

Madrid City Council  
Regular Meeting  
April 5, 2010

The Council meeting was called to order at 5:31 p.m. with Mayor Jeff Gibbons presiding.

Present at Roll Call: Steve Burich, Lane Shaver, Val Chapman, Mike Heeren, Don Lincoln

Other City Officials present: Deputy City Clerk Donna Havlik, Police Chief Rick Tasler, City Attorney John Jordan, and Fire Chief Jim Murry

Motion by Councilperson Shaver, seconded by Councilperson Heeren, to approve the agenda.  
Ayes: All Present Motion Carried

Motion by Councilperson Shaver, seconded by Councilperson Burich, to approve the City Council meeting minutes of March 22, 2010.  
Ayes: All Present Motion Carried

Motion by Councilperson Heeren, seconded by Councilperson Chapman, to approve the April 5, 2010 claims totaling \$16,749.19.  
Ayes: All Present Motion Carried

Mike Schoup, Bartlett & West Engineer, addressed the Council to answer any questions regarding Resolution # 17-09-10, "To Fix A Date For A Public Hearing On A Sewer Revenue Loan And Disbursement Agreement" and, Resolution #18-09-10, "Resolution To Establish A Public Hearing To Review The Environmental Information And Facility Plan For The Proposed Wastewater Treatment Facility." Resolution #17-09-10 is the necessary documentation for the City to enter into an agreement to borrow \$642,000 at 0% interest for a 3 year period. This loan would be for the purpose of paying the costs associated with the planning, designing and constructing improvements and extensions to the Sanitary Sewer System. Schoup added that an application has also been submitted for I Jobs funding to assist with costs associated with the construction of the project. Schoup explained that Resolution #18-09-10 is created to set the public hearing date to review an application for a State Revolving Fund (SRF) loan. The environmental information and facility plan for design and proposed improvements to the City's wastewater treatment system will be available to the public and shall be discussed at the public hearing. Councilperson Chapman questioned if the special interest groups and agencies would be receiving a copy of the resolutions or would they just be contacted. Schoup responded that the state will send letters to a list of agencies to advise them of the projects in the area. Mayor Gibbons asked if Schoup planned to be present during the public hearings. Schoup responded that he would be present. Dennis Wilcox questioned if the \$642,000 was also for construction or was it only for the design and planning. Schoup answered that the funding is to cover everything that would take place for the sanitary sewer facility prior to the construction phase. Councilperson Shaver suggested that the resolution be clarified or revised to remove the word "construction".

Fire Chief Murry had nothing to report at this time. Mayor Gibbons referred to the commentary submitted by City Administrator/Clerk Kilzer regarding the possibility of replacing the three windows on the west side of the community room building.

Becky Roorda, Chairperson of the Friends of the Trail Committee, reported to the Council that Boone County Endowment has awarded \$4,605.00 to the committee for trail access construction from 3<sup>rd</sup> and 4<sup>th</sup> Streets to the High Trestle Bridge Trail. Roorda added that volunteers have already begun working and Terry Mercer has volunteered to remove the stumps in the trail access areas. Roorda continued that the pancake breakfast fundraiser brought in approximately \$1,700.00 in revenue for the trail project.

Roorda advised the Council there will be a trail clean up day on April 17, 2010 beginning at 9:00 a.m. until noon as part of the "Keep Boone County Beautiful Clean Up Day".

City Attorney John Jordan advised the Council that he spoke with Lisa Hines, of the Iowa Natural Heritage Foundation, regarding the deed for the trailhead. Jordan will prepare the deed from the Iowa Natural Heritage Foundation to the City. The deed will be held in escrow until the funding of \$43,000.00 is received from the Iowa

Department of Natural Resources. Kilzer has agreed to contact the DNR to request the funds to be released. Jordan added that the deed will not be recorded until the funding is deposited in the City's account.

Roorda also mentioned that the Friends of the Trail and the Trail Steering Committees have been discussing signage for on and off the trail. The committees have not made any decisions at this time although it has been expressed that the directional signs should be somewhat consistent.

Motion by Councilperson Shaver, seconded by Councilperson Burich, to approve the following agreements and fees by consent agenda:

- Billy Club Band - \$250.00
- Split Second Band - \$600.00
- Party Time Rental - \$1,089.80
- Complete Entertainment Service – Inflatable's – No Charge

Milo Howland, Chairperson of the Madrid Labor Day Committee, advised the Council that the Complete Entertainment Service (inflatable rides) agreement has been negotiated at a "no charge" to the City with a 90/10 split of ticket sales following the celebration. Howland also reported that sponsorship request letters have been sent.

Ayes: All Present

Motion Carried

Police Chief Tasler advised the Council that Officer Millsap has returned from vacation and that Officer Olmstead will be leaving for vacation this weekend. Tasler informed the Council that the patrol car's general summer maintenance is due and that he plans to have the work done locally. Councilperson Shaver requested that the owners of the semi's that are parking on residential streets be contacted to move their trucks.

Motion by Councilperson Heeren, seconded by Councilperson Shaver, to approve payment to Municipal Pipe Tool Co., LLC in the amount of \$5,710.85 for the annual sanitary sewer jet cleaning of 15,931 linear feet in the north central and northeast portions of town.

Ayes: All Present

Motion Carried

Motion by Councilperson Lincoln, seconded by Councilperson Heeren, to approve the C.L. Carroll Co., Inc. proposal to change 2 valves at the water treatment plant, furnish new carbon steel bolts, equipment and labor to perform the work for a total of \$2,400.00.

Ayes: All Present

Motion Carried

Mayor Gibbons advised the Council that the City of Madrid will be flushing fire hydrants from April 5<sup>th</sup> through April 19<sup>th</sup>, 2010.

City Administrator / Clerk Kilzer was unable to attend the meeting due to illness but submitted commentary to the Council advising them that he would be taking vacation on April 8-9, 2010.

Attorney Jordan informed the Council that he has not received a ruling from Judge Moon on the Melton/Starry request for an extension to file post trial motions.

Attorney Jordan advised the Council that he spoke with Kilzer regarding Resolution #16-09-10, "Resolution to Consider Sale of Abandoned Railroad Right-Of-Way" by quit claim deed. Jordan recommended that the City withdraw the Resolution and take no action on it.

Motion by Councilperson Chapman, seconded by Councilperson Shaver, to withdraw Resolution #16-09-10, "Resolution to Consider Sale of Abandoned Railroad Right-Of-Way" as recommended by City Attorney John Jordan.

Ayes: All Present

Motion Carried

Motion by Councilperson Chapman, seconded by Councilperson Shaver, to amend Resolution #17-09-10 by adding clarification of the verbage of "constructing improvements and extension to the utility" that this Sewer Revenue Loan and Disbursement Agreement amount of \$642,000.00 does not include funds for the actual construction on the proposed plant.

Ayes: All Present

Motion Carried

Motion by Councilperson Lincoln, seconded by Councilperson Shaver, to approve Resolution #17-09-10 as amended, "To fix a date for a public hearing on a Sewer Revenue Loan and Disbursement Agreement" of April

19, 2010 at Madrid City Hall at 5:30 p.m. for the consideration of a principal amount not to exceed \$642,000.00. The purpose of the loan would be to pay for the expenses associated with the planning and designing of the Municipal Sanitary Sewer System.

Ayes: All Present

Motion Carried

Motion by Councilperson Heeren, seconded by Councilperson Shaver, to approve Resolution #18-09-10, "Resolution to Establish a Public Hearing to Review the Environmental Information and Facility Plan for the Proposed Waste Water Treatment Facility." The public hearing will be held on May 17, 2010 at 5:30 p.m. in the Madrid Council Chambers.

Ayes: All Present

Motion Carried

Mayor Gibbons referenced the letter Kilzer sent to Gordon Quam, Quam Insurance Company, and to Al Brazelton, CSB Insurance Group, Inc., regarding the City's tort liability insurance coverage with EMC Insurance Company. Kilzer requested that each agency provide a cost saving analysis of the policy. Kilzer's letter stated the City has been with EMC Insurance for many years and has no desire to change carriers although it was indicated that the City would consider proposals for a change of the "Agent of Record".

Gordon Quam advised the Council that he attempted to address the requests of Kilzer by the letter which was submitted to the Council members. Quam stated that basically there are options available to lessen the total premium although the City needs to be aware that the City would then assume additional liability exposure. Quam pointed out that if the automobile policy was written to have a \$250.00 collision and a \$100.00 comprehensive deductible, there would be a savings of \$144.00 annually for the entire fleet. If the City would choose the \$250.00 comprehensive with a \$500.00 collision deductible, there would be a \$378.00 savings. Quam commented that there isn't too much the agency can do with the Workman's Compensation because the City does get an EMC scheduled 10% modification. Quam informed the Council that the experience modification is established by the City's past loss experience. Quam added that currently the experience modification is 1.26 but will drop to 1.06 effective on the renewal date. Quam estimated that savings to be approximately \$3,000.00 when using last year's payroll information. Quam commented that the property section is insured on a replacement cost basis. The City currently has a \$1,000.00 deductible although if the City would choose a \$2,500.00 deductible, there would be a savings of \$1,468.00. A \$5,000.00 deductible per occurrence would save the City \$2,844.00. Quam cautioned that although the savings look appealing, the deductible is based on "per occurrence". Councilperson Shaver questioned why the Council was called to review the insurance. Quam explained that this is actually not a bid because there are no specifications, it was just suggested to be reviewed to assist the City. Quam added that the City has been devoted to EMC insurance for several years and has had a high loss ratio of approximately \$530,000.00 in the last five years. Attorney Jordan advised the Council that he has worked with EMC and their attorneys because of litigations. Jordan continued that he could not speak highly enough for the service that Quam Insurance has provided through Don Lincoln and Gordon Quam. Jordan offered his perspective that having the local business here; that it makes his job much easier. Councilperson Chapman questioned how often does Quam review the City's policy to save the City money. Quam responded the policy is reviewed annually. Quam continued there is a section of coverage in commercial policies where there is a reduction of premium called experience modification which is a negotiated modification. Quam continued when a policy holder has heavy loss experiences, it weakens the capability of bargaining the experience modification. Quam believed that the City may be eligible for a larger experience modification because the loss experience has improved over the last few years. Jordan commented that the City has a long history with EMC and his recommendation would be to stay with EMC. Councilperson Chapman mentioned that the policy renews on April 1, 2010, and questioned if it was normal that the Council would get the information after the policy's renewal date. Councilperson Shaver responded that the delay is due to the request of another agent requesting to be agent of record. Quam advised the Council that there is a 30 day binder attached to the policy. Councilperson Lincoln posed the question if the Council wanted to have input on the insurance or be able to contact EMC directly. Councilperson Shaver commented that he did not want to micro manage anybody and that is why the City has a City Administrator. Councilperson Shaver believed this matter needed to be addressed by the City Administrator and the City Attorney.

Cheryl Mordini approached the Council regarding her cost saving analysis on the tort liability insurance coverage. Mordini advised the Council that the CSB Insurance Group is a premium agency with EMC, ranking in the top 2% of all agencies nationwide. Mordini emphasized that she had no intent of moving the City's insurance coverage from EMC. Mordini informed the Council that changing the deductibles on vehicles is a good idea although she would suggest checking the Blue Book on some of the older vehicles; possibly drop the coverage on the older vehicles. Mordini mentioned that one of the fire trucks needed to be put on a stated amount basis so that it would be replaced if there was an accident rather than receiving only the depreciated value. Mordini continued that the experience modification is going down from 1.26 to 1.06 will generate approximately a

\$3,000.00 savings. Mordini pointed out that several of the classes of the workman comp schedule's cost per 100 is up for 2010. Water went from 3.82 to 4.09, street and road construction from 7.07 to 8.12. Mordini's calculation using last year's payroll information, applying the cost per 100 increase and the rates for this year, indicated that the modification savings would be lessened by \$1,400.00. Mordini continued that should she be the agent, she would work with Kilzer to move some of the salaries to an appropriate class and in doing so, be able to save approximately \$1,500.00 on workman comp. Mordini stated the agency partners with EMC on loss control and safety programs to assist with lowering the City's rates even more. Mordini mentioned she would change the coverage for leased or borrowed equipment to a replacement cost basis at no additional fees. Mordini addressed the property coverage emphasizing the need to watch it closely. She referred to the building valuation recalculation annual summary sheet that she had submitted to the Council. Mordini pointed out the insured amount, replacement costs, verses the actual cost value of the various City buildings. EMC wants the agent to keep the buildings insured for 90% of the value so in the event of a catastrophe, there would not be any problems with the settlement. Mordini advised the Council that the City is on a blanket limit of \$9,169,000.00 although the City's current replacement cost values total 10,066,000.00. Mordini recommended that some buildings be increased to the 90% value and decrease the amounts of some of the buildings that are over insured. Mordini expressed her concern that the policy needed to be updated and that the deductibles should be reviewed. Mordini cautioned the Council that when saving money, the answer is not always cheap or to cut the deductibles. Mordini's advice was to be insured properly and do what is needed to take care of it. The deductibles and the workman comp should be addressed because there is a savings when the experienced modifications go down. Mordini would like to visit with Kilzer to discuss the possibility of the reclassification of some employees and then offered examples of cost savings. (Administration employees in the office are \$ .29 a 100 or municipal state employee is \$6.12 a 100.) Councilperson Chapman questioned if it would change the coverage of the employee if reclassified. Mordini responded that the coverage would not be changed. Councilperson Heeren would like to see a head to head bid from each agent. Mordini advised the Council that the City cannot get a bid in this particular situation because it is with the same carrier; the difference is what the agent does with it for the City. Councilperson Chapman commented that she would prefer an agent that would be willing to work with the City and save the City money. Councilperson Lincoln questioned if Mordini had run the numbers at a 90% value to how much the insurance premium would increase. Mordini responded no but continued; you decrease what is over insured and increase what is under insured to keep the blanket at 90%. Mordini concluded that as the City's agent, it would be her job to save the City money and to keep the City protected. Mordini introduced Al Brazelton who expressed his appreciation to the Council for the opportunity to address the Council. Brazelton commented that premiums are major concern but the agency's goal is to offer the City piece of mind and assist the City's department heads in their loss control needs. Brazelton continued that the agency would work with the City regarding specific hazards, lost prevention to assist in driving the mod down, assist with the City's loss prevention manual, facilitate safety meetings, would provide the City with loss runs on the reserves that the City currently has open or closed, and provide on line training.

Councilperson Lincoln asked what the Council's position on the matter was. Attorney Jordan suggested the matter be turned over to Kilzer at which time Councilperson Shaver agreed. Councilperson Chapman questioned Jordan if it would impact his ability to work with the City if there was a change in agents. Attorney Jordan responded no that EMC historically uses the Bradshaw Firm and whoever the agent is, would not affect that. Councilperson Chapman added that she would like to see the City look at the CSB Insurance Group because of the updates and the opportunities they offer. Councilperson Heeren suggested that Councilperson Chapman make her recommendation directly to Kilzer. Councilperson Lincoln questioned the Council if there were any complaints with the service, Quam Agency or the agent. No complaints were received from the Council. Councilperson Lincoln commended the Fire Department for participating in various safety workshops which has helped bring the workman comp mod down. Councilperson Shaver commented that he heard some interesting concepts from CBS Agency and would like Kilzer to check into them. Councilperson Shaver added that it is not always about the bottom line dollar but it is the Council's job to get as close to the bottom line dollar as possible. Councilperson Shaver continued that the City can look internally at how we are being covered now and make improvements with either agent. Councilperson Shaver commented that he liked that top "2% figure" and thought there may be a plus.

Motion by Councilperson Shaver, seconded by Councilperson Burich, to approve the request to release fiscal year 2009-2010 donations by consent agenda as follows:

- Performing Arts Council - \$750.00
- Madrid Girls Softball - \$1,000.00
- Madrid Little League - \$1,000.00
- Madrid Soccer Club - \$1,000.00
- Madrid Flag Football - \$500.00

Ayes: All Present

Motion Carried

Council acknowledged a rate increase notice from Mediacom.

City Attorney Jordan advised the Council that the verbage for Resolution #17-09-10 and the Notice of Proposed Action to Institute Proceedings to Enter into a Loan and Disbursement Agreement will be amended as; "The Loan amount does not include funds for actual construction work on the proposed plant". Attorney Jordan added that if there are no objects from the Council, the amendment will be added to each document.

Motion by Councilperson Shaver to adjourn the meeting at 6:47 p.m.; seconded by Councilperson Lincoln.  
Ayes: All Present  
Motion Carried

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Mayor Jeff Gibbons

**ATTEST:**

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Donna Havlik  
Deputy City Clerk