

Pursuant to due call and notice thereof, an Avon City Council meeting was duly held at City Hall on the 3rd day of December, 2012 at 6:30 pm.

THE FOLLOWING MEMBERS WERE PRESENT:

John Grutsch - Mayor, Margie Evens, Kurt Marthaler – Councilors

Jim Thares - City Clerk/Administrator

Absent: Hugh Knox, Councilor

CALL MEETING TO ORDER:

Pledge of Allegiance

TRUTH IN TAXATION HEARING:

Mayor Grutsch noted that the meeting was starting at 6:30 p.m. to allow for comments from the public and discussion among Council as part of the Truth In Taxation Hearing. Clerk Thares provided an overview of the proposed 2013 budget showing revenues of \$2,888,074 and expenditures of \$2,760,538. The proposed 2013 tax levy is \$745,000, the same as 2011 and 2012. Clerk Thares detailed the levy breakout indicating a general purpose levy of \$526,676 and a debt service levy of \$218,324. He also reviewed the levy breakout trends over the past several years as well as the budgeted revenues and expenditures for the past three years. He pointed out that the 2013 budget includes \$43,000 set aside for capital purchases consisting of a new squad car and a new Flygt pump for a lift station. He also updated the Council on projected debt service payments from 2014 through 2018 along with the Enterprise Funds, revenues and expenses. Councilor-elect Jeff Manthe asked if there would be a need to raise water and sewer rates? Clerk Thares said that they may need to be raised by 8 to 15 percent in 2013. He further stated that both of those Funds will be monitored as the year unfolds with the number of new hookups to the system being a significant factor in the cash flow. He noted that with the levy remaining constant again in 2013, the typical homeowner could expect to see a drop in their property taxes. Mayor Grutsch asked if anyone in the audience had questions about the proposed 2013 budget and tax levy? Councilor Marthaler motioned to close the Truth In Taxation Hearing at 6:56 p.m. Seconded by Councilor Evens. Motion passed unanimously.

Councilor Stang arrived at 6:48 p.m.

PUBLIC ACCESS FORUM: No one came forward

CONSENT AGENDA:

1. Council Minutes of November 5th, 2012
2. Claims Register
3. Capital Expenditures, Legal Fees, Engineering Fees, Detailed Reports
4. CliftonLarsonAllen, CPA, Audit and Accounting Services engagement letter/contract

Motion by Councilor Marthaler to adopt the consent agenda as presented, Second by Councilor Stang. Motion passed unanimously.

OTHER MINUTES:

Planning Commission Meeting Minutes of November 20th, 2012

COUNCIL BUSINESS:

Review City of Avon Property Casualty and Liability Insurance Coverage, Ken Kofoed

Ken Kofoed, Avon State Bank Insurance Agency, provided an overview of the City's property casualty and liability coverages and upcoming renewal. He said the rates for 2013 look good and the City should be receiving a dividend payment back from LMCIT in mid-December. Mr. Kofoed asked if the City wanted to increase the liability limit from \$500,000 to \$1,000,000 citing an example of when it might be of benefit to have a higher liability coverage limit. He further asked if the City was interested in obtaining an umbrella insurance

policy? Mayor Grutsch asked if either of those items would increase the City's premium? Mr. Kofoed said that the higher liability limit would raise the premium by \$400. He mentioned that the Council could review these items and reconsider them at the regular January meeting. Clerk Thares said he would take the information and review it and have it back on the January Council meeting agenda.

**Street Reconstruction and Improvement Projects, Randy Jenniges, S.E.H.
Consider Contractor's Final Payment Request, #5; to Tri-City Paving, Inc.**

City Engineer, Randy Jenniges, reviewed the Final Pay Request that is required to close out the street project. The total amount being requested is \$46,523.17. He told the Council that the projects are fully completed.

Motion by Councilor Stang to approve the final payment request, #5, in the amount of \$46,523.17 to Tri-City Paving, Inc. Seconded by Councilor Marthaler. Motion approved unanimously.

Consider Refunding of Bonds, Series 2007 B, C and D, Monte Eastvold, Northland Securities

Monte Eastvold, Northland Securities, introduced himself explaining that the City has an opportunity to lower its interest finance costs on several of the City's General Obligation Bonds which were issued in 2007. He said that the proposed refunding is a crossover bond and would go into effect on the call dates in early 2016. By lowering its interest finance costs, the City may save about \$785,000 over the life of the new bond issue. The proposed refunding exceeds the statutory minimum refinance savings of 3.0 percent. The savings projects out to 10.274 percent. He continued by saying that he would recommend that it be a rated bond issue as that will help tremendously in getting the best interest rates for the City.

Mayor Grutsch asked about the upfront costs to the City for the new bond issue or if the City has to hire advisors separately or on its own accord? Mr. Eastvold said the issuance costs are projected to be \$28,875 and Northland would complete all of the required steps so that, except for Bond Counsel, no other firms would need to be involved. He explained that the cost of involving a financial advisor would be an additional \$10,000 to \$15,000 for an issue of this size; saying it is a decision to be made by the Council though it may possibly be a redundant service as Northland is proposing to direct purchase/place this bond refunding. Mr. Eastvold said the City can get started in the process by approving a resolution which gives conditional approval until much of the due-dilligence is completed and the appropriate finance offering statements are done. Final steps can be taken at the February or March 2013 meeting depending on the direction of interest rates. Councilors agreed that the savings from the refunding were significant and this was an opportunity to reduce the City's overall debt service burden. Motion by Councilor Marthaler, seconded by Councilor Stang, to approve the General Obligation Crossover Refunding Bonds, Series 2013 A via Resolution # 12-867. Motion approved unanimously.

Consider 2013 Budget and Final Tax Levy

Mayor Grutsch asked Councilors if they had any questions on the proposed 2013 budget and levy? Motion by Councilor Stang to approve the proposed budget with revenue of \$2,888,074, expenditures of \$2,760,538 and a property tax levy for the year 2013 of \$745,000 via Resolution #12-868. Seconded by Councilor Marthaler. Motion approved unanimously.

Consider Employees Cost of Living Adjustment (COLA); Review of Benefit Programs

Mayor Grutsch asked if there was a motion for approval of the employees COLA. Councilor Marthaler asked what the COLA was in 2011? Clerk Thares responded that he believed that it was 3.0 percent. He mentioned that some of the insurance renewals are not back yet and it is hoped that these can be renewed at fairly minimal increases or even flat. Councilor Stang motioned approval of a 3.0 percent COLA for all City staff and commended them for their hard work and effort during the year. Motion was seconded by Councilor Evens. Motion approved unanimously.

Clerk Thares explained that the Short Term Disability benefit is proposed to be modified with an increase in the percentage of the weekly salary that can be collected under the disability benefit program. The change is

expected to cost the City an additional premium amount of \$700. Motion by Councilor Stang, seconded by Councilor Marthaler. Motion approved unanimously.

Avon Estates Update

Clerk Thares updated Council on the large lot sale saying the prospective buyers have verbally agreed to more participatory terms of a buyer proposed Contract For Deed. Mayor Grutsch added information about the marketing efforts by Matt Imdeike, Premier Real Estate Services.

Issues By Staff - Public Works

Ray Schmidt, Public Works Director, said that his written report covered his items.

Police Department

Police Chief Corey Nellis reported that the Department has worked very closely with the City of Cold Spring over the past few days due to the shooting attack and death of Cold Spring Office Tom Decker. Avon Police Department filled in for Cold Spring in the hours after the incident. Avon P.D. staff will be involved in the wake and funeral proceedings as well. On the day of the funeral, there will be a procession of 20 to 50 squad cars from the agencies throughout the region gathering on Blattner Drive so they can drive to the funeral at St. John's University together.

Water/Wastewater

Jon Forsell, Water/Wastewater Director, said his report was a good summary of the past 30 days. He asked the Council to consider a phone reimbursement for both Joel Birr and himself. He explained that they use the "data/internet" service on their cell phones to receive alarm calls at the Wastewater Treatment Plant and monitor the system's performance. Jon told Council the reimbursement is proposed as \$15 per month to both Joel and himself. Clerk Thares noted that with other changes made to the phone service contract, the amount paid each month, including the reimbursements, would still be \$10 less per month than the current bills. Motion by Councilor Stang to approve the monthly phone reimbursement to Joel Birr and Jon Forsell in the amount of \$15.00. Seconded by Councilor Evens. Motion passed unanimously.

Randy J. provided an update on the negotiations with the Hydromatic Pump vendor/manufacture's representative regarding a buyback of the problematic lift station pumps. He said that he is making progress in his negotiations and that he would like to have Council authorize a committee to form an official counterproposal. Mayor Grutsch volunteered to serve on the committee with Jon, Randy J. and Clerk Thares. Motion by Councilor Marthaler, seconded by Councilor Stang, to authorize the committee to negotiate a settlement with the pump manufacturer. Motion approved unanimously.

OTHER

Mayor Grutsch presented a recognition plaque to Councilor Evens for her many years of service to the City as Mayor and Councilor.

COUNCIL ISSUES - None

Motion to Adjourn the meeting by Councilor Evens, second by Councilor Marthaler. Motion approved. Meeting adjourned at 8:06 p.m.

Respectfully Submitted
Jim Thares
City Clerk/Administrator