

A regular meeting of the City Council of the City of Iola was held on July 23, 2012, at 6:00 p.m., at the Riverside Park Community Building, 510 Park Avenue, 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, Rowe, Stewart, Callahan, French, Wicoff 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 Becker to approve the agenda adding audit discussions under #5 A. Motion seconded by Council Member Stewart. All in favor. Motion carried.

### **AUDIT DISCUSSIONS**

Council Member Rowe asked Scot Loyd when the governing body letter changed from being a management letter. Scot replied he wasn't sure of the exact date it was either 2007 or 2008.

Council Member Callahan asked Scot Loyd when he would get involved in the ambulance billing issue. Scot replied it was his duty to report it with the audit. It would have to be a council directive before he would get involved further at which time the council would have to have agreed upon procedures and then he would provide feedback to the council. Administrator Slaugh noted that at this time staff is working on reconciling the 2009 and 2010 ambulance billings. Council Member Callahan stated that staff needed to continue with reconciliation and after that it would be good to get Scot Loyd involved.

Scot Loyd noted that current ambulance billing being done by Chi Wiggin of the City Clerk's office has a running list of the sequential runs daily and if one is missing she contacts the EMS department to see where it is.

Council Member French asked if anyone had looked into the password change?

Administrator Slaugh stated that he would have a report ready for the council meeting on August 13<sup>th</sup>.

Council Member Rowe inquired as to the statement that a material weakness is the highest concern and how this happened. Scot noted that a series of things were happening over a period of time. The control was broken reconciliation's were not being done. When Council Member Rowe asked if it was being done right now, Scot stated that it is being done right now.

Council Member Callahan asked how the council would know what the actual collections for the ambulance department are. Scot stated that money not collected for these past ambulance bills would indeed make the fund short making it hard to determine actual collection amount to budget.

Administrator Slaugh stated that staff is working on a spreadsheet that will show amounts billed, amounts collected and contractual write-off amounts. He will make sure

everything was billed. There is an industry standard which shows a percentage of collections. The governing body will have to approve any write-offs before they are removed from the books.

Council Member Callahan asked how we get to where we need to be? What happens to those that were not billed? Is it too late on some of them? How do we go forward? Scot replied that we could tweak some things we are doing now; work hard on the 2009 and 2010 claims that are showing an outstanding balance by cleaning those up. Send confirmations to insurance companies to match the numbers on the city books.

Council Member Franklin stated that we should give staff a couple of months to get it organized and then talk to Scot about how to proceed.

Council Member Rowe asked how we establish an anti fraud culture? Scot replied we should put the policy into place and make sure every employee from the top to the bottom understands that the policy will be followed and those who do not will suffer the consequences outlined within the policy.

Council Member Rowe stated that the current council has been trying to address the culture of the city now and they have been accused of micromanagement. Scot replied there is a fine line between management of the city, which the council should not get involved in, and making policies that are to be carried out by staff.

Scot Loyd summarized the audit and stated that the council had gotten their money's worth. As the auditor it is his job to look at where the risks are within the city? No fraud was found.

## **PUBLIC COMMENTS**

- Don Hillbrant asked that the city work with the county to get water lines on the courthouse square to save the trees that are currently there.
- Ken Hunt asked that Mayor Shirley direct staff to call the League of Kansas Municipalities to inquire about the 3-3 vote with 1 abstention vote at the last meeting concerning the SEKAN issue. He reminded everyone to vote on August 7<sup>th</sup>, noting there is an issue on the ballot that is important to the City of Iola, a recall question on Council Members Rowe and Callahan.
- Richard Luken, Iola Register Reporter stated that he still had concerns that the council went into a 45-minute executive session at the special called meeting on July 19<sup>th</sup> to discuss KOMA. Council Member Rowe stated that the executive session was held with the city attorney regarding KOMA violations that the county attorney was looking into so the council could come up with a justification statement. Richard Luken asked again why it couldn't have been made public. No response was given.
- Becky Nilges asked why it was stated in the motion to approve SEKAN as a sole provider at the last meeting that was against the purchasing policy and yet the same thing was done at the June 11<sup>th</sup> meeting regarding chemicals at the water plant. What is the difference? Council Member French stated that the holding tanks and the computers belong to the chemical company and it would be costly to switch over. The SEKAN issue is not a cost effective measure.
- Becky Nilges then asked if an opportunity could be given for public comments after the council/administrator report time, especially before action is taken by the council.

- Mayor Shirley stated that the council overstepped with the SEKAN issue it was not a large project that was in question and if asphalt is needed for small projects the city can still purchase it from SEKAN. Council Member Callahan noted that the problem was with the motion that was made at first. It was that we would give SEKAN the project and there wasn't a project in question. Then it was stated that all jobs would be given to SEKAN. This is not in accordance with the purchasing policy.

## **CONSENT AGENDA**

**A. Minutes Approval** – July 9, 2012

**B. Appropriations Approval** – 2012-13

**C. Personnel Action Items** –

- **Douglas Clark – Parks & Cemetery – Annual Evaluation**
- **Jason Franklin – Gas, Water & Wastewater – Annual Evaluation**
- **John Ross – Stores/Purchasing – Annual Evaluation**
- **Jason Bauer – Recreation – New Hire**
- **Timothy Francis – Police Department – Annual Evaluation**

Council Member Callahan stated that there was an error in the minutes on the first paragraph of page 3. He did not state that Council Members Wicoff and Becker have been against the purchasing policy since it was approved. A motion was made by Council Member Franklin and seconded by Council Member Stewart to approve the consent agenda as presented. All in favor. Motion carried.

## **NEW BUSINESS**

**A. Trolley Insurance Request – Barbara Anderson-** Barbara gave an overview of the trolley activities. The trolley has been in Iola for five years. The Trolley Board is asking that the city reimburse them for insurance on the trolley. The city has done this in the past. A motion was made by Council Member Callahan and seconded by Council Member Stewart to reimburse the Trolley Board for the cost of the insurance on the trolley. All in favor. Motion carried.

**B. Bid Acceptance - Transformers** – At the previous meeting of the council sealed bids were opened for the purchase of two transformers to serve the new Allen County Hospital. Since the last meeting staff has reviewed the bids and found that two of the four followed all bidding specifications requested. Staff is requesting council approve the bid from Solomon Corporation in the amount of \$49,889.58. Motion made by Council Member Stewart and seconded by Council Member Becker to approve staff's recommendation to accept the bid from Solomon Corporation in the amount of \$49,889.58. Council Member Franklin asked why we were going with the remanufactured ones instead of the new ones? Administrator Slaugh replied that the new ones did not meet specifications. They had aluminum when copper was specified. All in favor of the motion. Motion carried.

- C. Bid Acceptance – Basketball Goals-** At the June 11<sup>th</sup> council meeting Administrator Slaugh advised the council that the recreation department received a request from an individual from Garnett to purchase two portable basketball goals that are currently in storage. At this meeting staff was directed to advertise the sale of the goals and also to inquire with the school district and the college to see if they might have a use for them. Since this meeting recreation staff advertised the sale of the goals and had two individuals want to buy them for \$3,500. Due to both committing, staff asked both individuals to email a top dollar bid for the items. Staff is seeking council approval to accept the bid from Michael Burns of Garnett in the amount of \$4,105.00. Council Member French asked Recreation Director, Brad Yoder if the schools were offered the goals? He stated that he had called the individuals cell phone numbers and neither one responded. Motion made by Council Member French to accept the bid from Michael Burns for \$4,105 for the goals. Motion seconded by Council Member Stewart. All in favor of the motion. Motion carried.
- D. CDBG Housing Grant – Time Extension -** Staff is seeking endorsement by the council to have the mayor sign the letter of request to extend the grant until January 31, 2013 in order to expend the remaining \$200,000. Motion made by Council Member Stewart to approve staff's recommendation to have the mayor sign the letter of request to extend the grant. Motion seconded by Council Member Wicoff. All in favor of the motion. Motion carried.
- E. Wastewater Flow Monitoring – Bid Opening –** City Clerk Hutton opened the bids from Trekk in the amount of \$27,000 and from JCI in the amount of \$21,868 for 12 week monitoring. Administrator Slaugh stated that staff will review the bids and bring back to council for approval at the next meeting.

## ROUNDTABLE

- A. Recreational Dog Park - Naming –** Staff has been approached by Sonic Equipment Company to allow their company to organize a naming contest with local schools for the dog park. Along with this naming competition they also want to help with a ceremony or a grand opening of the park. April Crawford from Sonic Equipment spoke to the council stating that they would like to open the contest up to the schools and have judges consisting of dog park committee member, council member two members of the public at large and one from Sonic Equipment. Rewarding the winner with movie tickets. Ray Shannon from the Dog Park Committee stated that they liked the idea. Motion made by Council Member French to allow sonic Equipment to have the name contest and help with the grand opening. Motion seconded by Council Member Stewart. All in favor. Motion carried.
- B. Water Conservation Discussions –** Toby Ross, Water Plant Superintendent addressed the council concerning the drought conditions noting that the state is in Stage 1 of the water conservation plan. This is a voluntary stage where

individuals are asked to only use washers and dishwashers with a full load and being aware of their water usage. Council Member Callahan suggested putting water conservation ideas on Channel 6 for public information.

**7:25 p.m. Mayor Shirley declared a five-minute break.**

**C. Budget Discussion** - Administrator Slaugh addressed the \$200,000 difference of opinion on the water transfer to general. He presented options for dealing with the \$200,000 shortfall: Cut spending by cutting services and/or deferring major equipment or vehicle purchases. Cut staffing; one option would be to take out funding for the human resources position. This would be a savings of \$44,000. Increase transfers from utilities, either water, electric or gas. Increase water rates by 10-15% or cut pay and benefits. The recommendation of staff would be to increase water rates by 10%. Council Member Rowe stated that he would like to continue to keep the funds within the water fund to maintain the infrastructure, at the same time he does not want to increase the burden on the tax payers without a decrease in spending. Administrator Slaugh stated that the budget has not increased at the same rate as inflation. Increasing water rates is to keep the fund out of the hole. Chemicals, labor and materials have increased, however the rates have not increased to keep up with the cost. To continue on this path would eventually come to a point when the city will lose the ability to continue providing water to its citizens. Council Member Rowe stated that resident's wages have not been inflating. Council Member Wicoff replied that the cost of providing the service is going up. How do the rates in surrounding communities compare? Administrator Slaugh noted that he had not looked at the rates lately, however the sewer rates are well below the state average of \$40.00 minimum set by Rural Development. Council Member French stated that when the committee was looking at water rates the City of Chanute was cheaper, however they were not paying for a new plant. Council Member French does not want to see a mill levy increase because this only affects those individuals that own their homes with a rate increase; those with a fixed income have an option to conserve. Council member Callahan would like to visit a combination of mill levy increase, reduction in spending and a rate increase. Motion made by Council Member Rowe to not transfer the \$200,000 from water to the general fund. Motion died for lack of second. Council Member Wicoff stated that the city has a limited income stream and costs per capita are greater due to the loss in population. Council Member Wicoff made a motion to take staff's recommendation to raise water rates by 10% beginning January 2013, transferring \$200,00 from water to general. Motion seconded by Council Member Becker. Voting in favor of the motion were Council Members: Franklin, Becker, Wicoff and Stewart. Voting against the motion were Council Members: French, Kilby, Callahan and Rowe. Mayor Shirley voted in favor of the motion. Motion carried by a majority vote.

## **COUNCIL & ADMINISTRATOR REPORTS**

### **A. Mayor Shirley --**

- Asked Administrator Slaugh about individuals being able to rent city equipment to look at the Catholic Church where the steeple blew off in the 1986 wind storm so that it could be put back on the church. Administrator Slaugh stated that there is currently an Administrative Policy in place, which does not allow rental of equipment unless it is an emergency for private enterprise. It is just not a good practice to rent out city equipment.
- Last Wednesday he met with Colonel Blakenship, Gary McIntosh and Iola Industries concerning the property north of the National Guard that Iola Industries purchased for \$150,000 and then paid \$30,000 to have the building torn down. Iola Industries would like to give the property to the guard for storage. If at any time the guard leaves the community the property would be signed over to the city. Mayor Shirley asked the council to consider giving Iola Industries some money to help make up for the cost of the property.
- The final band concert is this Thursday evening. See, Hear Iola will be meeting this Friday at 10:00 a.m. in the North Community Building.
- Would like the SEKAN issue put on the August 13<sup>th</sup> meeting; until then staff can purchase small amounts of asphalt from them.

### **B. Council Member Stewart --**

- Stated that the 28% increase for the water rates is not a huge increase to the average user; need to start looking at smaller increments more frequently to avoid the mess we are in now. Asked staff to look at ways to do more with less. Would not recommend postponing any replacement of machinery used for snow removal, however pay close attention to pick up truck replacements and possibly put them off another year or two. Encourage staff to watch all expenses closely.

### **C. Council Member Callahan --**

- None

### **D. Council Member Wicoff --**

- None

### **E. Council Member Franklin --**

- None

### **F. Council Member Kilby --**

- None

### **G. Council Member Becker --**

- None

**H. Council Member Rowe –**

- None.

**I. Council Member French –**

- Referred to the upcoming recall election. He referred to the document that the group was handing out when they needed signatures noting that if the two are guilty of five of the seven items then why aren't the other members of the council listed on the recall. Statutorily the grounds are not there. Four or less can meet. They were not secret meetings, they were held at city hall. No one asked for medical records, which is a definition of HIPPA documents. If Mr. Rowe asked for HIPPA documents. It should have been explained to him why he could not have had them. Voted to fire previous city administrator without cause. If it is proven in court that they were wrong in the firing he will apologize. Regarding \$30,000 investigation and requesting an outside audit. The audit report was given earlier this evening with the auditor stating that the purchasing policy was needed, possibly needs tweaked, however we will not know this until it is tried out. Asked the council members to sign an agreement to have Judge Creitz issue an injunction barring the voters from answering the recall of Ken Rowe and Kendall Callahan and if any council member disagrees with the statement and does not wish to sign put refused and reason for refusal.

**J. Administrator Slauch –**

- Received letters from FEMA today. A requested time extension was not granted, will continue to work with FEMA to see if they will grant the wastewater work as a potential add on to avoid payback of \$40,000. Council was in favor.
- EPA penalty draft proposal received; will place on the August 13<sup>th</sup> agenda.
- Sole Source Provider Wartsila for repair parts, can only obtain these parts from Wartsila. Motion made by Council Member Franklin and seconded by Council Member Stewart to approve the \$7,000 part purchase making Wartsila a sole source provider. All in favor. Motion carried.

**EXECUTIVE SESSION – Non-Elected Personnel - Evaluation 8:46 p.m.  
K.S.A.75-4319**

Motion was made by Council Member Stewart and seconded by Council Member Kilby to recess into “Executive Session” for the purpose of conducting a meeting to discuss Non-Elected Personnel, City Administrator Slaugh 12-month evaluation. All in favor of the motion. Motion carried. Present: Mayor Shirley, and Council Members. Administrator Slaugh entered the executive session at 8:51 p.m. The open meeting to resume in the Commission Room at 9:14 p.m.

**DATE / TIME OF NEXT MEETING**

City Council Meeting 6:00 p.m. Monday August 13<sup>th</sup> 2012  
City Council Meeting 6:00 p.m. Monday, August 27<sup>th</sup> 2012

**ADJOURNMENT**

**9:10 p.m.** Motion made by Council Member Kilby and was seconded by Council Member Becker to adjourn the meeting. As the vote was unanimous, the meeting was declared adjourned.

Approved by the City Council of the City of Iola, Kansas this 13<sup>th</sup> day of August 2012.

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Mayor, William A. Shirley

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City Clerk, Roxanne Hutton