



# **City of Grand Island**

**Tuesday, August 21, 2012**

**Special Meeting**

## **Item G3**

**Approving Minutes of July 31, 2012 City Council Study Session**

**Staff Contact: RaNae Edwards**

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

July 31, 2012

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 31, 2012. Notice of the meeting was given in the *Grand Island Independent* on July 25, 2012.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmembers were present: Kirk Ramsey, Peg Gilbert, Mitch Nickerson, Linna Dee Donaldson, Scott Dugan, and Vaughn Minton. Councilmember's Chuck Haase, Larry Carney, Bob Niemann, and John Gericke were absent. The following City Officials were present: City Clerk RaNae Edwards, City Attorney Robert Sivick, Interim Public Works Director Terry Brown and Finance Director Jaye Monter.

INVOCATION was given by Community Youth Council member Stephanie Chandler followed by the PLEDGE OF ALLEGIANCE.

Mayor Vavricek introduced Community Youth Council members Stephanie Chandler and Jackson Buck.

SPECIAL ITEMS:

Presentation of 2012-2013 Solid Waste Budget. Solid Waste Superintendent Jeff Wattier reported that the Solid Waste Budget was an Enterprise Fund and no funding was received from the General Fund. All the revenues were generated from tipping fees and one of the few divisions within the City that had competition. The Solid Waste served both residents and non-residents from Grand Island and the surrounding areas.

Completed this year was the Landfill Tier II NMOC emission rate testing which must be completed every five years. Also Cell 3 construction expansion activities/preparation had begun with the project likely occurring in 2014 or 2015.

The following FY 2012-2013 Budget Capital Expenditures were presented:

- Landfill compactor - \$790,000
- Storm water pumps - \$120,000
- V-plow - \$25,000
- Concrete Improvements - \$20,000

The 2013 Budget for Solid Waste was \$7,777,158 with a net FTE increase of .35 and a program budget increase of 2.78%. There were no rate increase or fee changes proposed.

Discussion was held regarding FTE positions and the duties they would perform. Positive comments were made concerning the Wednesday hours of operation. Finance Director Jaye Monter answered questions concerning the Program Prioritization process.

Presentation of 2012-2013 Utilities Department Budget. Utilities Director Tim Luchsinger introduced the following employees in his department:

- Lynn Mayhew, Assistant Director of Production
- Travis Burdett, Assistant Director of Transmission
- Bob Smith, Assistant Director of Distribution
- Tom Barnes, Engineering Manager
- Emily Muth, Environmental Manager
- Darren Buettner, Utilities Accountant

Mr. Luchsinger reported that the budget guidelines were a conservative (low) revenue forecast, conservative (high) operating costs, maintain adequate cash reserves, and manage controllable operating expenses and capital expenditures.

Cash reserve guidelines included: working capital, replacement power, asset replacement, Capital Improvement reserve, and debt service reserve.

Discussion was held regarding cash balance and insurance. Comments were made concerning the expenditures being greater than the revenues. Mentioned was that a small increase in rates was better than a huge increase.

Electric Capital Improvements totaled \$14,965,000 which included: Additional Substation - \$3,000,000; Bond payments; distribution materials - \$3,665,000; Power Plant maintenance/improvements - \$5,025,000; Air Quality Control expenditures - \$3,560,000 and substation improvements.

Mr. Luchsinger explained the Cross State Air Pollution Rule which would have a monetary impact of \$4 million capital expense for PGS and would be absorbed through cash reserves. A low NOx system would be installed in October, 2012. Explained were the Mercury and Air Toxics Standards with a capital cost estimate of \$35 million to \$40 million and an additional annual operating cost of \$2 million to \$2.5 million.

Questions were asked regarding the life of the Platte Generating Station (PGS). Mr. Luchsinger stated PGS had another 20 years of life concerning the pollution control. Building capital for a future plant was mentioned. Mr. Luchsinger stated in 10 years we needed to start looking at options.

Presented was the Water Capital Improvements for a total of \$3,680,000 which included: Merrick County main extension (UP) - \$1,750,000; Bond payments - \$220,000; Wasmer cell relocation; UPRR crossing replacement; and Central NE Regional Airport upgrade.

Mentioned was that Merrick County main extension would be reimbursed back to the City.

Reviewed were the suburban water rates. There were 74 suburban customers and approximately 170 customers would be added from the Merrick County extension by the end of 2012. Mentioned was that the City of Alda was contractually included within Grand Island corporate limit rates.

The minimum monthly consumption charge was \$7.48 plus residential meter fee of \$2.50 with an average monthly suburban residential consumption of \$12.94. 46% of the residential customers had an average monthly consumption charge of less than \$10 and 74% of the residential customers had an average monthly consumption charge of less than \$13.

The following suburban rate options were presented:

- Increase of consumption rate
- Increase of meter fee
- Combination of consumption rate and meter fee
- No change

Discussion was held regarding different City fees than those outside the City. Comments were made by Council concerning increasing the meter rate for those customers outside the City limits. Mr. Luchsinger explained the process of extending water mains and costs. Most were installed because of contamination issues.

Councilmember Nickerson stated he didn't feel we should increase fees to customers outside the City. It was encouraged to grandfather existing customers. Future expansion (annexation) was mentioned as a reason to increase the fees.

Presentation of 2012-2013 Golf Course Budget. Interim Parks and Recreation Director Todd McCoy introduced Don and Char Kruse, Golf Pro since 1976. Mr. McCoy reported the golf course had been in the black since 2008. The total Golf Course revenues for 2012-2013 were expected to be \$640,259 and the total expenditures budgeted were \$670,678.

The following Golf Course Capital needs were presented:

- |                                |           |      |
|--------------------------------|-----------|------|
| • Irrigation System            | \$470,000 | 2013 |
| • Fencing                      | \$ 20,000 | 2014 |
| • Chemical Sprayer             | \$ 12,000 | 2014 |
| • Golf Carts                   | \$125,000 | 2015 |
| • Shed for Carts               | \$ 75,000 | 2015 |
| • Upgrade or replace clubhouse |           | ???? |

Explained was the Irrigation Operating System in the amount of \$470,000. The current irrigation operating system at Jack Rabbit Run Golf Course was installed in 1976. Due to the age, the system was costly to repair with parts difficult or impossible to find. The irrigation system was the heart of a golf course and replacement of the outdated system would improve efficiencies in watering and staffing.

The following Irrigation System Funding Options were presented:

- General Fund Finance through:

- Cash Reserves – Interest Free Loan to Golf Course
- Debt Financing – General Obligation Bonds
- Repayment of Loan – 20 year at 3.5% - \$34,972 annual payment

Future Capital Purchases Options were:

- Dissolve Golf Course Fund – move operations into Parks and Recreation Division
  - Capital requests through Capital Improvement Projects 400 Fund

Mr. McCoy answered questions concerning the current cost of maintenance versus a new system. He stated there were stations that would run all the time and some that wouldn't run at all. Parts were shipped to California to be fixed.

Discussion was held regarding the Golf Course being an enterprise fund and not under the General Fund like all other recreational facilities. Requested was an answer before the Council decided on a budget.

Councilmember Gilbert commented on the City not owning the land and could the city sell the golf course. Council questioned the advantages of having an Enterprise Fund versus this being under the General Fund. Mr. McCoy stated there would not be an impact to the Parks budget if this was brought into the General Fund.

Council complimented the management of the Golf Course. Mr. McCoy stated they were not going to recommend a fee increase this next year. Comments were made by Council to have the users help pay for the irrigation system.

Concerns were made by Council that if this was put in the 400 Fund these types of projects tended to be pushed back and not funded.

Golf Pro Don Kruse commented on not supporting the idea of selling the golf course. The City had basically not put any money in the golf course when it opened because of Federal and State Funding and the City may not be able to sell it because of these funds.

ADJOURNMENT: The meeting was adjourned at 8:45 p.m.

RaNae Edwards  
City Clerk