

The Council of the City of Wellington, Kansas, met in a Work Session on April 18, 2016 at 5:30 p.m., in the City Council Room, City Administration Center, with Mayor Shelley Hansel presiding.

The Pledge of Allegiance was led by Mayor Hansel.

Council members Bill Butts and Jan Korte were present at roll call. Council members Kip Etter, Kelly Green, Vince Wetta and Jim Valentine were absent at roll call.

Members of the Staff present were City Attorney Mike Brown, City Manager Roy Eckert, Finance Director Shane Shields, City Clerk Carol Mericle and Utility Director Jason Newberry. Sumner County Economic Development Director Stacy Davis was also present.

REPORTS OF CITY OFFICIALS

KsFiberNet. Mayor Hansel introduced Bob Wallentine, Director of Operations and Tony Russell, Vice President of Business Operations and Fiber Transport Executive with KsFiberNet. Mr. Russell explained that they have already attended 16 other City Meetings in the past twelve months, most in the SE area of Kansas, to introduce their company and explain what they are trying to accomplish and to field questions. He explained they want to extend fiber optics from their network into Wellington and have already been working with, and have purchased services through Sumner Communications. Although there is a chance that there will be some competition for services, most of the customer base that Sumner Communications serves, are not of interest to FiberNet and their focus is to extend the network out of Wellington into surrounding areas. Mr. Wallentine added wholesale is their biggest business and they like to focus on customers in the areas of government, banks, schools, state entities, hospitals, to link them directly with their other branches. He added that what they have done in other markets is look for companies such as Sumner Communications to buy existing fiber services less expensively.

Mayor Hansel asked why the City needed to be involved and why this was not just a business to business transaction. Mr. Russell replied that they would need for the City to provide right of way to them to establish services in the City. Mayor Hansel asked if all the fiber was placed underground. Mr. Wallentine explained the difference between aerial attachment and underground and when each may be necessary. He also explained that a franchise agreement would be needed first and a pole agreement may be needed later, as well. They are currently working with communities in Ft. Scott, Parsons, Atchison, Pittsburg, Manhattan, Garnett, Paola, Osawatomie and Topeka.

Council member Korte asked if all the City would be doing is giving permission for accessing the right of way. Mr. Wallentine replied and explained more about the right of way and since they are not typically a residential provider, they would use more of the larger or primary routes through town. Mr. Russell informed of advantages of expanding into the Wellington area.

Council member Butts asked about the City receiving franchise money and Mr. Russell explained that it depended on the agreement and some larger agreements would require more customers at the start up to help pay for it. He felt eventually the consumer would end up paying for it, such as the franchise fee that we see on our Sumner Communications bill.

Council member Korte remembers that the Council received a letter of concern from the residents of a local nursing home who felt they would be forced to change services from a local company. Mr. Russell responded KsFiberNet did not have the desire to have every single residential or business as a customer – they simply want to be another option for some larger users.

Mayor Hansel informed them the community values the regional partnership and want to be open to all options and opportunities but they are also concerned about relationships and retention of local companies. Mr. Russell explained they are based in Wichita and owned by Kansas companies. He

believes they play very well into the local companies and compared to some of the larger companies they partner with, such as Cox Communications, they are small fish.

Mayor Hansel asked if KsFiberNet would lay fiber next to fiber. Mr. Russell responded that there are a few instances when they would need to lay fiber where fiber already exists: contractual requirements, existing company cannot spare the fiber, high availability customers (hospital, police) that cannot be down and then it is best to have fiber in two different areas so that in case of accidental severing with a backhoe, the customer does not go down.

Director Davis shared that Cowley College has already made an announcement of their intentions of putting in a 35 million dollar facility in Sumner County, in the Wellington area that will have 3 buildings, with a 5-10 year plan of adding residency halls, so having options such as KsFiberNet will be very attractive to them.

Council member Korte asked about financial gains for the City and Mayor Hansel asked for further explanation about the 5% franchise fee for gross revenue. Mr. Wallentine explained that this gets into state statues that dictate how carriers like them and municipalities interact together. There are various fees but per the state statue, broadband services are exempt. He stated again, the fees will be paid mostly by consumers and will not be large amounts, mostly permits revenue.

Manager Eckert explained that the benefits the city gains will be from having the fiber services, more of an ancillary economic development.

Mayor Hansel invited KsFiberNet to attend the May 3rd Council meeting. She will be making copies of the agreement and sharing with the other Council Members who are not at the meeting today so that they may review for questions or concerns at the May 3rd meeting.

City Electric Production-Summer 2016. Director Newberry shared that we will potentially be using the steam plant as a more economical way to generate income. He said we would only use it 2-3 months during the summer, if asked. He said it costs approximately \$6,000 more a month to keep plant ready, but if it is called for production, we would get reimbursed and receive significantly more revenue than the cost to produce. Director Newberry stated the rough numbers are 120 hours of production is equal to \$20,000 revenue. He has already talked to KPP, they are interested and there is potential, but no guarantee. His information to the Council was to see if there is interest in pursuing this opportunity and they will not be moving forward without authority from the Council.

Raw Water Issue. Mayor Hansel asked Manager Eckert for a quick update on the Raw Water issue. Director Newberry responded that Attorney Mike Brown sent out letters to approximately 23-25 people and we received responses from 13 of those people. He continued there are various things occurring: four have signed agreements with the City of Wellington; two are having trouble finding a contractor to drill a well due to issues with equipment, so they are working with a contractor from the Sedgewick County area; a few do not agree with the contract but are drilling for water to cover their bases, and they have found that their holes are not yielding as well as they would like them to; a few more we are still waiting for decisions on: and two are now in touch with an attorney. He added that the rest we never heard back from the initial letter. Director Newberry reminded the Council that KDHE says the water must be shut off on May 1st and this decision is a Federal Law that the State of Kansas is enforcing. He said he has been in touch with KDHE to keep them informed of our progress.

Mayor

City Clerk