

City Council Meeting

December 17, 2008



CITY OF
REXBURG
America's Family Community

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Rexburg, ID 83440

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December 17, 2008

Mayor Shawn Larsen

Council Members:

Christopher Mann – Council President
Rex Erickson Randy Schwendiman
Bart Steven Richard Woodland
Adam Stout

City Staff:

Stephen Zollinger – City Attorney
Richard Horner – Finance Officer
John Millar – Public Works Director
Val Christensen – Building Official
Blair Kay – City Clerk

7:00 A.M. City Hall – Pledge to the Flag

Roll Call of Council Members:

Attending: Council Member Mann, Council Member Schwendiman; Council Member Stevens; Council Member Woodland; Council Member Stout; and Mayor Larsen.

Excused: Council Member Erickson will arrive in a few minutes.

New Business:

- A. “Employee Insurance Cafeteria Plan” – Richard Horner

Finance Officer Horner requested adoption of an amended **Employee Insurance Cafeteria Plan** for employees (Resolution 2008 – 23). The cafeteria plan is the same as in the past. The amended plan allows for a grace period for claims from the previous year until March 15th by law. Employees with six months seniority are eligible for the plan.



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RESOLUTION ADOPTING CITY OF REXBURG'S CAFETERIA PLAN

Resolution 2008 - 23

*The undersigned Principal of City of Rexburg (the Employer) hereby certifies that the following resolutions were duly adopted by the Employer on **December 17, 2008**, and that such resolutions have not been modified or rescinded as of the date hereof:*

RESOLVED, that the form of amended Cafeteria Plan including a Dependent Care Flexible Spending Account and Health Flexible Spending Account effective January 1, 2009, presented to this meeting is hereby approved and adopted and that the duly authorized agents of the Employer are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan.

RESOLVED, that the duly authorized agents of the Employer shall act as soon as possible to notify the employees of the Employer of the adoption of the Cafeteria Plan by delivering to each employee a copy of the summary description of the Plan in the form of the Summary Plan Description presented to this meeting, which form is hereby approved.

The undersigned further certifies that attached hereto as Exhibits A and B, respectively, are true copies of City of Rexburg Cafeteria Plan as amended and restated and the Summary Plan Description approved and adopted in the foregoing resolutions.

NOW THEREFORE, the City of Rexburg does hereby accept and adopt the Cafeteria Plan including a Dependent Care Flexible Spending Account and Health Flexible Spending Account effective January 1, 2009.

RESOLVED this 17th day of December, 2008 by the City Council, City of Rexburg, Idaho.

SIGNED BY: Shawn Larsen
Mayor

ATTEST: Blair D. Kay
City Clerk

Council Member Stevens moved to adopt the employee's cafeteria plan for insurance with recommended changes by Council Member Schwendiman; Council Member Schwendiman seconded the motion. All voted aye, none opposed. **The motion carried.**

B. "HRA Plan" - Health Reimbursement Arrangement:

Finance Officer Richard Horner explained the "HRA Plan" as follows:

The **Health Reimbursement Arrangement (HRA)** plan is new. The Employer shall make available to each Participant an Employer Contribution for the reimbursement of Qualifying Medical Expenses. The Employer shall contribute the following annual amount: (a) \$1,080 per year per single Participant; (b) \$2,160 per year per Participant and 1 dependent; and (c) \$2,160 per year per Participant and family. An additional contribution shall be made in the amount of \$120 per deductible upon completion of the wellness exam (physical) form by the Participant and spouse (if applicable). A physical is not required for children. Each participant would be eligible for a total of \$1,200 per deductible in the HRA account bringing the employees share of the deductible down to \$800.00 per deductible. Two weeks ago the city held two hour training meetings for insured employees and their spouses. The response from the four insurance meetings was very positive. The employees prefer this program with a \$2,000 deductible over the deductible buy down plan utilized in the past employee insurance program, which had a \$5000 deductible. Under the old plan, buy down monies were spent on the insured with the largest expenses; however, effective January 01, 2009 the new HRA plan monies will be evenly spread to all insured individuals. *(Note: The health insurance period is being changed from May through April to the calendar year).* Council Member Schwendiman asked for the name of the administrator. Finance Officer Horner explained National Benefit Services, LLC is the third party administrator.



<https://www.nationalbenefitservices.com/default.aspx?timeout=true>

Council Member Schwendiman mentioned the plan excludes contract employees. Finance Officer Horner said the city would follow IRS code in administering the plan. He mentioned the employees have a sick bank for unused sick leave. At the end of the year, left over sick leave is transferred into a long term sick leave account to be used for future medical expenses at the rate of \$0.35 cents on the dollar less two days which is transferred into the vacation account.

Discussion concerning the debit card (costing \$18.00 annually) to be used to pay for office visits and medical copayments followed. The insured should not use the debit card on services received (other

than the \$30 doctor co-pay) until the insurance company has paid on the claim. If there is a balance after the insurance claim is paid, the debit card could be used to pay the remaining portion of the insured's claim. The insured's debit card can be used to pay the insured's portion of the pharmacy expense.

Mayor Larsen said Finance Officer Horner should be complimented for the employee training on the benefits program. Everyone came away from the training meetings feeling like 1) they understood the plan and 2) they were appreciative of the city staff and City Council putting the plan together. The attendees recognize we are in control of our own health. The healthier the "insured" are at the city, the more the insured can save up funds in the HRA account for medical expenses after retirement. There was a feeling from the employees and spouses that this is a good plan.

Discussion concerning the \$2,000 deductible in the employee insurance plan.

Staff note: The "insured" is responsible for the \$2000 deductible for a single (\$4000 deductible for a family), but their share of the deductible remains \$800.00 if they receive the full \$1200 amount of HRA money and choose to use it to pay the remaining portion of the deductible. The HRA plan has been set up so that any flexible spending account (FSA) money is exhausted before the HRA money will be used. It has been set up this way so that the FSA money is not lost, because it cannot be carried over, whereas the HRA money can be carried over.

Finance Officer Horner requested the adoption of the Health Reimbursement Account for employee insurance (Resolution 2008 – 22).



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RESOLUTION ADOPTING CITY OF REXBURG'S HRA PLAN

Resolution 2008 - 22

*The undersigned Principal of City of Rexburg (the Employer) hereby certifies that the following resolutions were duly adopted by the board on **December 17, 2008**, and that such resolutions have not been modified or rescinded as of the date hereof:*

RESOLVED, that the Health Reimbursement Arrangement effective January 1, 2009, presented to this meeting is hereby approved and adopted and that the proper officers of the Employer are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan.

The undersigned further certifies that attached hereto is a true copy of the Health Reimbursement Arrangement and the Summary Plan Description approved and adopted in the foregoing resolutions.

NOW THEREFORE, the City of Rexburg does hereby accept and adopt the Health Reimbursement Arrangement and the Summary Plan Description effective January 1, 2009.

RESOLVED this 17th day of December, 2008 by the City Council, City of Rexburg, Idaho.

SIGNED BY: *Shawn Larsen*
Mayor

ATTEST: *Blair D. Kay*
City Clerk

Council Member Schwendiman moved to adopt the employee's Health Reimbursement Arrangement with recommended changes; Council Member Woodland seconded the motion. All voted aye, none opposed.

The motion carried.

C. Recycling Program

Mayor Larsen explained the recycling program was started in 2007 with DJ Barney. Mr. Barney and his wife came to city hall a week ago to discuss the economics of the program. They relayed their concerns to Mayor Larsen; therefore, Finance Officer Horner was asked to put together a fact sheet with showing the revenues and expenses from the 15 month program. The Barney's provided the financial information.

Finance Officer Horner indicated the public portion of Barney's recycling business has grossed \$42,000 in a year with some product in storage. The expense information indicates payroll to be the largest expense. The net loss is about \$7,400. Additional capital costs of \$32,000 are for purchased equipment (cardboard bailer and truck). The city's savings was \$18,000 due to less product tonnage (315 tons) going to the landfill. The recycling bins cost the city \$34,000. The bins will be paid with two years of tonnage savings at the landfill. The 12 month loss for the program is about \$25,000. The loss is primarily due to the product market for recyclables has dropped off substantially. News paper tonnage went from \$125 a ton down to \$30 a ton. Card board tonnage went from \$108 to \$10 a ton. The question posed to the City Council is how valuable is recycling to the city. DJ Barney has requested the city subsidize the program to the tune of \$3,500 per month or \$42,000 per year.

Finance Officer Horner indicated the city could pay the cost of a recycling storage building and related equipment without a contract for 30 cents per household plus a \$2.00 increase on a two yard bin.

Council Member Schwendiman questioned the reasoning for the city taking over the recycling program. He recommended the proposed additional fee of 30 cents go to Barney Towing to subsidize the program.

Mayor Larsen explained some other issues concerning the contract including the need to save up enough recyclable tonnage until it is economical for Barney's company to ship the product by Barney Towing or a contract hauler (out of Utah) to Utah or Montana.

Council Member Schwendiman believed a private enterprise would be more efficient. He recommended a \$3,500 per month contract for a year instead of a having the city do the project. He was not opposed to having a pass through support fee of 30 cents per household going to private enterprise.

Council Member Mann concurred with Council Member Schwendiman if there is appropriate program oversight.

Mayor Larsen said the Key Club at Madison High School is starting a recycling program. They purchased some receptacles to have in several locations around the high school.

Discussion on financing a recycling building.

Council Member Stout asked if the interest could be lowered or removed if the city loaned money for a recycling building. Mayor Larsen indicated the conditions of lending for a building would be up to the City Council.

Council Member Woodland explained in 1986 he was a production coordinator for Upper valley Industries. They did a recycling program with government subsidy grants with all kinds of money because it was the rage at the time. They did it with free labor to pick up and sort recycling products. The program failed even though it was an efficient operation. The product became less valuable and people lost interest in recycling.

Discussion on the pros and cons of recycling. Some areas of the country have curb side pickup.

Mayor Larsen indicated 400 tons of products have been diverted from the landfill. He believed the residents would continue to support recycling with a small fee.

Council Member Schwendiman and Council Member Woodland requested to keep the program viable due to the city's responsibility to the environment and to keep the program in private enterprise.

Council Member Stevens was concerned with the viability of the numbers and he asked for more information.

Council Member Mann said the city needs the recycling contract to protect the city.

Council Member Erickson joined the meeting.

Council Member Stout asked if the University recycles there product. The University does do some recycling with DJ Barney.

Mayor Larsen said a recycling grant may be available.

Mayor Larsen asked for a motion to allow the city to enter into a yearly contract for \$3,500 per month for a year. Council Member Erickson asked if it would be good to bid the contract. Council Member Stout said it would be best to bid the contract even if there was only one bidder.

Council Member Schwendiman requested the City Council make a decision to invest in recycling or dropped the program. If the city commits to recycling, it would need to be supported with fees from the utilities account paid by the consumer.

Discussion on the length of the contract to allow the contractor to make the appropriate investment in building and equipment. Mayor Larsen reviewed the discussion concerning oversight plus increasing utility rates to pay for the program of a \$3,500.00 per month subsidy this year. It is about a penny for 1,000 lbs of product. It will cost; however it is a service to the residents and a commitment to the environment.

Mayor Larsen asked for a motion to enter into a 12 month contract with DJ Barney.

Council Member Erickson moved to enter into a 12 month contract with DJ Barney for \$3,500 per month if the city's legal council approves the contract; Council Member Mann seconded the motion; Discussion: Mayor Larsen said the motion does not include a rate increase until the fees can be verified in January. Council Member Stevens would like additional information. Roll call vote:

Those voting Aye

Council Member Erickson
Council Member Mann
Council Member Stevens
Council Member Schwendiman
Council Member Stout

Those voting Nay

Council Member Woodland

The motion carried.

Staff Reports:

D. Public Works: John Millar

Public Works Director Millar announced the city has received a \$43,000 grant from Parks and Recreation for a bridge over the canal adjacent to Barney Dairy Road behind Cal Ranch. The engineering estimate for the bridge was \$46,000. The city received three bids for the bridge:

1. \$34,927 Contech • Idaho Falls, Idaho
2. \$37,933 Big R Bridge • Greeley, Colorado
3. \$41,387 Roscoc Bridge • <http://www.roscoesteel.com/>

The Parks and Recreation Grant of \$43,000 required in-kind matching funds from the city totaling \$27,000 for footings, foundations and other preliminary work. The low bidder for \$34,927 was **Contech Construction** at 1510 West Sunnyside Road in Idaho Falls. This company did the same type walking bridge over the Teton River behind the Rex Theatre on 2nd East. Public Works Director Millar requested approval of the low bid for the project.

Council Member Erickson moved to accept the low bid of \$34,927 from Contech Construction; Council Member Stout seconded the motion; all voted aye, none opposed. **The motion carried.**

Consent Calendar: The consent calendar includes items which require formal City Council action, however they are typically routine or not of great controversy. Individual Council members may ask that any specific item be removed from the consent calendar for discussion in greater detail. Explanatory information is included in the City Council's agenda packet regarding these items.

Minutes:

- A. December 03, 2008 meeting
- B. Approve the City of Rexburg Bills

Council Member Erickson discussed his concerns with change orders and overruns on construction projects. Sunrise Drive change orders came to almost \$90,000. Council Member Stevens said some of the costs were attributable to items added in the LID (i.e. additional sidewalks). Finance Officer Horner said additional excavation is required above the bid price on some projects. Council Member Stevens said underground lava rock on the hill is another reason for additional change order costs. Finance Officer Horner said the price is based on units of gravel or excavation work; so if additional units are required then a change order is requested. Council Member Stevens said there is never a refund when the project calls for less units of product (i.e. gravel or excavation work). Council Member Erickson referred to another change order for 7th South for about \$51,000. Council Member Stevens said there were some change orders for the better on 7th South requiring concrete sidewalks instead of asphalt. Discussion on the overruns taking funds away from next years road projects. Finance Officer Horner explained the overruns usually come out of (5-10% budgeted contingency for street funds) monies set aside for the project. Council Member Schwendiman requested to have the overrun dollars provided to the City Council in the budgeting process.

Council Member Mann moved to approve the Consent Calendar; Council Member Schwendiman seconded the motion; Discussion on the fuel surcharge added to invoices associated with contracts. All voted aye, none opposed. **The motion carried.**

Executive Session pursuant to State Statute 67-2345 (C) to conduct deliberations to acquire an interest in real property which is not owned by a public agency.

Council Member Stout moved to go into Executive Session pursuant to State Statute 67-2345 (C) to conduct deliberations to acquire an interest in real property which is not owned by a public agency; Council Member Woodland seconded the motion; Roll call vote:

Those voting Aye

Council Member Woodland
Council Member Erickson
Council Member Mann
Council Member Stevens
Council Member Schwendiman
Council Member Stout

Those voting Nay

NONE

Executive Session

Executive Session ended

Adjournment

Shawn Larsen
Mayor

Attest:

Blair D. Kay
City Clerk