
MINUTES OF THE CITY COUNCIL, CITY OF CONWAY, ARKANSAS

Conway, Arkansas
Tuesday 6:30 pm
June 14, 2016

On this date the City Council of the City of Conway, Arkansas met in regular session. The following members being a quorum were present and acting: Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. Also, present and acting: Mayor Tab Townsell, City Clerk Michael Garrett, and Attorney Chuck Clawson.

Call to Order: Mayor Tab Townsell

Roll Call: Michael O. Garrett

Minutes: May 24, 2016 City Council Meeting

Alderwoman Isby motioned to approve the May 24, 2016 minutes as submitted. Alderwoman Smith seconded the motion. There was no discussion. The motion passed 8-0.

Mayor Townsell asked council to suspend the rules to move Items A-9, C-1, and E-1 up on the agenda. Alderwoman Smith motioned to suspend the rules to allow. Alderman Grimes seconded the motion. The motion passed 8-0.

(Item A-9) Ordinance granting Ritter Communications a franchise to occupy public right of ways and provide telecommunications services within the City of Conway.

O-16-64

Alderwoman Isby motioned to waive the readings of the ordinance. Alderwoman Smith seconded the motion. The motion passed 8-0. Chuck Clawson, City Attorney, stated Ritter Communication contacted the Mayor's office in August 2015 requesting a franchise to use the city's easements/right of ways to lay fiber optic lines. John Strode, Ritter Communication, explained Ritter is a subsidiary of E. Ritter & Company based in Marked Tree, Arkansas and stated the company is 120 years old, the communications division has been in business for 110 years, and we are headquartered in Arkansas. Mr. Strode stated Ritter provides high speed internet, voice telephone, and cable television across northern Arkansas and west Tennessee; we came to Conway due to our success in bidding to provide fiber to some cellular towers and on certain locations for the Dept. of Information Services i.e. schools and hospitals. Mr. Strode stated this puts us in the position to offer services in the business corridors of Conway; this is not residential and that is not our target, and for now it is not our business plan. Mr. Strode stated we may provide some video if we can overcome a technical limitation we are currently experiencing, and possibly hotels/motels and doctor's offices etc. Mr. Clawson stated we worked closely with Mr. Strode in developing this agreement in compliance with state law and there are franchise fees involved, that will be paid to the city. Mayor Townsell stated in Section 3 of the franchise agreement there is a requirement of Ritter, which does obligate the city in terms of a level playing field with other franchisees, that states "Ritter will provide the city with four (4) dark pairs of fiber for the City's use for public purposes" and stated this would only apply where Ritter is going and will only be on a master street plan, but it does not say that here. Mr. Clawson stated in essence the fiber lines will be anywhere they lay fiber on main thoroughfares, to help connect city offices for future expansion of our data network; it cannot be used by

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anyone else, and it will also help us in the future, when we negotiate other franchise agreements to allow for expansion, so the next time we negotiate with Conway Corp, AT&T or any other communication companies we would make the same requirement and it would allow us to transfer data as quickly as possible; Lloyd Hartzell, IT Director, expressed this is what would be best for the city. Mr. Strode stated this is not something we proposed but we are agreeable to this provision being in the agreement; we are not asking for special treatment but we do not want unfair treatment either, but we are agreeable since it will be proposed for other providers in the city. Mayor Townsell stated the level playing field is something we as a council know if we approve this, we will have to do it for everyone else as they come up for approval. Mayor Townsell stated also need to understand that we may want to re-draft this to the degree where it says "it only applies where Ritter is at, and only along collector or above roadways. Mr. Clawson stated he feels the language is sufficient. Mayor Townsel stated it should never go down to the local street level. Mr. Strode stated we will discuss it further when we actually get to the actual agreement, but he feels they approve of the language that is here but we can discuss it further. Mayor Townsell stated that is fine and everyone understands that this will be a part of the public record we record, and stated as long as council is comfortable with that, that is what is in the agreement. Alderwoman Smith motioned to adopt the ordinance and the emergency clause. Alderwoman Isby seconded the motion. Alderman Ledbetter asked if there has ever been anything like this put in any other utility location ordinances that will protect the city if we damage their lines while digging or doing street work etc. Mr. Clawson stated the only thing provided in this ordinance is Ritter is responsible for repairing anything they may damage, but he could research this further. There was no further discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0.

(Item C-1) Ordinance appropriating funds and accepting the bid for remodeling of the City Attorney's office.

O-16-65

Alderwoman Smith motioned to waive the readings of the ordinance. Alderwoman Isby seconded the motion. Alderwoman Isby motioned to adopt the ordinance and the emergency clause. Alderwoman Smith seconded the motion. The motion passed 8-0. Chuck Clawson, City Attorney, recommend the low bid from Hiegel Building Solutions in the amount of \$27,064.35. Mr. Clawson stated the remodel will allow us to expand the conference room and have space for our additional deputy city attorney and administrative assistant; this will create a better use of the space and provides for better safety of his staff. There was no further discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0.

(Item E-1) Resolution entering into an agreement for the purchase of a horizontal grinder for the Sanitation Department.

R-16-17

Joe Hopper, Sanitation Director, explained back in February our grinder caught on fire and burned and we had planned on replacing it next year as state regulations require us to keep our yard waste material moving and processed. Mr. Hopper stated we currently have a stockpile of yard waste and explained we had the opportunity to demo the actual unit that we hope to purchase, and we were able to grind most of the material we had in one day. Mr. Hopper stated the unit is a very efficient and is 750hp; the total cost

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is \$604,028.91, and stated we did receive \$174,000.00 from insurance proceeds for the loss. The machine is an HG6000 Horizontal Grinder being sold through Vermeer MidSouth located in Little Rock, AR; bidding is not required because the equipment may be procured through the National Joint Powers Alliance. Alderwoman Smith motioned to adopt the resolution. Alderman Hawkins seconded the motion. City Attorney Chuck Clawson by way of procedure, this unit was found through the National Joint Powers Alliance and bidding is not required on equipment procured through them, and an appropriation of funds is not required because the Sanitation Dept. has money in their budget and he and Mr. Hopper felt it was appropriate to require only a resolution acknowledging and approving the purchase. Mayor Townsell stated while we will proceed with this now we are considering the option of taking this year's funds set aside for capital purchases in the Sanitation Dept. to pay down the note at the new Airport to eliminate the interest and instead of purchasing capital equipment outright, we may use 5 year financing. Mayor Townsell stated we are considering this option and will bring this to council but if we do this, we can back pay ourselves for this in essence, but we may ultimately finance that, but council will have to make that call. There was no further discussion. The motion passed 8-0.

City Attorney Chuck Clawson exited the meeting and Deputy City Attorney Graham Jones entered the meeting.

1. Report of Standing Committees:

A. Community Development Committee (Planning, Zoning, Permits, Community Development, Historic District, Streets, & Conway Housing Authority)

1. Consideration to approve the bid for site grading, drainage, and house demolition (1423 Factory- Block 7) for the Community Development Department.

Scott Grummer, Planning Dept., explained this leads up to the pre-construction of the pocket housing project we have set up that we anticipate to start in the next few months. Mr. Grummer recommended awarding the bid to the low bidder Craig Custom Construction, LLC in the amount of \$58,450.00; the project is being paid for with CDBG funds. Alderwoman Isby motioned to accept the low bid. Alderwoman Smith seconded the motion. There was no discussion. The motion passed 8-0.

2. Ordinance approving a substantial amendment to the 2016 Community Development Block Grant Action Plan.

O-16-66

Lauralee McCool, CDBG Director, explained the ordinance is a little misleading as it affects no 2016 funds. Ms. McCool stated primarily these are projects that fell under bid or cancelled. Ms. McCool stated a lot of these were due to over budgeting in administration for several years in anticipation of bringing another employee into the department; we did not under-spend in administration we just had a back log. Ms. McCool stated prior to 2015 the federal system was "first in, first out" an explained it might be pulling from 2008-2009, when we were actually in 2012-2013; in fact the 2013 administration was a high number and that year we spent \$81,900.00 in administration; we do not owe the general fund, we are just banking that money. Ms. McCool stated we are getting close to Pine Street becoming a reality and these funds would be used for Siebenmorgen improvements and sidewalks, as long as bids come in where we need them to and summarized that this is really just cleaning

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up everything prior to 2015 which is 2014 and before and putting all of them into Pine Street Project. Mayor Townsell stated this will be the funds we took from Pine Street Project a few years ago and this will help restore those plus some. Ms. McCool stated we took approximately \$219,000.00 that we took away from Pine Street in 2010 and 2011. Mayor Townsell stated so we have fulfilled our promise, as we told you we would. Ms. McCool stated we have also already dedicated 2016 funds to Pine Street and we expect Siebenmorgen to be approximately \$500,000.00. Alderwoman Smith motioned to waive the readings of the ordinance. Alderwoman Isby seconded the motion. The motion passed 8-0. Alderwoman Isby motioned to adopt the ordinance. Alderwoman Smith seconded the motion. There was no discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0. Below is an accounting of activities with unspent funds:

2014	ILS Drainage	\$1,075.00
2014	Faulkner County Day School Parking Lot	\$13,907.00
2014	Faulkner County Day School Bus Match	\$902.00
2014	FCCDD Transportation (agency closed)	\$20,000.00
2014	Administration	\$477.15
2013	Children's Advocacy Alliance Rehab	\$2,517.15
2013	Administration	\$83,502.00
2012	FCCA (Senior Citizens) Parking Lot	\$4,152.15
2012	Administration	\$7,259.92
2011	Administration	\$32,123.38
2011	Not appropriated	\$54.00
2010	Housing Rehab (project canceled)	\$70,000.00
2007	Boys and Girls Club Transportation	\$4,000.00
2007	Not appropriated	\$2,522.40
2006	Not appropriated	\$39,788.50

3. Resolution adopting a hazard mitigation plan for the City of Conway.

R-16-18

Mayor Townsell stated this is approximately a 300 page document and is a requirement of the Federal Emergency Management Agency (FEMA) that local jurisdictions have to have this in place and we are going to do everything that FEMA wants us to do; with the plan we are eligible for FEMA Mitigation grants. Fire Chief Mike Winter stated the grants are specifically ones that the Police Dept. SWAT team and Fire Dept. Bomb Squad receives almost yearly and is a housekeeping measure; once the plan is changed or updated it is a requirement that it is re-adopted to remain eligible for funds . Alderwoman Smith motioned to adopt the resolution. Alderwoman Isby seconded the motion. There was no discussion. The motion passed 8-0.

4. Consideration to approve a change order (#3) for the AIP 2013 grant for paving and lighting 2B project at the Conway Airport - Cantrell Field.

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Josh Zylks, Airport Manager, explained all 3 of the items he has on the agenda tonight are related to closing out the FAA 2013 grant and stated the FAA gave us a significant amount of money in 2013 that went towards several different parts of the projects, the main one is the 2B Project (paving and lighting, access road, and the sewer system). Mr. Zylks stated this is the final change order is for the 2B Project and when we reconciled all the final quantities of paving and lighting infrastructure we had a reduction in the engineers estimate in the amount of \$11,881.57. Alderwoman Smith motioned to approve the change order. Alderman Hawkins seconded the motion. This change order will be refunded at 90% to the FAA AIP 2012 grant (\$10,693.41) with the remaining 10% (\$1,188.16) to be refunded to the local Cantrell Field Sale funds. There was no discussion. The motion passed 8-0.

5. Consideration to approve a change order (#3) for the AIP 2013 grant for the access road construction at Conway Airport - Cantrell Field.

Josh Zylks, Airport Manager, explained this change order is for the Airport Access Road job included in the FAA AIP 2013 grant and the net cost of this change order is \$254,976.59; this is a large number and basically there are expenses here that are being covered by another Arkansas Department of Aeronautics (ADA) grant, but because these were completed with unit prices awarded on the FAA grant, and we still have money to pay for it, but the FAA is not paying for all of this, a ADA state grant we have is paying for some of this, which includes riprap work, concrete, ditch paving, sod etc. and because we had such good unit price numbers on the FAA grant we were able to use those unit prices, we just are not asking the FAA to pay for them. Alderwoman Smith motioned to approve the change order. Alderman Hawkins seconded he motion. There was no discussion. The motion passed 8-0.

6. Consideration to apply for an FAA match grant with the Arkansas Department of Aeronautics for the Conway Airport - Cantrell Field.

Josh Zylks, Airport Manager, stated those 2 change orders will allow us to close the 2013 FAA grant and once closed we are going to apply for the Arkansas Department of Aeronautics (ADA) match grant. Mr. Zylks stated you will see the state airport aid application (page 1) the total cost listed at the bottom right is incorrect, the correct amount is \$7,730,418.36; because the state cap on those projects is \$400,000.00, it does not change the amount of the grant we are applying for and stated we are applying for a grant in the amount of \$400,000.00. Mr. Zylks stated the total local share is \$428,827.36. Alderwoman Smith motioned to approve the grant application. Alderwoman Isby seconded the motion. There was no discussion. The motion passed 8-0.

7. Consideration to enter into a lease agreement for a moto grader for the Street & Engineering Department.

Finely Vinson, City Engineer, explained there are 4 quotes before you from 3 vendors for 4 separate pieces of equipment and recommends is not the lowest bidder because the moto grader provided by Riggs CAT gives us more ability to use it for snow and ice removal than the actual low bidder does. Mr. Vinson stated the quotes we received do not include taxes, so it is not an apples to apples comparison but when it comes time to pay the lease the taxes will need to be added and these prices will increase by taxable amount. Mr. Vinson

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recommended the bid from Riggs CAT in the amount of \$1,235.00 (monthly lease payment); the quotes and a sample contract are attached and recommends approving the sample contract on the condition that the City Attorney's office approves the sample contract and with the understanding that the final contract will have the amount quoted of \$1,235.00. Alderwoman Smith motioned to approve the contract pending City Attorney approval. Alderwoman Isby seconded the motion. There was no discussion. The motion passed 8-0.

8. Discussion regarding level of compensation for positions within the Street & Engineering Department.

Finely Vinson, City Engineer, explained council will recall discussing this issue last year at which time the salary range was approved for hiring of new positions and a request was made for me to come back to council to discuss other inequities within the department. Mr. Vinson stated he delayed this discussion with the anticipation of his other employee passing his professional engineering exam, which he did, and he is now looking for guidance. Mayor Townsell asked Mr. Vinson to explain the 3 options. Mr. Vinson stated option #1 seemed prudent to include and would apply the range that was given to him for hiring purposes to existing employees. Mr. Vinson stated option #2 would be to presumably use that range as a guideline to create certificate pay scales; he also has handouts of what the Arkansas Highway Department (AHTD) as well as the JESAP Study that was done last year. Mr. Vinson stated option #3 would be to implement a one-step system which would presumably mean that the employee that was most recently hired would set the one-step salary and then the employee that just received his license would make the same. Alderman Hawkins asked if we are paying the salary scale comparable to the AHTD. Mayor Townsell stated we are not paying that at this time, we are in a vague limbo position right now in terms of pay as we do look at market pay to some degree and that is kind of what the various studies we are looking at because we have a hard time in hiring engineers; we are looking at competing in what is basically a private market or the AHTD for the same quality of engineers. Mayor Townsell stated we either have to get close to it or we do not hire the same people. Alderwoman Hawkins stated we have hired a new person. Mr. Vinson stated yes, he was hired last year. Mayor Townsell stated but we still have one of the authorized position that is unfilled. Mr. Vinson stated that is correct and he is interviewing 2 people for that position right now and we are still courting, so to speak. Alderman Hawkins stated with Jack Branscum getting his license gets him any ticket he wants. Mayor Townsell and council concurred. Alderwoman Mehl asked if that would be option #1. Mr. Vinson stated he thinks all 3 of the options have the potential to bring him up. Alderman Hawkins stated he is not comfortable at this time voting on similar job duties to be set at a rate established by the most recent hire (option #3), he would want time to consider that and asked if this is something that has to be done right now. Mr. Vinson stated no. Mayor Townsell stated we cannot really let this linger, we need a philosophy to tell us how to populate the pay scales or if we are going to do it on one level i.e. a newly licensed employee would get moved in at the same pay level that an licensed employee who has years of experience is paid, which is the one-step and everyone is paid at one level. Mayor Townsell stated then there are 2 other philosophies that are also suggested. Alderman Hawkins asked if we could wait 2 weeks to review these scales that we have right now. Mr. Vinson stated yes he hesitated to make recommendations before the direction that council wanted to go but he fully expected, with the exception of option #3, that it would take another cycle for a decision to be made. Mayor Townsell stated he did not want council to think we have until the end of the year to make this decision. Council concurred. Mayor Townsell stated there are 3 different ways of

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approaching how to approach salary scales and stated showing levels of skill/experience; certificate is one thing but years of experience is another, degree of operating independently is certainly a level of differentiation in pay than other companies as well as others such as the AHTD looks at this. Alderwoman Smith asked if Mr. Vinson is looking at certificate pay. Mr. Vinson stated yes, this is basically option #2. Alderman Hawkins stated unless someone wants to do this now, he would like 2 weeks to review. Council concurred and stated they would like some concrete numbers to review. Mr. Vinson stated in the handout he prepared for tonight is a copy of AHTD salary grid and a copy of the salary study completed by the Johanson Group last year. Mayor Townsell asked Mr. Vinson to provide council with his handout. Mr. Vinson stated he would be happy to interpret these numbers for council and also be willing to make other recommendations if council would like, but he did not want to be presumptive. Alderman Hawkins motioned to hold this item in committee for 2 weeks. Alderwoman Smith seconded the motion. There was no further discussion. The motion passed 8-0.

9. **Ordinance granting Ritter Communications a franchise to occupy public right of ways and provide telecommunication services within the City of Conway.**

O-16-64

Item moved up on the agenda.

B. Public Services Committee (Sanitation, Parks, & Recreation & Physical Plant)

1. **Consideration to enter into a lease agreement with the Corp of Engineers for Old Ferry Landing Park.**

Mayor Townsell stated we have been waiting a number of years for this and asked Parks Director, Steve Ibbotson, to explain what we are getting. Mr. Ibbotson explained all the property at Ferry Landing and we have negotiated some areas that the Corp of Engineers would still maintain. Mr. Ibbotson stated we did a complete inventory of the park with one of the Corps staff members and he believes Jack Bell, Chief of Staff, has gotten their attorney to agree to have this lease and the Cadron Settlement Park lease expire at the same time. Mr. Ibbotson stated the county is also going to help us with maintenance out there and he believes we have met all the regulations. Mr. Ibbotson stated this will open up the boat launching ramp and some of the pavilions will be made available to the public for use which we can rent out. Alderwoman Smith motioned to enter into the lease agreement. Alderwoman Isby seconded the motion. Alderman Hawkins asked about the boat ramp. Mr. Ibbotson stated the boat ramp will be functional and we will not charge for the boat ramp but on the other side of the river they do charge for the boat ramp and he anticipates we will get a lot more business, but we will not accept the responsibility for the maintenance if the concrete fails; we will clean up debris etc. Alderman Hawkins asked if the ramp is currently closed. Mr. Ibbotson stated yes. Alderman Hawkins asked when it will be open. Mr. Ibbotson stated he is unsure as we do not have the equipment to move the concrete barriers and stated we may could work something out with the county. Mayor Townsell stated this is the Old Ferry Landing Park which is on the Faulkner County side of the river bridge, on the left facing the bridge, or the south side of the river bridge. Mayor Townsell stated we have an opportunity that has presented itself that may make this name a little bit more significant and we are exploring this. Mayor Townsell this lease will be for 17 years 1

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month and 10 days from a date back in May 20, 2016. There was no further discussion. The motion passed 8-0.

C. Public Safety Committee (Police, Fire, District Court, CEOC, Information Technology, City Attorney, and Animal Welfare)

- 1. Ordinance appropriating funds and accepting the bid for the remodeling of the City Attorney's office.**

O-16-65

Item moved up on the agenda.

D. Personnel

- 1. Ordinance appropriating funds for the City's increase in workers compensation premiums for the City of Conway.**

O-16-67

Mayor Townsell stated this ordinance will cover an increase in the calculation based on our actual payroll expense as explained last month for the workers compensation premiums that we have to pay each year. Mayor Townsell stated the amount is \$68,627.00 broken down by the various funds. Alderwoman Smith motioned to waive the readings of the ordinance. Alderwoman Isby seconded the motion. The motion passed 8-0. Alderman Jones motioned to adopt the ordinance and the emergency clause. Alderwoman Isby seconded the motion. Alderman Hawkins asked if this is the first time we have had an increase. Lisa Williams, HR Director, stated yes and we will probably have an increase every year because they now require us to submit actual payroll numbers in February of each year and depending on over-time she does not want to estimate it too high because we would then pay ahead for money we may not use. There was no further discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0.

- 2. Discussion of options regarding premium rated for the Arkansas Municipal League Health Benefit Fund.**

Mayor Townsell stated this discussion will determine how the increase in insurance rates will be absorbed for the Arkansas Municipal League Benefit Fund (AMLHBF). Mayor Townsell stated we were notified there would be an 11% premium increase effective July 1, 2016 due our loss ratio is 157% of premiums on the first three months of the year which is on top of a claims experience that was higher than premiums last year. Mayor Townsell stated we have laid out 3 different scenarios. Lisa Williams, HR Director, stated scenario #1 would allow the percentage the city and the employee will remain unchanged for each of the tiers and the impact on the 2016 budget would be approximately \$118,300.00. Ms. Williams stated scenario #2 would allow the city to absorb 100% of the premium increase (11%) which is approximately \$148,600.00 and scenario #3 would allow for the employee to absorb 100% of the premium increase and the city's contribution remains unchanged which would have no

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impact on the 2016 budget. Mayor Townsell stated this breakdown is shown in the spreadsheet provided in the council packet. Mayor Townsell stated those numbers you see in terms of the city budgetary impact is spread over the various funds; general, street, sanitation and airport. Mayor Townsell stated if we go with scenario #2 or #3 we will be changing the long standing percentages that we have shared with the employees of the cost of health insurance. Mayor Townsell stated that may not be much impact here, but if we change those percentages and costs go up dramatically and when we re-bid we hear, they stand a likelihood of doing that, you can see the next time we see these numbers there will be more of an impact than this 11%, either way if we pass it along to the employee or absorb it on our self. Mayor Townsell stated he thinks we should perhaps stick with scenario #1. Alderman Ledbetter asked if the \$118,000.00 (option #1) would be taken out of their current budgets. Mayor Townsell stated we will add money into the budgets with the next agenda item. Alderwoman Smith asked if it will still come out of the general fund. Mayor Townsell stated yes some would, the break down is shown on the ordinance for the next agenda item. Alderwoman Smith stated this is for the remainder of this year. Mayor Townsell stated yes. Alderwoman Smith asked Mayor Townsell so you think if we do option #2 we cannot go back and do option #1 in January. Mayor Townsell stated even if the rates stayed the same and we went back and did option #1 we would be taking money out of their budget at that time; taking money out of their pay. Alderwoman Mehl stated \$30,000.00 will be split across all the employees between the 2 options. Mayor Townsell stated yes; you can see the actual impact per plan with option #1 is: \$2.00 (employee only), \$14.75 (employee & spouse), \$12.50 (employee & children), and \$20.00 (employee & family). Alderman Ledbetter stated he would lean towards scenario #2 because the employees have had trouble with the insurance and thinks the city should absorb this. Alderwoman Mehl stated she is worried because it is mid-year and people's plans and salaries are set. Alderman Ledbetter asked when will we start looking at our options for next year. Ms. Williams stated we will not know if we will get an increase again in December until the end of the year and stated she hopes our loss ratio does not remain as high as it is right now. Mayor Townsell stated if we go with scenario #2 that we make it crystal clear that the percentages that we started this year with is what we will go back to and we are only absorbing it for this year and all bets are off. Alderman Ledbetter motioned to go with option #2 for the remainder of 2016 with the intention of returning at the 2017 bid to the previous percentages. Alderwoman Mehl seconded the motion. Alderwoman Smith stated she thinks each department head should make sure their employees understand this. Mayor Townsell stated listening is a hearing and a listening component. Alderman Hawkins stated he knows if he is budgeting his money for my family he would rather have a small increase now rather than a larger increase in 6 months; he sees what council is trying to do but they will get a double hit in January. Alderwoman Isby concurs with Alderman Hawkins and just from working in that field when you hit the employees a little bit, it is a softer bite than when you come back and they get hit double stating it is very substantial. Alderman Ledbetter stated they know the next one is coming, they did not really know this one was. Alderwoman Isby stated that is true and they are informing, but informing and hearing and then taking that to heart she promises you that is a whole other ball game, they will remember. Alderwoman Mehl asked if we will receive the next notification next spring or in December. Ms. Williams stated it will be November-December. Alderwoman Isby asked if there is any way for us to receive anything prior to that time to get a feel for where we are maybe after 3 months. Ms. Williams stated she thinks they could. Alderwoman Isby stated that would give us time. Mayor Townsell stated the next 3 month period is up June 30th so we should see this timeframe and then you will have another one before they dictate a mandatory increase in

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January; we will see preliminaries before that but rise in costs is what made us bid it out and get away from Blue Cross Blue Shield (BCBS) in 2014/2015 and then AMHBF increased premiums last year and they absorbed in our positive balance we had retained with our AMHBF for years then when they started up again we retained being up again this year that is when AMHBF came back with a rate increase, and there is more coming. Mayor Townsell stated an 11% increase will not cover a 57% overage. Alderman Grimes stated the bigger discussion is coming later this year when we see our rates increase if this loss ratio holds and we will not have any choice but to bid and we will not like what we see. Mr. Grimes stated the problem will be those who are healthy will tire of paying these high rates for something they are not using and they will find another plan, which will mean less premiums being paid into the plan to cover the claims. Alderman Grimes stated it will compound upon itself if we do not get this under control with wellness plans etc., or it will be unsustainable and stated he is okay with what Alderman Ledbetter wants to do. There was no further discussion. The motion passed 8-0.

3. Ordinance appropriating funds for the City's portion of the AML Municipal Health Benefit premiums.

O-16-68

Mayor Townsell stated we will insert Scenario #2 (\$148,600.00) into Section 1 of the ordinance. Alderwoman Isby motioned to waive the readings of the ordinance. Alderwoman Smith seconded the motion. The motion passed 8-0. Alderwoman Isby motioned to adopt the ordinance and the emergency clause. Alderwoman Smith seconded the motion. There was no discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Grimes, Alderman Pruitt, Alderwoman Mehl, Alderman Ledbetter, Alderwoman Smith, Alderman Jones, and Alderwoman Isby. The motion passed 8-0.

Alderman Hawkins stated Mr. Branscum has studied hard and feels council should act on his situation now and stated he did not mean to dismiss his particular situation and thinks that whatever he would have been entitled to, we should go ahead and do. Mayor Townsell stated he does not know if we know this. Mr. Vinson stated he that is the question he was trying to get answered with the 3 options. Mayor Townsell stated Mr. Branscum has been good for us and we need to take care of him but we did not know where to place him and we left that in a vague position, in a range, and that is really all we have. Mr. Vinson stated we created a range for hiring purposes with the understanding that this was going to affect everybody currently within the department and now that we have hired some people we need to figure out what happens. Mayor Townsell stated what it boils down to is everybody else in the city is at a single point; a job has a pay, period right or wrong, that is how our current standard is and this is the only position that because we did not really formulate an exact precise pay points it is a range, and before we get in and start inserting people into ranges that you may not agree with, we wanted to get your opinion on it; this is why we need to formulate some distinct pay levels moving forward. Mr. Vinson stated he does not feel like he was expecting anything to happen any sooner than 2 weeks. Mayor Townsell stated we need a philosophy moving forward in creating individual pay points.

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E. New Business

- 1. Resolution entering into an agreement for the purchase of a horizontal grinder for the Sanitation Department.**

R-16-17

Item moved up on the agenda.

Adjournment

PASSED this 14th day of June 2016

APPROVED:

Mayor Tab Townsell

City Clerk Michael O. Garrett