

A special called meeting of the City Council of the City of Iola was held on June 5, 2012 at 3:00 p.m., at the Riverside Park Community Building, 510 Park Avenue, Iola, Kansas. The purpose of the meeting was for 2013 budget review.

CALL MEETING TO ORDER

Mayor Shirley called the meeting to order at 3:00 p.m.

ROLL CALL

Mayor Shirley, Council Members Becker, Kilby, Rowe, Stewart, Callahan, Wicoff, and Franklin were present. Also present was Administrator Slauch, and City Clerk Hutton. Council Member French was absent.

John Dynas with BCBS reviewed the current health insurance policy with the council members.

- With a partial self-funded plan the stop loss area is where you want to shop and look at saving money, however be prepared to cover up to that amount.
- If the current rates increase more than 5% of where it was as of March 2010 for the employee the city will lose its grandfather clause. This will require the city to follow the Obama Health Care Plan, which would mean covering preventive tests that is not covered in the current plan this could create a 3-7% increase in added claims to the city.
- Increasing rates outside of the normal open enrollment period of October 1-31st would not be a qualifying event, therefore employees would not have the option to opt out.
- The city should fund for line 6 Total Monthly Liability on the ASO Summary of Charges form.
- The premium rate for retirees cannot exceed 125% of what the current employees are paying.
- COBRA should be charged at 110% of line 6. Cannot charge more than 2% of the \$419.08 for single and \$928.50 for family.

David Dillon with BCBS reviewed with the council the discussion he had prior to this meeting with the Employee Task Force.

- Possibility is to change the plan to a 4-tier plan: employee-spouse, employee-spouse, children, employee-children and employee only.
- A good side of losing the grandfather status and having to cover the preventative services the tests can have early detection of diseases which could save money in the long run.
- The cities plan is no longer available with a change in plans it would be a \$2,500 single deductible and \$5,000 family deductible.
- Council member Callahan noted that a possibility would be if the city increases the premium and the claims paid out are not as high as predicted then the city could put money in employees H.S.A. accounts to help cover the larger deductibles.

4:05 p.m. Mayor Shirley declared a five-minute break.

Jim Gilpin spoke to the council about the current lease with Columbia Metals. Iola Industries set up Columbia in that building when the city acquired it from the National Guard the city receives \$250.00 for rent on the building. Columbia has 22 full-time employees. Mr. Gilpin also talked about Iola Industries purchase of the old IGA building. Iola Industries is in negotiations with the National Guard to use the property for extra storage of equipment, however the National Guard doesn't have the money to pay for the property so the two groups are looking at a trade off. Some options would be if the city has a tract of land they would be willing to give Iola Industries so that Iola Industries could give the IGA lot to the National Guard, having the guard repair the dams on Elm Creek that Iola Industries is responsible for. Mr. Gilpin is not asking for anything from the council today, however he would like for them to think about possibilities.

Administrator Slaugh noted the budget transfers for 2011 were \$2,368,750 where the levy was \$1,227,253. Twice as much revenue is generated with transfers than the mill levy. Administrator Slaugh asked for response from the council on whether they favor the transfers or raising the mill levy. Council Member Rowe noted that the city has been able to keep the mill levy low for several years with the transfers from utilities this spreads the burden among more individuals. Need to look at both aspects to create revenue.

Administrator Slaugh reviewed the sales tax revenues and the property tax revenues.

Council Member Wicoff noted that a larger pool of customers to generate revenue from by using transfers from utility funds. It seems like that would be the best-case scenario.

Administrator Slaugh noted that the city should keep the utility funds solvent to maintain infrastructure.

- The current sewer issues need to be taken care of, however the reserves are so low it is impossible to fix the I&I issues.
- The KCC mandates that the city replace 1,000 feet of the 17 miles of bare steel main within the city. Noting the city may not be able to replace the 1,000 feet this year due to the hospital project.

Council Member Callahan commented that there should be a balance of reducing utility funds and an increase in productivity. Work smarter with less people. Keep services at a cheaper cost. Need to look at what each service is costing the city. For example trash service two days a week may not be the most feasible way to run the service.

Council Member Rowe stated that it would be helpful to know what the majority of the council members are feeling about expenditures and revenues. Do we want to burden are citizens with a higher sales tax, property tax or utility fees or do we want to look at reducing spending and/or not providing as many services. The department heads need to look at ways to cut spending.

Council Member Franklin stated that the infrastructure upkeep and repairs should be the highest priority and this might include raising rates on wastewater as well as water.

Council Member Becker stated that wastewater rates need to be raised and possibly the water rates as well.

Council Member Wicoff noted that possibly generating our own electric more frequently would save the city money. Agrees that the infrastructure needs to be priority.

Mayor Shirley stated that with hindsight the mill levy should have been increased 1 or 2 mills per year. The city depends a lot on utility transfers. Agreed that we need to look at what services are costing us and work smarter.

Council Member Stewart agrees with Mayor Shirley and Council Member Callahan. He feels that the council needs to maintain the infrastructure making it a priority not just do cosmetic fixes.

Council Member Kilby stated that utility funds kicking in to support the police, fire and court funds makes sense since everyone in the city limits is taking advantage of these services. Funds are being depleted to support other funds this doesn't keep infrastructure up. Wondered if the 12-hour shifts at the police department should be changed. He noted that the solid waste employees are used in other jobs following trash pick up for the day. Department heads turn in a lean budget and then the council cuts it even more doesn't necessarily see a waste in budgeting from the departments.

5:00 p.m. Council Member Wicoff left the meeting.

Council Member Callahan commented that cutting repairs in infrastructure in the past gave a false sense of savings. Can't solve the issues overnight need to have a long-term plan of what we are going to do. The city is not a business but in a sense it needs to be ran that way to keep taxpayers expenses low. He has said in the past he wants to have the best paid employees in southeast Kansas by doing more with less people. Whenever we loose an employee need to look at that position and make a determination whether or not there is a way to change that position or combine it with another position.

Council Member Franklin would like to have a list of infrastructure needs for the next 2-3 years and see if we can prioritize them and get them taken care of.

ADJOURNMENT

5:11 p.m. Motion made by Council Member Becker and was seconded by Council Member Kilby to adjourn the meeting. The vote was six ayes. As the vote was unanimous, the meeting was declared adjourned.

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Approved by the City Council of the City of Iola, Kansas this 25th day of June 2012.

Mayor, William A. Shirley

City Clerk, Roxanne Hutton