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**City Council Minutes**  
**May 26, 2016 ~ 5:00PM**

**Special Meeting**  
**City Hall, Delta Junction, Alaska**  
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A special meeting of the Delta Junction City Council was held on Thursday, May 26, 2016 at City Hall. Mayor Pete Hallgren called the meeting to order at 5:00pm.

City Council members present: Mayor Pete Hallgren, Lou Heinbockel

Sebastian Saarloos, William Brennan (until 6:35pm)

City Council members excused: Mayor Pro tem JW Musgrove, Audrey Brown, Freda Degnan

City employees present: City Administrator Mary Leith, Library Director Joyce McCombs

Finance Officer Stephanie Prestwich, City Clerk Pat White

Two members from the community were present and the meeting was *not* broadcast over KDHS 95.5 FM radio.

Landfill Excavation Project aka “Big Dig” and its Budget

Leith reported three-quarters of one-third of the trench design will be finished by the end of tomorrow.

Prestwich referred to her Landfill Cell Expansion Estimate report and gave a brief explanation of project funding, stating \$24,891.72 would be left from the Mt. McKinley CD if the project continues as planned through June 3.

Discussion following regarding paying \$2,500 each direction to transport the excavator, cell depth, putting leftover project funds into the landfill closure fund, continuing the project for one week with one additional operator, occasionally renting an excavator to remove impressively large boulders, and building West Second Street by July 15, but preferably in June with FY16 funding.

Saarloos said the road around the cell is built and the excavation project is well over half dug yardage-wise.

Leith said the new cell can be used once the trenches are dug because dirt and boulders will be moved with the on-site loader and the dirt will be used for daily cover material. Hydro-seeding and surveying an as-built are yet to be done, but have already been charged to the project.

Fiscal Year 2017 Budget

Hallgren referenced the first draft of the FY17 budget with his accompanying suggestions for a sustainable budget. He said to expect a work session between introducing the budget on June 7 and adopting it on June 21.

Heinbockel suggested reducing every line item in the FY16 budget by 5%.

Hallgren reported the 2016 budget will likely result in a large surplus of approximately \$250,000 because of four months of Public Works employee wages paid from the “big dig” grant, reduced gas prices and a mild winter, and a fairly dramatic moratorium on health care premiums, equal to six months of free benefits. He said it never happened before and it will likely never happen again. Because of that, premiums for the upcoming year are 9% above what was budgeted last year, not what was paid. Hallgren said about one-quarter of total employee costs are tied up in unsustainable health care. Discussion followed regarding consistently carrying a surplus from one year to the next, savings that can be accessed only by a vote of the people, employees contributing 4% toward medical benefits, a married employee with dependents costing over \$35,000/year, employee spouses costing \$1,329/month, no difference in health care price if an employee has one dependent or twelve, comparing medical costs with the school district and other entities, making changes to policies only during open enrollment (end of May), whether to issue stipends for employees to purchase medical coverage, Affordable Health Care Act (aka Obamacare) supposedly not costing more than 10% of a person’s income, insurance benefits becoming taxable in 2018, and getting input from employees.

Hallgren said the City cannot serve the public without being fiscally responsible. Cutting costs could mean cutting services and/or employees.

Saarloos suggested cutting the days in which City Hall, the library, and the landfill are open. He asked to find a solution to reduce health care costs; change providers or the amount of coverage.

Heinbockel said he did not favor reducing employee health benefits. Employees may be willing to contribute more toward benefits, but he did not want employees to have less than what they received when they were hired.

Discussion followed regarding medical benefits as incentives, no COLA this year because of no inflation, vision and dental included in current coverage, scheduling an appointment with a health insurance broker for guidance in exploring less expensive and comparable options, and finding a way to reduce medical costs within a six-month timeframe.

Brennan was excused at 6:35pm.

Hallgren referenced his memo again and said the FY17 budget currently has an \$111,320 deficit even after transferring \$167,121 from Pogo AMLIP (AML Investment Pool) reserves. \$137,121 of the transferred funds will go toward development of the airport subdivision and will be recovered when the lots are sold. He said the real deficit in the draft budget is \$141,320. \$15,000 will be used to construct West Second Street and another \$15,000 will replace computers at City Hall.

Discussion followed regarding going through the draft budget line by line, recouping investment by selling airport lots for a minimum price of the appraised value, all airport lot profits deposited in the Permanent Fund and not used for general operations, current reserves (\$2,165,000 of roughly \$5.5 million in undedicated reserves; Permanent Fund, landfill closure fund, and general fund), Revenue Sharing now called Community Assistance, and Pogo's contributions to the community (\$150,000 to the City and \$150,000 to various entities within the community).

ADJOURNMENT

Musgrove moved to adjourn at 6:50pm; Hallgren seconded. Motion carried.

Pat White, City Clerk

Approved: June 7, 2016