



# **City of Grand Island**

**Tuesday, July 26, 2016**

**Council Session**

## **Item G-2**

**Approving Minutes of July 19, 2016 City Council Study Session**

**Staff Contact: RaNae Edwards**

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

July 19, 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 July 19, 2016. Notice of the meeting was given in the *Grand Island Independent* on July 13, 2016.

Mayor Jeremy L. Jensen called the meeting to order at 7:00 p.m. The following Councilmembers were present: Mitch Nickerson, Mark Stelk, Julie Hehnke, Linna Dee Donaldson, Michelle Fitzke, Vaughn Minton, Roger Steele, and Mike Paulick. Councilmembers Jeremy Jones and Chuck Haase 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 Maricela Paramo.

INVOCATION was given by Community Youth Council member Maricela Paramo followed by the PLEDGE OF ALLEGIANCE.

SPECIAL ITEMS:

Utilities Budget Presentation. Utilities Director Tim Luchsinger explained what an Enterprise Fund was. Both the electric and water budgets were dependent upon the weather. Budget Guidelines were for a conservative (low) revenue forecast and conservative (high) operating costs. They had to maintain an adequate cash reserve and manage controllable operating expenses and capital expenditures.

Cash reserve considerations were: working capital, replacement power, asset replacement, capital improvement reserve, and debt service reserve. The electric fund cash reserve threshold was \$30,200,000 and the water fund was \$4,600,000. Electric and Water Master Plans had recently been completed. Presented were the 5 year capital improvement budget forecasts.

The Capital Budget for the Electric fund proposed was \$13,410,000 for the following projects:

- Transmission line improvements - \$1,000,000
- Bond payments - \$2,975,000
- Distribution improvements - \$4,000,000
- Power plant maintenance/improvements - \$2,895,000
- Distribution Service Center improvements - \$300,000
- Engineering Center improvements - \$450,000

Presented was the Water fund budget. Total Capital Budget was \$6,360,000 for the following projects:

- Bond payments - \$580,000

- Elevated Water Storage Reservoir - \$4,000,000
- Distribution improvements - \$950,000
- Production improvements - \$140,000

Mr. Luchsinger stated they were proposing a 10% revenue increase for the elevated storage reservoir debt service. Discussion was held regarding the elevated storage reservoir and the 10% increase in rates. The increase would take place all at once instead of over several years. Presented was the utility rate comparison which Grand Island was comparable in both electric and water.

Solid Waste Budget Presentation. Public Works Director John Collins introduced Solid Waste Superintendent Jeff Wattier. Mr. Wattier stated the Solid Waste Budget was an Enterprise Fund which received no funding from the General Fund. All revenues generated were from tipping fees and was one of the few divisions with competition. They served both residents and non-residents. The current landfill site had 5 to 6 years life left in the current area. There were approximately 31 years of life left in Phase I.

They continued to replace capital equipment. The proposed 2016/2017 budget was: personnel - \$1,044,044; operations - \$1,017,491; and capital - \$1,170,000. They were requesting a new landfill compactor - \$820,000; two new ground water monitoring wells at the landfill - \$20,000; and Cell 3 engineering services - \$250,000. This year they were not asking for any new FTE's and there was no rate increase proposed. They had not increased their rates for the past 12 years. Rates in Grand Island for the Transfer Station and Landfill were presented comparing with other cities.

Discussion was held regarding recycling. Mr. Wattier stated they were not seeing any increase. Mr. Wattier stated they were currently debt free.

Wastewater Budget Presentation. Public Works Director John Collins introduced Wastewater Superintendent Marvin Strong. Mr. Strong reviewed the funding sources with regards to revenue. Expenditures were for staff - \$2,683,200, operating - \$3,914,923; debt service - \$2,940,757; and capital - \$13,284,496 for a total of \$22,823,381.

Mr. Strong stated they now had sanitary sewer to I-80. Reviewed were the major capital projects over the last 4 years which came in within budget. Explained was the reduction in Hydrogen Sulfide due to Lift Station #19 abandonment which increased the life expectancy of the infrastructure. Reviewed were the 2016/2017 Wastewater Capital projects for a total of \$12,764,496. Proposed was \$520,000 in wastewater vehicles for a combination sewer cleaning unit and van for sample collection.

Councilmember Nickerson commented on the great job and leadership the Wastewater Treatment Plant employees had done.

Jackrabbit Run Golf Course Budget Presentation. Parks and Recreation Director Todd McCoy stated Jackrabbit Run Golf Course was an 18 hole golf course with land which was owned by the Airport. Reviewed was the number of rounds of golf. Mentioned was the impact of weather on

revenue. There were 26,173 rounds of golf played in 2015. Presented was the financial history and five year projection of the golf course. Mr. McCoy stated they were recommending a rate increase in the 2016/2017 budget.

Mentioned was the Pine Wilt disease which was affecting the golf course. They had to remove 60 trees this year, but had planted 125 trees in the last five years. Recent improvements included: Clubhouse – bathrooms, asphalt, tables and chairs, windows, paint and irrigation, golf cart lease, and new mower.

General Fund Discussion Cont. Finance Director Renae Griffiths reviewed the General Fund projection. Proposed new revenues were to add a rental car occupation tax and a drainage surcharge.

Councilmembers Donaldson and Paulick stated they were not comfortable with reducing Police Officers and Community Service Officer's (CSO's) in the Police budget. Councilmember Nickerson stated he felt every department needed to share the cuts in their budgets and needed to look forward to the next five years. Mentioned was that we needed to find sustainable revenues. Ms. Griffiths stated they were not proposing a levy increase in this budget.

Mayor Jensen asked Council for solutions to the problems of this budget and the next several years' budgets. Personnel costs and expenses in the next few years would leave the city in a deficit by 2020.

City Administrator Marlan Ferguson commented on the personnel costs. He thanked staff for their hard work on this budget. He stated they would be looking at a 1/2 cent sales tax and bring that issue back to Council the first part of August for a possible vote at the General Election.

ADJOURNMENT: The meeting was adjourned at 8:35 p.m.

RaNae Edwards  
City Clerk