

August 23, 2016
Reno County Courthouse
Hutchinson, Kansas

The Board of Reno County Commissioners met in agenda session with, Chairman Dan Deming, Commissioners James Schlickau and Brad Dillon, County Administrator Gary Meagher, County Counselor Joe O'Sullivan, and Minutes Clerk Cindy Martin, present.

The meeting began with the Pledge of Allegiance and a short sectarian prayer led by Jim Unruh, Circle of Hope.

There were no additions to the agenda.

Reno County resident Bob Bush is running unopposed for Commissioner Dillon's position on the Board. He introduced himself and stated how he was actively meeting with department heads and administration trying to determine how they operate, their funding and if they had any issues before possibly taking office in four months, getting a jump start he said. Mr. Bush stated in his experience it takes a year to understand the cycle of how governments operate.

Mr. Dillon moved, seconded by Mr. Schlickau, to approve the Consent Agenda consisting of the Accounts Payable Ledger for claims payable on August 26, 2016 of \$379,080.96 as submitted. Mr. Deming noted that \$40,278 was used for the primary election workers and \$1,800 of the \$40,278 was used for the State Fairgrounds rental of the Meadowlark Building. The motion was approved by a 3-0 vote.

County Administrator Gary Meagher met with the Board to recommend approval for a request by the City of Haven to annex 8.663 acres which includes the west portion of Industrial Road.

Haven City Attorney Larry Bolton explained the request to annex a portion of the Southwest quarter of Section 5, Township 25 South, Range 4 West of the 6th Principal Meridian in Reno County, Kansas. He went over the boundaries where the City of Haven had previously annexed on Industrial Road and would like to go further north to Willison Road. He stated that Haven Steel and Reno Manufacturing were both annexed into the city so the area was surrounded. If the request is approved it would make

the process simpler because all they would have to just is an ordinance to annex.

Mr. Schlickau questioned why a small section on the map was not requested to be annexed also. Mr. Bolton stated that section of land was owned by Leroy Back. Mr. O'Sullivan replied the agreement would not include any land that was not owned by the county in the annexation. **Mr. Dillon went ahead and moved even though the item was up for discussion; it was seconded by Mr. Schlickau,** to approve the request from the City of Haven for annex as described by Mr. Bolton. The motion was approved by a 3-0 vote.

Mr. Meagher was also present to recommend approval for an amended and restated agreement with the Hutchinson/Reno County Chamber of Commerce for Economic Development services and programs. He explained that the agreement with the Chamber was many years old and needed to be re-stated and amended to reflect the relationship between the Chamber and Reno County on economic development. Mr. Jason Ball reviewed the agreement and gave his full support. It is sufficient to reflect our relationship and the amount of money for the 2017 budget of \$37,500 which also sets forth how the money will be distributed. County Counselor Joe O'Sullivan noted the overall amount was increased by \$5,000 in 2017 for services and that Market Hutch was included in the \$37,500. Mr. Meagher commented that the term of the agreement was for one year commencing on the effective date and concluding on December 31, 2017. This agreement will automatically renew itself for successive annual terms unless either party notifies the other party that the agreement will not be renewed. **Mr. Schlickau moved, seconded by Mr. Dillon,** to approve the agreement as outlined by Mr. Meagher and Mr. Ball. The motion was approved by a 3-0 vote.

Mr. Meagher also presented for approval a contract with Compton Construction Services, LLC, Wichita, for renovation of the old jail area in the Law Enforcement Center for a contract sum of \$699,900. He stated the base bid was for \$695,500 with one alternate bid to upgrade the floor surface with ceramic tile in the hallway for \$4,400 with a completion date sometime in January 2017. **Mr. Schlickau moved, seconded by Mr. Dillon,** to approve the contract as outlined by Mr. Meagher for \$699,900. The motion was approved by a 3-0 vote.

County Counselor Joe O'Sullivan presented for discussion the proposed amended and restated Reno County Economic

Development Job Incentive Policy. He stated that the proposed changes resulted from the County's experience in the last several years when reviewing applications for economic development incentives and from observations and comments made during conversations between individual county commissioners and the county administrator. He indicated that at least one county commissioner had expressed support for each of the proposed amendments to the existing policy. He further indicated the existing policy provides for its periodic review to determine its effectiveness in meeting county economic development goals and purposes.

Among the changes Mr. O'Sullivan cited included raising the minimum base wage requirement for each of the incentive categories by \$3.00. The existing \$12.00 per hour category would be raised to \$15.00, the \$15.00 category to \$18.00, and the \$18.00 category to \$21.00. What constitutes a "base wage" was further clarified to exclude bonuses, commissions, and other forms of compensation. He indicated that the purpose in raising the hourly wage rates in each category and especially in eliminating the \$12.00 category was that \$12.00 per hour is not a meaningful wage, and thus, not a job justifying the payment of an incentive from public funds.

A provision in the current policy which allowed for the payment of a bonus incentive when larger numbers of jobs were created is to be deleted. The formula for calculating the bonus had proven to be too complicated and confusing to be effective. While Mr. O'Sullivan emphasized the provision in the current policy allowing an Employer three years to satisfy the requirement to sustain each job for four consecutive quarters in order to qualify for payment of an incentive remained, the proposed policy clarifies that temporary jobs established by contracts with third party employment agencies did not qualify for incentives.

Commissioner Deming asked Mr. O'Sullivan if he would agree that this agreement better protects taxpayers but also made it more difficult to attract new or expanding businesses.

Mr. O'Sullivan replied that the agreement makes it more meaningful since we are talking about taxpayer's money and was important that guidelines and structure are provided and that we know what we are trying to achieve. After all it is the money that you have control over not the Chamber and your goals and purposes have to be met.

Commissioner Dillon stated he doesn't view our policy as leading us to get a new employer but as bringing in a new employer that will raise the hourly wages for other employers. He used Siemens as an example when they came to town with a large volume of jobs; it caused other employers to raise their wages to keep their employees. That was why he liked the raise in hourly wage to \$15.00 because it would benefit more than that employer and that is the basis of why we are using taxpayer money to not just attract a company but to make a difference in the wage scale for a number of people.

Commissioner Schlickau agreed with Commissioner Dillon's comments on that topic. He did some calculations with a table of salaries from Reno County in 2013 by using different percentages to bring it up to 2016 wages dividing it by the number of hours worked, and it came out close to the \$15.00 per hour. That is exactly where the threshold was in this agreement so we are right on target with the first level of wages for the very reasons that Mr. Dillon expressed. Mr. Schlickau stated that temp service personnel should not be counted until the employer designates the individual as a permanent employee, meeting wage and benefit criteria. He then questioned Mr. Ball if the norm was leaning toward more and more companies using the temporary employees so they don't have to pay out the benefits.

Mr. Ball replied that the trend of companies that were using temporary agencies with regularity is definitely increasing. He attributed this trend to a fact that most of Kansas is operating in a low employment rate environment. He stated it is less related to avoiding paying benefits and more directly toward their job performance. He is concerned if we say that temp agencies would not qualify for an incentive that would not keep with the industries trends.

Mr. O'Sullivan stated under our policy they have three years to qualify for the incentive. So if the temporary employee becomes permanent with the company within the first few months they have two and a half years to qualify for the incentive. The company may be using the temp employee to see if they are qualified and want to retain them permanently. If you make the time limit shorter than the three years it may not be enough time to test the qualifications of that employee for permanent status. We have addressed this issue in the agreement for temporary status. Mr. Ball replied he would like to see "the clock" start when the temporary status begins and count toward the full time consecutive employee with that company.

Commissioner Deming asked Mr. Ball for an overall view of the policy. Mr. Ball stated that guidance in a policy is excellent for our office by communicating clearly and quickly with the county and the clients. He fully supports the Reno County process with this policy. The wage base is not inappropriate however he was concerned that the \$15.00 was a little high. He stated a number of companies pay their employee's bonuses and commissions further stating that the employers feel this is a real expense and it is like a paid wage to the employee. Last they track and compare to the private sector with incentives, so overall he did not have great concerns with this policy.

Mr. Bush was in the audience requesting the Board consider the businesses that had sales staff who were paid bonuses or commissions for 50 percent of their base salary. He believed this was the trend for sales personnel.

Ron Hirst was also in the audience and wanted to discuss the 12 rural towns including South Hutchinson for the incentive program. His opinion was that ten jobs were too high and should be five or less for smaller towns to receive an incentive. Most of the rural towns have small businesses started up.

Commissioner Dillon addressed Mr. Hirst's concern stating that topic had previously been discussed at one of the Mayor Forums. The small town mayors were concerned that they were left out of the county's incentive policy and wanted a special fund set up for them. They felt it would be hard to attract businesses with the 10 people limit to the smaller towns. Mr. Dillon was opposed to that line of thought because of why he wanted to reward employers in the first place. He had a problem with making an exception with rural jobs because they don't benefit anyone else but that particular employer or small town. For example if Turon added five jobs in his opinion it should be Turon that gave the company an incentive. If we are going to give taxpayer dollars raised at the county level we need to have a good rationale for doing that not just job creation. It needs to have a wider benefit but was all for rural towns helping themselves. Mr. Dillon stated that we need to scale back incentives we pay. He was concerned about the tax lid being a real problem.

Commissioner Schlickau stated that the purpose of the incentive is to elevate opportunity for Reno County residents, whenever the development occurs. Mr. Schlickau continued stating that it is important to differentiate between public

good and individual benefit when subsidizing projects involving taxpayer money. Commissioner Schlickau supported keeping 10 jobs as the minimum number required to qualify for cash incentives.

County Appraiser Brad Wright met with the Board for his regularly scheduled meeting. He went over various topics not requiring action by the Board.

At 10:15 the meeting adjourned until 9:00 a.m. Tuesday, August 30, 2016.

Approved:

Chair, Board of Reno County Commissioners

(ATTEST)

Reno County Clerk
cm

Date