

MINUTES
CAPITAL IMPROVEMENTS COMMITTEE
SEPTEMBER 14, 2009

Members present Mayor Raeanne Presley, City Administrator Dean Kruithof, Alderman Stan Barker, Alderwoman Cris Bohinc, Bob McDowell and Michael Pinkley. Also present were Public Works Director, Larry VanGilder, Public Relations Director, Jerry Adams, Assistant Finance Director, Jamie Rouch and Water/Wastewater Treatment Division Head, Mike Ray.

Mayor Presley called the meeting to order at 10:35 a.m.

Item No. 3: Update on Current Capital Projects – including Fall Creek Road Extension and Cahill Walking Path. Mayor Presley commented that she believed there was a misconnection on the Pennel parking lot improvements and was concerned about the costs from the bids received. Administrator Kruithof confirmed that the bids for the parking lot had been let and accepted but that the bids contain a 60 day period wherein the bid bonds are still good and staff has notified the apparent low bidder that the city will be holding off until capital budget is approved. Mayor Presley inquired if the scope was larger and did that add to the extra costs for this project. She stated that it appears to be a much larger project than anticipated. Bob McDowell asked if the city needs the parking now. Alderwoman Bohinc replied that parking is one of the priorities of the aldermen and also a priority of the citizens survey. Administrator Kruithof stated that staff is looking at ways to recoup moneys for construction of the boat storage with conversations with HCW and preparation of a fair market lease. Bob McDowell stated that the property is of value to somebody and suggested a 2-3 year lease with Bass Pro. Administrator Kruithof explained that the slope of the property adds costs and the center segment of the new parking lot would be for boat parking. Bob McDowell stated that the highest and best use for parking is not boat storage. Mayor Presley stated that there are two factors of concern and they are the cost of the project and staff needs to update this committee monthly concerning projects that are coming up for bid or on-going projects. Administrator Kruithof explained to the committee that the city is under no obligation for boat parking. Alderman Barker inquired as to the conditions of the Pennel buildings. Administrator Kruithof replied that the buildings have been demolished. Mayor Presley suggested that public works install some concrete bunkers at the edges of the lots to prevent vehicles from driving onto the freshly seeded soil.

Bob McDowell inquired about the details on the fill material removal on the Fall Creek Road extension project. Administrator Kruithof stated that there was more fill than anticipated. Mayor Presley informed the committee that in celebration of the opening of this road there will be a family friendly ribbon cutting on either October 3rd or 10th.

Item No. 4: Tri-States Utilities – Blue Meadows Subdivision. Mayor Presley stated that she had received a telephone call from a citizen aggravated over water quality issues and complaining that water is shut off periodically by Tri-State Utilities. She further stated that she met with Tri-State Utilities last week and they stated that they are in the process of putting together their capital improvement program. Larry VanGilder stated that when system is flushed periodically, sediment will come through the pipes. Mayor Presley stated that this subdivision wants to hook to city water. Larry VanGilder stated that the only way would be if the city buys

the lines or installed new lines parallel to existing lines. Alderman Barker inquired if Tri-State Utilities paid for the existing lines. Bob McDowell stated that there many people that want to connect to city water. Mayor Presley presented a question as to how we (the city) approach residents in this area concerning water issues. Bob McDowell replied that they will probably have to contact the public service commission with their complaints as it is not city water. Larry VanGilder stated that sewer services are provided in this area, but the water system has always been Tri-State Utilities. Alderman Barker stated that the issue comes from the interpretation of the sewer services and annexation agreements. These state that “see that those services are provided as part of annexation agreement. Water Districts fall under a different state statute.” Larry VanGilder stated that Tri-States Utility is a private utility company and that Water District #3 is a public utility and according to statute, we cannot compete with them. Bob McDowell stated that this is not the city’s responsibility because we don’t have overriding authority.

Item No. 5: Update on Water/Sewer Rate Study. Larry VanGilder explained to the committee that there is a hold up from us concerning some of the information requested by the consultant. The Finance Department will be providing the information this week.

Item No. 6: Discuss Concerns Expressed from Bee Creek Residents Regarding Sewer Bills. These concerns will be addressed as part of the utility rate study.

Items No. 7&8: Discussion of Board of Aldermen’s Upcoming Capital Improvements, Debt & City Obligations Meeting and Establish Definitions and Guidelines Concerning Operational Capital vs. Long Term Capital. Administrator Kruithof explained that staff is in the process of putting the capital budget together by addressing capital improvement plan. He further stated that the long range budget capital have been plugged into capital budget plan. The capital improvement plan will be presented to the city council for their decision. He advised the committee that this will be addressed in the Study Session scheduled for October 8th. Administrator Kruithof presented to the committee a copy of Recommended Practices from the Government Finance Officers Association (GFOA). He explained that the use of multi-year capital planning is recommended but there is very often confusion about capital projects and capital expenditures, i.e. plotter, office equipment, police supplies, and fire equipment to name a few.

Administrator Kruithof stated that the definition of capital assets is “all tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc.”, (i.e. trucks, utilities, pumps and motors). The city needs to define what the capital assets are and keep inventory of those items. Bob McDowell expressed concern that these items were not budgeted and that deferring maintenance costs for a particular year will result in consequences later. Alderwoman Bohinc recently learned that the city hasn’t been deferring maintenance costs but set aside monies for emergencies. Bob McDowell stated that there needs to be a way to know the expected use life of a capital item and set monies aside for capital items. Mayor Presley stated that there are projects and items that the city intends to do but those items need to be addressed. Her concern is that the wish list (capital items) is not being addressed in the capital plan and that in the future the city needs to plan for projects ahead of time. Bob McDowell stated that the items are not even prioritized.

Alderman Barker recommended that funds be set aside for purchase of the land adjacent to the RecPlex. Bob McDowell suggested that the city start generating revenue resources to pay for projects. Begin researching for additional revenue resources that the city can tap into for funding. Mayor Presley suggested that the committee and the Board of Aldermen prioritize the list. Cris Bohinc stated to the committee that she is frustrated because results of the citizen survey and goals of the aldermen include improvements to neighborhoods and businesses and she feels like these are being set to the side for other projects. She stated that during her campaign for office, she made commitments to many people and she doesn't see that those are getting done. Bob McDowell reminded the committee that prioritizing the capital items is a challenge. Michael Pinkley stated that he has two concerns and they are: 1) how and when will the projects be prioritized and 2) who will prioritize. Mr. Pinkley suggested that a timeline be addressed and regularly scheduled maintenance be addressed in that timeline. Mayor Presley inquired as to how we (city) do it. Michael Pinkley replied the same way the city responded to the citizens of Haiawatha Heights. By meeting with the neighborhood and responding to issues that they present. Bob McDowell expressed concern that the city doesn't have funds to pay for the "got to" list, not to mention the other capital items. Administrator Kruithof stated that the city will have to go by the estimated revenues, the revenues available, sources and uses, special assessments for roads, and immediate issues. He stated that certain items are mandated. Mayor Presley suggested that staff go through list and define each item. She suggested this committee meeting prior to the October 8th study session to discuss projects after they have been prioritized by staff. Administrator Kruithof stated that a meeting would be set up and committee would be notified of date and time.

Mayor Presley asked if there are any other items up for discussion by this committee. Bob McDowell suggested that city staff look at all tools and resources available to shore up what we have. He stated that the city needs to blaze a new path and find new resources.

Cris Bohinc stated that during the drive around the city last meeting discussion was made concerning setting aside monies to different wards for improvement projects. She suggests that each ward receive the same amount and that we need to include all aldermen in discussions of projects.

There being no further business, the meeting was adjourned at 11:45 a.m. The next regularly scheduled meeting is Monday, October 12, 2009 at 10:30 a.m.