



# City of Grand Island

Tuesday, June 28, 2016

Council Session

## Item G-2

**Approving Minutes of June 21, 2016 City Council Study Session**

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

June 21, 2016

Pursuant to due call and notice thereof, a Study Session of the City Council of the City of Grand Island, Nebraska was conducted in the Council Chambers of City Hall, 100 East First Street, on June 21, 2016. Notice of the meeting was given in the *Grand Island Independent* on June 15, 2016.

Mayor Jeremy L. Jensen called the meeting to order at 7:00 p.m. The following Councilmembers were present: Mitch Nickerson, Mark Stelk, Chuck Haase, Linna Dee Donaldson, Vaughn Minton, Roger Steele, and Mike Paulick. Councilmembers Jeremy Jones, Julie Hehnke and Michelle Fitzke were absent. The following City Officials were present: City Administrator Marlan Ferguson, City Clerk RaNae Edwards, Finance Director Renae Griffiths, City Attorney Jerry Janulewicz, and Public Works Director John Collins.

Mayor Jensen introduced Community Youth Council member Rebecca Peterson.

INVOCATION was given by Community Youth Council member Rebecca Peterson followed by the PLEDGE OF ALLEGIANCE.

SPECIAL ITEMS:

Discussion of General Fund FY17 Budget. City Administrator Marlan Ferguson stated there was a lot of information sent out and tonight we would cover the General Fund. The 400 Fund and Gas Fund would also be reviewed. Projections for the next five years were not looking good. Staff and the sub-committee had spent time working on the budget. The 2017 Budget included no new FTE's or operating increases. The goal was to increase revenues and decrease expenses.

Mayor Jensen thanked the Department Directors for being at the meeting and the work they had done. He challenged everyone to look at the economics of the City and not the politics.

Finance Director Renae Griffiths reviewed the highlights of the General Fund. Projections were listed as 2% increase in revenues and personnel increase of 5½%. Mentioned was a deficit of 4 million dollars. Expenditures were growing at a faster rate than revenues. The state fair building would be paid off this year with no payment in the 2017 budget. Non Department Revenue was reviewed with sales tax being the largest revenue followed by property tax. The Public Works Street and Transportation Fund would be moved from the General Fund to the Gas Tax Fund. Total estimated revenues in the Gas Tax Fund were \$10,774,939. Road projects would be paid for by gas tax money.

Briefly mentioned were the 400 Capital Improvement projects. General fund capital included the training tower for the Fire Department. Ms. Griffiths suggested increasing revenue by \$1.5 million through tax changes (new or existing) and changes to the Enterprise Fund fees. Expenses

of \$1.5 million impact included wages comparison delay - \$200,000; benefit cost changes - \$230,000; and General Fund expense reductions - \$1,070,000.

Discussion was held regarding bonding or borrowing money for the ambulance and fire truck which had been encumbered but not paid for yet. Assistant Finance Director Billy Clingman stated this was budgeted in the 2016 budget.

Mayor Jensen stated we relied heavily on sales tax and it was trending lower than last year. He did not want to see a tax levy increase this year. Ms. Griffiths commented on cost savings by departments not spending their budget and/or not filling vacant personnel positions. Future projects and their impacts on future budgets were mentioned. The Street Fund was being supported by property tax.

Mr. Ferguson stated yesterday they found out that we would lose \$160,000 from state aid for 2017. The lower the taxes the less state aid we would receive. Councilmember Minton stated we needed to be cautious of cutting services because someone else would need to pick those services up. It was mentioned we needed to see what a property tax increase would bring in. Public Works Director John Collins commented on Highway 281 and Highway 30 projects which were joint efforts with the State of Nebraska. Highway 281 was a maintenance project in which the City would pay for half. Highway 30 was a realignment project in the amount of \$26 million.

Councilmember Paulick commented on the following five solutions: 1) freeze hiring; 2) cut departments in General Fund; 3) raise property tax 3½%; 4) cut staff/services; and 5) ½ cent sales tax. Councilmember Nickerson stated we needed to look at raising property taxes to make an impact on the programs we wanted/needed and future budgets. The amount of cash reserves was mentioned along with long term needs for Capital projects. He stated the decisions we made this year would affect the next four year budgets. Ms. Griffiths stated the biggest impact to the General Fund budget would be hiring freezes and not replacing vacant positions.

Mayor Jensen commented on the mill levy which tied into the valuation. Increasing the mill levy to the max would bring in \$4 million. He stated consumption tax was the way to go. Discussion was held concerning the amount we should have in cash reserves and sustainable revenues. Councilmember Donaldson wanted to see the following: 1) increase of ½ cent sales tax; 2) increase of property tax; 3) attrition and staff; 4) outsourcing mowing; and 5) change benefit cost to staff. Mr. Clingman stated the ½ cent sales tax increase would not go to the General Fund but to Capital projects.

Councilmember Haase commented on the reserve balance which had to be between 0% and 50% which affected the interest rate on bonding. He commented on the challenges of this budget and had confidence in the Administration and staff to bring forward the options that needed to be considered.

Ms. Griffiths stated the next budget session would be July 19, 2016. Mr. Ferguson stated they would be looking closely at each department's budget, personnel expenses and costs, insurance claims, health insurance, travel and training costs, outsourcing, etc. He mentioned the Food and

Beverage Tax that would bring in money for specific projects which would help, but also would create more costs.

Mayor Jensen stated we were not a City that was standing still; we were growing and the importance of bringing people to the City to spend their money. Mentioned was the I-80 expansion. He stated he didn't want this to cast a negative light on Tax Increment Financing as those projects would bring positive tax revenue in the future. Annexation was also mentioned to increase the tax base.

ADJOURNMENT: The meeting was adjourned at 8:09 p.m.

RaNae Edwards  
City Clerk