

**City of Rigby
City Council Meeting
September 21, 2010
7:00 p.m.**

Mayor Smith welcomed everyone to the meeting and turned the time over to Forest Inskip who invited everyone to join him in the pledge of allegiance. Mayor Smith then turned the time over to Councilman Blackburn who gave the prayer.

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

Mayor Smith stated that before they began with items on the agenda he would like to share an experience he had earlier today with the council and audience. Mayor Smith stated that he had been invited down to see off the National Guard as they were deployed this morning. Mayor Smith stated there were about 300 soldiers and their families there and explained it was very emotional to watch these families separate. Mayor Smith stated there were other Mayors present as well as the Governor and explained that as the first plane was boarding they had been able to stand on the tarmac and shake the hands of every soldier before they boarded the plane. Mayor Smith stated they waited for a few minutes and noticed a young woman with two small kids near the fence and then a soldier came off the plane and went over to them in order to say their goodbyes. Mayor Smith stated these soldiers would be going to Mississippi for 30 days and then over to Iraq for approximately 11 months. Mayor Smith asked for a moment of silence for these soldiers and stated that he hoped for their safe return.

Keller Associates-Update on Progress of Jobs in Progress-

Mayor Smith stated the next item on the agenda was an update from Keller Associates and turned the time over to Mike Jaglowski for his presentation.

Mike Jaglowski of Keller Associates, City Engineer, stated he was present this evening to give an update on the last quarter in regards to the public works construction within the city. Mr. Jaglowski stated there were currently six projects underway and stated that he would be reporting on five of those and explained the other involved the wastewater treatment plant and stated Nick Charles would be reporting on that.

Mr. Jaglowski stated the first one he would like to report on is the Water Facility Planning Study. Mr. Jaglowski stated this project was now complete and explained he would be performing a final review prior to stamping it and forwarding to DEQ. Mr. Jaglowski stated that part of this study included an environmental information document and explained this included writing a statement with respect to the Capital Improvement Plan. Mr. Jaglowski stated this statement gets sent to approximately 30 different agencies or concerned parties with a request for their comments. Mr. Jaglowski stated that some of the places this was being sent were Department of Commerce, USDA, Fish and Wildlife, US Forest Service and any American Tribes located within 300 miles. Mr. Jaglowski stated that once their comments or concerns were received they would be incorporated

in the environmental statement and submitted to DEQ for review. Mr. Jaglowski stated this would be added to the study as an addendum. Mr. Jaglowski stated this final step would take between 30 and 45 days to receive comments or concerns back from the list of parties being addressed and then another 15 days to compile the information and submit the final document. Mr. Jaglowski stated the target date for final completion would be approximately the end of the year (2010) and explained that once it was completed and DEQ has given preliminary approval then there is the public information process. Mr. Jaglowski stated there would need to be public hearings and perhaps an open house to inform the public this study has been done and any recommendations that have been given. Mr. Jaglowski stated that after this was done they generally ask the Mayor to assign a subset group of councilmen, planning and zoning and concerned citizens and explained they would work through viability of this study in the Comprehensive Plan.

Mr. Jaglowski stated the second one he would like to report on is the Sewer Collection Project. Mr. Jaglowski stated that approximately one month ago Keller Associates had been authorized to proceed on this project. Mr. Jaglowski stated they were currently finding interesting video inspection companies and asking them to submit bids to the City of Rigby. Mr. Jaglowski stated that during their budgetary process of this project they allocated \$50,000 to go into the video inspection. Mr. Jaglowski stated they planned to video inspect any lines that have not previously been inspected and gather copies or data of previously inspected lines. Mr. Jaglowski explained the goal was to visually inspect all the lines to determine which lines need to be replaced in the course of this project. Mr. Jaglowski stated that once this information was gathered they would analyze it and put together a list of projects up to the budgetary allowance of this project. Mr. Jaglowski stated another thing they have been working on is surveying. Mr. Jaglowski stated they have found there are two separate paths to surveying and explained one is aerial photo surveying and stated this is done from an airplane and 3-D pictures are taken during the course of several paths while the second is the actual ground survey and measurements. Mr. Jaglowski gave a brief explanation of both processes and what benefits each one carried. Mayor Smith asked if the aerial photographs could be incorporated into the GIS program and Mr. Jaglowski stated that it probably could but explained there would be a few questions regarding detailed information. Mr. Jaglowski gave a brief explanation on how this would relate to manholes, fire hydrants and even water valves. Mr. Jaglowski stated that he would be getting with Mr. Swager to coordinate bid proposal deliverance to the city. Mr. Jaglowski stated that surveying falls under their contract and explained they would look into all things involved with that.

Mr. Jaglowski stated the third one that he would like to report on is the Main Street/Urban Renewal Project. Mr. Jaglowski stated this was moving along rather well and felt people were starting to see progress on that. Mr. Jaglowski stated one of the nicer parts of this project is the brick is being laid in and finalized, the trees are being planted and so people are seeing this move forward. Mr. Jaglowski stated they have approximately half of the light poles in and explained the other half of the poles should be in later this week. Mr. Jaglowski stated they were still waiting on the heads and explained that once they were all assembled you would notice the light poles going in. Mr. Jaglowski stated that once they were installed Rocky Mountain Power would come along and energize the poles and bring that part to completion. Mr. Jaglowski stated an issue had arisen with the ADA ramps and explained they had met earlier to discuss and work through that issue with the contractor. Mr. Jaglowski stated there would be a construction project meeting tomorrow at 10:00 a.m. and will be held at the new Pocket Park and invited anyone that wants to attend to do so. Mr. Jaglowski stated that presently the project was running a week or so ahead of schedule. Robin

Dunn, City Attorney, asked if he was aware the benches had all been ordered and Mr. Jaglowski stated he had heard this but was unsure of the actual details. Mr. Dunn stated he was concerned over how this would affect the work with H&K Contractors on their installation. Mr. Dunn explained they had ordered a few extra from private businesses and was not sure how this would fit into the overall program. Mr. Jaglowski explained that part of the bid item included the installation of the benches and stated that he would get with Mr. Dunn later and discuss this item further and go over the details. Councilman Blackburn asked what percentage of the project had been completed so far and Mr. Jaglowski stated that according to the pay-off allocation it was approximately 65% complete. Councilman Blackburn asked if this project would be 100% complete by year end or if the final part would be completed first part of next year and Mr. Jaglowski stated they were expecting to have everything completed this construction period but was unsure of the substantial completion date. Mr. Dunn stated the projection was for October but conceded that it may not be exact. Mr. Jaglowski stated there could be a material backorder or some other issue that may set the project back but presently they were running just ahead of schedule. Mr. Dunn referred to George & Jesse's light pole being moved and asked what the status of that was and Mr. Jaglowski stated he had heard from Connie Moore of Urban Renewal that Les Schwab wanted to pay for infrastructure and were asking Urban Renewal to pay for the light and materials. Mr. Dunn stated he thought it was the other way around and Mr. Jaglowski stated that he would make a note to follow-up on this and get the correct information and then report back to the council.

Mr. Jaglowski stated the fourth project he wanted to report on was not actually a project yet but rather something that he had been working on with Mayor Smith and Mr. Swager over the past couple of months. Mr. Jaglowski explained this was relocating where the ground water comes from the ponds into the existing ditch to a different drop-off point directly into the Burgess Canal. Mr. Jaglowski stated they had done some research and looked into this and stated they were at a point where they could get started on this. Mr. Jaglowski stated he was asking for authorization or a motion that would allow them to move forward. Mr. Jaglowski stated there were a couple of items from the investigation that he would like to address before he would be able to provide a firm cost estimate. Mr. Jaglowski stated that he needed to meet more thoroughly with the people over the Burgess Canal and try to understand a little better what they would expect on the ditch and the outfall structure for the canal. Mr. Jaglowski stated that he had left messages with Lloyd Hicks who is over the canal but has yet to actually speak to him. Mr. Jaglowski stated that with council permission he would like to attend one of their meetings and try to get their expectations understood and then report back. Mr. Jaglowski stated they would like to have this designed and have it in place before water comes in next season and explained the best time to construct structure would be in the spring. Mr. Jaglowski stated that he was requesting permission to attend one of the canal meetings representing the city to obtain information on this irrigation line and to follow that up with the costs of this project. Mayor Smith asked if this was something that needed to be voted on or if he could just authorize permission for them to initiate this project. Mr. Dunn stated permission could be given and Mayor Smith stated he was giving authorization.

Mr. Jaglowski stated the fifth project he wanted to report on is updates on the various outstanding subdivisions within the city. Mr. Jaglowski stated that he has been in contact with all of the pertinent subdivision developers. Mr. Jaglowski stated that he had a meeting earlier today with Darren Sweeney from Cedar Meadows in order to get a better understanding of what his plan or direction was in correcting the different problems associated with his development. Mr. Jaglowski explained that Mr. Sweeney has agreed to write a detailed memo addressing what he believes is

some of the agreements that have been made by others within the city. Mr. Jaglowski stated that Mr. Sweeney would submit this letter to him and then he would report back to the council as to the findings. Mr. Jaglowski stated the goal was to get the subdivision from the point it is now to completion in the most equitable manner possible. Mr. Jaglowski stated that Mr. Sweeney had committed himself to get the letter submitted to Mr. Jaglowski by the end of this week.

Mr. Jaglowski stated that he has been talking with Jeff Avery from Elite Townhomes. Mr. Jaglowski stated that Mr. Avery is making great strides in moving forward and explained that he is working with the electrician to address the pertinent issues with the lighting and hopefully will have the lights working very soon. Mr. Jaglowski stated that one of the more prominent issues right now was the privacy fence and stated he has obtained copies of previous council minutes where that was addressed and stated that he hopes to have those delivered to Mr. Avery. Mr. Jaglowski stated this should give Mr. Avery a better understanding of what his responsibility with this fence really should be. Mr. Jaglowski stated that he is very pleased with how this has been going and explained that Mr. Avery has been very agreeable and feels that he really wants to get this completed.

Mr. Jaglowski referred to Rigby Professional Plaza and stated that he has been in contact with Dr. Harper and Justin Summers. Mr. Jaglowski stated that both men appear to be interested in getting this completed. Mr. Jaglowski stated that he had received information from both of them just yesterday that solves about half of the punch-list that he was given a month ago. Mr. Jaglowski stated they have also given some keys of where the additional information may be. Mr. Jaglowski stated that he met with Paula Sessions, Planning and Zoning Administrator, late this afternoon and was able to talk through a lot of this and felt hopeful that by next meeting or end of October at the latest to have this one completely done.

Mr. Jaglowski referred to Hailey Creek and stated there were several outstanding issues but stated that Jaramie Magera was amenable to how things are going. Mr. Jaglowski stated the biggest issue they are finding in this subdivision is the information or computer system for their well and the computer system for the city wells are not talking to each other. Mr. Jaglowski stated they have provided the language name and explained that was given to the city information system person and hopefully they can find a way to get these two systems to speak the same language. Mr. Jaglowski gave a brief explanation on how SCADA (System Control and Data Acquisition) works, the primary and back-up system and what benefits it provides to the city. Councilman Day stated there had been several punch-list items submitted to Mr. Magera and asked how many of those have been resolved. Mr. Jaglowski stated he was unsure of the exact number but stated they were down to only 3 or 4 remaining items. Mr. Jaglowski stated the SCADA system was one of those items and stated there were a couple of things in the well house and information on the irrigation system. Mr. Jaglowski stated the major items like replacing the curb and gutter and backfilling behind the curb and gutter have been completed. Councilman Day asked if the sidewalk in front of the lift station has been replaced and Mr. Jaglowski stated that it had.

Councilman Day referred to Cedar Meadows and asked about the status of the punch-list items from that subdivision. Mr. Jaglowski stated that while it has been reported to him that a punch-list was made he has never seen it and explained that was one of the things that he asked Mr. Sweeney to provide. Mr. Jaglowski stated that he currently had as much information as the city could provide him and indicated a punch-list was not included. Councilman Day asked Mr. Jaglowski if he had personally inspected the roadway and curb and gutter. Mr. Jaglowski stated the

last time he had addressed this subdivision was a year ago when they asked for substantial completion and explained that compaction, density and placement standards had been addressed at that time. Mr. Jaglowski stated that shortly after that they had been asked to back off the project and explained that other staff members were dictating how that process worked. Councilman Day referred to the Public Works Manual and the criteria it sets for curbing and asked if this had been met. Mr. Jaglowski stated that he was unsure of the exact requirements in the manual but explained he would look into it and report back to the council. Councilman Day stated he felt it was important to make sure this development was of high quality before it was accepted and Mr. Jaglowski agreed. Mr. Jaglowski stated that Mr. Sweeney had indicated some agreements were made between him and city staff members but explained this was when he had no involvement with the development so he was unaware of what these actually were. Mr. Jaglowski stated that as soon as he received the information from Mr. Sweeney he would forward that to Mr. Swager so the council could have that information.

Mr. Jaglowski stated that was all the items he had this evening and turned the time over to Nick Charles to discuss the wastewater treatment plant. Mr. Charles stated that back in the middle of August of 2009 the wastewater treatment plant began treating wastewater. Mr. Charles stated the treatment plant has been in operation for just over a year now and explained that all the treatment processes up to this point have been working as they are supposed to with the exception of the filter system. Mr. Charles stated that originally they had identified some problems with the filter system during the start up of the treatment plant. Mr. Charles stated that working with the city and the contractor they had negotiated some time extensions for the manufacturer of the filter system to come in and made some modifications. Mr. Charles stated that several sets of modifications have been made over the past year with several different opportunities to test those modifications. Mr. Charles stated that each time they were tested those modifications did not deliver the desired results. Mr. Charles explained the filters did not meet the specification requirements to pass the required tests. Mr. Charles stated that in June 2010 another test was conducted with the manufacturer contractor who felt they had things worked out. Mr. Charles stated that through several failures of the system and in working with Mayor Smith and Scott Barry, Water/Wastewater Operations Manager, they decided to reject the Parkson Filter System that currently exists at the treatment plant. Mr. Charles stated they delivered a letter to the contractor approximately 2 months ago rejecting the filter system but giving them the option to come in and replace the filter system. Mr. Charles stated they have not had any response from the contractor and explained that at this point while working with Mayor Smith and Mr. Dunn they have been pursuing options on their own to obtain a fix for the system. Mr. Charles stated that he and Mr. Barry had met with a company earlier today who felt they could re-use most of the existing equipment but modify it to a point where it will meet the specifications. Mr. Charles stated they would be making those arrangements with another manufacturer, Aqua Aerobics, and explained they are the manufacturer the plant was designed around. Mr. Charles stated he is working to get them on site and have them put together a proposal on how they can either change the system to meet specifications or replace the system altogether. Councilman Blackburn asked how confident they were that this company could resolve this issue. Mr. Charles stated that he agreed the city did not want to be in this same situation a year from now and stated part of the proposal would include a warranty and performance guarantee. Mr. Charles stated they want results from existing installations and explained this meant seeing that there are other installations of this product out there that are performing the way they are supposed to be performing. Councilman Blackburn stated his biggest concern is the city was a test project or guinea pig for this filtration system and asked how the city could be certain the other

results would even be applicable in this situation. Councilman Blackburn stated that he was concerned about the percentage of surety this company could offer and felt it could be 80 or 60 or even 30 percent. Mr. Charles stated they have spent a lot of time going over the data that Mr. Barry has submitted after running certain tests they have asked for and felt they have identified the major issues with the system after this process. Mr. Charles stated Aqua Aerobics is the company this plant was designed around and explained they have hundreds of installations that are working as designed. Mr. Charles stated this company has the system with the greatest potential to succeed and expressed a 99% level of confidence in this company. Mr. Charles stated the company they met with today would need to submit more data and look over their proposal and compare it to the problems that have been identified. Councilman Day stated he felt the biggest question was being missed and asked who would be paying for this. Mr. Charles stated that currently the retainage has not been released to the contractor for approximately \$340,000 and explained this money is available. Mr. Charles stated there was also the bond submitted by the contractor as part of the extension of time in the amount of \$700,000. Mr. Dunn stated there were two bonds in place out there and explained one was the contractor's performance bond and also the maintenance bond. Councilman Day asked if the city was claiming on these and Mr. Dunn stated they were in the midst of negotiations. Councilman Zimmermann asked if there was a time frame already or if one would be placed on getting this issue resolved so it does not drag on forever. Mr. Charles stated there is not a time frame designated. Mr. Dunn interjected and stated that what was currently being discussed is more of a matter for Executive Session rather than open meeting. Mr. Dunn suggested having Mr. Charles continue with his general report and steer away from specific items. Councilman Blackburn referred to the sludge coming off the wastewater treatment plant and asked if they had been able to arrange terms for that to be deposited elsewhere and Mr. Barry stated arrangements were completed on Monday and explained a load went yesterday and another two went earlier today out to Jefferson Landfill. Councilman Blackburn asked if there was quite a bit of sludge that had accumulated over the past year and Mr. Barry stated there may be 8 loads and Mr. Charles stated it was surprising at how little sludge had been produced off this plant.

Councilman Day referred back to the discussion regarding the subdivisions Hailey Creek, Professional Plaza and Elite Townhomes and stated if there were a few minor issues asked if a goal could be given to close these out. Mr. Jaglowski stated the city could push to finish some of the subdivisions like Pro Plaza and Elite Townhomes because their issues were minor but in the case of Cedar Meadows there are several things that need to be completed. Mr. Jaglowski stated the city could set a date but believed this would be hard to accomplish. Mr. Jaglowski stated that in many cases the city still has opportunities to encourage developers to get things finished and explained building permits were one item. Mr. Jaglowski stated he believed that Pro Plaza and Elite Townhomes would be finished by the end of October. Mr. Jaglowski referred to Pro Plaza and stated that in contacting Dr. Harper he found that Dr. Harper was unaware of the things that had come up regarding the punch-list but since contacting him several of the items have been solidified. Councilman Day stated that he did not want to see these subdivisions drag on and mistakes to continue and referred to Rigby Towne Square and the allowance of building permits to be issued. Mayor Smith stated that he left instruction with Mrs. Sessions that no further building permits would be allowed in Pro Plaza or Elite Townhomes until the subdivision has been accepted by the city. Councilman Blackburn stated that it sounded like Pro Plaza was working to get their items completed and asked Mr. Jaglowski if he felt confident this would be completed in October. Mr. Jaglowski stated that was correct. There was a brief discussion regarding time frames, punch-list and code requirements developer involvement. Mayor Smith stated they would like to see all of

these wrapped up by the end of the year but asked Mr. Jaglowski to report back in the first council meeting in November and explained if there was not significant progress at that time then the city would involve Mr. Dunn.

Zion's Bank-Water Bonds Retire-

Mayor Smith stated the next item on the agenda was regarding the retiring of the water bond and turned the time over to Chris Hayward.

Chris Hayward from Zion's Bank stated she had been asked by Mr. Swager to come this evening and discuss the water bond. Mrs. Hayward reminded the council of an outstanding water revenue bond that was issued in 2003 and explained the earliest call date would be October 2013 with full maturity in October 2016. Mrs. Hayward distributed a document to the council for review while she gave her presentation. Mrs. Hayward referred to page one and stated this showed the original debt service for this bond and explained it would require a total of \$662,185 in order to retire this bond. Mrs. Hayward stated the city currently has the opportunity to retire this bond prior to the earliest call date through a process called cash defeasement. Mrs. Hayward stated that cash defeasement is a financing tool by which outstanding bonds may be retired without bond redemption or implementing an open market buy-back. Mrs. Hayward stated that cash is used to purchase government securities and the principal and interest earned on these securities are sufficient to meet all the payments on the outstanding bonds as they become due. Mrs. Hayward stated that defeasement essentially allows the city to collateralize the outstanding water bond debt with a portfolio of risk free government securities and thereby instantly removes the debt from the city's balance sheet. Mrs. Hayward stated this occurs because the government securities generate the cash flows needed to pay the interest and principal payments. Mrs. Hayward stated the bonds are then considered legally defeased or retired and therefore releases the city from all payment for that bond. Mrs. Hayward referred to Allan Westenskow from Zion's Bank's Public Finance Department and explained that he had done an in-depth analysis for the city on the cost benefit of this cash defeasement of the water bond. Mrs. Hayward referred to the second page of the document and stated that based on the current interest rate yields if the city would make a cash deposit in the amount of \$519,000 in an escrow fund then Zions Bank could use this money to purchase the government securities and defease the water bond. Mrs. Hayward stated this \$519,000 would be added to the \$112,000 already held in this account and would benefit the city with an overall savings of approximately \$30,000. Mrs. Hayward stated this removes the debt service requirement and allows the city to maximize city services for the least amount of cost possible to the patrons. Mrs. Hayward stated it also allows the city to focus funding on debt service for other projects. Mrs. Hayward stated the only downside that she could see would be the city is using up all that cash but stated there was not a real good interest rate on that cash presently. Mrs. Hayward stated the process for this would be the bond council would draft a resolution for the city to adopt that explains the city is proceeding with the defeasement. Mrs. Hayward stated they would also draft an escrow agreement and explained the escrow trustee on the water bond is US Bank. Mrs. Hayward explained they would need to execute an escrow deposit agreement prior to the deposit being made. Mrs. Hayward stated that Zions Bank's Public Finance Department would help with this process and explained that Mr. Westenskow would be happy to assist the city if needed.

Mayor Smith asked Mr. Swager where the \$519,000 would come from and Mr. Swager stated from the water sinking fund and explained there is just under \$700,000 in the account now. Mr. Swager stated this amount included the \$112,000 referred to earlier by Mrs. Hayward. Mr. Swager

explained this money can only be used for the bond account and nothing else. Mayor Smith stated that he understood this but wanted to make the council aware of that information as well. Mayor Smith stated that Mr. Swager had originally come up with the idea to retire this water bond and explained this would mean \$9 less of an increase on the utility bills for the citizens of Rigby. Mayor Smith referred to the recent utility increase and stated this would not lower those rates but meant the overall increase would not be as much. Mayor Smith referred to Mrs. Hayward's comment about the interest rate on the money not being very much and stated the city was not making any money with this account. Councilman Blackburn stated the money has to stay where it is and Mrs. Hayward stated it needed to be used for the same purpose. Mr. Dunn referred to the money being put in escrow and asked why the city could not pay off this debt directly. Mrs. Hayward stated that was because this is a bond and it cannot be paid prior to the earliest call date. Mr. Dunn asked if this money was being put in escrow would the city accrue interest and Mrs. Hayward stated that was correct. Mr. Dunn asked what legal source this creative financing was coming from and Mr. Swager stated there is a provision in the bond account that allows for the defeasement process. Mr. Dunn asked if the money from US Bank was being put in escrow to pay of Zions Bank and Mrs. Hayward said no. Mr. Swager stated the bond holder is US Bank and explained the money is being taken out of Zions general account and being placed in escrow at Zions Bank and then Zions escrow will pay off US Bank escrow when the time comes. Councilman Blackburn asked what would happen if this money was taken out of the account and then the city needed work done in water and Mr. Swager explained this money could only be used for bond purposes. Councilman Day asked if this bond matured until 2017 and there was more money than required to pay the bond what would happen to the remaining money. Mr. Swager stated that it could be transferred to the sewer bond but explained if there was not a bond then the money would remain in the account until there was a bond. Councilman Day stated if the city had a problem with water and held a bond election then they could use this money and Mr. Swager stated that was correct. Mr. Swager stated the council needed to remember they were retiring the debt and explained there had been money built up over the years so there is a surplus of funds. Mr. Swager stated that as the City Clerk he did not feel right charging the taxpayers and having this fund continue to build for a use the city may not have down the line. Mr. Swager stated that once the leaks are addressed and taken care of then there may be no need for a water grant or reservoir. Mayor Smith reminded the council of the one leak that was recently fixed and explained they had lost enough water per month with that to service over 60 homes for a month. Councilman Day asked if they needed a motion for this and Mrs. Hayward explained they would need to set a date to do this and then the bond council would draft a resolution as of that date and then the actual numbers for cost would refer to that date. Mrs. Hayward gave a brief explanation of the process they would need to follow. Mr. Swager stated that he would like to have a motion allowing for the cash defeasement for the earliest time possible in October and then the second part to forego the 2010 water bond structure of \$9 per month per connection. There was a brief discussion regarding what foregoing the \$9 meant on the overall utility bill and how this worked in relation to the recent user fee increases. Councilman Day moved to pursue the cash defeasement of the water bond and to have that ready for vote at the next council meeting. Councilman Day stated the second part of his motion would to eliminate the \$9 water bond. Councilman Maloney seconded. On a roll call vote:

Councilman Blackburn	--	aye
Councilman Day	--	aye
Councilwoman Hinckley	--	aye
Councilman Maloney	--	aye

Councilman Zimmermann -- aye

Employee Health Reimbursement Plan-

Mayor Smith stated the next item on the agenda was regarding the employee health reimbursement plan and turned the time over to a representative for their presentation.

Carlos Aponte of Black Ink Solution's, distributed a document to the council for their review during his presentation. Mr. Aponte stated that as of last year he had started handling the city's employee benefits. Mr. Aponte stated that Mr. Swager had asked him to come before them this evening and discuss the health reimbursement arrangement or health reimbursement account the city was considering setting up for the employees. Mr. Aponte stated that HRAs first came out in 2002 and explained the government allowed for employer groups to offer this benefit to their employees to help pay for out-of-pocket expenses. Mr. Aponte stated this basically works because the employer has the ability to set up an account and say to their employees they will put a certain amount into this account that can be used to pay for their out-of-pocket expenses. Mr. Aponte stated there were two ways this could be done and explained one was called a Limited HRA which is the traditional way and the second was called a VEBA (Voluntary Employee Benefit Account) which is a trust type account. Mr. Aponte gave a brief explanation of how each way worked and the benefits and drawbacks of each one. Mr. Dunn referred to the current county policy and asked if they pay for the services and then submit claim for payment through their HRA account or if they just have to submit their EOBs. Mr. Aponte stated that both ways were correct and explained the county had hired a third party administrator to handle all of that paperwork. Mr. Dunn asked if the city can choose whether the employee gets to take the money with them once they leave employment and Mr. Aponte stated only if the city chooses the traditional route rather than the VEBA route. Mr. Dunn referred to the VEBA route and asked if the employee received a lump sum check and Mr. Aponte stated the employee did not and explained they could only make claims against the money as they would if they were still employed. Mr. Dunn stated that whether the city went traditional or VEBA the employee would not be given any money except what they had medical claims for and Mr. Aponte stated that was correct. Mr. Aponte stated that in a Limited HRA or Traditional HRA the city would have the ability to decide whether that money went to the employee or not but with the HRA VEBA then the city would have no choice because the account would actually be set up in the employee's name. Mr. Aponte stated that any decision made would not go into effect until January 1, 2011 and explained they would hold employee meetings to help employees understand the change and what their role in this would be.

Mr. Swager interjected and stated that he had asked Mr. Aponte to present this information tonight and explained this was something he had discussed with the council when he first started with the city. Mr. Swager stated it was his opinion that HRAs helped employees to make better health decisions and that in turn makes it where they spend less money. Mr. Swager stated that regardless of what plan the city went with an unhealthy employee would cost the same because they would be utilizing all monies available to them. Mr. Swager stated that he had also included the 15% insurance premium cost increase in the budget and reminded the council of the money placed in the discretionary fund and explained this could be used to fund this HRA program. Mr. Swager stated that if the insurance premiums went up 20% then the additional 5% would come from that discretionary fund. Mr. Swager stated the main purpose behind this was to give employees the incentive to choose healthier lifestyles.

Mr. Aponte stated that HRAs coincide very well with Flexible Spending Accounts because they teach the employees that HRAs reigning catastrophic event accounts. Mr. Aponte stated this means it rolls over so you want to save as much money as possible while contributing to a Cafeteria 123 Flex Plan which is pre-tax money. Mr. Aponte stated employees that know what their medical expenses will be for the year benefit from this more than those that don't have planned expenses. Mayor Smith asked if an employee had this money saved over the years and did not spend it would that cause problems when he/she applied for Medicare at retirement. Mr. Aponte stated this would not and gave a brief explanation of other insurance needs this money could be used for. Councilman Day asked if the employee retired at 60 would they still qualify for benefits and Mr. Aponte stated that cities determine the retirement age for benefits for their employees. Councilman Day referred to the 90 point plan and asked if this went along with that and Mr. Aponte stated that was correct. Mayor Smith stated that he liked the idea of the employees having something when they retire and liked the fact the account rolls over from year to year.

Mr. Aponte stated there was no cost associated for the city in the HRA VEBA account because the money funded to the employee covers the administrative cost. Mr. Aponte stated this fee would be approximately \$4 or \$5 per employee per month. Mr. Aponte explained there would also be a monthly statement or the employee could look online to see how their accounts are doing. Mr. Aponte stated that if the city chose to go with a Traditional HRA then there would be a PE/PM cost and explained this is Per Employee/Per Month. Mr. Aponte stated this fee would be approximately \$50 per employee per month. Mr. Aponte stated there was no long term commitment and explained this could be cancelled at any time with the exception of the calendar year already in progress. Mr. Aponte explained this meant that if the city started in 2011 they could not cancel until 2012. Mr. Aponte explained the various options for depositing money for the account choices for the city. Councilman Blackburn referred to married employees and city contributions and asked what happens if the employee divorces during the year after money has been placed in their account. Mr. Aponte stated the money could not be taken back from the employee during that year but could be adjusted for the next year. Mr. Aponte stated that if an employee was hired mid-way during the year the city could either prorate the amount given or give the full amount but only allow a certain portion to be carried over into the next year. Councilman Day referred to the breakdown given by Mr. Aponte and stated there were 16 single people, 4 married and 2 families and asked if the family ones were given more benefits than the single people. Mr. Aponte stated there weren't any additional benefits but the dollar amount was being adjusted for more out-of-pocket expense.

Mr. Aponte stated the next time he would be before the council it would be to have his renewal for the 2011 year and explained that he would also distribute copies of the healthcare reform outline that would explain the changes that will be taking effect in the next 2 to 4 years. Mr. Swager stated the information being given this evening was just for informational purposes.

Mr. Aponte referred to the wellness program that was initiated this year and stated they had success with this. Mr. Aponte explained he had given Mr. Swager a list of what the risks looked like back in January from prior insurance information. Mr. Aponte stated they had given employees until April to have a wellness check and explained it was good to have the employees get involved with their doctors. Mr. Aponte stated he felt they could implement even more wellness type programs in the upcoming years to help the employees.

Reciprocal Agreement with City of Rexburg-WWTP-

Mayor Smith stated the next item on the agenda was a reciprocal agreement with the City of Rexburg regarding the wastewater treatment plant.

Mayor Smith stated that since the wastewater treatment plant became operational they have needed a back-up operator in charge and explained they hired one under contract for \$350 per month. Mayor Smith stated this gave use of his license in return for a few hours of this time. Mayor Smith referred to the agreement in the council packets and stated that Mr. Dunn had circled an item and turned the time over to Mr. Dunn for his explanation. Mr. Dunn referred to page 4 under the indemnification clause and stated it did not remain consistent. Mr. Dunn stated there was a part that says in the event of liability claim etc. or whatever kind or need arising for a specified period of assistance and then another part where it says the entity that receives and provides assistance. Mr. Dunn stated that you could not receive and provide assistance and felt their meaning was not fully indicated. There was a brief discussion regarding the ways this could be interpreted and suggested changes in wording. Mayor Smith stated that he had spoken with Mayor Woodland this morning regarding this agreement and Mayor Woodland stated he had not signed it yet but indicated that he would be doing so. Mayor Smith stated this agreement would mean the current back-up operator that is being paid would no longer be needed and the cities could work together. Mayor Smith stated the only time they would need a back-up operator is if something happens to Mr. Barry and explained that under this agreement they would just need to call Rexburg and they will send someone down. Mayor Smith stated the same would apply if Rexburg were to need an operator for a day then Mr. Barry would go there. Mr. Dunn stated the one thing not in the agreement is the rate of pay. Mayor Smith stated that it would cost whatever Rexburg is paying that person plus materials and explained the same would be for them. Mr. Dunn stated that was in theory and decided it was hard to say until something arises. Mayor Smith stated he would like tonight is the authority to sign this agreement once they receive it from Mayor Woodland. Councilman Day asked if this meant Rexburg would send someone if Mr. Barry were to go on vacation for two weeks and Mr. Dunn stated only in an emergency. Mr. Barry stated the chances of actually using someone from Rexburg were rather slim because he has a very capable person working with him now that can reach him 24/7. Mayor Smith stated this was being done as a requirement and explained that was why the city had hired one previously. Mayor Smith stated that instead of a guaranteed expense of an employee this agreement was a just in case type scenario. Councilman Blackburn moved to authorize the Mayor to move forward and sign the reciprocal agreement with the City of Rexburg with the wastewater treatment facility. Councilman Zimmermann seconded. On a roll call vote:

Councilman Day	--	aye
Councilwoman Hinckley	--	aye
Councilman Maloney	--	aye
Councilman Zimmermann	--	aye
Councilman Blackburn	--	aye

Adopt 2011 Budget Ordinance #2010-547-(suspend reading of ordinance prior to consideration of ordinance-

Mayor Smith stated the next item on the agenda was to adopt the 2011 budget ordinance #2010-547.

Mayor Smith asked if there needed to be a motion to suspend the reading and Mr. Dunn stated that could be done as part of the motion to adopt the budget. Councilman Blackburn moved to adopt the 2011 budget ordinance number 2010-547 and to suspend the reading of the ordinance. Councilman Day seconded. Councilwoman Hinckley stated there were a couple of typos on the ordinance that needed to be corrected. Councilwoman Hinckley stated on the fourth line down the word needed to be providing for this ordinance. Councilwoman Hinckley referred to the next to bottom line where the word ordinances is misspelled. Councilwoman Hinckley stated the next one was the word occasion and stated it did not have two s's. On a roll call vote:

Councilwoman Hinckley	--	aye
Councilman Maloney	--	aye
Councilman Zimmermann	--	aye
Councilman Blackburn	--	aye
Councilman Day	--	aye

Adopt Resolution 2010-153-Setting Utility Rates for FY 2011-

Mayor Smith stated the next item on the agenda was to adopt Resolution 2010-153 setting the utility rates for the FY 2011. Mayor Smith stated he would like to include suspending the reading of this resolution in the motion as well.

Councilman Zimmermann stated that he had found a typo in this as well. Mr. Swager stated there were two and explained they were provided and properties. Councilman Zimmermann stated there was another one where it states provided to met expenses and explained this should be provided to meet expenses. Councilman Zimmermann moved to adopt Resolution 2010-153 and to suspend the reading of the resolution. Councilman Blackburn seconded. On a roll call vote:

Councilman Maloney	--	aye
Councilman Zimmermann	--	aye
Councilman Blackburn	--	aye
Councilman Day	--	aye
Councilwoman Hinckley	--	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 any item they needed to discuss or disclose.

Councilwoman Hinckley stated that she had submitted a copy of the results from the surplus auction sale and explained there may need to be some decisions made by the council regarding some of the remaining property. Mr. Dunn stated that since no one had bid on the property it could now be opened up and the city could accept any amount on any terms for the remaining property. Mayor Smith asked if he was referring to the building and Mr. Dunn stated that was correct. Mayor Smith stated that he would like to see it listed with a realtor. Councilwoman Hinckley asked what percentage a realtor receives and Mr. Dunn stated it was generally five or six percent. There was a brief discussion regarding the property left in the building as well and what could be done with it as this time. Councilman Blackburn stated that he would like to still receive bids on some of the property and explained he felt this was an easier way to move the property. Councilman Zimmermann stated that some employees had bid on different items and asked if they were going

to honor those even though they were low bids. Mr. Swager stated the trucks were advertised as minimum bids and asked if the minimum bids were removed would they have to open it to the public and Mr. Dunn stated they could be sold to whomever for whatever amount. Mr. Swager asked if this needed to be opened to the public prior to being offered under the or best offer deal. Mr. Dunn stated they could but explained they did not have to. Councilwoman Hinckley stated that for public relation purposes it should be opened to the public for the or best offer deal. Mr. Lamoreaux stated they had discussed advertising the equipment in an ad during the department head meeting last week and felt this may be the appropriate way to go. Mr. Lamoreaux suggested that if they did not sell that way then to contact the wrecking yards because he felt the vehicles were worth something even if it was just for parts or scrap. Mr. Barry asked what happened to the bids that employees had submitted on the vehicles and Mr. Swager stated they were all below minimum and so they were rejected. Mr. Barry stated this was done after the auction and Mr. Swager stated that minimum bid still applied at that time. Mr. Dunn stated those employees could resubmit those bids and they would be considered this time. Mayor Smith asked Mr. Lamoreaux to see to it that an ad gets posted in the Thrifty Nickel regarding the equipment. Mayor Smith stated that if an employee chose to purchase an item before that they could do so. Mr. Lamoreaux stated there had been a bid for \$100 on one truck and stated the tires were worth more than that. Mr. Swager stated that some of them have brand new \$68 batteries.

Mayor Smith stated that a concerned citizen had called today about the Lowder house was being torn down and explained this property is being cleaned up. Mayor Smith stated he wanted to make the council members aware that progress was being made on this property. Larry Anderson, Chief of Police, stated that he had received phone calls regarding this as well.

Approval of Minutes-

Mayor Smith stated the next item on the agenda was the approval of minutes and explained there were two sets of minutes.

a. August 17, 2010-

Mayor Smith stated they would start with the August 17, 2010 minutes and asked if there were any corrections or additions.

Mr. Swager reminded the council there had been a question on the portion where Ted Hendricks was talking and clarification had been requested. Mr. Swager stated they went back to the tapes and reviewed that portion again and made changes to the minutes. Mr. Swager referred to page 5, middle of paragraph on the right hand side and stated it was changed to read "Mr. Hendricks reminded the council the notice to proceed only covered certain portions of the work and so the city would only be obligated to the amount associated with the scope and not the entire contract amount." Mr. Swager referred to that meeting and reminded the council this was when the contract for Keller Associates was being approved for the \$50,000 videoing. Councilwoman Hinckley moved to approve the minutes. Councilman Zimmermann seconded. Councilman Blackburn abstained from voting. All others were in favor.

b. September 7, 2010-

Mayor Smith stated the next minutes were from the September 7, 2010 council meeting and asked if there were any corrections or additions.

Councilman Zimmermann referred to the last page and stated there needed to be a correction because it listed Councilman Simonson as moving to adjourn the meeting and as seconding the motion. Mr. Swager asked who had seconded the motion and Councilman Zimmermann stated that he believed he had. Councilman Day moved to approve the minutes as corrected. Councilman Maloney seconded. All were in favor.

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, comments or concerns.

Councilwoman Hinckley stated that she had noticed there were no invoices from the library and asked for clarification on that. Mr. Swager stated that Marilyn Kamoe, Library Director, normally submits her invoices in the first cycle of the month and explained the library board only meets once a month to approve their spending. Councilman Blackburn moved to approve payment of the bills. Councilman Zimmermann seconded. On a roll call vote:

Councilman Zimmermann	--	aye
Councilman Blackburn	--	aye
Councilman Day	--	aye
Councilwoman Hinckley	--	aye
Councilman Maloney	--	aye

Public Comment-

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

No public comment was given.

Adjournment:

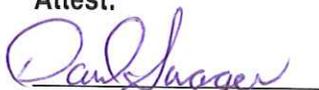
Lawrence Blackburn moved to adjourn, seconded by Gerd Zimmerman. All in favor.

Meeting adjourned 9:10PM

City of Rigby


Keith Smith, Mayor

Attest:


David Swager, Clerk