



Finance Committee Meeting
October 24, 2016
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 (*arrived at 8:04 a.m.*) and Robert Lock
- **City Staff Present:** City Administrator Lauren Palmer, Interim City Administrator Kirk Davis, Community Development Director Stephen Lachky, Finance/Human Resources Director Matthew Chapman, Police Chief Kevin L. Chrisman, Assistant to the City Administrator Tim Blakeslee and City Clerk Melissa McChesney
- **Others Present:** Scott Hefner, Bukaty Company; Tom Kaleko, Springsted, Inc.

2. FINANCIAL UPDATES

3. CONSENT ITEMS

- A. **Approve the minutes from the October 10, 2016, meeting**
- B. **Renew the intergovernmental agreement with the MARC Solid Waste Management District for the 2017 Regional Household Hazardous Waste Collection Program**

Robert Lock moved to approve the consent agenda, as presented. Dave Rittman seconded; motion passed 4-0.

Diane Driver joined the meeting at 8:04 a.m.

4. ACTION ITEMS

- A. **Approve the employee health insurance renewal for 2017 with Aetna**

Finance/Human Resources Director Matthew Chapman stated that the City offered three benefit plans through Blue Cross Blue Shield (BCBS). The City's insurance broker, Bukaty Companies, marketed to carriers in the area and initially BCBS was the lowest quote, but still remained higher than the rate paid in 2016. Chapman noted it could have been a challenge for employees to cover the cost of the increase because of the one percent merit raise proposed for 2017. Bukaty Company received a late proposal from Aetna that provided cost savings to both the City and to the employees. Chapman noted that Aetna ensured staff that the provider network closely mirrored BCBS. The employee health insurance committee met before the Aetna proposal was received and he would meet with them again to discuss the new proposal.

Chapman said that Bukaty Companies also marketed dental and vision coverage which had both not been marketed for several years. Delta Dental provided flat rates for 2017. Other vendors would have provided cost savings but many area dentists were not in the provider network, so the committee recommended staying with Delta Dental. In regards to vision benefits, the City did not contribute to vision but the committee recommended switching to Surency because there would be approximately 44 percent savings for employees across all the tiers, but keep a similar provider network.

Diane Driver moved to recommend that the Board of Aldermen approve the health insurance renewal for 2017 with Aetna with the premium plans, rates and costs shares attached hereto as Attachments 2 and 3 and incorporated by reference. Rittman seconded; motion passed 5-0.

B. Approve Work Authorization No. 7 with FTC Equipment, LLC for the Mission Control Unit at the Wastewater Treatment Facility

Public Works Director Alysen Abel said that per statutes the City was required to have an alarm system at each lift station and the treatment plant to notify staff of failures. Over the years the units were replaced at six pump stations, but the treatment plant used an unreliable analog/telephone/voice alarm system on a LAN line. The new cellular technology would allow staff to monitor the plant remotely.

Driver moved to approve Work Authorization No. 7 with FTC Equipment for the Wastewater Treatment Facility Mission Control Unit in the amount of \$3,873.40. Rittman seconded; motion passed 5-0.

C. Approve a deduct change order with Foley Company for the clarifier floor replacement

Public Works Director Alysen Abel explained that in August 2016 the Board of Aldermen approved an agreement with Foley Company for the replacement of the clarifier floor with a concrete mix that included fiber mesh to help improve reinforcement and prevent cracking. During testing after one-half of the floor was poured, staff determined that the concrete mix did not include the mesh, but the contractor agreed to finish the floor at their own risk. Staff provided the contractor with three options: replace the floor with the mesh; provide a credit to the City, which City Engineer Jay Norco determined was \$5,000, and require an extended five-year maintenance bond; or provide the \$5,000 credit to the City and use the money and savings from the entire project to replace the floor in the second clarifier. Abel said that the contractor would provide a credit to the City. Staff was not concerned that the materials were substandard. During the maintenance period staff would drain the clarifier annually to check for cracks or imperfections.

Abel said the first clarifier was programmed in the 2016 Capital Improvement Program (CIP) and the second was programmed for the 2018 CIP. With the cost savings from the project and the credit of \$5,000 the third option was still available. Abel said she would speak with the contractor about a change order in 2017 for the second clarifier.

Driver moved to approve the deduct change order with Foley Company in the amount of \$5,000 and ask vendor about 10-year maintenance bond or accept the 5-year maintenance bond. Rittman seconded; motion passed 5-0.

5. NON-ACTION ITEMS

A. Discuss a preliminary proposal for debt financing for transportation projects

City Administrator Lauren Palmer stated that the issue was presented to the Board of Aldermen at the first budget work session on October 18 and the City had a couple of options. She said she was seeking feedback from the Finance Committee to determine what to present at the third budget work session on November 8.

The Committee discussed the grant for improvements to Route 9. Palmer said the grant would not kick in until federal fiscal year 2019-2020, but the City could request a grant anticipation loan through the Transportation Fund to issue debt financing to accelerate the improvements. The Board of Aldermen directed staff to budget for more street maintenance so staff determined that approximately \$1 million would be helpful to complete a large portion of street maintenance that could be completed in one year. Palmer said that approximately \$400,000 was budgeted for street maintenance annually and a portion of the funds could be used to cover the debt payment for the larger project. Palmer added that staff was working on a recommendation for the third budget work session and Springsted, Inc. helped put together a five-year debt picture.

The Finance Committee discussed the timing of the larger project because of the oil and asphalt prices, concerns with taking on more debt, possible risks, the timing of the 9 Highway Community Improvement District (CID) and grants and how they related to each other, the estimated CID revenues, the importance of getting the streets up to grade, accelerating the Route

9 improvements by using debt financing, and concerns about the status and debt related to the Brush Creek and Brink Meyer Road neighborhood improvement districts.

The Finance Committee requested that staff provide information at the third budget work session for a timeline, estimated CID revenues, the timing of the grants and the CID formation and analytics.

B. Discuss city and developer costs for the asphalt repairs to South National Drive between Highway 45 and Limestone Road

Public Works Director Alysen Abel explained that dirt was hauled from the QuikTrip development to the Cider Mill 6th Plat. Prior to the work being started staff asked the contractor for a maintenance bond and other items to help protect the quality of Bell Road. QuikTrip originally requested that the haul route be from Route 45 to Bell Road to Limestone Road, but because of the status of Bell Road staff felt a better route would be South National Drive. In late June the truck traffic increased. Staff reviewed the condition of the road and found that 36 different areas needed to be addressed, including patching or full-depth replacement and some curb repairs. Staff met with the contractor and developer to review the conditions and negotiate the repairs and found that 12 locations needed full-depth replacement. The Public Work staff would complete the minor street repairs, as well as crack sealing which was planned for the fall. Because of the excess truck hauling, South National Drive, on a scale of one to ten with one being the best, dropped from a 2.5 rating to a six. The estimated cost of the repairs was approximately \$56,000 for the major areas that needed full-depth replacement.

Abel said that the work began the prior week and the areas were almost complete with the exception of the top two inches. The developer originally requested a cost share and the contractor determined the City's portion would be 25 percent of the cost. Abel noted that in about three years the road would need to be milled and overlaid. Following discussions between staff and the developer, the developer decided they would cover the full cost of the 12 locations.

The Finance Committee discussed other areas that would be impacted by excess vehicle traffic for future development. Abel said that River Road was a concern because of future improvements for Thousand Oaks 16th Plat. She noted that River Road was substandard and sought guidance from the Committee on whether to share the costs with the developer or create a policy to address the issues in the future. The Committee recommended that staff contact the developer of Thousand Oaks to discuss the possible issues.

6. OTHER BUSINESS

7. ADJOURNMENT

Chair Sportsman adjourned the meeting at 9:50 a.m.

Submitted by:


Melissa McChesney
City Clerk

November 4, 2016
Approval Date