

**SAVANNAH CITY COUNCIL
MONDAY, MARCH 4, 2013
PROCEEDINGS
REGULAR SESSION
7 P.M.
CLASBEY CENTER – COUNCIL CHAMBERS**

Mayor Dave Ingersoll presiding.

Pledge of Allegiance was recited.

Council members present: Vernon Townsend, Don Dillman, John Parker and Joy Thompson. Mayor Dave Ingersoll, City Administrator Jill Cornett, Chief of Police David Vincent and City Clerk Beth Kar were also present. The meeting was audio recorded. The meeting notice was posted at City Hall on February 28, 2013.

Mayor Ingersoll suggested changing the agenda by moving up the state auditors on the agenda.

Approve Agenda

Vernon Townsend motioned to approve the agenda as posted. John Parker seconded. Motion carried on 4 yes votes.

Minutes – February 19, 2013

Vernon Townsend motioned to approve the minutes of February 19, 2013. Don Dillman seconded. Motion carried on 4 yes votes.

Public Testimony: No public testimony.

Mayor's report

Mayor Ingersoll hoped everyone saw the article about local resident Jan Dillman in the St. Joe News Press. He asked the Police Chief how the local robbery investigation was going. The police have a few leads and are working in cooperation with St. Joseph Police Department and the Sheriff's office.

City Administrator's Report

STATE AUDITOR INTRODUCTION – Tonight Todd Schuler and Rick Stuck from the Missouri State Auditor's office will introduce themselves and provide an outline of their audit process. They will answer any questions the Council has regarding the state audit. Their plan is to begin the audit research the week of Monday, March 4, and continue until completed. A final presentation/recommendations to the Council will be made upon completion.

BIDS ON PURCHASE OF SUBMERSIBLE MOTIVE PUMP -- The City received one bid for the Submersible Machine in the amount of \$8060.00 from Savannah Machine. Staff recommends purchasing the submersible motive pump for the Wastewater Plant from Savannah Machine. Vernon Townsend motioned to approve Savannah Machine's pump bid. John Parker seconded. Motion carried on 4 yes votes.

Todd Schuler and Rick Stuck, State Audit

Two representatives were present from the State Auditor's office in Kansas City. Schuler is an Audit Manager and Stuck is a Senior Auditor. In Missouri, citizens can petition for a state audit. In Savannah the petition required 354 signatures and 356 valid signatures were received. Once the state received the signatures, the petition became active and the State Auditor scheduled a state audit for Savannah. Estimated cost is: \$35,000 – \$50,000. If there are specific concerns from the Board of Aldermen and citizens, the auditors will look into those areas if possible. The State office has received the concerns from petitioners and will use those to perform the audit. There is a hotline people can call if there are specific concerns: phone, 800-347-8547 or email, moaudit@auditor.mo.gov

Rick Stuck will be the day-to-day staff on the state audit. He will be at City Hall on Wednesday. Estimate audit timeframe: 6 to 8 weeks. Once the research is completed, there will be a closed meeting to go over the draft with Council. The City is allowed to respond. Then the draft becomes finalized. At that point, it becomes a public document. It will be posted on the state auditor's website and can be shared with everyone. The state auditor office does not have enforcement authority; he makes recommendations. The City's responses to the recommendations will be included in the report. Occasionally the state office will do follow up.

Council asked several questions. Vernon Townsend had 3 questions. 1) How far back will the audit go? Schuler's response: The auditor's focus is on the City's most recent fiscal year ending 9/30/12. The audit will look at the City's procedures up until the current time. The scope of time may expand if needed. 2) Will the audit investigate all departments in the City? Response: Yes, any department of the City is subject to the audit. The state auditors will look at the reports of other auditors; they are not looking to duplicate efforts. Some of the items reviewed will include: credit cards, fuel purchases, minutes, vehicle use, sunshine law compliance, and the bidding and procurement process. 3) What policies does the state have in place to keep citizens from doing this repeatedly? Response: It is based on the law which states it has to be at least 3 years. Don Dillman asked Schuler to explain the difference between a financial audit and a performance audit. Financial audits, like the City's current audit with Cochran Head Vick, use the prescribed standards such as GASB and are a verification of numbers, with some compliance work on internal standards. Performance audits are what the state auditor does. The objective is different. A performance audit looks at management practices and determines whether the City meets its own policies and the audit determines compliance with those; it looks at controls within the city and capital assets. Review of credit card usage and fuel usage do not generally fall within a financial audit. The state auditor does not duplicate the annual financial audit.

The state auditors will inform the City staff of things as they go along and a lot of the recommendations are normally corrected before the end of the audit. The state auditor cannot enforce the recommendations. If the auditor finds fraud, he would turn it over to an outside police agency such as the county or highway patrol. One of the questions they ask management is: how do you detect fraud? There is no fool proof way to prevent fraud. Think of the state auditors is as consultants. They hope for a high implementation rate of their recommendations. Schuler is in the process of reviewing the concerns from the petitioners. Toni Crabtree, from the state office in Jefferson City, will be the Audit Manager on Savannah's audit. She will be running the final close-out meetings. Townsend asked about where the money the City pays for the audit would go. When the bill for the audit goes to the City, there is no profit built in. It goes

for expenses. Townsend asked how much money they make a year. The state auditor's office in Jefferson City could answer that question.

Mayor Dave Ingersoll talked about an underlying issue with the audit related to the Park Board. He would hate to have the state auditors here and not address the board's issues. He thought the Park questions surrounded what happened 3 fiscal periods ago. If the state audit does not go back and look at that, those people who signed the petition won't be satisfied. The only thing included in the final audit is the problems and recommendations to fix them. There is no "good stuff" in the final report; it's all "bad stuff." Things the City does right are not included in the report. If there is not anything in the report for example about Parks that means that Parks is doing fine. From a citizen's perspective, the problem is if there was a problem 3 years ago but the City is no longer doing it now, the state auditors are not going to make any recommendations on it. Anything that does not appear in the final report is confidential. The confidential information cannot be disclosed to anyone. A state audit looks at the areas where improvements are needed. There will not be a list of all of the questions of the petitioners and all of the answers. Any discussions with the Board of Aldermen would be done in Closed Session per section 17 of the Missouri Sunshine Law 610.021. St. Joseph News Press reporter Marshall White asked if there is the right to discuss the report in a public forum. Any draft copy will not be for public distribution. The state auditors are not allowed to discuss items from the Closed Session unless statutes require disclosure. The only thing required to be reported publically for this audit is the final audit.

John Parker had questions about fraud. If the state auditors look back in history and find proof of fraud in that time, is it still addressed? If the auditors find fraud, they will expand their scope of time. It would depend upon whether it was recent enough that the county prosecuting attorney could file charges. If they do not find fraud, it will not be in the final report.

Marshall White asked if there were classification areas. No. Schuler explained that on a financial statement audit, there are categories. On the state performance audits, they provide a grade to the City: Exceptional, Good, Fair, or Poor. No one receives Exceptional. He likes places that have an audited financial statement. They use the numbers to look at where there are risks; and they look more at the larger expenditures.

Mayor Ingersoll asked if anyone in the public had questions for the auditors. No questions.

BIDS ON SALE OF SURPLUS SNOW PLOW—The City received zero bids for the surplus snow plow. Staff recommends selling the plow as scrap to Midwest Scrap in St. Joseph or another company for the best price. Price is determined by the plow's weight. Director of Public Works Kenny Lance will check around and obtain the best scrap metal price for the plow. Vernon Townsend motioned to approve selling the surplus snow plow as scrap metal. Joy Thompson seconded. Motion carried on 4 yes votes.

AGREEMENT WITH MO DEPT OF CONSERVATION REGARDING RESERVOIR -- In 1988, the City signed a "Community Assistance Program" ("CAP"). This program offered funding to convert the reservoir into a fishing lake for the public to enjoy. The State stocks and monitors fish levels. The agreement offered funding opportunities for the City to make improvements to the area, such as boat ramps, restrooms, parking areas, etc. In 1996, the City received a \$6221.50 reimbursement from the Department of Conservation for the City's cost of additional improvements to the area. The original agreement expires in August 2013 (25 years). The Department of Conservation is asking whether the City wishes to renew the agreement. New

terms would include maintenance of the area, including painting, restroom cleaning, trash removal, upkeep of all facilities, mowing and police protection. The City currently offers most of the above services on a very limited basis. Local resident Curtis Taylor has voluntarily mowed the area for several years. Does the Council wish to renew this agreement? If so, how would the City fund the maintenance items listed above? Which fund? Water? While the City has enjoyed the volunteer work provided by a local citizen, the City cannot rely on that support indefinitely. A plan should be put in place if the Council wishes to renew the agreement. Council felt the reservoir and agreement was a benefit to the citizens. The renewal with Conservation would be an ordinance. Vernon Townsend motioned to create an ordinance to renew the agreement and John Parker seconded. Motion carried on 4 yes votes. Joy Thompson would like Curtis Taylor to receive a certificate or something for all of his volunteer work. Cornett is still trying to get approval that that bank is abated. Once the approval is received, the City will need to explore what to do with the old plant. Maybe the City could sell off that property on the side. There are several issues: does it have to be split, legal ramifications, and any other questions. Vernon Townsend was concerned about development of the land across from the dam. Ingersoll responded that there is a certain amount of maintenance required for having a dam. He wondered if the City should keep it as an asset.

UPDATE ON POOL CONSTRUCTION – The Parks Department met with the pool architect and contractors to review the progress on pool construction. Contractors are removing snow from the pool to access the surface for chipping. They expect to be done in 3-5 days. Demolition of the bathhouse and equipment room is nearly complete. In the next two weeks they expect underground plumbing installation, electrical work and masonry work in bathhouse. From the engineer Kevin Rost at Ellison Auxier’s construction report, the chipping and demolition of the bathhouse is at about 90% complete. John Parker and Vernon Townsend requested a copy of the construction progress meeting minutes.

UPDATE ON POOL BOND ISSUANCE -- In the Council packet there is a copy of the final documents acknowledging sale of the Pool Bonds and distribution of proceeds. The \$650,000 was been transferred into City’s bank account earlier today.

UPDATE ON CODIFICATION -- Sullivan Publications has collected all of Savannah’s Codes and Ordinances over the past 40 years. They have drafted an updated Code Book and shipped it to the City to arrive the week of March 4. Once staff receives the draft, department heads will provide answers to Sullivan’s questions as well as input on updating code. In the near future, a Sullivan representative will come to City Hall and work with the Administration and the City Attorney to clarify the intent of existing codes, and recommend ordinances to change codes and bring them into compliance with state statutes and other legal decisions and findings. Her original thought was to split the cost of the codification between departments. Will the parks department be charged? Joy Thompson suggested talking to the Park Board now that the City has a bill. The invoice for MIRMA is split by each department’s percentage of payroll.

FINALIZING AUDIT REPORT -- Mayor Ingersoll and City Administrator Cornett met with Cochran Head Vick on February 20. Discussion included last-minute items needed for the report to Council. Additionally, the contract does not include the cost of payroll certification as required by MIRMA. Additional cost is \$800. Staff recommends amending the auditor’s agreement to add \$800 for payroll certification. The cost was in the bid specifications but not in the final contract. Vernon Townsend motioned to approve the payroll certification costs. John Parker seconded. Motion carried 4 yes votes.

City Administrator Jill Cornett described the annual MOCCFOA City Clerks conferences and certification process. She was concerned about having no Clerks at City Hall during the state audit but had spoken with the state auditors and they have other audits on which they are also working. City Clerk Beth Kar and Deputy Clerk Brooke Bell will be out of the office four days next week to attend the conference.

Vernon Townsend motioned to approve the City Administrator's report. John Parker seconded. Motion carried on 4 yes votes.

Second Public Testimony – No testimony.

COUNCIL DISCUSSION:

Vernon Townsend saw the building being demolished behind the Chinese restaurant. He commended City staff for their efforts during the snow storm. They did a great job clearing the roads.

John Parker went by the building demolition. He thought it looked quite professional. He also thought the City crews did a great job during the snow storm. He reminded everyone about the tornado drill which will be tomorrow at 1:30.

ADJOURNMENT

No further business to discuss. Meeting adjourned at 8:21 p.m. on a motion by Vernon Townsend and seconded by John Parker. Motion carried on 4 yes votes.

Dave Ingersoll, Mayor

ATTEST: _____
Beth Kar, City Clerk