

**Regular City Council Meeting
City Hall, Cherokee, Iowa
September 23, 2014 – 7:00 P.M.**

A regular meeting was called to order on this date by Mayor Murphy. Present: Council members Johnson, Brown, Miller, Pingel, Peck, City Attorney Miller, Administrator Eikmeier, Clerk-Treasurer Taylor.

During the public forum, Chuck Stubbe, 700 W. Elm, expressed concern regarding the water line issue in conjunction with the River Road bridge project. It appears the water line was engineered incorrectly. Engineers are bonded for their mistakes and the City should make them correct it. What happens in 10-15 years when it isn't working? The taxpayers will pay again. He also asked why the culvert doesn't line up with the creek and why the driveway to the Cherokee Co. Conservation office is being torn up. The Administrator responded to the water line issue and stated that the council made their decision based on a design from local contractors involved with the project who are confident the solution will work for the long term. Driveway work at the Conservation office is to correct a drainage issue.

Mayor Murphy commented that over the past 2 weeks he has received a lot of negative feedback regarding limited bow hunting in the city limits. People are concerned about safety as well as deer dying in someone's yard. Council member Pingel received a few similar comments as well. No motion was made for the second reading of the ordinance.

A motion by Brown, seconded by Peck, unanimously approved the following under "Consent Business". City council minutes of September 9th.

Tax abatement application for 812 Spring Lake Dr.

New Class "B" wine/Class "C" beer permit – The Book Vine.

Renewal of Class "B" native wine permit – Hy-Vee Pharmacy & Gifts.

Renewal of Class "C" beer permit – Cherokee Country Store.

Annual Urban Renewal Report (TIF) for fiscal year 2013-14.

The council reviewed the following bids for the removal of sand and silt from Westcott Park caused by last spring's flooding. Lundell Construction - \$12,100; Schoon Construction - \$26,720. A motion by Miller, seconded by Pingel, awarded the bid to Lundell Construction for \$12,100. These costs will be paid by 75% federal FEMA funds, 10% state funds, and 15% city funds. Motion carried.

In July, when Tyson announced that they would be closing the Cherokee plant at the end of September, Administrator Eikmeier reported to the council that the City would experience an estimated \$200,000/yr. revenue loss. This represents approximately 40% of total salaries and benefits for employees of the water and wastewater departments. Since the 1960's, when the industrial plant was built, the city has owned and operated the water and wastewater facilities for the plant. Revenue generated by rates charged to the industrial user paid for the salaries and benefits of city employees involved in those operations. This is a citywide issue, and in order to offset this revenue loss, while continuing to provide water and wastewater services effectively and safely, the Administrator presented the following proposal for reorganization. Currently, in the Street, Water, Wastewater, and Park departments there are 4 management/salaried employees and 9 hourly employees with salaries and fringe benefits totaling \$858,000. The proposal would eliminate the 4 salaried, supervisory positions and would create a Public Works Director position and foreman positions in each of the 4 departments. The proposal also offers retirement incentives to help with the transition. Under this proposal, alternate #1, there would be 1 salaried and 9 hourly employees with total salary and fringe benefit costs of \$703,300, less retirement incentives, for a net savings of \$122,600/yr. Under alternate #2, which eliminates 1 hourly employee through retirement, total salary and fringe benefit costs would be \$642,500, less retirement incentives, for a net savings of \$172,800/yr. Once the incentives have run the course, there would be additional annual savings. The proposed retirement incentives would be that the city would pay a portion of the employee and spouse health insurance premiums until the employee reaches age 65, and, as stated in the Employee Handbook, employees with at least 20 years of service would receive a payout of ½ the amount of accrued sick leave. In his explanation to council, the Administrator stated that prior to Tyson's announcement of the plant

closing, he had begun to explore the possibility of reorganization. He and the water, wastewater, and street supervisors had visited with two communities about their Public Works operations. With the closing of the plant at the end of this week, he has had to accelerate the possible reorganization process. He pointed out that this proposal doesn't impact the hourly employees as much as management, because in order to reduce salaries and benefits of hourly employees to net the same annual savings, there wouldn't be enough employees left to adequately maintain operations. All existing employees would be eligible to apply for not only the Public Works Director position, but any of the foreman positions as well. The city would also advertise these positions publicly. A possible second phase of the reorganization would involve City Hall staff. This proposal would maintain the same number of employees – 3 full-time and 1 part-time – but merge the Administrator and Clerk positions. Estimated annual savings would be \$20,000. The Public Works reorganization proposal would be effective 7/1/15, and the City Hall proposal would go into effective on or after 1/1/16. Although this is a citywide issue, the Administrator is not proposing any changes in the Police, Fire, Library or Recreation departments. He said he is not asking the council to make any decisions at this meeting. He is asking the council to consider this proposal, but to also provide ideas and suggestions over the next several weeks. This process is to be an open discussion with council and citizens. He would like to finalize a plan by the November meetings.

Duane Mummert, Park Supt., asked what the salary of the Public Works Director would be and why hasn't the city had a succession plan? Why wouldn't the city hire current employees for the foreman positions? Why is he picking on 4 departments? Maybe cuts could be made in all budgets. Administrator Eikmeier said he used a salary of \$85,000 in his calculations; however, he hasn't done any comparison of like-size cities. He again stated that current employees would be eligible to apply for the foreman positions. The next 6 weeks will be used to explore all possibilities for cost savings.

Molly Bainbridge, part-time meter reader in the water department, said she isn't included in these discussions. She feels she should be included, as the water meters need to be read. Administrator Eikmeier stated that no part-time positions in any departments are included in his proposal. He feels they need to focus on full-time positions first and foremost, as eliminating part-time positions alone won't produce significant savings.

Chuck Stubbe commented on the Administrator's decision to leave law enforcement out of the reorganization plan. Why not consider contracting with the Sheriff and let them provide police protection? Several area counties are doing this. He also feels that the city has working supervisors – water, wastewater, street, park – and if they are let go the work won't get done effectively.

Seth Thill, Street Dept. employee, asked if the Public Works Director would handle the budgeting and financial duties of the departments involved. The Administrator said yes that would be part of the duties of that position, but also expects the PWD to be called upon to be in the field when needed.

Mayor Murphy said that because of Tyson's closing the council has a tough task to take on. They will have to look at all departments and consider all suggestions over the next several weeks. He said not to leave here thinking this is a done deal. There will be more questions and workshops. There is a long road ahead of the council and employees. He thanked everyone for their input.

1. Administrator's report – the council was informed of a Chamber sponsored meeting at 5:30 on Wednesday at the Gathering Place to discuss storefront grants for downtown businesses. Friday's Chamber coffee at Cherokee Regional Medical Center will showcase recent expansions, upcoming expansions, and employment opportunities at Hy-Vee, Pioneer, American Natural Soy, Foundation Analytical Lab, and CRMC. As part of the application process for a Community Development Block Grant to pursue the abandonment of sewer lines south of Main St. and east of Hwy. 59, the city recently mailed surveys to households in the affected areas. The council was asked to urge residents to return the surveys to that we reach the 80% response needed to pursue the grant. The FEMA buy-out program is still on course, however, it now appears that it will be at least another 2-3 weeks before we receive final approval. The council reviewed a summary of the court hearing involving the individual who caused \$26,000-\$27,000 in damages at Spring Lake Park. The city asked the court for community service,

however, the penalty was jail time served along with restitution of insurance deductibles for the city and Schoon Const.

2. Gary Chase, Fire Chief, presented his quarterly report to the council. For the third quarter they responded to 20 calls, 4 of which were false alarms; the pumper trucks have passed the ISO rating; the jaws of life has been gone through; the compressor has been repaired; and the boom truck is scheduled for certification.

The meeting was adjourned at 8:15 p.m.

News media – Nikki Thunder, KCHE.

Mark Murphy – Mayor

ATTEST:

Debra Taylor
City Clerk-Treasurer