼-cent tax, we still had a 1.08% increase in overall sales tax revenues. We view this as a positive especially in light of the national trend.

2009 – ANOTHER EXCITING YEAR

In looking forward to the coming year, it is not hard to get both excited and optimistic as to what lies ahead. While we will certainly be facing our share of challenges, we have the key ingredients in place to address them head on.

This includes good long-range planning, adequate infrastructure, a quality workforce, soon to be adopted updated City codes and regulations, effective working relationships with other agencies, and a “can do” attitude that will inspire us to achieve even greater things in 2009.

What will we be facing in the coming year? How will we be addressing some of the challenges and opportunities ahead?

One thing that is certain, we will continue to experience growth and development. In the first month of 2009, we are already seeing signs that Paola will have additional commercial growth. Even though we anticipate residential construction to be slow in 2009, I believe we will see at least an equal amount to what we experienced in 2008. Likewise, I believe residential remodeling will continue its strong trend in 2009.

Your City government will be completing several projects in 2009 and will be continuing some of our more successful programs. These include:

- Renovation of the Town Square fountain*
- Revision and updating of the Land Development Ordinance and Comprehensive Plan*
- Adoption of updated City Codes including the 2006 International Building Codes*
- Transition to the Marais des Cygnes Public Utility Authority as the City’s treated water supplier*
- Development of a strategic plan for redevelopment of various neighborhoods*
- Development of a corridor plan to improve the traffic gateway to the downtown*
- Completion of Phase I of the Paola Community Center Renovation Project and the securing of funding sources for Phase II of the project*
- Begin construction on the Fire Station Project*
- Continue the street resurfacing project*
- Expand our economic development programs*
- Revise our property maintenance program to better address community and neighborhood needs*
- Undertake a comprehensive review of our equipment needs for all departments and establish an equipment replacement program*
- Establish street, sewer, and water system maintenance and replacement programs*

While our community has improved its economic health over the past few years, one of the challenges in 2009 will be to adapt to a decline in property values and stronger competition for businesses and the jobs they create. We must also become proactive in retaining our labor force so that we can meet the challenge of a new wave of technology-related occupations.

GOALS AND CHALLENGES

In the annual budgetary process, the City Council developed a set of goals and priorities. These goals and priorities help to determine the direction of the City, not only for the upcoming year, but also for the future. The City Council established the following six overarching goals:

- *Goal 1: Develop a high quality community through the responsible stewardship of City resources to enhance the City's economic vitality.*
- *Goal 2: Develop an aggressive and responsive economic development program focused on retention and recruitment to fully serve the business and entrepreneurial community in order to promote investment and job creation.*
- *Goal 3: Communicate and partner with other jurisdictions and organizations to coordinate effective and efficient service delivery.*
- *Goal 4: Promote a diverse, high quality community through historic preservation, downtown revitalization, neighborhood identification and revitalization, and quality sustainable new development.*
- *Goal 5: Develop strategic based programs to enhance tourism, promote community assets, and recruit "outsider" interest in the community.*
- *Goal 6: Continue to enhance community infrastructure through the implementation of asset management programs that will establish priorities for utility improvements, street repair and replacement, sidewalk and trail development programs, and a comprehensive plan for Lake Miola.*

CONCLUSION

I see numerous challenges facing Paola in 2009 and beyond. The primary ones—the national and state economies, the globalization of industry, and the country's dependence on non-renewal energy sources—are not within our control. But as a community, to meet these challenges, we must be ready to react to new federal programs, to fewer State resources and programs, to the downsizing of local industries, loss of "family-owned" businesses, and the retraining of our workforce and the development of a new workforce. We must also be open to finding ways to revitalize our existing neighborhoods through innovative programs and housing rehabilitation strategies.

As a community, we must be willing to go beyond the historical parochialism of our region and be willing to join hands with our neighboring communities and Miami County on projects like economic development initiatives, shared facilities and resources, joint projects such as a county-wide emergency services communications center, and county-wide uniform codes and building inspection.

Even with the challenges we face and the lofty goals we have set for ourselves, I am constantly reminded of the "can do" attitude of this

community. As a result of that attitude and our many accomplishments this past year, I am comfortable in saying the State of the City of Paola is sound and healthy. Paola is a remarkable community, but you don't have to take my word for it. Clearly the plans are in place and they're working, but you can see there is more to be done. And I want to stress, this is not about a mayor, it's not about a City Council, nor is it even about City Government. It is all of us working together collectively to prepare this community for change.

It is important that I end where I began—by thanking all of you. It is you who will ensure that the promise of tomorrow becomes a reality. We need to look beyond today and prepare for tomorrow.

*Respectfully submitted this 27th day of January, 2009.
Artie Stuteville, Mayor*

Agenda Item 7 –ADJOURNMENT.

With no additional business to come before the Council, Councilmember Dial made a motion to adjourn. Councilmember Rowlett seconded the motion and all voted aye. The motion passed 3 to 0.

Artie Stuteville, Mayor

ATTEST: (seal)

Daniel G. Droste, City Clerk