

**SAVANNAH CITY COUNCIL
MONDAY, MAY 20, 2013, 6 P.M.,
CLASBEY CENTER
WORK SESSION PROCEEDINGS**

Mayor Connie George presiding.

Council members present: Don Dillman, John Parker, Joy Thompson and Greg Wilson. Mayor Connie George, City Administrator Jill Cornett, Chief of Police David Vincent and City Clerk Beth Kar were also present. The work session and regular session meeting agendas were posted at City Hall on May 17, 2013. Both work session and regular sessions were audio recorded.

Purpose of the work session meeting: Jack Dillingham, Piper Jaffray, presentation on City's debt.

Jack Dillingham, Piper Jaffray, the City's financial advisor, presented a preliminary refinancing plan. He described the historical debt service coverage and other charts in his handout. The water and sewer figures were combined in the audit as opposed to separately like previously years which would have been more helpful. The City should have debt coverage of at least 1x, equivalent to 110%. In 2012 the coverage was 1.42x. 2012 was the first time in the last few years where the City was able to have at least the 1x coverage.

Dillingham explained the recommended refinancing plan. He thought the City potentially could have an A minus rating. The City's rating determines the interest rate on the refinanced bonds. The City's 2003B and 2004A are both callable debt issues and would make the most sense to refinance. The refinancing would take advantage of the historical low interest rates and could provide a net savings of \$546,000. It would extend the final payment date by two years. With the refinancing, there would no longer be a debt reserve requirement for the 2004 issue. The municipal market is more accepting of the fact that the debt reserve does not help much. Before, the reserves could serve as a benefit in that the City could invest the reserves at a good interest rate. There are not good interest rates on investments any longer. The attitude now is to not borrow the money to fund a reserve. Ultimately the reserve is used to make the final payment. If the City refinances, it will have to be current on the debt reserves requirement on the 2007 debt issue. The maximum amount for the 2007 reserves is \$250,000. At \$1,800 per month the City would currently be at \$180,000 in reserves. The money that has been set aside for the 2003 and 2004 debt could be transferred to the 2007 debt reserve. Any time one can get savings over 3%, it is advisable to refinance. The percentage savings on these refunded bonds would be 9.957%.

City Administrator Jill Cornett described the water rates increase and the ordinance on the agenda that eliminates future 3% increases. What kind of an impact would that have on bond rating? Jack Dillingham's opinion was that it could send the wrong message: that Council didn't want to have to raise water rates and now want to go back to the way it used to be. Connie George asked if he (Dillingham) was a broker dealer or an advisor. He is a broker dealer. She asked if there had been any bids on obtaining a broker dealer. Jack Dillingham wasn't sure if bids were taken from anyone else. He has worked for the City since 1980. Cornett explained it's not a cost based service. Joy Thompson asked about the District 3 contract. Is this a good thing or a bad thing? Dillingham stated that it's a good thing but it is unfortunate that the City does not charge more. How did the City arrive at the cost to charge? Is there a more fair way to

generate additional revenues? John Parker asked Dillingham if the City was contractually obligated to work with him. The City does not have a contract. Dillingham has worked with the City on other debt issues.

Council took a brief break before starting into the regular session at 7 p.m.

**SAVANNAH CITY COUNCIL
MONDAY, MAY 20, 2013 7 P.M.
REGULAR SESSION
PROCEEDINGS
CLASBEY CENTER – COUNCIL CHAMBERS**

Mayor Connie George presiding.

Pledge of Allegiance was recited.

Council members present: Don Dillman, John Parker, Joy Thompson and Greg Wilson. Mayor Connie George, City Administrator Jill Cornett, Chief of Police David Vincent and City Clerk Beth Kar were also present. Meeting agendas were posted at City Hall on May 17, 2013. Work session and regular sessions were audio recorded.

Approve Agenda

Don Dillman motioned to approve the agenda as posted. Joy Thompson seconded. Motion carried on 4 yes votes.

Minutes – May 6, 2013

John Parker had a question on page 4 of the May 6 minutes in the City Administrator's report requesting the ordinance to be read twice as an emergency. It that had been the understanding that the ordinance was to be read twice. Don Dillman motioned to approve the May 6, 2013 minutes as submitted. John Parker seconded. Motion carried on 4 yes votes.

Public Testimony

Steve Thaler had been a part of the Public Utility Advisory Board that reviewed water and sewer rates. He pointed out that the City has moved from a place where it was in a negative position and didn't have enough to meet expenses to where it is now. We need to look at future and funding and see what is needed. Even if the new bond issue does not require a reserve, he thinks it is a good idea to have a reserve. As a citizen, he wants to hear specific numbers that expenses and revenues come together, plus that we are meeting the debt and reserve requirements. He wanted to know what changed that the City didn't need the future 3% increase. He doesn't want an increase either but wants to see how we can meet requirements without it.

Vernon Townsend revisited the topic of weather sirens that was discussed a few years ago. Last night watching the news on tornado alerts coming toward Savannah, he lost Internet and cellphone coverage. The City does not have any tornado siren system other than the one at the Courthouse. He thinks it is inadequate for the city. He said it would be approximately \$15,000 to \$20,000 for a storm siren system. He talked to former Council Member Curtis Wandfluh

about the used sirens the City had and did not do anything with. He thinks the lives of children at schools need protected. He wants a petition on this or to put it on the ballot.

Chief David Vincent provided the history on the sirens. The original plan was to have a siren at youth complex and at the city park to cover the area. Mayor Connie George explained how she and former Council Member Curtis Wandfluh had been part of sirens testing. The City had sirens that were given to it but they needed a lot of work and there was no guarantee they would ever work. Thompson asked for the City can look at obtaining sirens. Cornett said this would be a conversation for the budget. John Parker added that Emergency Management Director Roger Latham has an automatic call system and recommends weather radios and that type of notification because sirens were made for people who would hear them outside.

Annette Weeks, NWMO Enterprise Facilitation

The NWMO Enterprise is a non-profit organization that covers 6 counties, that helps small businesses. Weeks distributed a copy of their newsletter. She has been working with the organization for almost 6 years. She is currently working with 21 businesses in Andrew County. NWMO Enterprise helps new businesses, existing businesses and are looking to help businesses that wish to sell their business. Jason Sarsany, Edward Jones, helped with the presentation. About once a year Weeks comes to the City with a request for contributions since she does economic development. Joy Thompson thought the organization positively benefited Savannah's Square in helping to fill empty buildings.

City Administrator's Report

City Administrator Jill Cornett reported:

EMERGENCY PURCHASE OF PROBES FOR WASTEWATER OPERATIONS -- An Emergency Purchase Order in the amount of \$3,520.00 was issued May 8, 2013, to Hach Company for the purchase of replacement LDO (Luminescent/Optical Dissolved Oxygen) probes to monitor and control the blowers in the wastewater oxidation ditches. The old probes failed the week of May 6 after being in service for ten (10) years. LDO probes are scheduled to last three (3) years. By enacting an Emergency Purchase, staff was able to receive and install new probes within three days. Staff determined that an Emergency Purchase of replacement parts to bring the LDO probes back into service was necessary to protect the wastewater operations and ensure sanitary removal of waste from customers' homes and businesses. Staff selected Hach as the sole source vendor of equipment that is compatible with existing equipment without requiring any additional ancillary equipment or retrofitting.

NEW CITY WEBSITE LAUNCHED -- The City's new website was officially launched on Monday, May 13. The decision to postpone the launch beyond the scheduled May 9 date was based on the need to shut down email service for a period of twenty-four (24) hours while the switch from one system to another was made. A media release was sent to several media outlets to notify the public that our website is ready to use.

NORTHWEST MISSOURI ENTERPRISE FACILITATION -- As the City itself does not have a specific department or person responsible for economic development and/or business retention, the City truly benefits from the activities of the Northwest Missouri Enterprise Facilitation organization. Annette Weeks is the Enterprise Facilitator for the organization, and she is here

tonight to give us an update on what has been happening in Savannah, as well as answer any questions the Council might have about the organization itself.

BIDS FOR INTERIOR/EXTERIOR PAINTING OF SAVAGE WATER TOWER -- In 2011, the City began addressing items of concern sent to the City by the Department of Natural Resources. One of those items was the need to have the Savage Water Tower repainted due to the extensive corrosion and blistering of the interior surface. The Savage Water Tower has not been repainted since it was installed in 1996. This item has been discussed for the past several years, and Staff recommends engaging a qualified firm for this service before MDNR sends another notice to the City addressing this issue. Staff estimates a cost of \$160,000 to paint both interior and exterior surfaces of the Savage Water Tower. Staff requests the approval to put this item out for formal bid by publishing a bid notice in the newspaper. Joy Thompson motioned to put out painting the water tower for bids. Don Dillman seconded. Motion carried on 4 yes votes.

BIDS FOR WATER OPERATIONS GROUND TANK WELL INSPECTION -- The recommended schedule for inspecting and cleaning the three ground tanks of the Water Operations System is once every three to five (3-5) years. This service has not been performed for the City in more than four years. Staff recommends the City issue a notice for bids to procure professional services for the diving, video recording, inspection and sediment removal in the ground tanks at the Water Treatment Plant. Estimated cost: \$4,000 - \$5,000. Staff requests the approval to put this item out for formal bid by publishing a bid notice in the newspaper. Water Superintendent Dale Watson described how they used divers to do the inspection so the tanks did not have to be drained. John Parker motioned to put out the ground tank well inspection for bids. Joy Thompson seconded. Motion carried on 4 yes votes. Parker asked if they had to drain the water tank when painting inside it. Dale Watson described that the City would just operate off the water tower at Messick. The City also has 500,000 gallons in storage at the Water Plant so it should not affect operations. It should take about two weeks.

WATE RATES -- Cornett explained that Carl Brown would be happy to come back and provide an update on water rates. It would cost about \$700. Pretty soon she will be getting into the Treasurer's report which includes the City's financial information. In the last few weeks Public Works crew has been helping the Cemetery prepare for Memorial Day weekend. For everything the City does there has to be a compromise made. She wants Council to come up with priorities.

INCREASE TRANSFERS TO WATER DEBT RESERVE FUND -- The City has been warned by the auditors for the past few years that the reserve funds for the Water debt are not funded at appropriate levels. The most recent independent audit performed by Cochran, Head and Vick, indicates a deficiency of \$650,000. In order to make up that deficiency in five years, the City would need to increase the amount of money being transferred into the debt reserve fund by \$10,834 per month. Because this would present a hardship to the Water Operations, and compromise the City's ability to do necessary maintenance work, Staff recommends increasing the transfer into the debt reserves by \$5,000 per month until the end of this fiscal year. At that time, Council can review the budget (revenues and expenditures) and determine an appropriate amount for fiscal 2013-2014. Based on this evening's work session, the City may attempt to refinance that bond debt to enjoy a lower rate of interest. The savings from the lower interest rates may be applied to the debt reserves. At this time Staff recommends increasing the transfer from Water revenues into the debt reserve account by \$5,000 per month, beginning with the month of May 2013 and ending in the month of September 2013. After that time, a new budget will be in place which may include further increases in the transfer amounts. Reserves were not

included earlier because it was tight making the November debt payments and paying back the general fund. John Parker thought this was a reason to bring back up to the Utility Board if an additional \$5,000 enough. He also wants the Board to look at refinancing bonds. Don Dillman thought the City had delayed long enough. If the City increased the monthly transfers, at least it would be taking a step in the right direction. Jill Cornett said in the 2007 issue reserve should be at \$180,000. Any additional money can be set-aside in a capital improvement fund. Dillman reminded Council that more money is needed to keep that debt service coverage. Cornett described replacing lines and infrastructure that would be part of the next budget year. The City needs a 5 to 10 year plan. Director of Public Works Kenny Lance reminded that they had a lot of 2-inch lines that need to be replaced with 4 to 6 inch lines. Joy Thompson asked what about any emergency purchases – what would water do if its money is tied up as restricted? Cornett said it can borrow from the restricted or another fund. Vernon Townsend asked for if once the City meets the restricted level on the bonds, could be put it in the maintenance? Don Dillman motioned to increase the monthly transfers by \$5,000 each month for the rest of the fiscal year to the water reserves. Joy Thompson seconded. Motion carried on 3 yes votes; 1 no: Parker. Parker said he wasn't sure that \$5,000 was a big enough figure.

NID PAYOFF -- The Council approved the early payoff of the NID during the budget amendment exercise that was passed by motion on April 20. The Mayor must sign the authorization form to complete the payoff. The payoff amount as of June 28, 2013, is \$32,624.00. UMB Bank will charge the City \$50 to handle the redemption. As mentioned before, the City and its taxpayers will see an approximate \$10,200 savings in interest, and an additional \$3,762 in annual administrative fees, for a total savings of \$13,961. Collection of the property tax that was established to pay back the NID debt will continue to be collected until the original scheduled payoff date. The ordinance will be has to be executed by July 20. Cornett will draft an ordinance for two readings at the next meeting.

PLANNING AND ZONING COMMISSION REVISIONS -- At the May 6 Council meeting, Council directed Staff to rewrite the Codes pertaining to the appointments and voting rights of the members of the Planning and Zoning Commission. Council requested that the new Code allow for the appointment of five (5) "citizen" representatives on the Commission, along with a representative ("liaison") from the Board of Aldermen and the representation of the Mayor. There would be six voting members comprised of the five citizen appointees and the Mayor. The Council representative would not be a voting member. Quorum of the Commission would be defined as four out of seven (4 out of 7) voting members. Additionally, the Planning and Zoning Commission is required to meet at least one time each month, as previously stated in the current Code. There is an ordinance in your packets scheduled for the first reading tonight.

WATER RATES -- At Council's request, the Rate Analysis Report provided by Carl Brown in February of 2011 was distributed to Mayor and Aldermen. There are several key items highlighted in this report:

- The Water Fund had sufficient reserves two years ago only because the City had transferred money from other funds (General Fund, Gas Tax Fund). This made it appear that there was enough revenue from existing rates, but it was a false representation.
- Brown calculated that by raising rates as we did, it would still take until 2021 to bring in enough revenue to fully meet all fund and debt obligations (debt payments required reserves, depreciation, capital improvements, operations)
- His main piece of advice was to raise rates immediately, and continue with the scheduled rate increases for five years – THEN contract for another rate analysis. This recommendation

was approved by the Public Utility Advisory Board and passed along to Council prior to the rate increase vote in 2012.

- Maintain the charges for the metering system, because even though the meter loan will be paid off, the system will need revenues to maintain, repair and replace meters (including labor, software upgrades, software licensing fees)
- Chart 21 shows the difference customer costs prior to rate increase and after rate increase. Now that the painful 48% increase has been enacted, the next three years of 3% per year will amount to an average of \$2.00 per month.

During the 6:00 p.m. work session this evening, Jack Dillingham presented additional information regarding the City's debt and requirements of the bonds issued to construct the water plant which were approved by the voters in 2004 and 2007:

- As indicated in our recent independent audit, the City is \$650,000 behind in the required debt reserves.
- We have an opportunity to refinance several millions of dollars in bond debt to take advantage of a lower rate of interest.
- Council now has numbers from Jack Dillingham that reflect the total cost savings of refinancing.
- Savings could be used to fund the reserves or pay off the meters. Please keep in mind the charges for meters should be maintained at a sufficient level to fund future maintenance, repairs and replacement of meters. Council will hear the second reading of the Ordinance to rescind water rate increases tonight and vote.

ORDINANCE TO RESCIND CEMETERY FEE INCREASES -- At the request of members of the Council, Staff prepared an ordinance to rescind the Cemetery rate increases that were authorized in 2011. That ordinance was read for the first time at the Council meeting on May 6, 2013. Last week, Council members requested that Cemetery rates be further reduced to the following levels, and passed by an emergency ordinance this evening:

Item:	New rate:
Single space	\$300.00
Infant space	\$ 0.00
1/4 lot (2 singles)	\$ 550.00
1/2 lot (5 singles)	\$1300.00
Full lot (10 singles)	\$2500.00
Driveway term "Driveway" and rename 1/4 lot sold only as 2 singles	\$ 550.00
Grave Opening	\$ 150.00
Burying Ashes	\$ 100.00
Infant Grave Opening	\$ 75.00
Burying Infant Ashes	\$ 75.00

(Infant shall be defined as

child between ages of
0 – 364 days in age)

Saturday Fees	\$ 300.00
Infant Saturday Fees	\$ 100.00

ORDINANCE AWARDDING IRONWOOD ST. CONTRACT TO HERZOG -- The City opened formal bids for the Ironwood project the week of May 6. The City received bids from two contractors: Herzog Contracting and Keller Construction. Herzog Contracting submitted the low bid of \$111,750. A bid tab is in your packets. Herzog has provided construction services to the City in the past with satisfactory results. Staff recommends awarding the contract to Herzog Contracting in the amount of \$111,750. Funding for this project will come from the Gas Tax Fund.

CITY ATTORNEY SEARCH -- The Council interviewed two qualified candidates for the position of City Attorney during an executive session on Monday, May 6. The Board of Aldermen selected Emily M. Bauman to serve as City Attorney. There is an ordinance in your packet, authorizing the Mayor to sign a contract with Emily Bauman at a cost to the City of \$1200.00 per month for services related to City Council meetings and Municipal Court. Any special services beyond the scope of regular monthly business shall be billed at \$150/hour in quarter-hour increments. Contract shall be in effect from June 1, 2013, until Dec. 31, 2014. At that time the contract may be renewed.

Marshall White asked if the increased pay for the new City Attorney was in the budget. No, the City did not anticipate former City Attorney Ron Holiday's resignation.

Don Dillman motioned to approve City Administrator report. John Parker seconded. Motion carried on 4 yes votes.

Treasurer's Report

City Administrator Jill Cornett provided an overview of the April financial reports. Water Superintendent Dale Watson reminded Council that the City probably need to bid out for lime sludge removal again as it needs done every two years. Wastewater Superintendent Jason Long told Cornett that sludge handling would also need to be addressed. He cannot spread it as easily as he used to do it. Greg Wilson motioned to approve Treasurer's report. John Parker seconded. Motion carried on 4 yes votes.

BILLS FOR CONSIDERATION:

Bill 2013-10 Amend Cemetery rates was read for the second reading.

ORDINANCE NO. 2597

Joy Thompson motioned to adopt ordinance no. 2597. Greg Wilson seconded. Vote: Dillman: aye; Wilson: aye; Parker: aye; Thompson: aye. Motion carried. Don Dillman commented he had talked to Breit Hawkins funeral home who said they don't recommend any cemeteries. It wasn't the rates.

Bill 2013-11 Amend Ordinance No. 2552 Water Rates was read for the second reading.

ORDINANCE NO. 2598

John Parker motioned to adopt ordinance no. 2598. Greg Wilson seconded. Vote: Wilson: aye; Parker: aye; Thompson: nay; Dillman: nay. Mayor Connie George broke the tie by voting aye. Motion carried.

Bill 2013-12 Contract with City Attorney was read for first and second readings.

ORDINANCE NO. 2599

Joy Thompson motioned to adopt ordinance no. 2599. Don Dillman seconded. Vote: Parker: aye; Thompson: aye; Dillman: aye; Wilson aye. Motion carried.

Bill 2013-13 Contract with Herzog to Asphalt Ironwood was read for the first reading.

Bill 2013-14 Amend Zoning Code on Commission Members was read for the first reading.

Second Public Testimony

Marshall White asked if there was any comment about water rates. Mayor Connie George pointed out that the City was not decreasing rates, just holding off on automatic future increase. John Parker added that he does not believe every council should be controlled by the past Council. It could turn out that future increases need to be more than 3%.

ELECTED OFFICIALS REPORTS

Mayor Connie George attended Park Board. There was an Executive Session so there was not much discussion. She has signed a lot of business licenses.

Council Discussion:

Joy Thompson said that since the cemetery rates had been changed, could anyone get local girl scouts or someone else to distribute information on the new rates. She saw even more stones that were knocked over. Don Dillman suggested giving funeral homes the new rates sheets. Thompson said the City could even have buckets for donations to upkeep cemetery stones. Don Dillman asked wasn't the City going to discuss the broken stones with monument companies? Jill Cornett answered that it would be better once we were past visiting season and growing season; this is not a good time to have volunteers reset stones. It's better for fall. She would like to see a City-wide spring clean-up with dumpsters. There are couches and chairs sitting out and she thinks it makes the town look bad. Cornett would be happy to coordinate that. She had Director of Public Works Kenny Lance describe downside of how it played out in the past years. Joy Thompson would just want two dumpsters by the City barns and have people dump their trash. Region D doesn't do an appliance pickup. After much discussion, Council decided to provide information on how Deffenbaugh will pick up couches and other items at a separate cost.

John Parker was going to talk about Region D electronic collection. It was an excellent turn out. As far as a dumpster, he thought it would be better to put on the City's website that excess trash can be removed by Deffenbaugh so contact them for removal. The City doesn't have time. Cub Scout Pack 60 is collecting old ties for their summer day camp and will make tie snakes out them. They are needed by Sunday June 2. Contact John Parker if you're interested and he'll

provide more information.

Greg Wilson talked about emergency sirens. He had an email from Facebook posts. Whether to put in budget this year or next year must be decided. Dillman said we probably couldn't get sirens installed before next budget year. Greg Wilson asked if the City can offer radios at a cheaper rate to the people that need them. Dave Vincent explained how cellphone apps can set off alerts for the county. Wilson drove through the Cemetery and it looks exceptional.

Don Dillman hopes that Council will have Carl Brown visit us about water rates and how they are affecting us and what will be the ramifications without additional costs of everything going around it. That would be something at least worth exploring. He doesn't see it coming back up until an issue arises. Carl Brown also does Wastewater rates analysis. Cornett imagined that he would have an idea of recommendations for Wastewater rate analysis and he probably would be willing to look at water rates for a minimal cost. Don Dillman said the Legion had a ceremony on Saturday for Armed Forces Day. Van Vickle Monument found a bronze headstone for a soldier and they did it for free. It's a government headstone. William Black was the soldier and it is put in Potter's Field about where he was buried. They gave him a flag ceremony. He was buried in 1956 in Savannah.

John Parker motioned to go into Closed Session for Personnel and Joy Thompson seconded. Dillman: aye; Wilson: aye; Parker: aye; Thompson: aye. Motion carried. St. Joseph News Press Reporter Marshall White voiced his objection to Council going into a closed session.

EXECUTIVE SESSION 610.021 (3) RSMo

No motions were made in closed session. John Parker motioned to go back into Open Session and Don Dillman seconded. Vote: 4 ayes. Motion carried.

John Parker asked why Barkley Street had not been put out for bid yet. Staff can only oversee so many projects. Cornett hopes to put Barkley out for bid within the next week. Joy Thompson asked about the slurry seal on Park Street. Contractor is supposed to start soon.

John Parker said Mr. Hammer called. He lives on Ironwood, first house off of E and Ironwood line. There is a chug hole that is huge, two feet across. Director of Public Works Kenny Lance explained the maintenance would be on Mo-DOT's side. Lance will contact Mo-DOT.

Chief David Vincent commented that he would not be at the June 3rd meeting.

ADJOURNMENT

No further business to discuss. The meeting adjourned at 8:49 p.m. on a motion by Don Dillman. Seconded by Joy Thompson. Motion carried on 4 yes votes.

Connie George, Mayor

ATTEST: _____
Beth Kar, City Clerk