



# **City of Grand Island**

**Tuesday, May 23, 2017**

**Council Session**

## **Item G-2**

**Approving Minutes of May 16, 2017 City Council Study Session**

**Staff Contact: RaNae Edwards**

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

May 16, 2017

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 May 16, 2017. Notice of the meeting was given in the *Grand Island Independent* on May 10, 2017.

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, Julie Hehnke, Linna Dee Donaldson, Michelle Fitzke, Vaughn Minton, Roger Steele, and Mike Paulick. Councilmember Jeremy Jones was 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 welcomed the Community Youth Council members on the City Government Committee.

INVOCATION was given by Community Youth Council member Myah Mattke followed by the PLEDGE OF ALLEGIANCE.

SPECIAL ITEMS:

FY 2018 Budget Discussion. City Administrator Marlan Ferguson reported that over the last few months staff had been working on the FY 2018 Budget. During the budget process for the 2017 Fiscal Year Budget discussion was held concerning future budgets and sustainability. The Mayor and City Council had determined to have a balanced budget for FY 2018. He stated in order to accomplish that there would have to be some tough decisions made as the current City's expenditures in the general fund were growing faster than the revenues. Historically over the years the personnel cost had been around 69% which had grown to 78% today. It was the administrations recommendation that no more than 70% of the general fund revenues would be used for personnel expenses.

Mayor Jensen stated our budget had significant challenges due to the increase in personnel costs. Mentioned was the MSA status which increased personnel costs, the failure of the ½ cent sales tax, and sustainability. Reviewed was the General Fund appropriation projection for personnel costs comparing growth of 6% and 8%. He requested a policy be put in place allowing a maximum 70% expense for personnel costs.

Finance Director Renae Griffiths stated we were looking at a budget of 70% for personnel costs with the remaining 30% split between: operating expenses, capital expenses and debt payments. The estimated 2018 General Fund and Streets Department revenue was \$41,057,282 and the 2017 budgeted expenditures was \$45,931,621 with a needed reduction for 2018 of \$4,874,339.

The following cuts were needed:

• Personnel Services	\$1,882,267
• Operating Expenses	\$2,376,519
• Capital Outlay-Departments	\$ 305,239
• Capital Outlay-Debt	<u>\$ 310,315</u>
Total	\$4,874,339

Potential Revenues were: 1) property tax increase; 2) change to Therms for natural gas revenue; 3) stormwater charge; 4) rental car occupation tax; and 5) revenue from the Utility Fund(s). Assistant Finance Director William Clingman presented a spreadsheet with estimated increases for the five categories and the impact for potential revenues.

Discussion was held concerning the natural gas revenue and switching to therms. Mr. Ferguson stated therms were based on usage. Natural gas prices had gone down so revenue to the City was lower. If all these revenues were realized the total cuts needed would be \$2,623,852 or four employee jobs instead of 24.

Mr. Ferguson explained the current revenue from the Utility fund were for in-lieu taxes and finance personnel costs. Councilmember Haase requested an accounting of what the increase would be to the customer for each of the potential revenues presented.

Mayor Jensen stated the changes in these numbers would balance the 2018 budget but not beyond if we do not have sustainability. Councilmember Nickerson stated if we had to reduce the workforce he would like to see us take two years to balance the budget. Mayor Jensen commented on the union contracts and the growth rates in them not being sustainable with the revenues coming in. Councilman Haase stated he wanted to see the City spend wisely and do the best with the taxpayer's money.

Councilmember Donaldson commented regarding comparability, CIR, and MSA with regards to salaries. Mayor Jensen mentioned the Food & Beverage Tax does not come into the General Fund.

Mr. Ferguson stated going forward we would have budget sub-committee meetings with the Council and then have either another Study Session or Finance Retreat within the next 35 to 40 days.

ADJOURNMENT: The meeting was adjourned at 8:05 p.m.

RaNae Edwards  
City Clerk