

**City of Rigby
City Council Meeting
June 15, 2010
7:00 p.m.**

Mayor Smith welcomed everyone to the meeting and turned the time over to Councilman Day who invited everyone to join him in the pledge of allegiance. Mayor Smith then turned the time over to Robin Dunn, City Attorney, who gave the prayer.

Dave Swager, City Clerk/Treasurer, performed roll call. Those present were: Mayor Smith, Councilman Day, Councilwoman Hinckley, Councilman Simonson and Councilman Zimmermann. Those absent were: Councilman Blackburn (excused) and Councilman Maloney (excused).

Adopt Ordinance 10-547-Issuance of Sewer Revenue Bonds-\$3,000,000 USDA-RA-

The Mayor turned the time over to City Clerk Dave Swager. Mr. Swager indicated being that Ted Hendricks from ECIPDA was in the audience, he would be better suited to explain the bond ordinance.

Mr. Hendricks explained the three steps necessary in issuing bonds. The first step was to allow the public to vote on the city issuing bonds, which was approved in 2005 or 2006. The second step would be to authorize who were to buy the bonds, which in this case is USDA –RD, which is where this ordinance is currently. The last step will be to accept and be bound to the bond holder purchase of the bonds setting forth the term, interest rate and incur the legal obligation to repay.

Robin Dunn, City Attorney, stated he was concerned over the acceptance of this ordinance this evening because he would like to have this locked into an interest rate and felt the council had been unable to review it in its entirety. Mr. Dunn went on to explain there needed to be legal notice given in order to have public input and didn't feel that has been done at this point. Mr. Dunn stated that he would like to have the council ask questions this evening and then allow for publication of the summary ordinance to make sure there are no procedural deficiencies. Ted Hendricks stated there was a summary ordinance attached to their proposed ordinance and explained this gives a synopsis of the intent of the ordinance and suggested the council read through this. Mr. Hendricks gave a brief explanation of the bond rate consideration, judicial confirmation and the selling of bonds and how this pertains to the project. Mayor Smith asked what exactly this ordinance was and Mr. Hendricks explained this ordinance allowed for the city to accept the current interest rate and to sell the bonds to Rural Development or whoever was going to buy the bonds. There was a brief discussion regarding bond procedures, the previous bond acceptance and what step the city was at now. Mr. Hendricks explained there would be a portion of the original bond that would be sold to DEQ as well as a promissory note under the judicial review money. Mr. Hendricks stated there would also be two separate bonds going to Rural Development and explained there would be one for the \$3 million and another for the \$1,250,000. Mayor Smith asked if there was a deadline for having this completed and Mr. Hendricks said it would need to be prior to the issuance of the bonds. Mr. Hendricks suggested the city be proactive and start putting money in the bank as if they were retiring the bond. Mayor Smith asked if Sid and Dale were agreeable to this arrangement and Mr. Hendricks stated they were. Mayor Smith stated that he was in agreement with Mr. Dunn and

Mr. Hendricks in waiting on the adoption of this ordinance. Councilman Simonson asked if this needed to be tabled and Mr. Dunn stated it was before the council to make a decision but rather for information purposes but suggested having Mr. Swager place this item on the agenda in about four (4) months for a review.

Acceptance of Service Contract-ECIPDA-

Mayor Smith stated the next item on the agenda was the acceptance of the service contract for ECIPDA.

Mayor Smith asked Mr. Dunn if he had a chance to review this contract and if he saw any problems and Mr. Dunn stated that it appeared to be a pretty standard contract. Mr. Hendricks explained this was similar to the last contract they entered with the city. Mayor Smith stated he believed this contract included Rural Development's services in applying for the \$500,000 block grant and stated he thought the city would only pay in the event of getting this grant. Mr. Hendricks stated they normally charge a fee because of the administrative work necessary in the application process. Mr. Hendricks stated they added that as part of the contract because they are relatively comfortable the city will be approved to receive this grant. Councilwoman Hinckley asked how extensive the environmental review was going to be and Mr. Hendricks stated they would go through a statutory checklist that gives ten (10) main review categories and how comments are assessed and how that affects this review. Mr. Hendricks gave a few examples of what kinds of assessments they would be looking at. Councilman Day referred to the environmental review and stated he thought that had been completed when there was the question over the sewer lagoons. Mr. Hendricks stated there had been some collection included in that original review but explained if construction did not commence within 6 months then they needed to reissue findings and recertify. Councilman Day gave a brief explanation of some of the processes his work deals with pertaining to this and asked if that would be similar in this case and Mr. Hendricks stated that in order for them to obtain clearances they have to go back to the regulatory agencies who offered them in the first place. Councilman Day stated this might be something as simple as getting the agency approval rather than a full blown review and asked if this could be a fair assumption and Mr. Hendricks stated they are hopeful for that. Councilman Day asked if they really wanted to back date this agreement to March 1st and Mr. Hendricks stated they typically like to back date them to when they first began the work but understands it will not be executed on that date. Councilman Day referred to part 12 under minority business and enterprise where they state they will take steps to utilize minority businesses whenever possible and asked for a clarification on the steps. Mr. Hendricks stated they would advertize, documents added through their construction work, reports that are required and meeting the goals and objectives of DEQ. There was a brief discussion regarding the bid process and the acceptance of the low-bid. Councilman Day referred to part 1 under request of RFPs and asked if the city was already past that part and Mr. Hendricks stated that was correct under professional services but stated there was a point in time where they helped with that process and now it would depend on what they do from here forward. Mr. Hendricks explained they try to incorporate everything they do or assist in into their agreements. Councilman Day stated the city had already procured an engineer and did not feel the city needed to pay for this service again. Mr. Hendricks explained there was a point in time where the city was looking at the possibility of changing engineers and stated that he had talked with Mayor Smith several times about this issue. Councilman Day stated that he was uncomfortable with that charge and would like to review this cost and not have the city pay for something they have already done or had approved. Mr. Hendricks stated that if they did the work they would need to redo the documents due to the age of the originals and that way they cover everything with new documents. Councilman Day referred to

part 4 under the acceptance of bid and asked if this dollar amount would cover multiple bid openings and Mr. Hendricks that was correct. Councilman Zimmermann referred to the non-discriminating clause where it refers to the mentally ill and asked what that meant and Mr. Hendricks stated this meant those individuals could not be discriminated against but explained they would need to be able to perform the work. Councilman Zimmermann referred to the second to last page, item 5 under section A regarding an OMB circular and asked for clarification on what this stood for and Mr. Hendricks stated Office of Management Budget. Mr. Hendricks gave a brief explanation of the federal guidelines for audit requirements once a certain amount of money has been spent. Mayor Smith stated that he felt very comfortable with this contract and stated Rural Development has worked very well with the city in the past. Mayor Smith stated that he felt the fee was reasonable and expresses his desire to see this contract accepted. Councilman Day moved to accept the contract with Rural Development as presented. Councilman Simonson seconded. On a roll call vote:

Councilman Day	--	aye
Councilwoman Hinckley	--	aye
Councilman Simonson	--	aye
Councilman Zimmermann	--	aye

Mr. Dunn stated that he would like to thank Mr. Hendricks for all the hard work he has put into this and explained that he has done some magnificent work with DEQ on behalf of the city. Mr. Dunn explained there were some things that he didn't think would come about and stated that Mr. Hendricks had been able to make them happen.

4% Employee Pay Reduction-

Mayor Smith stated the next item on the agenda was regarding the 4% employee pay reduction and turned the time over to Mr. Swager for his presentation.

Mr. Swager reminded the council that in January the General Fund was looking like it couldn't balance budget and so he had made the recommendation to do a cross the board 4% pay reduction which was approved by the council. Mr. Swager stated that with the resignations of three employees he revisited this. Mr. Swager referred to a hand-out given to the council in their packets and explained this was a brief synopsis of the past 6 months and stated the city has saved \$13,843 in the general fund as a result of the pay reduction alone. Mr. Swager referred to the reduction of force in the Clerk's Office, Police Department and Planning and Zoning and explained this would contribute an additional savings of \$15,778 in cost savings. Mr. Swager stated the reduction in health insurance for these employees contributed additional savings in the amount of \$4,097. Mr. Swager stated the estimated savings for the General Fund through September would be \$33,718. Mr. Swager stated that if the city would add back the 4% from July to September the impact would amount to \$6,200 per month for the three months or roughly \$18,000 for a net savings of \$14,978 just in salary and benefits. Mr. Swager referred to another spreadsheet and explained there were about 8 departments that he projects were going to be below their budget and estimated that savings to be approximately \$40,000. Mr. Swager stated there were a few areas that were going to be over budget approximately \$9,200. Mr. Swager stated that non-salary cost savings would be approximately \$31,000. Mr. Swager stated all of this together meant a net savings for the General Fund of approximately \$45,000. Mr. Swager stated that due to this information he would recommend the council sunset the 4% pay reduction on June 30th and reinstate the pay back to the

pre-January pay cut. Councilman Simonson asked if there was any projection on what the General Fund would have this year and Mr. Swager explained it appears to be between \$120,000 and \$140,000. Mr. Swager gave a brief explanation of some of the additional budgetary items that were under consideration. Councilman Day referred to the increase and how this meant \$6,200 per month which would come to approximately \$72,000 for the year and asked if this would make a negative impact on the General Fund. Mr. Swager stated the reduction of employees was a savings of \$15,000 and explained this would be greater than the 4% increase. Mr. Swager referred to the reduction in the Clerk's Office and explained that his original intent was to replace her but was now considering having Paula Sessions work 20 hours in Accounts Payable and 20 hours in Planning and Zoning. Mayor Smith stated that he would like to compliment Mr. Swager for all the work that he has done in getting the city budget back in order. Councilwoman Hinckley expressed her appreciation to Mr. Swager for all the work that he had done as well. Councilwoman Hinckley moved to approve the June 30th sunset of the 4% pay reduction and to put the employees back to pre-January wages. Councilman Zimmermann seconded. On a roll call vote:

Councilman Day	--	aye
Councilwoman Hinckley	--	aye
Councilman Simonson	--	aye
Councilman Zimmermann	--	aye

Other Council Business-

Mayor Smith stated the next item on the agenda was other council business and turned the time over to the council for anything they needed to discuss or disclose.

Mr. Dunn stated that presently the City of Rigby does not have anyone that can do building inspections. Mr. Dunn stated that although there isn't very much building going on the city does need to have someone available to perform this task. Mr. Dunn explained that he had been talking with Mayor Smith and Mr. Swager and the decision was made to sub-contract this out which basically means it wouldn't cost the city anything other than the building permit fees. Mr. Dunn stated that one option was to contract with Mr. McCowin but explained that Mr. Swager has been contacting other cities and entities to possibly contract with another individual. Mr. Dunn referred to Mr. McCowin's proposed contract and stated it was broken down by the valuation of the structure and wanted to be paid in full at the time the permit was issued. Mr. Dunn expressed his concern on this due to the fact that if a larger building came in and explained it is unusual to give \$30,000 to a sub-contractor until the work is completed. Mr. Dunn stated the proposal being considered is to break down payment amounts over the course of the construction. Mr. Dunn stated this new proposal also included the addition of indemnity insurance coverage for the contracted employee. Councilman Zimmermann stated that he had talked with Mr. McCowin prior to him leaving and stated that Mr. McCowin had indicated an intention of giving a certain percentage of the building permit fee back to the City. Mayor Smith stated that was indicated in all proposals being considered. Councilman Day asked for consideration for the percentage paid be adjusted as the price of the permit increases. Mayor Smith stated that while he understood the reason felt that when the price of the permit was high it meant the complexity of the building was greater and therefore would require more from the Building Inspector. Mayor Smith stated that he had talked with Mr. McCowin earlier today and was informed that Mr. McCowin does carry an umbrella policy of \$1 million. Mayor Smith stated that Mr. McCowin was going to check to make sure this policy also covered Errors and Omissions. There was a brief discussion regarding the possibility of

contracting with the county. There was a brief discussion regarding an indemnity clause, what it means and how that protects the city. There was a brief discussion regarding the issuance of building permits, collection of fees and payment to the contractor. Councilman Day stated that he would like to review the different contract proposals. Mr. Dunn stated this decision was a day-to-day operation and was the responsibility of Mayor Smith and explained this was being discussed this evening for informational purposes only. Councilman Zimmermann asked if there was an opt-out clause and Mayor Smith stated this was a general contract that had been reviewed by council. Mr. Dunn confirmed this opt-out was there and available to both parties with a certain time limit attached.

Mr. Dunn stated he is working with Mr. Swager on the judicial review and explained there may be some articles in the paper indicating this.

Mayor Smith stated the fireworks display would be held on July 2nd out at Rigby Lake.

Councilman Zimmermann expressed his appreciation to Councilwoman Hinckley for all the work she had done on the float for the parade. Mayor Smith expressed his appreciation as well.

Approval of Minutes-

Mayor Smith stated the next item on the agenda was the approval of minutes and asked if there were any additions or corrections.

Councilman Simonson moved to approve the minutes as written. Councilman Zimmermann seconded. Councilman Day stated that he would abstain from voting. Mayor Smith asked if they would still have a quorum to vote and Mr. Dunn suggested the post-pone the approval of the minutes until the next meeting.

Review and Approval of Bills-

Mayor Smith stated the next item on the agenda was the review and approval of the bills and asked if there were any questions or concerns.

Councilwoman Hinckley referred to the Capital Improvement Fund regarding the Veteran's Memorial and asked for clarification. Mr. Swager stated the VFW is not a tax exempt entity and had been in the process of ordering flags and flag poles and explained the city ordered those for the VFW and received payment from Gary Williams. Mr. Swager stated there was \$500 in these payables because Zion's Bank had made the check payable to the city and so the city deposited it and wrote a check to the Rigby Early Iron which is holding a fund raiser for the VFW Memorial. Mr. Swager stated there was no money paid by the city for this. Councilman Simonson moved to approve payment of the bills. Councilwoman Hinckley seconded. All were in favor.

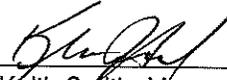
Public Comment-

Mayor Smith stated the next item on the agenda was public comment and turned the time over to the audience.

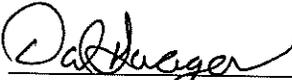
Rick Lamoreaux, Park/Street/Sanitation Supervisor, wanted to express his thanks to Ginger for all the work she did on the parade as well as to the city employees that have worked to make the town

look good. Mayor Smith expressed his thanks to Mr. Lamoreaux for taking care of the parks and the barricades for this event.

Councilman Simonson moved to adjourn the meeting. Councilman Zimmermann seconded. All were in favor. The meeting was adjourned at 8:28 p.m.



Keith Smith, Mayor

Attest: 

David Swager, City Clerk