

November 15, 2012

**ALLIANCE CITY COUNCIL**

REGULAR MEETING, THURSDAY, NOVEMBER 15, 2012

STATE OF NEBRASKA            )  
  )  
COUNTY OF BOX BUTTE        ) §  
  )  
CITY OF ALLIANCE                )

The Alliance City Council met in a Regular Meeting, November 15, 2012 at 7:00 p.m. in the Board of Education Meeting Room, 1604 Sweetwater Avenue. A notice of meeting was published in the Alliance Times Herald on November 8, 2012. The notice stated the date, hour and place of the meeting, that the meeting was open to the public, and that an agenda of the meeting, kept continuously current, was available for public inspection at the office of the City Clerk in City Hall; provided the Council could modify the agenda at the meeting if it determined an emergency so required. A similar notice, together with a copy of the agenda, also had been delivered to each of the City Council Members. An agenda, kept continuously current, was available for public inspection at the office of the City Clerk during regular business hours from the publication of the notice to the time of the meeting.

Mayor Feldges opened the November 15, 2012 Regular Meeting of the Alliance, Nebraska City Council at 7:00 p.m. Present were Mayor Feldges, Council Members Benzel, Lewis, Yeager and Seiler. Also present were City Manager Cox, City Attorney Ediger, and City Clerk Jines.

- Mayor Feldges read the Open Meetings Act Announcement.
- The first item on the Council's agenda was the Consent Calendar. Councilman Benzel made a motion, which was seconded by Councilman Seiler to approve the Consent Calendar as follows:

**CONSENT CALENDAR – NOVEMBER 15, 2012**

1. Approval: Minutes of the Regular Meeting, November 1, 2012; and the Special Joint Meeting with the Box Butte County Commissioners on October 29, 2012.
2. Approval: Payroll and Employer Taxes for the period October 13, 2012 through October 26, 2012 inclusive: \$170,094.74 and \$12,027.75 respectively.
3. Approval: Claims against the following funds for the period October 11, 2012 through October 25, 2012: General, General Debt Service, Trust and Agency, Street, Electric,

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Refuse Collection and Disposal, Sanitary Sewer, Water, Golf Course, Downtown Improvement Districts, R.S.V.P., Keno, and Capital Improvement; \$249,670.20.

4. Approval: Submittal of \$305.24 to the Nebraska State Treasurer's Office for unclaimed property.
5. Approval: The Alliance Chamber of Commerce street closure request to conduct their annual Christmas Parade. The event will be held on Saturday, December 1, 2012 with line up beginning at 12:15 p.m. and the parade starting at 1:00 p.m. The parade route will be on Box Butte Avenue with line-up between 10<sup>th</sup> and 8<sup>th</sup> Street and proceeding south to 3<sup>rd</sup> Street. The actual parade will turn off towards the east on 4<sup>th</sup> Street; however Santa Claus may continue to the 3<sup>rd</sup> Street Mini Park. Parade traffic will not cross 3<sup>rd</sup> Street but the left hand turning lane off of 3<sup>rd</sup> Street will need to be blocked. The City is in receipt of their Certificate of Insurance.
6. Approval: The issuance of a Cemetery Certificate to Roger Yerdon and Kathryn Yerdon for the East Half (E1/2) Lot Twenty-three (23), Section Six (6), Block Twenty (20), Third Addition to the Alliance Cemetery.

NOTE: City Manager Cox has reviewed these expenditures and to the best of his knowledge confirms that they are within budgeted appropriations to this point in the fiscal year.

Roll call vote with the following results:

Voting Aye: Benzel, Seiler, Feldges, Yeager, Lewis.

Voting Nay: None.

Motion carried.

- City Manager Cox provided his report which follows in outline form:
  - The Water Department has lost a well due to marginally exceeding arsenic level, which requires notification by mail to our 4500 customers. The good news is the 25<sup>th</sup> and Toluca well is doing okay for now, and the inspection and cleaning of all three water towers is complete.
  - The City has been awarded the NEMA Grant for the purchase of outdoor sirens in the amount of \$54,680 with the City's match requirement at \$18,227 which has been budgeted. Instead of only purchasing one unit, the City will be able to purchase four. Installation is anticipated for 2014.
  - The City has initiated entering into Agreements with agencies that we provide funding: Chamber of Commerce, Box Butte Development Corporation, Heartland Expressway, WNCC Foundation, and Keep Alliance Beautiful. These Agreements will be before Council in the next few meetings for your review and approval.
  - Staff has been working on several economic development issues which will be discussed with Council later during this meeting.

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- Some of our upcoming discussion items before Council will be an Airport Report, Service Excellence Report and Community Garden discussion.
  - Alliance will be celebrating our 125<sup>th</sup> Birthday with an event to be held on January 26, 2013 entitled "Stetsons, Stilettos, and Steam Engines. This will be one of many events which will be held in 2013.
- The first reading of Ordinance No. 2719, which will adopt the proposed City Council 2013 Meeting Schedule, was the next item presented to Council. City Manager Cox provided the following background information:

[Although by ordinance Council long ago established its meeting calendar as 7:00 p.m. at the Board of Education Office on the first and third Thursdays of each month, this measure will take into account the coming year and the holidays (including an adjustment for July 4). In addition, we have looked ahead and the schedule by its default, will allow for our attendance at the two League Conferences (Feb 25-26 and Oct 9-11), ICMA (Sept 23-26) and Service Excellence (Jan 23-24).

This past year, there was some discussion regarding changing the times of the meetings for the coming year. Although set forth by ordinance, Council meetings are just that and should be set by the members of Council at a time and date that is to its members' convenience. Should Council wish to make a change, amendments may be made to the ordinance by simple motion.]

A motion was made by Councilman Yeager, seconded by Councilman Benzel to approve the first reading of Ordinance No. 2719. City Clerk Jines read the Ordinance by title which follows in its entirety:

### **ORDINANCE NO. 2719**

AN ORDINANCE ESTABLISHING THE TIME AND PLACE OF REGULAR COUNCIL MEETINGS FOR THE CALENDAR YEAR 2013.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF ALLIANCE, NEBRASKA:

SECTION 1. Nebraska Statutes at Section 19-615 provide that ". . . the Council shall meet at such time and place as it may prescribe by ordinance, but not less frequently than twice each month in cities of the first class."

SECTION 2. The City Code provides at Chapter 1, Section 101, that "The City Council shall hold its regular meeting on the first and third Thursday of each month. The Council may, by adoption of a calendar each year, establish regular meeting dates other than the first and third Thursday of each month."

SECTION 3. Attached hereto is a "proposed 2013 calendar," which is incorporated herein by reference as if fully set forth.

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SECTION 4. The City Council of Alliance, Nebraska shall conduct regular meetings during calendar year 2013 on the dates that are indicated on the attached proposed 2013 calendar at the hour of 7:00 o'clock P.M. at the Board of Education Room, 1604 Sweetwater Avenue, Alliance, Nebraska. The time and place of these meetings may be changed from time to time as provided by law.

SECTION 5. This Ordinance shall be in full force and effect from and after its passage, approval, and publication according to law.

Roll call vote on the first reading of Ordinance No. 2719 with the following results:

Voting Aye: Yeager, Benzel, Feldges, Seiler, Lewis.

Voting Nay: None.

Motion carried.

- The next matter before Council was the second reading of Ordinance No. 2718, which will reduce the size of a utility easement between Lots 10 and 11, Block 5, Lakefield Addition. City Manager Cox provided the following background information:

[Shaun Houchin of Clau-Chin Construction has requested a reduction from 20' to 10' of a utility easement between Lots 10 & 11 of Block 5, Lakefield Addition. A map showing this proposed reduction ("vacation") is at the back of Section "F" of your packet.

Unfortunately, this is a matter where a building permit was issued prior to this matter being resolved and a house then constructed on the north lot (lot #11) which encroached upon said easement. Later, following the arrival of our new planner and his review with legal counsel, we received a legal opinion that cemented the fact that matters such as these could not simply be signed off by staff, but instead require Council approval. I apologize if this places Council in an uncomfortable position, but I concur with this legal opinion and believe we are taking measures to bring clarity and consistency to our processes.

With this background in mind, we have moved to correct the situation. On October 9, the matter was brought before the Planning Commission. A public hearing was held and following no public comments, the Planning Commission unanimously approved the measure for recommendation to Council. All City department heads with infrastructure oversight have signed off on the easement vacation as no one sees there being a problem with this proposal.]

A motion was made by Councilman Seiler, seconded by Councilman Yeager to approve the second reading of Ordinance No. 2718. City Clerk Jines read the Ordinance by title which follows in its entirety:

ORDINANCE NO. 2718

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AN ORDINANCE VACATING A PORTION OF EASEMENT LOCATED IN LOT 10 AND LOT 11, BLOCK 5, LAKEFIELD ADDITION TO THE CITY OF ALLIANCE, BOX BUTTE COUNTY, NEBRASKA.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF ALLIANCE, NEBRASKA:

SECTION 1. The City of Alliance has been requested to vacate portions of easements located in the North ten feet of Lot 10 and in the South ten feet of Lot 11, Block 5, Lakefield Addition, which easements were originally platted for use as a utility easement.

SECTION 2. The portions of the easements requested to be abandoned by the City are no longer needed by the City utilities and are not projected to be needed in the future.

SECTION 3. The City of Alliance hereby abandons to the owner of Lot 10 and Lot 11, Block 5, Lakefield Addition, Box Butte County, Nebraska, the following described real estate, formerly platted as utility easements:

The South 5 feet of the North 10 feet of Lot 10 and the North 5 feet of the South 10 feet of Lot 11, Block 5, Lakefield Addition, an addition to the City of Alliance, as surveyed, platted and recorded in Box Butte County, Nebraska, as shown on Exhibit A attached hereto and by this reference incorporated herein.

SECTION 4. The Mayor is authorized to execute the partial disclaimer release which has been provided, and City staff is authorized to file the partial disclaimer and release upon its signing with the Box Butte County Clerk.

SECTION 5. This real estate is not used in the operation of public utilities, and is not a State Armory for the use of the State of Nebraska or the State Armory, as provided in 16-201 R.R.S. Neb. 1943.

SECTION 6. This ordinance shall be in full force and effect after its passage, approval and publication according to law.

Roll call vote on the second reading of Ordinance No. 2718 with the following results:

Voting Aye: Seiler, Yeager, Benzel, Feldges, Lewis.

Voting Nay: None.

Motion carried.

● Resolution No. 12-90 which will authorize the use of Public Safety Tax Contingency Funds in the amount of \$19,980.00 for the repair of the Fire Department's breathing air cascade system was the next matter to be considered by Council. City Manager Cox provided the following background information:

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[We have experienced a failure with our breathing air cascade system that the Fire Department uses to fill the SCBA air containers. These air containers are under high pressure and the system we use to fill the containers has failed its certification, meaning it's leaking and would not contain an explosion.

Chief Shoemaker has investigated the situation and the detailed memo from him is included in your packets.

To summarize, Chief, working with our service vendor, has put together three options:

- |  |          |
|--|----------|
| 1. Full replacement of an entirely enclosed system:                    | \$40,429 |
| 2. Replace the fill station & replace the compressor with a larger one | \$37,094 |
| 3. Replace the fill station only & replace compressor next year        | \$19,980 |

Chief Shoemaker feels comfortable with replacing just the fill station for now, and then plans to include the compressor in next year's budget. Therefore, he is recommending the third and lowest option for a total request of \$19,980.

The 2012-2013 Budget includes a Public Safety Fund Contingency of \$30,000 in line item 42-37-37-59-950.

I concur with the staff recommendation and believe this request would be an appropriate use of this fund and recommend the same to Council.]

A motion was made by Councilman Lewis, seconded by Councilman Yeager to approve Resolution No. 12-90 which follows in its entirety:

#### RESOLUTION NO. 12-90

*WHEREAS*, The City of Alliance owns a breathing air cascade system for use by the Fire Department; and

*WHEREAS*, The current system has experienced a failure which needs immediate attention; and

*WHEREAS*, Centennial Fire & Safety Equipment, LLC is the closest authorized dealer for Bauer Air Compressors; and

*WHEREAS*, The City received three options to address and correct the failure; and

*WHEREAS*, There are funds available in the Public Safety Tax Contingency funds; and

*WHEREAS*, Staff is requesting funds from the Public Safety Tax Contingency in the amount of Nineteen Thousand Nine Hundred Eighty and no/100ths Dollars (\$19,980.00) to pay for the components to address the critical safety issue; and

*WHEREAS*, The City Council agrees that it is in the best interest of the City to correct the issues with the breathing air cascade system for the Fire Department and that Public Safety Tax Contingency funds be used to pay for these expenses.

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*NOW, THEREFORE, BE IT RESOLVED* by the Mayor and Council of the City of Alliance, Nebraska, that funds from the Public Safety Tax Contingency in the amount of Nineteen Thousand Nine Hundred Eighty and no/100ths Dollars (\$19,980.00) be used to pay for the components for the breathing air cascade system to address the critical safety issue for the Alliance Fire Department.

*BE IT FURTHER RESOLVED* that the City Manager J.D. Cox is authorized to execute a contract with Centennial Fire and Safety Equipment, LLC for the expenses related to the repair of the breathing air cascade system in the amount of Nineteen Thousand Nine Hundred Eighty and no/100ths Dollars (\$19,980.00) from Account No. 42-37-37-59-950.

Roll call vote for Resolution No. 12-90 with the following results:

Voting Aye: Lewis, Yeager, Feldges, Seiler, Benzel.

Voting Nay: None.

Motion carried.

- The next item before council was Resolution No. 12-91, which authorizes the purchase of 17 SCADA radios and associated equipment from HOA Solutions Inc. in the amount of \$32,853.47. City Manager Cox provided the following background information:

[The 2012-2013 Budget includes \$35,000 for the capital replacement of the SCADA radios and antennae with \$30,000 in Water capital line item #08-52-52-59-950 and \$5,000 in Sewer capital line item #07-52-58-55-911.

This turnkey project will replace 17 SCADA radios and will communicate 20-times faster than the 26-year-old version that we currently have.

Bids were solicited by Water/Sewer Superintendent Mike Hulquist and we received only one bid. It is staff's opinion that this bid in the amount \$32,853.47 with HOA Solutions of Lincoln, NE may be accepted as a reasonable bid. Therefore, staff is recommending that the purchase be approved with \$30,000 being applied to the water capital line item and the balance of \$2,853.47 being charged to the sewer line item.]

Councilman Benzel made a motion to approve Resolution No. 12-91 which follows in its entirety. The motion was seconded by Councilman Lewis.

#### RESOLUTION NO. 12-91

*WHEREAS*, The City of Alliance Water Department has on their capital improvements the purchase of scada radios; and

*WHEREAS*, The Alliance Water Department will be replacing units that are twenty-six years old and no longer able to be supported by current technology; and

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*WHEREAS*, Only one bid was received and staff has confirmed it is reasonable. Therefore, the lowest, reasonable, responsive bidder was HOA Solutions of Lincoln, Nebraska with a satellite office in Scottsbluff, Nebraska; and

*WHEREAS*, The bid from HOA Solutions of Lincoln, Nebraska met the bid; and

*WHEREAS*, The Alliance Water Department has the funds in its budget and Council believes that it is in the best interest of the City to approve the purchase of 17 scada radios and the accessory equipment.

*NOW, THEREFORE, BE IT RESOLVED*, by the Mayor and City Council of Alliance, Nebraska, that the Mayor be and hereby is authorized to enter into a contract for the purchase of seventeen scada radios and associated equipment from HOA Solutions of Lincoln, Nebraska, said contract being in an amount of Thirty-two Thousand Eight Hundred Fifty-three and 47/100ths Dollars (\$32,853.47). The purchase is authorized to be paid as follows: \$30,000.00 from Account No. 08-52-52-59-950 and \$2,853.47 from Account No. 07-52-58-55-911.

Roll call vote for Resolution No. 12-91 with the following results:

Voting Aye: Benzel, Lewis, Seiler, Yeager, Feldges.

Voting Nay: None.

Motion carried.

- The next item for consideration was Resolution No. 12-92, which authorizes the purchase of a mower, hard cab, and snow broom attachment from 21<sup>st</sup> Century Equipment of Alliance, Nebraska in the amount of \$24,900.00. City Manager Cox provided the following background information:

[This item is also for budgeted capital equipment. In this year's budget we have \$10,000 in Parks for snow attachments and \$20,000 in Cemetery for a mower replacement for a total of \$30,000. Cultural & Leisure Services Director Shana Brown went out for bid and received three bids back.

Two of the three bids were close – only \$60 apart: Sandberg Implement (Gering) for \$24,840 and 21<sup>st</sup> Century (Alliance) for \$24,900. In analyzing the bids, there are two consideration that have caused staff to accept Century 21<sup>st</sup> bid: 1. The Sandburg did not include turn assist brakes which were included in the bid specifications; and 2. Staff believes that the cost of the equipment from Sandberg is actually higher in that servicing will require 120-mile round trips each time that there is a problem, which includes cost of gas, down time, and the cost of labor to transport the equipment and/or parts. Therefore, we believe the lowest responsible bid to be from 21<sup>st</sup> Century of Alliance for \$24,900.]

A motion was made by Councilman Yeager, seconded by Councilman Seiler to approve Resolution No. 12-92 which follows in its entirety:

RESOLUTION NO. 12-92

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*WHEREAS*, The City of Alliance Cemetery and Parks Divisions had on their capital improvements for this fiscal year, the purchase of a mower with a hard cab and snow attachments; and

*WHEREAS*, The City of Alliance sent out four Invitations to Bid and received bids from three vendors for various sized units; and

*WHEREAS*, Staff is recommending the bid of 21<sup>st</sup> Century Equipment of Alliance, Nebraska for a John Deere, Model 1435 62" Deck Mower with the requested attachments for the cost of Twenty Four Thousand Nine Hundred and no/100ths Dollars (\$24,900.00); and

*WHEREAS*, The difference between the two lowest bids is \$60.00. The recommendation to award the purchase to 21st Century Equipment is based on two issues. The first issue is the bid of Sandburg Implement did not include turn assist brakes which were requested in the bid specifications. The second issue is Staff believes the City will realize a savings with purchasing from the local vendor, as warranty work and repairs will be done in Alliance and will not require staff to transport the equipment 60 miles; and

*WHEREAS*, The Alliance Cemetery and Parks Divisions have the funds in its budget and Council believes that it is in the best interest of the City to approve this purchase.

*NOW, THEREFORE, BE IT RESOLVED*, by the Mayor and City Council of Alliance, Nebraska, that the Mayor be and hereby is authorized to enter into a contract for the purchase of a John Deere, Model 1435 62" Deck Mower with the requested attachments for the cost of Twenty Four Thousand Nine Hundred and no/100ths Dollars (\$24,900.00) from 21<sup>st</sup> Century Equipment of Alliance, Nebraska.

Roll call vote for Resolution No. 12-92 with the following results:

Voting Aye: Yeager, Seiler, Benzel, Feldges, Lewis.

Voting Nay: None.

Motion carried.

- The next matter before Council was Resolution No. 12-93, which awards the final construction phase of the Cody Substation Upgrade to IES Commercial Inc., of Holdrege, Nebraska in the amount of \$193,395.00. City Manager Cox provided the following background information:

[The final capital item on this week's agenda is by far the largest. Our much anticipated Cody Substation rebuild is ready for acceptance of bids for the final construction phase. We are in receipt of two bids: \$193,395 from IES Commercial of Holdrege, NE and the second for \$226,100 from Harold K. Scholz Company of Ralston, NE. Staff is recommending and I concur, with awarding the bid to the low bidder, IES. Our engineering firm, Olsson & Associates recommends IES based upon their past experience with the firm.

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Also, one piece of good news coming from Olsson's earlier main feeder amperage miscalculation, they have provided significant design, development and bidding documents at no added cost to the City.

Finally, the overall original projection for the Cody project was \$1.6 million and with this item, we are currently well below budget at approximately \$1.3 million.

We have \$350,000 budgeted for substation maintenance.

The enclosed resolution will award the bid to IES Commercial of Holdrege for the amount of \$193,395, with work expected to begin within a couple of weeks and to be completed in 10-12 weeks.]

A motion was made by Councilman Seiler, seconded by Councilman Benzel to approve Resolution No. 12-93 which follows in its entirety:

#### RESOLUTION NO. 12-93

*WHEREAS*, The City of Alliance Electric Department had on their capital improvements for the upcoming fiscal year switchgear installation and feeder upgrades for the Cody Substation; and

*WHEREAS*, The City of Alliance received two responses to our Invitation to Bid; and

*WHEREAS*, The lowest, reasonable, responsive bidder was IES Commercial Inc., of Holdrege, NE in the amount of \$193,395.00; and

*WHEREAS*, The Alliance Electric Department has budgeted adequate funds for this project and Council believes that it is in the best interest of the City to approve this contract.

*NOW, THEREFORE, BE IT RESOLVED*, by the Mayor and City Council of Alliance, Nebraska, that the Mayor be and hereby is authorized to enter into a contract for the switchgear installation and feeder upgrades for the Cody Substation with IES Commercial Inc., of Holdrege, NE in the amount of \$193,395.00.

*BE IT FURTHER RESOLVED*, that the purchase will be funded from Electric Account No. 05-51-52-53-916.

Roll call vote for Resolution No. 12-93 with the following results:

Voting Aye: Seiler, Benzel, Yeager, Lewis, Feldges.

Voting Nay: None.

Motion carried.

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- The Council next reviewed Resolution No. 12-94, which maintains the current level of health insurance premiums from employees for the 2013 Plan Year. City Manager Cox provided the following background information:

[The City offers multiple Group Health, Dental, Accidental & Life Insurance options:

Health -

- Option A – Our base plan has a \$500 per person / \$1000 per family deductible when utilizing a Preferred Provider within the network. Currently employees pay \$230 per month for family coverage and \$75 per month for single.
- Option B – A Health Savings Account (HSA) with a \$1250 per person/\$2500 per family deductible when utilizing a Preferred Provider within the network. Currently employees pay \$56 per month for family coverage and \$20 per month for single.
- Option C – Also a Health Savings Account (HSA) with a \$2500 per person/\$5000 per family deductible when utilizing a Preferred Provider within the network. Currently, employees pay \$0 per month for family coverage and \$0 per month for single, plus the City places \$50 per month in the employee's HSA.

Cafeteria / Section 125 Plan –

- Additionally, the City offers a Select-Flex Plan which is addressed in the next agenda item.

Although our costs did increase, due to comparability's and the fact that we are going to be bidding out insurance later in 2013, we are recommending that we keep the program costs the same to employees as outlined above.

Resolution 12-94 will renew our plan with employees at same employee contribution rates.]

A motion was made by Councilman Lewis, seconded by Councilman Benzel to approve Resolution No. 12-94 which follows in its entirety:

#### RESOLUTION NO. 12-94

*WHEREAS*, The City of Alliance has engaged in a process of evaluating its current health care benefit plans offered to employees; and

*WHEREAS*, The proposals provide for three options from which benefit eligible employees may choose, labeled Option A, Option B, and Option C, which have varying deductibles and out-of-pocket expenses.

*NOW, THEREFORE, BE IT RESOLVED*, by the Mayor and City Council of Alliance, Nebraska, that the Schedules of Benefits packages to be offered to employees will be Option A, Option B, and Option C.

*BE IT FURTHER RESOLVED*, the following monthly employee contribution levels are established effective January 1, 2013:

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Plan A	Single	\$ 75.00
	Family	\$230.00
Plan B	Single	\$ 20.00
	Family	\$ 56.00
Plan C	Single	No Contribution; \$50.00/month paid to an Employee Health Savings Account
	Family	No Contribution; \$50.00/month paid to an Employee Health Savings Account

Roll call vote for Resolution No. 12-94 with the following results:

Voting Aye: Lewis, Benzel, Seiler, Yeager, Feldges.

Voting Nay: None.

Motion carried.

- The next item for Council's approval was Resolution No. 12-95, which authorizes the City to establish a "collateral account" for the purpose of allowing the employees enrolled in the City's Select Flex benefit program the use of a prepaid benefits card to provide immediate access to their funds for medical purposes. City Manager Cox provided the following background information:

[As mentioned above, the City has also offered a Flexible Spending Account (FSA), which is also commonly referred to as a "Section 125" or as a "Cafeteria Plan." Currently, for those enrolled in the program, their "flexibility" is limited as it just works as a "reimbursement" program, whereby employees have a certain amount deducted and set aside from each of their paychecks, then when they have a claim, they pay for it out of their personal account, and then submit paperwork and documents for reimbursement. It is quite time consuming and awkward as not every employee has a fax machine sitting readily by waiting to fax reimbursement documents. One more thought regarding our current plan is that there is some exposure to the City – that occurs when an employee signs up for the program (let's say for \$1000). That full \$1000 is available to the program to use immediately beginning January 1. If the employee were to go out and use the full \$1000 and then separate from the organization before the end of the plan year, then the City would eat the balance between the \$1000 and what the employee had contributed up to the time of his/her separation. Conversely, if that same employee does not use the full \$1000 by the end of the year (usually there's a few months of grace period into the following year), then he/she forfeits the balance to the City. Both of these risks have always been with the program and that does not change with the new Benny cards as discussed below.

We are recommending with the proposed changes, a more convenient and much enhanced way for employees to manage their health, eye and dental payments ... and that is with a debit card (also referred to as a "Benny" card). Under this convenience, one simply presents the Benny card at the place of the medical, dental or eye care and that is used to collect either full payment

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or to collect the employee's deductible – including orthodontics!\* Of course, this can also be used for the employees' prescription drug payments.

Overall, as compared with our total healthcare costs, there is a small additional charge of \$1.75 per month for each card in addition to the \$4.25 we already pay. Currently, we have only 11 folks enrolled in the Section 125 plan. For eleven, this represents an annual increase of only \$165.00. Additionally, we will need to set up a collateral clearinghouse account with a balance of \$2500 to cover the transactions.

\*Current IRS regulations to limit employees from using a Section 125 plan for health care if they have a high-deductible HSA plan. Nevertheless, the employees would have the flexibility of enrolling in a non-HSA account.

I have personally seen this program work as we are recommending.]

A motion was made by Councilman Benzel, seconded by Councilman Seiler to approve Resolution No. 12-95 which follows in its entirety:

#### RESOLUTION NO. 12-95

*WHEREAS*, The City of Alliance has a Select Flex program as part of our fringe benefit package for employees. The program allows employees to pay for certain expenses on a pre-tax basis as outlined in Section 125 of the Internal Revenue Service; and

*WHEREAS*, The program has now made available a prepaid benefits card for employees participating in the program to provide immediate access to their funds. The cost for this feature is an additional \$1.25 to our current administrative fee of \$4.25, for a total of \$5.50 per month, per employee. Currently, employees are required to incur the expense and then submit a claim for reimbursement; this new feature will significantly simplify the process for our employees; and

*WHEREAS*, In order to provide this new feature, the City must open a Collateral Account in an amount up to \$2,500.00 for the purpose of enabling a bank to settle card transactions in a timely manner. The Bancorp Bank of Sioux Falls, SD is the financial institution which provides this service for our third party administrator, RCI, Inc. which administers and processes claims for our group.

*NOW, THEREFORE, BE IT RESOLVED*, by the Mayor and City Council of Alliance, Nebraska, that the City of Alliance is authorized to open a Collateral Account with Bancorp Bank of Sioux Falls, SD in an amount up to \$2,500.00 and approve the additional administrative fee to allow our employees the convenience of a prepaid benefits card to fully utilize the Select Flex program.

Roll call vote for Resolution No. 12-95 with the following results:

Voting Aye: Benzel, Seiler, Yeager, Lewis, Feldges.

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Voting Nay: None.

Motion carried.

- The next item on Council's agenda was Resolution No. 12-96 which authorizes the City Manager to implement a Production Cost Adjustment of up to \$0.01 per kWh to our electric rates. City Manager Cox provided the following background information:

[At the last Council meeting, we discussed in depth our revenue falling short of costs due to rising electric energy production costs. During that same meeting, we visited that we thought by covering some of this shortfall last year with our reserves provided some relief to our electric customers. Council was also in consensus that this trend was not sustainable and that we would consider a Power Cost Adjustment to get us through until the 2013 rate study is completed and suitable rates are established and implemented.

Quite simply, our total expenditures are pushing 9¢ per kWh, while our blended revenue is only around 8¢. In simple terms, the 8¢ raises in the ballpark of \$8 million, while our expenses are hovering around \$9 million.

To further corroborate our concern, the most recent numbers for October 2012 are showing between a \$150,000 to \$200,000 loss. This size of monthly loss is of special concern when it actually included the rate increase that went into effect October 1, 2012.

We are proposing in the recommended resolution, that Council authorizes the City Manager to employ up to a 1¢ production cost adjustment for a period until our rate study is complete and implemented which is anticipated by April, 2013.

In the meantime, we will closely monitor revenues as compared to total expenses and will report regularly to Council. If revenues come in higher than expected, we will either back away from the full 1¢ or we will recommend to Council some other type of relief for our rate payers.]

A motion was made by Councilman Lewis, seconded by Councilman Benzel to approve Resolution No. 12-96 which follows in its entirety:

#### RESOLUTION NO. 12-96

*WHEREAS*, The City of Alliance provides electrical services to residents, businesses and others through the Alliance Municipal Electric System; and

*WHEREAS*, The City of Alliance is a member of the Municipal Energy Agency of Nebraska (MEAN) and of Western Area Power Administration (WAPA); and

*WHEREAS*, The City of Alliance received billings from MEAN and WAPA that demonstrate the cost of electricity purchased from both entities has increased and added additional cost to wholesale rates; and

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*WHEREAS*, The City of Alliance has entered into a contract for an electric rate study to be completed and implemented in 2013; and

*WHEREAS*, The City Council believes it is in the best interest of the City to approve administrative adjustments to billings for electrical services to reflect the additional charges as production costs.

*NOW, THEREFORE, BE IT RESOLVED* by the Mayor and Council of the City of Alliance, Nebraska, that pursuant to the Alliance Municipal Code, Section 4-144.2 that the City Manager be authorized to employ a Production Cost Adjustment of up to \$0.01 per kWh, until such time as Council implements the new rate structure.

Roll call vote for Resolution No. 12-96 with the following results:

Voting Aye: Lewis, Benzel, Seiler, Feldges.

Voting Nay: Yeager.

Motion carried.

- Rick Ediger, City of Alliance Attorney, met with Council and led a general discussion regarding developing a separate Community Development Agency as opposed to City Council serving as both Governing Boards. City Manager Cox provided the following background information:

[Rick Ediger, our esteemed attorney who specializes in economic development will be present to assist in leading a general discussion with Council as to the merits of spinning off a separate Community Redevelopment Agency (CRA) as opposed to Council having to serve its normal duties as Governing Body and then have the awkwardness of having to sit as the Community Development Agency during Tax Increment Financing (TIF) matters and recommend certain matters to itself sitting as the other board.

A letter from Rick is included in your packets outlining how this matter might work should it be handled as a separate group as well as a number of discussion points.

Additionally, this past week we had meetings of both of our citizen economic development groups: Economic Development Plan Citizens Advisory Board (EDPCAB) and the Economic Development Plan Application Review Committee (EDPARC).

Particularly with the EDPARC, we discussed this very idea and the possibility, if Council were to be interested, of the members of the EDPARC to serve in a separate, but very important capacity as a new Community Redevelopment Agency.

This EDPARC Committee is very strong and is comprised of the following members: John McGhehey (President), Scott Moller, Richard Robb, Brenda McDonald, and Serena Bremer. This group is thoughtful, caring, yet very business-like and interested in making our economic development investment dollars as productive as possible.

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To the person, when asked, all five were agreeable to serve in a capacity as a separate Community Redevelopment Agency.

Although I will let Rick's memo stand on its own, I will draw to your attention the main points:

1. Council does not relinquish its final say role in the process of approving or declining economic development matters (although I am sure you will wish to weigh heavily the recommendation of the CRA in your consideration; and
2. A separate CRA can by its very nature focus more on the economic development and incentive planning, whereas Council simply does not have the ability to place too much focus on economic development as it must dutifully shoulder the responsibility of a myriad of other responsibilities that our City of 9000 requires.

For your convenience, we have also placed a copy of the City of Alliance Economic Development Plan in your packets.

This matter is for discussion only and no legislative documents have yet been prepared.]

- The final items for Council's approval were the Board Appointments and Resignation.

A motion was made by Councilman Seiler, which was seconded by Councilman Benzel to appoint Patricia D. Johnston to the A-1 Downtown Improvement Board for a term which will expire October 31, 2013.

Roll call vote with the following results:

Voting Aye: Yeager, Benzel, Feldges, Lewis, Seiler.

Voting Nay: None.

Motion carried.

A motion was made by Councilman Seiler, which was seconded by Councilman Lewis to appoint Marcia Buck to the A-2 Downtown Improvement Board for a term which will expire October 31, 2013.

Roll call vote with the following results:

Voting Aye: Benzel, Lewis, Feldges, Seiler, Yeager.

Voting Nay: None.

Motion carried.

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A motion was made by Councilman Seiler, which was seconded by Councilman Lewis to regretfully accept the resignation of Melba Dickenson from the Library Board.

Roll call vote with the following results:

Voting Aye: Seiler, Yeager, Benzel, Lewis, Feldges.

Voting Nay: None.

Motion carried.

- The last item on the City Council agenda was an Executive Session. A motion was made by Councilman Lewis that pursuant to Section 84-1410 Reissue Revised Statutes of Nebraska 1943, that Council finds it necessary to enter into a closed session to discuss contract negotiations. The motion was seconded by Councilman Benzel.

Roll call vote with the following results:

Voting Aye: Yeager, Benzel, Lewis, Feldges, Seiler.

Voting Nay: None.

Motion carried.

The Council restated they were entering into an Executive Session for the purpose of contract negotiations with the session starting at 9:14 p.m. The Session ended at 10:45 p.m. with no additional action being taken.

- Mayor Feldges stated, “there being no further business to come before the Alliance City Council, the meeting is adjourned at 10:46 p.m.”

(SEAL)

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Fred Feldges, Mayor

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Linda S. Jines, City Clerk