

Hillsboro, Kansas
December 18, 2007

1. The city council met in regular session on Tuesday, December 18, 2007 at 4:00 p.m. in council chambers with Mayor Delores Dalke and Council members Shane Marler, Byron McCarty, Bob Watson & Shelby Dirks present.
2. Others Present: Don Ratzlaff, Hillsboro Free Press; Susan Berg, Hillsboro Star Journal; DeAnn Dotson, Sawvel & Associates, Inc.; Gari-Ann Patzwald; Dan Baldwin, City Attorney; Larry Paine, City Administrator; and, Jan Meisinger, City Clerk
3. **CALL TO ORDER** – Mayor Delores Dalke called the meeting to order at 4:00 p.m.
4. **PUBLIC COMMENTS** – none
5. **MINUTES** – The minutes of the 12-4-07 regular meeting were approved as distributed.
6. **VOUCHERS** – After questions, motion was made by Council member Watson and seconded by Council member Marler to approve the vouchers in the amount of \$237,228.47. Motion carried unanimously.
7. **BUDGET AMENDMENT – PUBLIC HEARING** – City Administrator Larry Paine said there were several funds that need year-end adjustments so there won't be any budget violations. No budget was set in the first amendment for Municipal Court, DARE, K-9 Unit or Sales Tax Funds. New funds were received in Capital Improvements Fund (from Adams Street Project); transfers were changed in the 04 P&I Fund; and, new project funds were received in the MB Phase I Project Fund. No public comments were received. Motion was made by Council member Marler and seconded by Council member Watson to approve the amended budget and direct the city clerk to enter the approved revisions into the budget record. Motion carried unanimously.
8. **CEREAL MALT BEVERAGE LICENSE RENEWALS** – Renewal applications were received from Alco, Casey's, Golf Association, Co-op & Vogt's Hometown Market. The chief of police has approved the applications. Motion was made by Council member Dirks and seconded by Council member Marler to approve these applications. Motion carried unanimously.
9. **BOUNDARY RESOLUTION** – Motion was made by Council member Dirks and seconded by Council member Watson to approve Resolution No. 2007-15 – (*A RESOLUTION DECLARING THE ENTIRE PRESENT BOUNDARY OF THE CITY OF HILLSBORO, MARION COUNTY, KANSAS, PURSUANT TO K.S.A. 12-517*). Council was polled with the following vote: Marler, yes; Dirks, yes; Watson, yes. Motion carried unanimously.

10. SEWER REVOLVING LOAN AMENDMENT – We received notice that KDHE has reduced the amount of the revolving loan payment (on the sewer outfall line 2001 project). The reduction is \$30.46 on the semi-annual loan repayment amount. Motion was made by Council member Watson and seconded by Council member Dirks to approve this amendment. Motion carried unanimously.

11. COST OF LIVING ADJUSTMENTS – We set aside 5% of the personnel budget for salaries in the 2008 budget. When we approved the changes to the Blue Cross Blue Shield contract, we used 1.6% of the 5% allocation. That leaves 3.4% for future adjustments. City Administrator Paine has developed a payroll schedule that sets up a step/grade classification (Table 1). Table 2 shows the current salaries grouped by the various job titles in common ranges and steps to show the relationship of one position with another. Table 3A is a compensation plan that can be adjusted each year. Based on information he received from the city manager's list serve, City Administrator Paine is recommending a 2.5% cost of living adjustment for 2008. The current pay of the city employees did not conveniently fit a pay scale, therefore not everyone will get the full 2.5% COLA increase, some will be more and some will be less. Table 3A has a 2.5% COLA adjustment built in. This will leave 1% for merit raises. Motion was made by Council member Marler and seconded by Council member Dirks to establish Table 3A as the salary scale, establish the steps and grades by employee classification on Table 3B, and set the level of salary by Table 3B. Motion carried unanimously.

12. DISCUSSION OF ELECTRIC RATE ADJUSTMENT – DeAnn Dotson, Sawvel & Associates, Inc., Consultants & Engineers, met with council to discuss a draft of her review of our electric system revenue requirements and revenues from rates. City Administrator Paine gave council a copy of a revenue and expense summary of all city funds from January through November. The electric utility is showing a negative change in cash of \$118,092.43. This is part of the reason rates need to be adjusted. One of Ms. Dotson's recommendations is that the council approve a power cost adjustment rider that would be applicable to all electric system metered sales (excluding city sales). This is designed to recover power supply related costs in excess of power supply costs included in the base electric system rates.

This study projects a 1.4% growth rate in the next five years. Colin Whitley, General Manager of KPP, has forecasted that the city's overall power bill for 2008 will increase 2.27%, in 2009 increase 1.00%, and will slightly decrease - .37% in 2010. The city's current loss, or unaccounted for energy, is 10%. The city's electric system does not have any outstanding debt, but it is making transfers to the General Fund, Bond & Interest Fund, Capital Improvements Fund, & the Equipment Reserve Fund. Ms. Dotson is recommending a 3.4% increase in rates for 2008, and another 3.4% increase in 2009. She is also recommending the development of a Capital Improvements Plan for 2008-2012 to determine if \$200,000.00 is enough; and, to work toward reducing the 10% losses. These steps will provide for a year-end electric fund balance of \$1,000,000.00 by year-end 2012.

It was the consensus of the governing body that they had a lot of work and discussion ahead of them. Decisions were made over the years that included transferring money to the Bond & Interest Fund to keep the mill levy down when the State took away demand transfers. The \$200,000.00 transfer to the Capital Improvements Fund is for all capital improvement projects, not just those for the electric utility. Most of the line loss is probably unmetered street lights. Ms. Dotson said one thing she did not do was compare our electric rates with other cities; but right now, they would be pretty high. Item deferred until the next council meeting.

Council member Watson left council chambers at 5:00 p.m.

13. EBH ENGINEERING CONTRACT – Motion was made by Council member Marler and seconded by Council member Dirks to approve the engineering contract with EBH (that will cover expenses through the end of the sewer lagoon construction project.) Motion carried unanimously.

14. APPROVAL OF EASEMENTS – TABOR ATHLETIC FIELD – deferred

15. POLICY – REGARDING WRITE-OFF OF ACCOUNTS RECEIVABLE – Motion was made by Council member Marler and seconded by Council member McCarty to approve Policy #77 – Procedures for the write-off of accounts receivable. Motion carried unanimously.

16. ORDINANCE 1160 – RECYCLING FEE – Motion was made by Council member Dirks and seconded by Council member Marler to approve Ordinance 1160 – (AN ORDINANCE AMENDING SECTION 6 OF ORDINANCE NO. 973 PERTAINING TO CHARGES FOR RECYCLING PROGRAM). Council was polled with the following vote: Marler, yes; McCarty, yes; Dirks, yes. Motion carried unanimously. The recycling fee is increasing from \$1.75 to \$1.80 per customer, per month.

17. BOARD APPOINTMENTS – none

18. ENGINEER’S REPORT – none

19. FOLLOW-UP FROM PREVIOUS COUNCIL MEETINGS – deferred

20. INVOICE FROM RANSON FINANCIAL AND REQUEST FOR FUNDS FROM KDOT – Motion was made by Council member McCarty and seconded by Council member Marler to approve the invoice (#2265) to Ranson Financial Consultants for time from September 18 – December 6 (Adams Street Project), in the amount of \$345.00; and, to approve the mayor signing the request for funds from KDOT in the same amount. Motion carried unanimously.

21. CITY ADMINISTRATOR’S REPORT – deferred

22. ADJOURNMENT – Motion was made by Council member McCarty and seconded by Council member Marler to adjourn at 5:55 p.m. Motion carried unanimously.

DELORES DALKE, MAYOR

ATTEST:

JANICE K. MEISINGER, CITY CLERK