

A regular meeting of the City Council of the City of Iola was held on December 27, 2011 at 6:00 p.m., at the Riverside Park Community Building, 600 S State, Iola, Kansas.

## **CALL MEETING TO ORDER**

Mayor Shirley called the meeting to order at 6:00 p.m.

## **ROLL CALL**

Mayor Shirley, Council Members Becker, Kilby, Wicoff, Rowe, Stewart, Callahan, French and Franklin were present. Also present were Administrator Slaugh, Attorney Apt and City Clerk Hutton.

## **REVIEW & APPROVAL OF AGENDA**

A motion was made by Council Member Stewart to approve the agenda as presented. Motion seconded by Council Member Becker. The vote was eight ayes.

## **PUBLIC COMMENTS**

- Donna Houser asked the council to give Judy Brigham her benefits back and put the audit to rest. She thanked the council for giving the employees a raise.

## **CONSENT AGENDA**

- A. Minutes Approval** –December 12, 2011
- B. Appropriations Approval** – 2011-24
- C. Personnel Actions** –

- Corey Schinstock – Administration – Annual
- Rhonda Fulton – Police Department – Annual
- Kevin Rush – Electric Distribution – Promotion
- Tamara Womelsdorf – City Clerk – Reclassification (salaried to hourly)

Council Member French inquired about the meter reader position not accruing vacation, sick or bereavement. Administrator Slaugh noted that since she can schedule her own hours she does not accrue time off like other employees. Council Member Callahan asked that the special audit agenda item be moved below the annual audit RFP discussions under new business. No objections were noted therefore this agenda item would be moved. Motion made by Council Member Becker to approve the Consent Agenda. Motion seconded by Council Member Franklin. All in favor. Motion carried. Administrator Slaugh noted an addition to the agenda under New Business for item C. Water Loan Refinance.

## **PUBLIC HEARING**

**A. 2011 Budget Amendments** – Council Member Stewart made a motion to open the public hearing. Motion seconded by Council Member French. All in favor. Mayor Shirley asked if anyone in the public had any questions or comments concerning the 2011 budget amendments. No comments from the public. Motion by Council Member Stewart and seconded by Council Member Becker to close the public hearing. All in favor. Motion carried. Council Member Callahan made a motion to approve the budget amendments as presented. Motion seconded by Council member Stewart. All in favor. Motion carried.

## **ROUNDTABLE**

**A. Property & Casualty Insurance Rob Gill** – Rob Gill and Debbie Taiclet were in attendance to discuss the current procedures that Iola Insurance Associates follows prior to renewal in April of the cities insurance.

- Rob noted that internally their office seeks bids from the insurance companies that they use. They have been writing this type of coverage for over 30 years.
- Rob noted that the boiler insurance provided by CHUBB is in place to try to prevent claims. They do a lot of preventative maintenance and inspections, which saves the city money.
- Rob would like the council to have Iola Insurance do the bidding for the city, report those bids to the council for approval and authorize them to work with KMIT for bids on workman's comp.
- Mayor Shirley noted that the city has been happy with the work Debbie has done over the years.
- Council Member Rowe asked Rob Gill if he had an idea what the April renewal will look like? Rob noted that with all of the storms the past year premiums will likely increase, however if the city seeks bids prices could be lower due to the bid process.
- Council Member Rowe noted that with a large expenditure the city should seek bids and it hasn't done so in over 20 years. Rob Gill stated that the city has not formally sought bids, however their company always tries to find the best insurance at the best price for the city.
- Administrator Slauch noted that the city has two options, have Iola Insurance seek bids or hire a broker.
- Council Member Callahan noted that if Iola Insurance has been seeking bids that information is not getting back to the council. Rob Gill stated that his office had nothing to hide. The bids would be brought back to the council.
- Council Member Callahan asked Rob Gill if his office wouldn't rather the city stay with EMC? Rob Gill stated that EMC is good insurance for the city, however we do what is best for the city. If coverage is comparable and the cost is a major difference, of course their agency would recommend the lower priced one.
- Council Member Rowe stated that at the LKM meeting several cities stated they had used Charlesworth and Associates, a broker, and were very happy with the

savings. He received an email from them today and will forward to all of the council.

- Motion made by Council Member Franklin and seconded by Council Member French to have Iola Insurance Associates seek bids for the city's liability and work comp insurance and report back to the council with the bids. Council Member Rowe noted that he thought it would be best to have a broker do this at a cost of \$2,000-\$6,000 depending on the cost of the insurance. Iola Insurance noted that they provide the same service for free. Council Member Callahan asked Council Member Rowe what the city would gain if a broker was hired versus having Iola Insurance do the bidding for the city. Council Member Rowe noted that he did not know what the difference would be, however he thinks the city should look into it. Voting in favor of the motion were council Members Kilby, Stewart, Wicoff, Becker, Franklin and French. Voting against the motion were Council Members Rowe and Callahan. Motion carried by a majority vote.

**B. Special Audit Discussions-** This item was moved to new business following audit RFP discussions.

**C. Electric Purchasing Discussions – Scott Shreve-** The city has made the decision to get out of the KPP. Scott reviewed the possibilities the city has. He would like some direction from the council as to which way the city would like to pursue. The Southwest Power Pool study is done every four months and the city would have to participate in this study in order to seek other options. Scott discussed the differences in administrative fees between KMEA and Westar noting that KMEA had a much higher administrative fee.

- Administrator Slauch noted that KMEA's fees were higher due to the fact that they had a smaller pool of customers compared to Westar. He noted that KPP is attempting to keep the city's business, however they have not come up with anything concrete to date.
- Council Member French noted that Westar is seeking an 18% increase in transmission rates.
- Mayor Shirley stated that he wants to get the best rate for the residents.
- Council Member Callahan noted that he would like to set up a time for a few members of the council to visit with Scott Shreve about electric power rates.

7:19 p.m. Attorney Apt noted that he would be leaving the meeting and wondered if the council had any questions for him. Council Member Rowe asked if there was any information from the attorney from Topeka who is doing investigative work. Attorney Apt noted that the final report should be here by January 9<sup>th</sup>, noting there were no discrepancies found that would change the special audit discussions.

**D. Snow Removal Policy – Dan Leslie –** Street and Alley Superintendent Dan Leslie gave an overview of the snow removal policy, noting that of the 132 lane miles within the city limits, approximately 74 of them are plowed. The city averages five storms a year that require treatment in some way. It takes the crew

approximately 10 hours to clear the 74 miles of lane one time, then removing the windrows from the square. Council Member French asked about the large piles on the corners of the sidewalks on Broadway that make the school kids have to step into the roadway. Dan stated that there is not a lot they can do with the piles do to the fact that meters and fire hydrants are in their way and they are not sure where they are located and it would take a lot of time to haul this snow off. Council Members inquired about Kentucky Street when the hospital moves out there. Dan noted that his crew would not have the equipment or time to add N Kentucky to the priority list, also stating that the drop offs on N. Kentucky make it a hazard for the crew. Would have to look at emergency crews routes and make a determination of priority clean up. Council Members were okay with the priority routes in affect.

## **NEW BUSINESS**

**A. Annual Audit RFP - Discussions** – Administrator Slaugh noted that three bids were received. Swindoll, Janzen, Hawk & Loyd had a proposal for \$17,000 plus a single audit fee of \$7,500. Lowenthal, Webb and Odermann had a proposal for \$10,250 plus a single audit fee of \$2,000. Jarred, Gilmore & Phillips had a proposal for \$8,500 plus a single audit fee of \$1,900. Administrator Slaugh recommended going with the lowest of the three bids, which would be Jarred, Gilmore and Phillips.

- Council Member Kilby noted that our current auditor that was at the last meeting noted that if the council had questions they should have asked them at the time of the audit presentation, however the council was unsure what questions should have been asked and what changes could have been made to the financials in order to prevent the lower S&P rating. He asked Scot Loyd who was in attendance if it was possible that if he were hired to do the 2011 audit could he then find things that could help him decide if a separate agreed upon procedures was necessary and if necessary what things needed to be looked at? Scot Loyd commented that yes that was a possibility.
- Council Member Rowe stated that it would be possible to postpone the forensic audit if the auditor did not find any concerns. Noted that the reason the city should bid out services is to keep everyone honest, however quoting Zig Ziegler the best price is not always the best value.
- Administrator Slaugh explained that transfers from the utility funds is statutorily correct, however the city should have a policy in place stating what are excess funds and what transfers the city will make. Scot Loyd noted that having a policy is the best plan of action.
- Council Member Becker made a motion to approve the lowest bid from Jarred, Gilmore and Phillips to perform the audit of the 2011 financials. Motion seconded by Council Member Wicoff. Voting in favor of the motion were council members Becker and Wicoff. Voting against the

motion were council members Rowe, Callahan, Kilby, Stewart, Franklin and French. Motion failed due to lack of majority vote.

- Council Member Rowe noted that the lowest bid is not always representative of time and energy spent on the audit process.
- Council Member Becker noted that the past commissioners approved the previous transfers and continued to carry on business as usual. The city has never been rated by Standard & Pours; therefore the rating is not a downgrade.
- Council Member Callahan noted that there seems to be a lack of progressive auditing from past firms and the fact that management did not carry out proposals from the auditors.
- Scot Loyd noted that the negative fund balances are cash basis violations and should be taken care of as they occur and prior to the amendment process.
- Motion made by Council Member Kilby to accept the proposal from Swindoll, Janzen, Hawk and Loyd to perform the 2011 audit. Motion seconded by Council Member Stewart. Voting in favor of the motion were Council Members French, Franklin, Stewart, Kilby, Callahan and Rowe. Voting against the motion were Council Members Becker and Wicoff. Motion carried by a majority vote.
- Motion made by Council Member Stewart to remove special audit from the agenda due to the fact that Scot Loyd will determine if it is necessary following the audit for the 2011 financials. Motion seconded by Council Member Franklin. All in favor. Motion carried.

**8:11 p.m. Mayor Shirley declared a five-minute break.**

**B. Wastewater Loan Amendment-** Administrator Slaugh noted that the wastewater loan had been amended by KDHE since the cost of the project was lower than anticipated lowering the amount of the loan by \$20,000. Motion made by Council Member French to approve the amendment to the wastewater loan agreement. Motion seconded by Council Member Franklin. All in favor. Motion carried.

**C. Water Plant Refinance -** Administrator Slaugh noted that a new resolution was necessary due to the date change of today's meeting and proposed sell date. Motion made by Council Member Franklin to approve the resolution authorizing the offering for sale of general obligation bonds, series 2012 to refinance the water plant. Motion seconded by Council Member Stewart. All in favor. Motion carried.

## **COUNCIL & ADMINISTRATOR REPORTS**

**A. Mayor Shirley – None**

- B. Council Member Stewart** – Was asked during the break if Jarred, Gilmore and Phillips were given an opportunity to attend the meeting to address the council? Administrator Slaugh noted that everyone has the opportunity to be in attendance, however they were not called and specifically asked to attend the meeting, noting that Scot Loyd was asked to attend to discuss the special audit. Council Member Franklin stated that she had visited with members of the firm and they were told to attend the meeting if they wished. Donna Houser noted that it appeared Council Members Callahan and Kilby had visited with Scot Loyd prior to the meeting. Administrator Slaugh noted that he had asked Scot to attend the meeting and speak with Council Member Callahan concerning the special audit.
- C. Council Member Callahan** – Had requested at previous meeting a report on gas storage and copies of the management letters from the 2007-2010 audits. Administrator Slaugh will get the information to the council. Asked for an update on the road conditions for Northwestern. Administrator Slaugh and Mayor Shirley looked at the road and it will be addressed at the January 9<sup>th</sup> meeting with the capital improvement discussions. Noted that he had discussed the problems with the sound for council meetings with Cox Communications. They are working on it. Several people he had visited with would like to have it on more than one day per week. The digger truck was sold on purple wave for \$15,000 as opposed to the \$6,500 trade in we were looking at good job for all those involved.
- D. Council Member Wicoff** – None.
- E. Council Member Franklin** – Noted that the bridgework that J&J contractors did came in at \$1,500 less than bid amount.
- F. Council Member Kilby** – None
- G. Council Member Becker** – None
- H. Council Member Rowe** – None
- I. Council Member French** – Reminder that the meal for the city employees is this Friday will be setting up beginning at 8:30 a.m. for those that can help.
- J. Administrator Slaugh** –  
Need everyone to look at his or her calendars for a planning session/capital improvement project discussion on January 28<sup>th</sup> from 8:00 a.m. – 12:00 p.m. Roxanne will send out an email to get confirmation of those able to attend.

Council Member Callahan requested an addition to the agenda for request of information from council members at the end of the meeting. Administrator Slaugh noted that they would work on this.

**DATE / TIME OF NEXT MEETING**

City Council Meeting 6:00 p.m. Monday, January 9<sup>th</sup>, 2012

City Council Meeting 6:00 p.m. Monday, January 23<sup>rd</sup>, 2012

**ADJOURNMENT**

**8:33 p.m.** Motion made by Council Member French and was seconded by Council Member Kilby to adjourn the meeting. The vote was eight ayes. As the vote was unanimous, the meeting was declared adjourned.

Approved by the City Council of the City of Iola, Kansas this 9<sup>th</sup> day of January 2012.

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Mayor, William A. Shirley

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City Clerk, Roxanne Hutton