

April 29, 2005

City Council
City of Council Grove

Planning and Zoning Commission
City of Council Grove

Dear members,


As you know, it is my intent to institute a discussion of annexation of the property owned by the City of Council Grove located at the City Lake. I have attached an information sheet on the current and projected expenses and returns from leases so that you can see why I feel a complete evaluation of annexation is necessary at this time.

For both the taxpayers of the City of Council Grove and the residents of the City Lake it will become increasingly necessary to find proper funding for services or see those services drastically reduced.


Since this matter is of critical importance to the future of the City of Council Grove and because I have a potential conflict of interest, my wife and I request your consideration in eliminating that conflict.

We are asking that the City of Council Grove annex our leases at the City Lake, F11 and F12. We are not asking for any additional services from the City other than those that would be made available to any other lease.

Yours,



Richard Montgomery



Joyce Jenkins

	2004	2005	2006	2007	2008	2009	2010	2011
Income from leases	\$172,235.00	\$176,453.00	\$180,671.00	\$186,295.00	\$191,919.00	\$197,543.00	\$203,519.00	\$209,494.00
Estimate of costs	\$182,543.44	\$193,601.19	\$199,409.22	\$205,391.49	\$211,553.23	\$217,899.82	\$224,436.81	\$231,169.91
Gain or Loss	(\$10,308.44)	(\$17,148.19)	(\$18,738.22)	(\$19,096.49)	(\$19,634.23)	(\$20,356.82)	(\$20,917.81)	(\$21,675.91)

1. Inflation rate used for all leases = 3%
2. Fuel costs adjusted for 2005 current price.
3. Inflation rate used for 2006 and beyond costs = 3%
4. 2004 costs = what was reported to County Clerk for tax purposes
5. 2005 costs = 2004 plus fuel adjustment plus increased salary expense less excessive rock expense in 2004

What if the lease is a real lease and not trying to be a tax?

Income to City		\$17,886.43	\$18,443.21	\$18,999.98	\$19,556.76	\$20,148.38	\$20,739.91
Administrative cost		\$62,211.99	\$64,078.35	\$66,000.70	\$67,980.72	\$70,020.14	\$72,120.74
Capital outlay		\$13,528.30	\$13,934.15	\$14,352.17	\$14,782.74	\$15,226.22	\$15,683.01
Available for large projects such as dredging		\$87,044.28	\$89,839.30	\$92,566.15	\$95,222.78	\$98,124.26	\$100,950.34

Income from Boat and Fishing Licenses available for fish stocking and habitat management		\$14,446.78	\$14,880.18	\$15,326.59	\$15,786.39	\$16,259.98	\$16,747.78
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Where would full time residents vote?
 Current voters per ward
 If we added the lake residents to ward 2 the total would bring ward 2 closer or equal in voters to ward 1.

	Ward 1	Ward 2	Ward 3
Current voters per ward	426	353	624

	2004	2005
Personal Services	\$37,980.46	\$60,399.99
Management Fee	\$9,463.51	\$9,463.51
Equipment Expense	\$10,640.00	\$31,210.00
Police protection expense	\$19,731.00	\$20,413.92
Contractual Services	\$13,842.44	\$13,842.44
Commodities	\$5,519.61	\$5,519.61
Gravel	\$72,614.70	\$40,000.00
Capital Outlay	<u>\$12,751.72</u>	<u>\$12,751.72</u>
Total	\$182,543.44	\$193,601.19

Personal services is increased by adding one half of Ted's costs and also increasing the amount for Danny and office expense.

Equipment expense is increased by using the city's fee schedule for use of the equipment for private purposes

Police protection was increased by a low estimate of future gas prices

Gravel was lowered to an average and may not be correct due to increased delivery and production expenses.

COUNCIL GROVE LAKE ASSOCIATION P.O. Box 13 Council Grove, KS. 66846

Dave Baker-Chairperson
 George Forrester-Vice Chairperson
 Vernon Hay-Treasurer
 Andy Hutter-Secretary
 Mayor Dick Montgomery
 313 West Main
 Council Grove, Ks

Dear Dick,

During the May 5, 2005, Planning and Zoning Commission meeting you initiated a dialogue about annexing the Council Grove City Lake Park into the city limits. During that meeting you distributed a handout about annexation, listing income and expenditures at the city lake.

The Executive Board of the City Lake Association has some concerns that the information distributed may not accurately reflect a true and complete picture of the financial flow of income and expenses. We also are concerned about the total effect the proposal will have on cabin owners and that the proposal may not meet the intent of the state statutes concerning annexation.

Following are the primary questions we need answered to make an informed decision regarding annexation into the city of Council Grove.

INCOME

For residents and the City Council to make an informed decision, a more detailed breakout of income and expenses is needed. The handout shows income from one source only: cabin leases. The city of Council Grove receives income as a result of numerous city lake activities. Some of these sources are means of substantial income. ALL should be included to paint an accurate picture.

- Building permits
- Fishing and boating permits (approximately \$14,500)
- Hay lease income
- Lease Transfer fees
- City sales tax contributions by cabin owners is an unknown amount, but should be considered.

EXPENSES

- Equipment expense is calculated using the fee schedule for private services. This may not be the true expenditure from the city budget. What is the true cost per hour to operate a lawn mower at the city lake?
- Airport maintenance appears to be included with city lake maintenance. By ordinance, the airport is established separately from the lake park and should be a city expense, not an expense of the lake.
- Personal services and management fees (\$ 69,863.50 for 2005) does not appear to be a reasonable figure considering the total is approximately the combined

salaries of both the city manager and the lake caretaker. A more detailed accounting of these lines is necessary to make an informed decision.

- What is the true cost of personal and management? Without the city lake there would still be a city manager, city clerk, and building inspector and other employees, all with benefits packages. These people, no doubt, spend time on lake projects, but the lake is an addition to their city position responsibilities and not their primary function.

TAXES AND SERVICES

- What would cabin owners pay in city taxes per \$100.00 of appraised value?
- What services does the city intend to provide for this additional revenue?

STATE ANNEXATION STATUES

The intent of the entire statute K.S.A. 12-520 appears to be that a city provides standard city services to annexed areas. We realize that you are proposing annexation under K.S.A.12-520 (a)(2). We don't think the writers of the statutes envisioned the circumstances where a city owns land with 353 leased lots containing privately owned residences. We further feel that annexing these residences without complying with the rest of the statute does not meet the intent of the statute in its entirety.

The Council Grove City Lake Association has not yet sought legal counsel to confirm your proposal's compliance with state statutes. However, as you are probably aware, several individual cabin owners have indicated they may pursue that avenue.

COOPERATION

We assure you we are eager and willing to cooperate and assist in planning and establishing a good sound financial future for the Council Grove City Lake Park and the City of Council Grove. In the May 5, 2005, Planning and Zoning Commission meeting you indicated you wanted to start a dialogue about annexation of the city lake. Our meetings however, have not resulted in complete answers to the questions we once again pose here. We feel it important that the city council, Planning and Zoning Commission, and each individual have complete and accurate information on which to base an intelligent decision about annexation. We are eagerly awaiting the information and are ready to continue our dialogue in a positive spirit.

For the Executive Board,

Dave Baker
President, Council Grove City Lake Association

cc: Council Grove City Council members
Planning and Zoning Commission members
Council Grove City Manager
Council Grove Lake Association

attch: Mayor Montgomery's handout

Council Lake Association
PO Box 13 Council Grove, Ks 66846
Email cglakeassoc@yahoo.com

Chairperson, Dave Baker, 620 767 6403 Vice-Chairperson, George Forrester, 620 767 8194
Treasurer, Vernon Hay, 620 767 8071 Secretary, Andy Hutter, 620 767 6561

August 24, 2005

Senator Jim Barnett
1400 Lincoln
Emporia, KS 66801

Dear Senator Barnett,

The annexation of the Council Grove Lake into the City of Council Grove has been proposed by Mayor Montgomery and is being considered by the City Council. Since state statutes regulate annexation by cities, and as lessees we have little input into the process, we are writing to make you aware of the situation, and ask your assistance in assuring compliance with the state statutes.

The city owns the Council Grove Lake Park, which is subdivided into 353 leased lots with privately owned part-time and primary residences. The current annexation proposal does not provide a plan to extend basic city services to the residences.

We have reviewed Statute K.S.A. 12-520 and are aware of K.S.A. 12-520a(f). However, we don't feel the legislature intended for K.S.A. 12-520a(f) to circumvent the requirements of K.S.A. 12-520. It's doubtful the writers envisioned the situation where a city would own land with 353 leased lots with residences. We also don't think it reasonable that the statute would allow the city to annex and tax an assessed valuation of \$3,904,000.00 without a plan to provide standard city services.

Attached are letters that may more fully explain the annexation proposal and our concerns as lessees. Our major concerns are:

- The mayor's proposal doesn't reflect total income and expenditures at the lake park
- Legal compliance with the intent of K.S.A. 12-520

We ask for and appreciate any assistance you or the state may be in resolving our concerns.

For the Executive Board,

Dave Baker, Chairperson
Council Grove Lake Association

Council Lake Association
PO Box 13 Council Grove, Ks 66846
Email cglakeassoc@yahoo.com

Chairperson, Dave Baker, 620 767 6403 Vice-Chairperson, George Forrester, 620 767 8194
Treasurer, Vernon Hay, 620 767 8071 Secretary, Andy Hutter, 620 767 6561

August 24, 2005

Representative Shari Weber
405 East Lewerenz
Herington, KS 67449

Dear Representative Weber,

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For the Executive Board,

Dave Baker, Chairperson
Council Grove Lake Association

J. D. Jones, Jr., City Council

Rick Evans, City Council

DATE: September 01, 2005
SUBJECT: ANNEXATION OF THE WHOLE CITY LAKE

Rick and I are officially requesting that the whole city lake be annexed into the city. On September 26, 2005, Rick and I will hold a work study session on this topic. October 03, 2005 we will place this issue on the table to be voted on by the city council.

When the whole city lake is annexed, the city of council grove will offer only these four items:

1. FIREPROTECTION---The city will put in a firehouse, place a firetruck around the care takers house and the care taker will be trained as a first responder with the fire department.
2. SECURITY---The city will put in a floating boat dock. This way, not only can the patrol boat be used to patrol the lake, but one can be at any cabin in less than 2 minutes by boat (this beats driven all around the lake). ---The city will also put a spot light in the boat for travel at nite and put something on the buoys that light up at nite.
3. VOTE---The lease holders will have a vote. The city lake will be placed in ward 2 (but the County Election Commissioner, Michelle Garrett, may have to juggle some "precinct" numbers) since this will help even out the wards. The city lake will not have a council member person or city council at this time. The city can always change borders if necessary
4. CITY LAKE ROADS's (CHIP AND SEAL)---Include City Lake in strategic plan of sales tax revenue concerning chip and seal of roads at City Lake.

The city by statute can annex the land and will not be required to extend services to the area.

The current City Lake Lease documents in Paragraphs 10 and 11 do maintain provisions that if 75% or more of the lake leaseholders in a particular section, petition for the City of Council Grove for a sewer disposal plant or hard surfacing of roads, the City has a right to make special assessment upon those so requested.