

**MINUTES OF THE COUNCIL MEETING
OF THE CITY OF PAOLA, KANSAS
PAOLA JUSTICE CENTER 805 N PEARL
6:00 O'CLOCK P.M.
June 14, 2022**

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

Council Members present: Mayor Leigh House and Council Members Dave Smail, Trent Upshaw, Kathy Peckman and LeAnne Shields.

Council Members absent: None

Also present: City Manager Randi Shannon, City Clerk Stephanie Marler, Police Chief Eric Jenkins, Public Works Director Kirk Rees, Harold Mayes with Agler & Gaeddert, and others.

CALL TO ORDER: The regular council meeting was called to order by Mayor House.

ROLL CALL: Mayor House and Council Members Smail, Upshaw, Peckman and Shields were all present.

Agenda Item 1 - CONSENT AGENDA

- a. Approval of minutes of the meeting of May 10, 2022.
- b. Approval of Salary Ordinances 22-10 & 22-11.
- c. Approval of Appropriation Ordinance 975 & 976.
- d. Approval of the Pledged Collateral Report for May 2022.
- e. Approval of Journal Entries report for May 2022
- f. Renewal of El Potro's Liquor License, 602 N Pearl, contingent upon receipt of the state license and passed safety inspection.

Council Member Upshaw made a motion to approve the Consent Agenda as presented and authorize the mayor to sign. The motion was seconded by Council Member Smail and all voted aye. The motion passed 4 to 0.

Agenda Item 2 - COMMENTS FROM THE PUBLIC: None

Agenda Item 3 - NEW BUSINESS

Agenda Item 3a – Audit Items

i. Presentation of the 2021 Audit Report by Harold Mayes of Agler & Gaeddert.

Harold Mayes with Agler & Gaeddert completed the 2021 audit for the City of Paola and presented the report. He reported that the opinion of the financial statements for

the City is presented on a “cash basis” per the Kansas Municipal Audit and Accounting Guide and is fairly stated.

Mr. Mayes reviewed the summary statement of receipts and unencumbered cash balance at the end of 2021. He also discussed the fluctuation of funds in accounts and attributed that to several transfers that were made between funds. He noted the city did have two budget violations, one in the General Fund and the other in the Community Center.

Mr. Mayes discussed the potential pension liability for KPERS and KP&F. He noted as of December 31, 2021, the City’s proportionate share of the collective net pension liability reported to KPERS was \$1,147,194 and \$1,633,495 for KP&F. He noted both went down quite a bit compared to the year before.

Mr. Mayes discussed the COVID account that holds the ARPA funds. He stated expenditures of \$750,000 or greater would trigger a single audit and wanted the council to be aware.

Mr. Mayes said some adjustments needed to be made to the audit book but would not affect totals. Council Member Peckman made a motion to accept the 2021 Audit Report from Agler & Gaeddert. The motion was seconded by Council Member Shields and all voted aye. The motion passed 4 to 0.

ii. Consider a Letter of Engagement for the 2022 Audit.

Mr. Mayes presented a Letter of Engagement from Agler & Gaeddert for the preparation of the 2022 audit. The audit firm proposed a fee of \$15,400 plus out of pocket expenses.

Council Member Shields made a motion to accept the Letter of Engagement with Agler & Gaeddert in the amount of \$15,400.00. The motion was seconded by Council Member Upshaw and all voted aye. The motion passed 4 to 0.

iii. Consider adopting Resolution No 2022-007 waiving certain provisions of GAAP.

Clerk Marler presented a Resolution requesting a waiver from conformance with Generally Accepted Accounting Principles for 2022. Pursuant to Kansas Statues, the city has the option of preparing all audit reports on a cash basis rather than accounting for the fixed assets of the city.

Council Member Peckman made a motion to approve Resolution No 2022-007 waiving conformance with certain provisions of Generally Accepted Accounting Principles. The motion was seconded by Council Member Shields and all voted aye. The motion passed 4 to 0.

Agenda Item 3b – Water/Wastewater Master Plan

Manager Shannon explained the City of Paola operates both a Water and Wastewater Utility. She said through these utilities, the city provides water distribution and sales and wastewater collection and treatment. The utilities include miles of critical pipe infrastructure, the water tower, sewer lift stations, and the wastewater treatment plant, which are all important assets for the city.

Manager Shannon said at the June 7, 2022 City Council Work Study session, Mike Hall who was the lead engineer for the Water and Wastewater Master Plan presented a draft of the final plan. The plan includes an overall assessment of existing systems, results from multiple tests on the water and sewer utilities, as well as a prioritized list of items to be addressed to keep the systems running efficiently. The plan is an 88-page document not including Appendices A-N. Mr. Hall has sealed the plan and has given the city the final draft.

Council Member Smail made a motion formally accept the Water and Wastewater Master plan done by McClure. The motion was seconded by Council Member Peckman and all voted aye. The motion passed 4 to 0.

Agenda Item 3c – Broadband Acceleration Grant Agreement

Manager Shannon said on May 20, 2022 it was announced that Paola and KwiKom will be receiving grant funding from the Kansas Office of Broadband Development Acceleration Grant. She said this particular grant is a 50/50 matching grant, the state of Kansas allows for up to a 50% co-investment of the matching funding, which is 25% of the total project cost.

Manager Shannon said therefore, KwiKom requested a co-investment commitment of \$250,000 from the City of Paola for this project. At its meeting on February 8, 2022 the Paola City Council voted to approve a Statement of Financial Support committing the amount of \$250,000 toward the total cost of the approximate \$1,000,000 project.

Manager Shannon presented the Grant Agreement allowing the City of Paola to release the funds in the amount of \$248,097.63 to JMZ Corporation, doing business as KwiKom. KwiKom will be funding another \$248,097.63, and the Kansas Office of Broadband will be funding the remaining \$496,195.26 for the proposed project.

Council member Shields made a motion to approve the Grant Agreement with JMZ Corporation in the form substantially presented and authorize the necessary signatures. The motion was seconded by Council Member Upshaw and all voted aye. The motion passed 4 to 0.

Agenda Item 3d – Leak Allowance Request

Clerk Marler presented a request for a leak allowance from Ms. Stacy Johnson, who is the current tenant at 210 W Peoria. She said in May of this year 176,300 gallons of water went through Ms. Johnson's meter due to a leak resulting in a bill of \$1,538.68. She said Ms. Johnson's claim is the leak was in the basement where she didn't see or hear it. The leak was repaired but there is no documentation to provide.

Clerk Marler said due to the high amount of consumption, Ms. Johnson would qualify for the maximum adjustment of 75,000 gallons for a \$615.00 reduction in her bill. She said the property owner signed off on the allowance request since the policy states another allowance cannot be granted in 4 years' time at that address.

Council Member Upshaw made a motion to approve the leak allowance for 210 W Peoria in the amount of \$615.00. The motion was seconded by Council Member Smail and all voted aye. The motion passed 4 to 0.

Agenda Item 4 – COMMITTEE REPORTS – None

Agenda Item 5 - STAFF REPORTS

Chief Jenkins extended an invitation to attend the Chamber Coffee hosted by the Police Department on June 24th.

Clerk Marler said several events will be taking place in Paola in the month of June including a Craft Fair and Music and the Market starting on June 18th and Dog Park Birthday Bash and Women's Wine Walk on June 25th.

Manager Shannon appointed Code Enforcement Officer Mitch Gabbert as the Public Officer.

Manager Shannon announced the city offices would be closed Monday, June 20th in observance of Juneteenth.

Agenda Item 6 - MISCELLANEOUS MATTERS FROM THE COUNCIL:

Council Member Upshaw said he and Manager Shannon met with Marty Peralez of Lighthouse to discuss the City's cyber security.

Council Member Peckman thanked city employees for being watchful of their budgets.

Agenda Item 7 - MISCELLANEOUS MATTERS FROM THE MAYOR:

Mayor House reminded the Council they have been invited to ride in the John Brown Jamboree parade on Thursday, June 16th.

Agenda Item 8 – ADJOURNMENT

With no additional business to come before the Council, Council Member Peckman made a motion to adjourn. The motion was seconded by Council Member Smail and all voted aye. The motion passed 4 to 0.

Leigh House, Mayor

ATTEST: [seal]

Stephanie Marler, City Clerk