



City of Grand Island

Tuesday, August 27, 2013

Council Session

Item G-4

Approving Minutes of August 15, 2013 City Council Special Meeting

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL SPECIAL MEETING

August 15, 2013

Pursuant to due call and notice thereof, a Special Council meeting 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 August 15, 2013. Notice of the meeting was given in the *Grand Island Independent* on August 9, 2013.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmembers were present: Vaughn Minton, Mike Paulick, Scott Dugan, John Gericke, Peg Gilbert, Mitch Nickerson, Julie Hehnke, Linna Dee Donaldson, and Bob Niemann. Councilmember Chuck Haase was absent. The following City Officials were present: City Administrator Mary Lou Brown, City Clerk RaNae Edwards, City Attorney Robert Sivick, City Treasurer and Finance Director Jaye Monter, and City Engineer and Public Works Director John Collins.

INVOCATION given by Community Youth Council member Marlena Ramirez followed by the PLEDGE OF ALLEGIANCE.

Mayor Vavricek introduced Community Youth Council member Marlena Ramirez.

SPECIAL ITEMS:

Community Redevelopment Authority 2013-2014 Budget. Regional Planning Director Chad Nabity reviewed the Community Redevelopment Authority (CRA) 2013-2014 budget. CRA was requesting property tax revenues of \$667,500 including \$195,000 for the Lincoln Pool Construction and Bonds and \$472,500 for all other CRA programs for a proposed levy of \$0.026. These funds would be used to purchase dilapidated properties/infrastructure, façade development and other projects. The following carry over projects were mentioned: downtown projects (lighting), housing study with GIAEDC, and fire sprinkler project for Gibby's Bar property.

Explained was the match on façade projects. Mentioned was the budget process with the CRA board. Finance Director Jaye Monter explained the "Less Commitments" line item in the budget.

Employee Pension Reserve Funds: Finance Director Jaye Monter reported that the 2013-2014 budget included three fiduciary funds to account for assets held in trust for pension benefits of police and fire employees subject to a defined benefit pension plan. Excess funds from the Fire Reserve Fund were transferred to the General Fund each budget year to cover employer pension costs.

The net assets of the Fire Reserve Fund remained in excess of future liabilities, the net assets of the Police Reserve Fund were not sufficient to meet future obligations of pension benefits for the remaining 6 pre-84 police officers and one disabled police officer.

The following funds were explained:

- 800 Fund – Police and Fire Pension Fund – accounts for direct pension payments to personnel who retired prior to 84 under a defined benefit plan – 24 remain

- 805 Fund – Police Reserve Fund – accounts for administration of the pre-84 police officers pension benefits under a defined benefit plan – 6 remain
- 810 Fund – Fire Reserve Fund – accounts for administration of the pre-84 firefighters pension benefits under a defined benefit plan – 1 remain

Ms. Monter stated the unallocated funds in the pension plan represented funds accumulated in an account within the pension plan from unvested employer contributions. Reviewed was the Statement of Net Assets – Fiduciary Funds. Discussion was held regarding the \$5,125,906 investments from the General Fund.

Robert Evnen from Woods & Aitken, LLP commented on the city's right to control Funds 805 and 810. The City could not touch the Wells Fargo account. City Attorney Robert Sivick stated the pension funds were held by Wells Fargo. The 805 and 810 Funds were internal funds and were not statutory. Discussion was held regarding the three 800 funds. It was proposed that there be one retirement fund and not three.

Motion by Dugan, second by Gilbert to directing City Administration to create one fund by combining the 800, 805 and 810 funds. Employee Pension Reserve Funds. Upon roll call vote, Councilmembers Minton, Dugan, Gilbert, Nickerson, Hehnke, Donaldson, and Niemann voted aye. Councilmember Paulick and Gericke voted no. Motion adopted.

RESOLUTION:

#2013-272 – Approving Health and Dental Insurance Renewal. Human Resources Director Brenda Sutherland reported that funding needs for fiscal year 2013-2014 were projected at \$7.1 million for health and dental insurance expenses. Proposed was a qualified high deductible plan with a \$3,000/\$5,500 in-network deductible. The traditional plan had a \$500/\$1,000 in-network deductible. Also proposed was initial seed money to be paid to plan participants Health Savings Account (HSA) in the amount of \$1,000 for single coverage and \$2,000 for 2/4 and family coverage in January 2014. It was recommended the City stay with Delta Dental and the dental plan be a stand-alone plan which would give the employee a choice of participating or not.

Dan Quick, 1019 Kennedy Drive, representative of the Health Committee, commented on the HSA plan and requested more seed money to encourage employees to be a part of this plan and to continue future seed money.

Council recessed at 8:15 p.m. and reconvened at 8:23 p.m.

Ms. Sutherland stated it was brought to her attention this item was not posted in a timely manner and could not be voted on tonight.

General Fund Revenue Considerations. Presented were the following Grand Island Fiscal Revenue Policies and supporting slides showing how the City was in compliance:

- Cash Balances – cash balances should be used only for one-time expenditures, such as capital equipment and improvements, or contingency accounts
- Budgeting – no appropriations measure shall be submitted to or adopted by the Mayor and City Council in which estimated total expenditures, including an accrued deficit, exceed estimated total revenues, including an available surplus

- Stability – a diversified and stable revenue system shall be maintained to ensure fiscal health and absorb short run fluctuations in any one revenue source and ongoing operating costs should be supported by ongoing, stable revenue sources

City Administrator Mary Lou Brown reported that revenue growth of 3.9% equated to \$1,533,224 and available revenue surplus from current fiscal year was \$1,694,136. She stated a large portion of the 2013-2014 budget was funded with non-recurring revenue of \$1,694,136. The most stable revenue was from property tax and the least stable revenue was from sales tax/other. In between were the Food & Beverage and all other occupation taxes.

The forecasted September 30, 2013 ending cash balance was \$10,157,318. Budgeted cash balance for September 30, 2014 was \$8,382,642.

Reviewed were the funding sources and projected revenue growth for 2014 totaling \$40,670,170. She stated a .01 mill levy equates to \$0.83 per month for owner of \$100,000 home. Today, the same owner pays \$27 per month for all city services.

Ms. Brown stated there was \$1,694,136 in available revenue surplus from 2013 and it could be used to: reduce increased level of taxes, cash reserve, or fund 400 Fund Capital to start addressing infrastructure needs. Comments were made regarding looking to the future and how to fund future expenses. Ms. Brown stated the 2013-2014 budget was balanced at this point. Mayor Vavricek commented on tax authority.

Mentioned was not having a budget book to look at. Mayor stated the request for the General Fund was \$42.4 million. Revenue was projected at an increase of 3.9%. Comments were made about Program Prioritization and not cutting the lower quartiles. It was suggested that City staff project expenses to 2017.

Ms. Monter stated she would get budget summaries to the Council next week. Mayor commented on the positives in the community. Ms. Brown stated Tuesday, August 20th meeting would include: FOP Contract, Salary Ordinance, Parks & Recreation, Debt issue, and General Fund expenses.

ADJOURNMENT: The meeting was adjourned at 9:34 p.m.

RaNae Edwards
City Clerk