



# **City of Grand Island**

**Tuesday, July 25, 2017**

**Council Session**

## **Item G-3**

### **Approving Minutes of July 18, 2017 City Council Special Budget Meeting**

**Staff Contact: RaNae Edwards**

## CITY OF GRAND ISLAND, NEBRASKA

### MINUTES OF CITY COUNCIL BUDGET WORK SESSION

July 18, 2017

Pursuant to due call and notice thereof, a Budget Work 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 18, 2017. Notice of the meeting was given in the *Grand Island Independent* on July 12, 2017.

Mayor Jeremy L. Jensen called the meeting to order at 6:00 p.m. The following Councilmembers were present: Mitch Nickerson, Jeremy Jones, Chuck Haase, Julie Hehnke, Linna Dee Donaldson, Michelle Fitzke, Vaughn Minton, Roger Steele, and Mike Paulick. Councilmember Mark Stelk was absent. The following City Officials were present: City Administrator Marlan Ferguson, City Clerk RaNae Edwards, Finance Director Renae Griffiths, Assistant Finance Director William Clingman, City Attorney Jerry Janulewicz and Public Works Director John Collins.

#### SPECIAL ITEMS:

Opening Remarks. Mayor Jensen commented on problem solving and change. He stated if we waited until 2021 to make changes to the budget we would be 8 million dollars in debt. Personnel costs were the main driver in the budget. Steps had been taken by not replacing vacancies and changes to employee health insurance. The 70/30 policy was presented with no more than 70% of the budget going towards personnel costs and 30% to capital. Mentioned were comments made on social media.

Budget Process. City Administrator Marlan Ferguson stated we had been working on a balanced budget back in November 2016. Two committees had been formed with the City Council, one for revenues and one for expenditures. Sales tax was flat and property tax had stayed the same over the past five years.

Discussion on Designated Revenue. Finance Director Renae Jimenez explained the following designated revenue funds: General Fund; Special Revenue Funds; Enterprise Funds; and Internal Service Funds. She focused on the Special Revenue Funds which were used to track legally restricted revenue sources. She stated there was some restrictions put into place on those revenues, whether it was State law or City Code, of what the revenue may be spent on. One example was State Highway Allocation (gas tax) money which was approximately \$5 million for FY 18 that could only be used on streets and 50% of that must be used on street projects.

Other examples of City restricted revenue included the following:

- 2% hotel occupation tax (§23-55) - sent on to Fonner Park
- 1 ½% food and beverage tax (§23-66) - used for required payment to the State for the State Fair, promote events that would attract visitors, enhancement and development of recreation and athletic facilities, and invest in community development that stimulated growth for Grand Island.

- 2% phone occupation tax (§23-21(B)) - appropriated solely for payment of bonds for construction of a new primary 911 facility and other public safety purposes.

Comments were made concerning the 2% phone occupation tax which would go to the bond payment and any excess could be used for public safety purposes.

Estimated Fund Balance at Year End. Ms. Jimenez stated total revenue expected for 2017 was \$36,596,475; total appropriations were \$39,688,118; with an ending cash balance of \$10,001,611. By 2021 we would be in the red by \$7,906,701.

5 Year Projections. No changes recommended.

The 2018 budget revenue worksheet was presented with the 70/30 policy. For 2018 there needed to be a reduction in personnel services of \$1,685,417.70 and a reduction in operating expenses of \$1,305,722.84 for a total General Fund and Streets reduction of \$2,919,365.95.

Comments were made concerning comparability in salaries and having a sustainable budget.

Recommendation for Staffing to Meet 70/30 Policy. The following recommendations were presented for the General Fund personnel for the 2018 Budget:

- Fire Department
  - Eliminate 2 additional positions
  - PLUS
  - 2 Firefighter positions, currently vacant
  - 2 future retirements
- Police Department
  - Eliminate 2 CSO FTE positions
  - PLUS
  - 2 Police Officers, currently vacant
  - 3 future retirements
  - 2 PT CSO positions, currently vacant
- Library Department
  - 1 Library Assistant II, currently vacant
  - 1 PT Library Page, currently vacant
- Parks Department
  - Eliminate 1 Horticulturist FTE position
  - Eliminate all seasonal workers at Greenhouse
  - PLUS
  - 1 Maintenance Worker, currently vacant
  - 1 future retirement, leave vacant

Total dollar impact would be \$1,415,289.

Recommendation for Operational and Capital. Other changes to the General Fund were:

- Reduce total operating/capital equipment/transfers out budget \$1,233,968
- Increase to Gas Franchise Fee \$ 300,000
- Add Stormwater surcharge \$ 330,000

Total – other changes \$1,833,968

Recommendation for Increasing Revenues to Balance the Budget. Other changes recommended to increase revenues were:

- |   |             |
|---|-------------|
| • Increase in Property Tax, dedicated to capital projects | \$1,000,000 |
| • Car Rental Occupation Tax, dedicated to Streets Dept.   | \$ 150,000  |
| • Switch to Therms  | \$ 300,000  |
| • Stormwater Surcharge                                    | \$ 300,000  |

Police Chief Robert Falldorf answered questions concerning the cuts to the Police Department. A total of 5 positions were recommended to be cut. Since last year they were covering airport duties with no increase in personnel. He stated cutting personnel would impact the crime rate here in Grand Island; the crime rate would go up. Also response times were effected. Chief Falldorf explained what the Community Service officers did. They helped the Police Officers along with dealing with complaints; this would then fall back on the Police Officers. Their budget was currently 90% personnel and 10% operating expenses.

Fire Chief Cory Schmidt answered questions concerning the cuts in the Fire Department. A total of 6 positions were to be cut. Chief Schmidt said they were currently short personnel to begin with. In order to meet the recommendations he stated they may have to close a station or have two people on calls instead of the three they have now. By making the recommended cuts this would put them back to the 1996 staffing level. If they were to close a station he said they looked at the station with the least amount of calls which would be Station 3 on Webb Road.

Parks & Recreation Director Todd McCoy answered questions concerning closing the greenhouse. He commented on closing two wading pools, having the ball teams stripe the ball fields and outsourcing some services. He stated there were a lot of volunteers that helped with the greenhouse and planting flowers in the parks. They were looking at having the cemetery staff help with the parks and possibly cutting services. Raising fees were mentioned.

Deputy Finance Director William Clingman showed graphs of the trends in the Fire, Police, and Parks departments. Mr. Ferguson commented on other departments in the General Fund and what changes could be made. Comments were made by Council that the increase in property tax should be used for personnel costs.

Mayor Jensen commented on salaries and encouraged the employees to think about a pay freeze which would save the personnel cuts recommended.

Councilmember Haase handed out a budget amendment to the Council with the following suggestions for several departments:

- Heartland Shooting Park – move operating and capital tax subsidy from General Fund Tax to the Economic Development
- City Administration – Assistant to the City Administrator – remove position
- Human Resource – HR Benefits & Risk Mgt. Coordinator – remove position
- Public Information – PIO – remove position
- Information Technology – Computer Technician – remove position

- Library – Custodian, Maintenance Worker 1 – consolidate these 2 positions
- Cemetery – Maintenance Worker – remove position
- Parks – Horticulturist – add back 1 position
- Police Officer – add back 3 of the 5 positions, leave CSO cuts as proposed
- Fire – Life Safety inspector – remove 2 positions
- Fire – Firefighter EMT – add back 4 of the 6 positions

Council took a break at 8:00 p.m. and reconvened at 8:10 p.m.

Public Comment. The following people spoke concerning the 2018 Budget:

- Robert Meyer, 624 East Memorial Drive
- Phillip Thomas, IAFF President
- Bryan Stutzman, 4220 Vermont Avenue
- Gene Dominic, 824 So. Cherry
- Susan Smith, 1004 West 7<sup>th</sup> Street
- Jarret Daugherty, FOP President
- Angie Lyon, 910 Sun Valley Place
- Randy Iverson, 4246 Shannon Street
- Zachary Carstens, 1109 Hall Court
- Yolanda Chavez-Nuncio, 4362 Manchester Road
- Esdras Castaneda, 1733 South Blaine Street
- Brent Lucke, 3360 Buffalo Court
- Vikki Duel, 2531 Jan Street
- Steve Miles, 820 Ridgeway Avenue
- Jay Vavricek, 2729 Brentwood Blvd.
- Brian Whitecalf, 116 East 8<sup>th</sup> Street
- Jim Eriksen, 4233 Nordic Road
- John Mayer, 4059 Horseshoe Place

The majority of the comments were centered on the importance of Public Safety and not cutting personnel in those departments.

Mr. Ferguson stated staff would go back to work on the budget with the suggestions from tonight's meeting and bring back to Council a balanced budget.

ADJOURNMENT: The meeting was adjourned at 10:18 p.m.

RaNae Edwards  
City Clerk