



City of Grand Island

Tuesday, August 13, 2019

Council Session

Item I-3

#2019-245 – Consideration of Confirming Appointments of Councilmembers to the Council Committee on Budget Policy

Staff Contact: Mayor Roger Steele

Council Agenda Memo

From: Mayor Roger G. Steele

Meeting: August 13, 2019

Subject: Confirming Appointments of Councilmembers to the Council Committee on Budget Policy

Presenter(s): Mayor Roger G. Steele

Discussion

On August 6, 2019, the City Finance Director presented a spread sheet which showed the impact on cash reserves if the City Council approved all 7.75 FTEs discussed in Special Agenda Item #2019-226 – Consideration and Approval of FY 2019/2020 FTE Budget Requests. The Finance Director's spread sheet is prepared in conformance with the City's Fiscal Policies Manual (See Resolution 2006-75). The spread sheet is prepared to promote, among other things, a balanced budget, the ability to pay future costs, and the goal that ongoing operating costs should be supported by ongoing, stable revenue sources. These goals have guided the City Council for several years.

The Finance Director's spread sheet shows that the Council's decision to approve 7.75 FTEs will start diminishing the City's cash reserves in the year 2021, and the City will have lost almost all of its cash reserves by the year 2025. The Finance Director's recommendations represent the best practices outlined in the Fiscal Policies Manual. The spread sheet demonstrates the negative impact upon cash reserves if ongoing operating costs are not supported by ongoing, stable revenue sources.

During the Special Meeting held on August 6, it was suggested that vacancy savings which occur when money is budgeted for personnel but not spent because the position remains vacant can be used to pay for the additional 7.75 FTEs. Use of vacancy savings in this manner violates the City Council's Fiscal Policies Manual, which states:

Cash balances should be used only for one-time capital expenditures, such as capital equipment and improvements, or contingency accounts.

Cash balances, such as vacancy savings, being used for one-time capital expenditures or contingency accounts is a common sense approach because the City cannot know from year to year how much money will remain unspent.

As it concerns operating costs being supported by ongoing, stable revenue sources, the Fiscal Policies Manual states:

A. Revenue Policies:

When exercising the City's tariff and taxing powers, the City will comply with the following principles:

- 1.) Stability** – A diversified and stable revenue system shall be maintained to ensure fiscal health and absorb short run fluctuations in any one revenue source. *Ongoing operating costs should be supported by ongoing, stable revenue sources.* (Italics added.)

The City Council's decision to approve 7.75 FTEs was made without regard to the Council's duty to identify ongoing, stable revenue sources to support the costs of the FTEs. As such, the City Council is not in compliance with its own fiscal policies.

The people of Grand Island are expected to obey the rules, regulations and speed limits established by the City Council. If they fail to obey the rules they are given citations and fined. It is not unfair to insist that the City Council comply with its own rules and regulations, as stated in the Fiscal Policies Manual, before it spends the taxpayer's money. It is not unfair to expect the City Council to support ongoing costs with ongoing, stable revenue sources.

In order to assure compliance with the Fiscal Policies Manual, the Mayor deems it necessary to appoint a committee to make recommendations to the City Council to maintain sustainable future budgets, avoid depletion of cash reserves and maintain compliance with the City's Fiscal Policies Manual. The committee's duties include, but are not limited to, identifying ongoing, stable revenue sources to support additional spending, and/or identifying cuts to City services. The Mayor appoints the following to serve on the committee: Jason Conley, Chuck Haase, Jeremy Jones, Vaughn Minton and Clay Schutz.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the appointments of Jason Conley, Chuck Haase, Jeremy Jones, Vaughn Minton and Clay Schutz to the Budget Policy Committee.

Sample Motion

Move to approve the appointments of Jason Conley, Chuck Haase, Jeremy Jones, Vaughn Minton and Clay Schutz to the Budget Policy Committee.

CITY OF GRAND ISLAND, NEBRASKA
MAYOR'S ORDER #2019-1

COMES NOW Roger G. Steele, duly elected and qualified Mayor of the City of Grand Island, Nebraska, and by this Order does hereby create the Grand Island City Council Committee on Budget Policy (the "Committee"), subject to approval by a majority of the City Council.

The City Council Committee on Budget shall study and advise the City Council of the Committee's recommendations regarding the identification of ongoing, stable revenue sources to support additional spending, and/or identifying cuts to City services as necessary for maintaining sustainable future budgets, avoiding depletion of cash reserves and maintaining compliance with the City's Fiscal Policies Manual.

Subject to confirmation by the City Council, the following members are appointed to the Committee: Jason Conley, Chuck Haase, Jeremy Jones, Vaughn Minton and Clay Shutz. Committee members are appointed to terms of one year unless their terms are extended or earlier terminated as provided by City Code.


Roger G. Steele, Mayor

[attest]


RaNae Edwards, City Clerk



RESOLUTION 2019-245

WHEREAS, on August 6, 2019, 7.75 additional FTEs were approved by the City Council for inclusion in the City's FY2019-2020 budget; and

WHEREAS, City fiscal policies adopted on March 7, 2006 by City Council Resolution 2006-75 include policies for general financial objectives, budgeting, revenue, capital improvement, and debt management; and

WHEREAS, the current City property tax levy per \$100 valuation is near the maximum levy allowed by law; and

WHEREAS, City sales tax and use tax is levied at the maximum rate allowed by law; and

WHEREAS, difficult decisions must be made by the City Council regarding personnel costs, programs, and department budgets to maintain the City's historical preservation of cash reserves and comply with the City's fiscal policies adopted by Resolution 2006-75; and

WHEREAS, City Code section 2-9 provides for the creation of Council Committees, created by the mayor and approved by a majority of the Council, to advise the Council in regard to special issues; and

WHEREAS, on August 7, 2019, Roger G. Steele, Mayor of the City of Grand Island, issued Mayor's Order #2019-1 creating the Grand Island City Council Committee on Budget Policy; and

WHEREAS, the City Council Committee on Budget Policy shall study and advise the City Council of the Committee's recommendations regarding the identification of ongoing, stable revenue sources to support additional spending, and/or identifying cuts to City services as necessary for maintaining sustainable future budgets, avoiding depletion of cash reserves and maintaining compliance with the City's Fiscal Policies Manual.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL AND MAYOR OF THE CITY OF CITY OF GRAND ISLAND, creation of the Council Committee on Budget Policy is hereby approved.

BE IT FURTHER RESOLVED the City Council Committee on Budget shall study and advise the City Council of the Committee's recommendations regarding the identification of ongoing, stable revenue sources to support additional spending, and/or identifying cuts to City services as necessary for maintaining sustainable future budgets, avoiding depletion of cash reserves and maintaining compliance with the City's Fiscal Policies Manual.

BE IT FURTHER RESOLVED appointment of the following Committee members is hereby confirmed: Jason Conley, Chuck Haase, Jeremy Jones, Vaughn Minton and Clay Shutz.

Approved as to Form	□
August 9, 2019	□ City Attorney

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, August 13, 2019.

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk