



City of Grand Island

Tuesday, August 15, 2017

Special Meeting

Item I-3

#2017-220 - Approval of Resolution of Intent for Additional Revenues for the 2018 Budget

Staff Contact: Renae Jimenez, Finance Director

STORMWATER SURCHARGE

Customer	#	Charge/Month	Revenue/Annual
Residential	14,500	\$1.00	\$174,000
Commercial	2,200	\$5.00	\$132,000
Industrial	85	\$10.00	\$10,200

It will offset general fund dollars by lowering amount of property tax we transfer to streets fund.

There are three storm water related activities that could be covered:

1. Streets drainage work, such as flushing pipes, cleaning inlets, resetting flow lines, maintaining ditches and detention cells, etc. This work is not eligible for gas tax, and we should be doing more.
2. Capital projects such as the Moores Creek Drainage extension. The General Fund is usually, but not always the only source for these projects.
3. Stormwater program. This federally mandated program was mostly paid for by the General Fund.

NATURAL GAS OCCUPATION TAX

§23-1. Occupation Tax

Except as provided in §23-2, any person engaged in the business of distributing, manufacturing or furnishing gas, either natural, manufactured or mixed gas, in the City, shall be required to pay to the City an occupation tax in an amount equal to three percent of the gross receipts such person derived from his business of distributing, manufacturing or furnishing gas to the inhabitants of the City.

As the Natural Gas prices have declined over the years we have seen a substantial drop in our revenues as we charge a fee on gross receipts. Many cities, including Kearney which is in our rate area with Northwestern charges a fee on Therms, which is the amount of gas distributed. We recommend a fee of 3 cents on everyone except transport customers, which we recommend a 1 cent fee.

Customer	#	Therms	Receipts	Increase
Residential	17,950	\$297,517	\$232,213	\$ 65,304
Commercial	2147	\$297,251	\$107,012	\$190,206
Transport	34	\$125,561	\$ 9,738	\$115,832

RESOLUTION 2017-220

WHEREAS, the 2017-2018 budget process requires additional revenues to ensure a balanced budget; and

WHEREAS, the City Council has discussed several possible options for revenue increases; and

WHEREAS, the City Council will adopt the 2017-2018 Budget at the September 12, 2017 meeting; and

WHEREAS, these additional revenues will be incorporated into the Fiscal Year 2017-2018 Budget revenue numbers; and

WHEREAS, three additional revenue items that have been discussed are an increase in property taxes, the addition of a stormwater surcharge and a change to the occupation tax related to natural gas; and

WHEREAS, the current proposal is to increase the total City property tax levy, excluding the CRA levy, by .04744 to a total levy of .37154; and

WHEREAS, the estimated increase in revenue from a .04744 levy increase to property tax is \$1,400,000; and

WHEREAS, the estimated additional revenue from a stormwater surcharge is \$300,000; and

WHEREAS, the estimated increase in revenue from a change to the occupation tax related to natural gas from 3% of gross receipts to a charge per therm is \$300,000.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that it is our intent that the resulting change in revenue from an increase in the property tax levy, the addition of a stormwater surcharge and the changes to the occupation tax related to natural gas will be incorporated in the 2017-2018 budget, any required public hearings, ordinances or resolutions will be taken up at a future Council meeting, but prior to the approval of the 2017-2018 budget.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 15, 2017

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
August 11, 2017	☐ City Attorney