



# City of Grand Island

Tuesday, October 14, 2003

Council Session

## Item G4

### Approving Minutes of October 7, 2003 City Council Study Session

*The Minutes of October 7, 2003 City Council Study Session are submitted for approval. See attached MINUTES.*

Staff Contact: RaNae Edwards

OFFICIAL PROCEEDINGS

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

October 7, 2003

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 October 7, 2003. Notice of the meeting was given in the Grand Island Independent on October 2, 2003.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following members were present: Councilmembers Meyer, Whitesides, Pielstick, Gilbert, Nickerson, Cornelius, Pauly, Hornady, Walker, and Haase. The following City Officials were present: Interim City Administrator David Springer, City Clerk RaNae Edwards, Public Works Director Steve Riehle, and City Attorney Doug Walker.

PLEDGE OF ALLEGIANCE was said.

RESERVE TIME TO SPEAK ON AGENDA ITEMS: One individual reserved time to speak on agenda items.

Discussion Concerning Affinity Credit Cards. Administrative Executive Assistant Jean Goss reported that Affinity Credit Cards were credit cards which showed an individual's affiliation to a group. These cards were marketed by many types of organizations as a way to provide card holders with rebates or gifts or to raise funds for the organization. The City of Hastings had utilized affinity credit cards effectively through their Hometown Pride card to raise funds for City projects. A review of the Hastings program was provided. If a Grand Island program was established, funds collected would be allocated as Council directed.

It was the consensus of the Council to proceed with the Affinity Credit Cards in which the next steps would be to: 1) Contact local banks for input, 2) Draw up a Request for Proposals (RFP), and 3) Present options to Council.

Discussion Concerning ½ Cent Sales Tax. Mayor Jay Vavricek opened the discussion on the proposed sales tax initiative that had been reserved for the May 11, 2004 ballot. The following comments and recommendations were made by the Mayor:

1. Sales tax should benefit and provide primarily for major capital improvement projects that would otherwise be threatened or never occur without additional funding.
2. Since a majority of the tax collected was paid by non city residents, the Mayor would recommend the benefits of this revenue try to also serve those individuals as much as possible.

3. An increase in sales tax revenue at this time should not be allocated to on-going city operations.
4. Would ask Council to consider limiting the time a sales tax increase would be assessed, recommending no more than 10 years.
5. Specific purpose that would benefit public safety, infrastructure, quality of life improvements and hold the line on the city's property tax asking.
6. Preferred "Grand Improvements" be paid for by cash, once funds are "in hand".
7. Recommended having a separate city accounting reflecting the additional revenue generated.
8. Have a periodically review for accountability, creating a separate 9 person review committee – one member from each ward and one person from each of the neighboring communities of Alda, Cairo, Doniphan and Wood River to conduct open meetings to insure revenue and expenses were used as understood by the people on election day.
9. Encouraged widespread public discussion to help understand the need for earmarked "Grand Improvements" and what was most wanted to ultimately determine what was the best interests of the people.
10. Once funding priorities were determined, it was recommended that council approve a contract and ballot language with the people of Grand Island to define a crystal clear understanding of potential funding priorities.

David Springer, Finance Director presented a five-year plan of budgeted projects and potential future projects totaling \$37,200,000.

Discussion was held to explore how a sales tax increase could best serve the people of Grand Island. Councilmember Pielstick recommended that each Councilmember hold town hall meetings in their ward to have citizens' input. Councilmember Whitesides stated he would like to see the ½ cent sales tax go towards public safety. Councilmember Nickerson stated he supported the ½ cent sales tax. Councilmember Gilbert recommended that we do not limit the opportunities of a sales tax.

Discussion Concerning South Grand Island Water Contamination Problem. Gary Mader, Utilities Director reported that initial analysis of water samples tested by the state lab had shown numerous high to very high readings on VOC contamination in the Mary Lane area of southwest Grand Island. This street, while in the city limits, did not have a city water line. Making city water available to those homes seemed to be the only viable means to assure them of a safe source of water, not just for drinking, but for bathing and other usage as well.

Discussed was the state law that allowed for 2/3 of the property owners signing a petition in the district could by-pass the 30 day protest period. The City would go out for bids and award as soon as possible because of the health hazards.

Councilmember Pielstick questioned if we could include in the add, that this project begin immediately. Mr. Mader stated that it would be included in the contract that the project be completed by December 2003. Councilmember Gilbert questioned what the length of time it would take for the homeowners to get hooked up to the water main line. Mr. Mader stated it

would be up to the homeowners to hook up to this line. He suggested that homeowners may want to proceed with their end of the construction before the water main was completed and before the ground freezes.

Councilmember Nickerson complimented and thanked Mr. Mader and his staff for their quick response to this issue. Councilmember Meyer stated that the homeowners needed to make sure that when they dig their trenches they would line up with the city's water main connections. Councilmember Cornelius questioned if the district had been drawn up and how many homes. Mr. Mader stated they were in the process of drawing the district and estimated 25 homes. It was stated that all the test results that had been received, were very high.

Joan Schwan, 3911 Mary Lane questioned several issues concerning vapor fumes, using dishwashers, washing machines, does the solvents stay on the dishes and clothes. Councilmember Haase questioned when would the Health Department step in with this being a health issue. Mr. Springer stated there would be a meeting tomorrow with the Health Department.

State Senator Ray Aguilar, 706 Grand Avenue stated that the Health Department from Lincoln would be here Thursday night and would be able to answer some of the questions raised by Ms. Schwan.

Presentation of Future Power Supply – OPPD Project. Gary Mader, Utilities Director presented a historic review of power supply. He reported that differing fuel costs created a substantial difference in the cost of generation. Platte Generating Station produced electricity with a fuel cost of about \$10/MWh; Burdick Station was fired by natural gas and produced power for a volatile \$80/MWh.

In 2002, Grand Island's retail electric rate averaged \$47.30/MWh. To maintain a competitive rate structure, production from Burdick Station must be limited to peaking service only. For the past two summers, peak demand had exceeded 150 MW. Platte Generating Station could supply only 100 MW of the demand. The recently completed Combustion Turbine installation would help to control fuel costs. Unlike the Burdick Station steam generation, which must run for extended periods, combustion turbine operation could be restricted to peak load hours only. Peak demand was growing at a projected rate of 2.29%. Grand Island had generating resources to satisfy peak demands for an extended period of time; this would require extensive operation of the Burdick Station steam generation.

The price of energy was determined by our generation mix, which would grow more uneconomical as energy needs grow. Energy sales were increasing 3.2% per year. By 2007 it was expected that the natural gas fired Burdick Station would be needed for every month of the year. To remain competitive, Grand Island needed additional base load capacity in the 2010 to 2012 time frame.

Mr. Mader stated the Utilities Department continued to explore a number of options to add low cost, base load, coal fired resources to the current power generation mix. At present, there were three coal plant projects being evaluated in Nebraska;

- 1) Omaha Public Power (OPPD), a 600 MW plant at Nebraska City (2009)
- 2) Hastings Utilities and Nebraska Municipal Power Pool (HU/NMPP), a 220 MW plant at Hastings (2012+)
- 3) Nebraska Public Power District (NPPD), a 400 MW plant at the CHAAP or at a site in the northeast part of the state (2014+)

Of the three options, the OPPD project was moving toward the earliest completion. Utility and Legal Staff, along with the Interim City Administrator and outside Bond Counsel had met at length with OPPD officials over the last two months to thoroughly review the proposed Power Participation Agreement (PPA). The Utilities Department believed that participation in the OPPD NC2 project was cost effective for Grand Island's future power needs.

City Attorney Doug Walker commented on the contract with OPPD. Discussion was held with regards to the feasibility study that Hastings had conducted over the last two years of which the City was a part of. Mr. Mader stated that the City would still consider joining with Hastings and/or NPPD for future power supply, possibly around the year 2014 when those plants come on line.

It was the consensus of the Council to bring this issue forward to the next council meeting which would be October 14, 2003.

ADJOURNMENT: The meeting was adjourned at 9:05 p.m.

Respectfully submitted,

RaNae Edwards  
City Clerk