



CITY OF TOPEKA

CITY COUNCIL COMMITTEE
MEETING MINUTES

POLICY AND FINANCE COMMITTEE

CITY COUNCIL
City Hall, 215 SE 7th Street, Suite 255
Topeka, KS 66603-3914
Tel: 785-368-3710
www.topeka.org

Date: September 19, 2024

Time: 1:00pm

Location: 1st Floor Conference Room, Cyrus K. Holliday Bldg. 620 SE Madison (*a virtual attendance option is available*)

Committee members Present: Spencer Duncan (Chair), Marcus Miller, Michelle Hoferer

City Staff Present: Planning Director Rhiannon Friedman, Budget Manager Josh McAnarney, Interim Chief Financial Officer Ben Hart, CIP Analyst Dalton Beightel, Senior Attorney Brandy Roy-Bachman, Management Analyst Quinn Cole, City Manager Dr. Robert M. Perez.

1) Call to Order

Committee member Duncan called the meeting to order at 1:01pm.

2) Approve August 15, 2024 Meeting Minutes

Committee member Miller made a motion to approve the minutes from the previous meeting. Committee member Hoferer seconded. Motion approved 3-0-0.

3) Presentation - Debt

Budget Manager, Josh McAnarney, provided a presentation on Debt, specifically on the General Obligation Bonds (GEO).

Presentation Highlights:

- City overall has just over \$500 million in total debt, Debt Type included: General Obligation Bonds-Debt Service Fund \$130 million, General Obligation Bonds-Parking & Water \$8.3 million, Revenue Bonds-Utility Funds \$373 million, Temporary Financing-Debt Service \$8 million
- Debt Service Fund was recently rolled back debt service mill to 9.717. The fund is used to pay bonds and interest payments that are issued on General obligation bonds. Revenue taxes come from property taxes, vehicle taxes, and special assessments.
- 2023 Audited Annual Report. End of 2023 \$22 million in revenue, \$20 million in bond and interest payments with a year end fund balance of \$15 million. That is 67% of our revenue, with a minimum percentage balance of 10%.

- General Obligation Principal Balance vs. Peer Cities. It was stated that it will be a policy decision on how much Council is willing to bond. End 2023 principal amount was \$136 million in debt. McAnarney added that principal amounts were used, excluding interest, due to cities having different rates. He added that the debt amount is a lot less than peer cities.
- Obligation per Capita vs. Peer Cities. He explained the per capita is the principal amount divided by our population. Kansas City, Lawrence, Olathe, and Manhattan were much lower on the principal amount basis. Topeka does have a less overall principal debt load compared to other cities on a population basis.
- General Obligation Principal Balance Change. The ten-year change in bonds outstanding from 2013-2023 showed the 2013 principal balance at 10% down, compared to where it was in 2023. He added the total principal balance of \$136 million was 10% higher 10 years ago. Also noting that Topeka's balance is going down compared to other cities; due to ARPA funds for debt avoidance and policy decisions made by council.
- General Obligation Bonds Next Five Years. The finance team projected the next five years based off the CIP. A review of projects that are bonded to see what the fund balance would look like are looked at. McAnarney added that at worst case the revenue assumes at 9.717 mill levy rate for the next five years; which assumes a 4% property tax growth. The expense side is derived by the CIP, which eventually bonding the full amount of the hotel and keeping projects in the CIP. He added it is all projections and contingent on council approval.

Budget Manager McAnarney confirmed that there will be a presentation at a Governing Body meeting on General Obligation (GO) bond and Debt. Chairman Duncan requested the presentation should include (1) a clear definition of the difference between GO bond and a Revenue bond (2) Bond ratings and how it has an impact on the City. He also added the importance of putting context in showing the public the plan when it comes to the debt as well as showing that the current CIP projects are included in the projection.

City Manager Dr. Robert M. Perez stated that the City's financial advisors have expressed the positive impact the bond rating and have cash funding on some projects has been helpful for the overall debt. He stated the importance to be mindful of the growing inventory of needs in the City.

Chairman Duncan stated the Hotel Topeka At City Center was bonded vs paying with cash; due to the prediction that when it will be sold it will save the City money and lead to more flexibility with a buyer.

Committee member Miller asked for clarification on deferring City projects and what could happen to the bond rating. Budget Manager McAnarney confirmed delaying projects would expose the City with more risk in rising costs.

Committee member Hoferer asked with Federal Reserve announcing 0.50 percent point decrease if it will affect the figures from the debt calculations. Budget Manager McAnarney confirmed the 4% was used to figure estimates and is subject to the fixed interest rate in August.

4) Affordable Housing Trust Fund (HTF)

Planning Director, Rhiannon Friedman, gave an overview of the proposed revisions to the Ordinance. (1) Page 1, section 1, portion C of Eligible Uses. Add: Property acquisition, New construction of affordable housing, Rehabilitation of existing housing, Supportive services and Consulting services. (2) Page 6 Section 2: Removing Kansas Housing Resource Corporation (KHRC). Friedman recommends to strike them as a written seat and add the number of residents appointed by the mayor and approved by Council from two to three members.

Management Analyst, Quinn Cole, spoke to the Topeka Housing Trust Fund Model (HTF) and provided information about the funding mechanism. Currently, it is funded at \$1,000,000, \$250,000 was funded by local donations from Capitol Federal Foundation, and \$750,000 was contributed by the City of Topeka General Fund and a transfer from the Neighborhood Revitalization Plan (NRP). The HTF funds may be maintained through a loan or micro-loan system. The Housing and Urban Development (HUD) recommends funding sources for; Negotiated developer fees, Municipality's general fund, Payments from special bylaws/ordinances, and Cell tower lease payments. Kansas City, Missouri use general obligation bonds, Lawrence uses sales tax allocation, and St. Louis uses Medical marijuana sales tax. Lastly, there is a National Housing Trust Fund Allocations in Kansas as well.

Planning Director, Rhiannon Friedman, added a key component is making sure the funds are sustainable. She believes using funds to have a consultant would be beneficial for the HTF.

Chairman Duncan spoke to the Topeka Housing Trust Fund passed 6 years ago and there have been laws and groups that have changed. He is encouraged that there is almost a full board of members. He also emphasized the goal is to make sure the program leads to developments and affordable housing, not an assistance program. He added he believes \$3,000,000 would be ideal to have in the Land Bank fund.

Committee member Hoferer asked about the \$1,000,000 availability and if there is going to be any collaboration with any other groups that are working on

affordable housing. Planning Director, Rhiannon Friedman, stated yes, funds are available and also added all partners are being involved; including Topeka Community Foundation and United Way. She also stated the importance of having structure with the program and having a minimum amount in the HTF.

Budget Manager, Josh McAnarney, confirmed the \$1,000,00 is earning interest.

Committee member Miller thanked the Planning Department for their presentation. He added that he is in support of medical marijuana sales tax as a funding source. He stated that he would not support getting a consultant until there is a complete board selected.

Chairman Duncan recommended to Planning Director, Rhiannon Friedman, to proceed with research for cost of a consultant.

MOTION: Committee member Hoferer moves to approve changes to ordinance. Chairman Duncan seconded 3-0-0.

5) Other – 2025 Legislative Priorities Draft Language & Update

Chairman Duncan provided a 2025 Legislative Priorities Language and Update.

- Property Taxes - Reexamine property valuation laws in Kansas and modernize the residential and commercial valuation system. This should include looking at using a rolling average system, like that used in Kansas agriculture property valuations.
- Property Taxes II - Ask the State of Kansas to hold itself to the same statuses and requests it makes of the Capital City. This includes lowering the state mill levy and taking a vote each year to determine exceeding the revenue neutral rate.
- Sales Tax - City should continue to be able to determine voter-approved local sales tax allocations. The Legislature is granted authority to make decisions relating to statewide sales tax. Local voters vote on and are granted authority to make decisions regarding local sales tax. Any sales tax exemptions considered by the legislature should only apply to the state portion of sales tax and not eliminate voter-approved local sales taxes.
- Still under consideration - No language yet
Firefighter Helmet Cameras, Police Department age requirements, Contract for Deeds (strengthening penalties for bad landlords), Grant Access Program (state incentives for recruiting city employees), and MTAA Items.
- Not being considered
Privatization of Traffic Tickets and Red-Light Traffic Cameras.

Chairman Duncan asked City Manager Perez to look into the Electronic Vehicle (EV) charging stations usage and how it relates to the revenues and fees. He stated the importance of capturing the tax revenue.

Committee member Hoferer inquired about an American Rescue Plan Act (ARPA) update. Chairman Duncan confirmed audits were completed and in October will be further discussions on any unfinished business on accounts.

6) Adjourn

Chairman Duncan adjourned the meeting at 1:50

The video of this meeting can be viewed at <https://youtu.be/HqrQ-k3Yogo>