



Finance Committee Meeting

June 13, 2016 – 8:00 a.m.

Executive Chambers – Board Room

Minutes

1. CALL TO ORDER

Chair Sportsman called the meeting to order at 8:00 a.m. A quorum was present.

- **Members Present:** Chair Marc Sportsman, Vice Chair Dave Rittman, Nan Johnston, Diane Driver and Robert Lock
- **Other members present:** Jim Werner
- **City Staff Present:** City Administrator Lauren Palmer, Public Works Director Alysen Abel, Community Development Director Stephen Lachky, Police Chief Kevin Chrisman, Finance/Human Resources Director Matthew Chapman, Assistant to the City Administrator Tim Blakeslee, and Public Works Department Assistant Bonnie Buckmaster
- **Others Present:** Bob Charlesworth, Charlesworth Benefits, L.C.

2. FINANCIAL UPDATES

3. UNFINISHED BUSINESS (postponed from prior meetings)

A. 2015 audit update (postponed from the May 9 meeting)

Finance/Human Resources Director Matthew Chapman stated that the auditors raised a new question related to the impact of the sheriff's sale for the property held by 45 Park Place, LLC. The transaction was reported in the financial statements as a subsequent event that occurred after December 31, 2015, which caused a reduction in the long-term receivables recorded for the Neighborhood Improvement District (NID) assessments. Since the assessments on that property were cleared as part of the foreclosure and sheriff's sale, they were no longer receivables to the City and would soon acquire an asset in the land. A value needed to be recorded for the asset. The City received an appraisal for the property from April 2014, but the auditors were unable to audit the appraisal report because it was two years old and was unclear if the NID assessments factored into the conclusion on the valuation. The auditor would not issue a final opinion without additional information to support the value of the asset in reporting the subsequent event.

Palmer recommended that the Finance Committee postpone action until the issue was resolved because she was not comfortable recommending action without a final opinion from the auditor. Staff requested that the appraiser review the appraisal report and confirm if the 2014 valuation was still valid. If not, a new appraisal would be required. She was optimistic that staff could get additional information prior to the next committee meeting on June 27, 2016.

4. ACTION ITEMS

A. Approve the minutes from the May 9, 2016, meeting

Diane Driver moved to approve the May 9, 2016 minutes. Dave Rittman seconded; motion passed 5-0.

B. Approve a professional services agreement with Charlesworth Benefits, L.C. to conduct a Request for Information process for brokerage services

Finance/Human Resources Director, Matthew Chapman stated that CBIZ Benefits and Insurance Services, Inc. (CBIZ) provided employee benefit consulting services for the health, dental and life insurance products offered to eligible City employees. Staff was dissatisfied with the level of service as well as the escalating charges for ancillary services provided by CBIZ such as the administration of Flexible Spending Accounts (FSA) and the Consolidated Omnibus Budget

Reconciliation Act (COBRA) Account. If no change was made, the City would pay over \$1,800 in 2016 for the administration of these two accounts. Staff was confident this expense could be reduced dramatically with a new broker. Additionally staff believed a new broker would result in improved customer service and that a new firm would be motivated to negotiate the best possible insurance rates for the City.

Chapman recommended engaging Charlesworth Benefits, L.C. to manage a brokerage selection process on the city's behalf. Based on the proposal submitted by Charlesworth Benefits, L.C., the lump sum cost for services related to independent insurance consulting services would be \$4,500.

Bob Charlesworth spoke of his experience in working with public entities and was licensed in both Kansas and Missouri. He had experience in cities of a similar size and wanted to provide the best terms and policies available by researching nearby providers. The process would last approximately 90 days. Aldermen Rittman agreed to represent the Board of Aldermen on the selection committee.

Driver moved to approve a professional services agreement with Charlesworth Benefits, L.C. in the amount of \$4,500 for insurance consulting services. Rittman, seconded; motion passed 5-0.

C. Approve the renewal of Property & Liability and Worker's Compensation & Employer's Liability coverage with Midwest Public Risk for July 1, 2016 through June 30, 2017

Finance/Human Resources Director Matthew Chapman said that the City was a member of Midwest Public Risk (MPR) for property and liability coverage since January 1997 and for workers' compensation since April 1997. The agreement automatically renewed annually on July 1 unless cancelled by either party.

Chapman stated that staff evaluated alternative coverage options in 2014 after receiving higher than expected invoices in property and liability and workers' compensation coverage. Through a negotiation process, MPR adjusted the rates and offered a more competitive proposal in 2015. The invoices received and the quoted prices fit within the negotiations and within budget. Staff would continue to work closely with MPR to ensure the City received the lowest possible rates. Chapman added that MPR provides on-site quarterly trainings to all staff on any topic requested by the City and provided risk management services at no additional cost.

The Committee discussed the five percent increase in 2015 and Mayor Johnston asked if training was available for board and committee members and new staff to ensure the City was always in compliance. Chapman responded that staff would research training options.

Driver moved to recommend the Board of Aldermen approve the renewal of Workers' Compensation and Property & Liability insurance coverage with Midwest Public Risk for July 1, 2016 through June 30, 2017, in the amount of \$158,199.13. Robert Lock seconded; motion passed 5-0.

D. Approve Work Authorization No. 59 with North Hills Engineering for the design of the Main Street sanitary sewer improvements

Public Works Director Alysén Abel recommended engaging North Hills Engineering (NHE) for design of the Main Street sewer realignment. The project would include improving 250 feet of the collapsed sewer main located within the Burlington Northern Santa Fe right-of-way between Main and East streets. The pipe was not a good candidate for cured-in-place pipe because there was not a manhole on the lower end of the pipe to gain access for the lining. Abel noted that a new manhole would be installed on Main Street and the sewer main would be realigned so it was located outside of the railroad right-of-way. The Capital Improvement Program (CIP) included the project in 2017.

During routine preventative maintenance this year, more rock was found in the line than in previous years, which meant there was a more serious issue with the pipe than staff had expected. Abel said that staff recommended accelerating the pipe repair in 2016 due to the visible deterioration of the pipe.

Further discussion focused on the sewer fund and if there was adequate working capital to cover the repairs. Abel responded that there was an estimated expense overage that would deplete working capital by an additional \$68,000 beyond the budgeted amount, but adequate reserves were available to support this cost. Other discussion focused on the grease in the downtown lines and grease interceptors for downtown food businesses, and the creation of an ordinance for inspections and compliance with cleaning out the interceptor units. City Engineer Jay Norco stated that the deterioration was not only because of the grease buildup and the rocks could have been from a train derailment. Mayor Johnston said that it was an emergency situation that needed to be fixed and if work was deferred there could be a greater impact on the budget.

Driver moved to recommend that the Board of Aldermen approve Work Authorization No. 59 with North Hills Engineering for the engineering design, project management and construction administration of the Main Street sanitary sewer improvements in the amount of \$12,525. Rittman seconded; motion passed 5-0.

E. Approve an as-built change order with Midwest Storm Restoration for the train depot roof project

Public Works Director Alysén Abel stated that due to an incorrect measurement of the roof surface, staff realized there was a difference between the final cost and the original contract adopted by the Board of Aldermen. The original contract was approved for a cost not to exceed amount of \$26,125 but the invoice was for \$29,777. Abel added that the difference could be approved by the City Administrator but since the expense exceeded the not to exceed amount in the contract, approval was requested by the Finance Committee. Further discussion focused on guttering, which could be included on a future CIP list.

Driver moved to approve Change Order No. 2 with Midwest Storm Restoration for the additional decking costs for the Train Depot Roof in the amount of \$2,152. Rittman seconded; motion passed 5-0.

F. Approve the purchase of a new 5085E John Deere utility tractor and Land Pride DB2660 ditch bank mower from Heritage Tractor, Inc. for the Operations Division of the Public Works Department

Public Works Director Alysén Abel stated that the 2015 CIP included the purchase of a tractor with a cab and extendable arm mower for cutting trees and heavy brush along the rights-of-way throughout the city, but the equipment was carried over to 2016 because it was not purchased in 2015. A bid opening was held in April and two responses were received. Abel noted that the bid request included the specifications for both pieces of equipment and only one of the bidders submitted a bid to match the requested specifications.

Driver requested the manufacturer's warranty for both tractors. Chair Sportsman expressed his concerns about the significant price difference and the City not selecting the low bidder. Further discussion focused on selecting the low bid that did not meet the specifications listed in the bid document or selecting the higher bid because it met the specifications in the bid.

Diane Driver moved to approve with conditions for warranty for the purchase of a new 2016 Massey Ferguson MF-4609M and Woods Mechanical Drive Rotary Cutter SW106 6' from Shuck Implement in the amount of \$50,170. Rittman seconded; motion failed 2-3 (Johnston, Lock and Rittman opposed).

G. Approve the purchase of a new John Deere MX-8 Pull Type mower attachment from Heritage Tractor for the Operations Division of the Public Works Department

Public Works Director Alysén Abel provided an overview of the purchase of the mower attachment for the Public Works Department.

Driver moved to approve the purchase of a new John Deere MX-8 Pull Type Mower Attachment from Heritage Tractor, Inc. in the amount of \$6,200. Rittman seconded; motion passed 5-0.

H. Approve the purchase of a new pump and adaptor at the South National Pump Station from FTC Equipment LLC

Public Works Director Alysén Abel stated that the City had six pump stations and each included two pumps that worked together to pump the wastewater to the gravity system. The 2015 CIP included the purchase of spare pumps for four stations, but only two spare pumps were purchased – the Pinecrest Pump Station was deferred because of discussions with the developer of Lake Pointe Lodge but both pumps were replaced due to pump failures, and the South National Pump Station was deferred because of necessary upgrades needed for the entire station. Abel added that in January the Board approved a contract for on-call pump maintenance and repair services. After the South National Pump Station was inspected issues were found one of the pumps. Because the purchase was not budgeted, staff recommended deferring the design of the 45 Highway Pump Station improvements and the remaining funds would come from the Sewer Fund operating budget for pump station maintenance.

The Committee discussed investing the money in a used pump that would need to be replaced within two years, the scrap value and having a backup pump for emergencies. The Committee directed staff to use working capital reserves for the expense so as not to defer other projects planned in 2016.

Driver moved to recommend that the Board of Aldermen approve a purchase order with FTC Equipment LLC for the new pump and adapter for the South National Pump Station in an estimated amount of \$11,500. Rittman seconded; motion passed 5-0.

5. NON-ACTION ITEMS

A. 2016 Parkville in Art purchase award

City Administrator Lauren Palmer noted that she authorized participating in the 2016 event after a successful purchase award competition in 2015. The artwork purchased during the event would be displayed at City Hall. The Mayor and City Clerk were working with representatives from the event to coordinate details of the selection process.

B. Budget amendment process

City Administrator Lauren Palmer stated that staff determined that budget amendments would be required for the 2016 budget and that they would be presented as needed to the Board of Aldermen throughout the year.

6. OTHER BUSINESS

Mayor Johnston said she attended an event at Riss Lake and received positive comments on the new streets in the subdivision. She added that a negative comment was received from one resident but it did not reflect the opinion of the entire group. They commended Alan Schank and the streets staff for their hard work on the streets.

7. ADJOURNMENT

Driver moved to adjourn the meeting at 9:50 a.m. Rittman seconded; motion passed 5-0.

Submitted by:


Bonnie Buckmaster
Public Works Department Assistant

June 27, 2016
Approval Date