

Finance Committee
November 2, 2020
6:00 p.m. - City Hall Council Chambers

Chairman Pro-Tem Lavieri called the meeting to order at 6:01 p.m. in the absence of Chairman Ptak.

ROLL CALL:

Present: Alderman Demes, Alderman Lavieri, Alderman Jeppson, Alderman Herndon

Absent: Chairman Tom Ptak

Others present: Alderman Crane, Alderman Reynolds, City Clerk Carrie Brown, Deputy Clerk Brent Bader, Finance Director John Duncan, Economic Development Director Leah Inman

A quorum was present.

The minutes of the Finance Committee held on October 19, 2020 were unanimously approved by the Committee by voice vote after a motion from Alderman Jeppson and a second from Alderman Herndon.

There were no questions on the bills.

Alderman Jeppson stated that the library has incurred some COVID-related expenses and wondered if the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds were also available to the library. Finance Director Duncan stated that they were and Leah Inman indicated that she would let Alderman Jeppson know what specific information is required on invoices in order to receive reimbursement.

Finance Director Duncan indicated that our property, liability and workers' compensation insurance is up for renewal. John Duncan indicated that we currently are with the IMLRMA and now have about six years of data being on their MIN/MAX plan. Each and every alderman has a copy of the various options.

Option #1- The set rate plan with a premium of \$412,403.

Option #2- MIN/MAX Plan with a rate of \$364,607 if we were to pay by 11/20/2020. This is a savings of \$44,123 as compared to the set rate plan. Last year's premium was at \$366,433.75 leaving a \$1,826.55 premium reduction. Finance Director Duncan said this is the plan he is recommending, however if claims exceed what is in the loss fund, the city must pay dollar for dollar up to the maximum amount. Mr. Duncan explained that 2015 was the only year that the city incurred the maximum loss fund. In the last five years, we have had two years where we incurred somewhere between the minimum and maximum and in three years losses fell below the minimum. 2020 is our best year since beginning on this plan in 2015 with payment of only 9 total claims. In 2017 and 2018 there were 14 total claims. The year-to-date payout at this time is only \$18,000 with \$10,482 in reserve. This leaves us well below the minimum if no major losses were to occur in the remaining months of this year. The minimum loss fund is set at \$251,000. What is at risk is a savings of \$44,000. If claims exceed the maximum loss fund, it could cost \$80,000 more than if we had gone with the set rate plan, which means it would take two years to make that up. However, based on our record over the last six years, even with an overage once in a while, Finance Director Duncan feels it is best to stay on this plan. He stated that we have seen a reduction in claims since 2015, and we are trending in the right direction. The emphasis and efforts toward safety in our Police, Fire and Public Works Departments have gone a long way.

Alderman Lavieri asked if there are any cases that have not been settled. Finance Director responded that other than the \$10,482 in reserve for this year, there were no other pending claims on the books. Alderman Lavieri asked Finance Director if we have just been lucky or if we have been good. Mr. Duncan said he believes there is an element of luck, but the city puts heavy emphasis on safety and he believes that is paying off.

It was then moved by Alderman Herndon and seconded by Alderman Jeppson to recommend renewing property, liability and workers compensation insurance with the IMLRMA's MIN/MAX option totaling \$364,607.20.

Voice vote, all ayes. Motion carried.

Alderman Lavieri stated that although the Finance Committee would not be discussing the proposal submitted for the SW corner of Third and Bucklin, he wanted the aldermen to be aware that a small committee consisting of the Mayor, Alderman Ptak and Leah Inman is being formed to review the proposal and possibly negotiate an agreement. Because only two voting members of the council can be on this committee in order to comply with OMA requirements, he encouraged the other alderman to be sure to provide input or comments to the committee members.

The meeting was adjourned at 6:11 p.m.



Carrie Brown, City Clerk