



City of Grand Island

Tuesday, August 25, 2009

Council Session

Item G2

**Approving Minutes of August 18, 19, and 20, 2009 City Council
Budget Meetings**

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL BUDGET MEETING

August 18, 2009

Pursuant to due call and notice thereof, a Regular 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 18, 2009. Notice of the meeting was given in *The Grand Island Independent* on August 12, 2009.

Mayor Hornady called the meeting to order at 7:00 p.m. The following City Council members were present: Councilmember's Meyer, Niemann, Gilbert, Haase, Carney, Dugan, Ramsey, Nickerson, and Gericke. Councilmember Zapata was absent. The following City Officials were present: City Administrator Jeff Pederson, City Clerk RaNae Edwards, Finance Director Mary Lou Brown, City Attorney Dale Shotkoski, and Public Works Director Steve Riehle.

INVOCATION was given by Mayor Hornady followed by the PLEDGE OF ALLEGIANCE.

MAYOR COMMUNICATION: Mayor Hornady introduced Community Youth Council members Audie Aguilar and Kiara Solorzano.

PUBLIC HEARINGS:

Public Hearing on Proposed FY 2009-2010 City Single Budget. Mary Lou Brown, Finance Director reported that Council needed to conduct a public hearing to take information from the citizens of Grand Island on the proposed FY 2009-2010 City Single Budget. Adoption of the budget and lid limit increase was scheduled for September 8, 2009. Mike McDermott, 1603 Gretchen Avenue and Lynn Widdifield, 223 South Shady Bend Road spoke in opposition to a tax increase. No further public testimony was heard.

Councilmember Zapata was present at 7:10 p.m.

Public Hearing on Community Redevelopment Authority (CRA) Budget. Chad Nabity, Regional Planning Director presented the CRA 2009-2010 Annual Budget. Presented was a PowerPoint presentation explaining the CRA programs and functions. The following budget highlights were presented: 1) \$100,000 to purchase dilapidated properties/infrastructure 2) \$150,000 for façade development and 3) \$800,000 for other projects. Total CRA request was \$425,000 for 2009-2010 which was down from \$475,000 requested in 2008-2009. No public testimony was heard.

Review of Proposed FY 2009/2010 City Single Budget. Mayor Hornady commented on the long difficult process of creating the 2009-2010 budget. Mentioned was that the department director's would present their budget and then questions would follow. The plan was to work until 9:30 p.m. with further meetings scheduled for Wednesday and Thursday.

Jeff Pederson, City Administrator commented briefly on the city budget including the Budget in Brief document, transmittal letter, and salary survey recently received by the Human Resources Department.

Council reviewed each of the following department budgets:

Administration – Paul Breseno, Assistant to the City Administrator presented the following budgets. Personnel services increase of 3.55% due to step and annual increases and a decrease in Health Insurance. Operating Expenses Increase of 2.19% due to ICMA Program Prioritization and Community Results and National Citizen Survey.

Legislative (Mayor and City Council) – City Council operating expenses increase of 8.38% includes \$3,600 for employee benefits internet stipend and \$7,000 for council laptops.

City Clerk – Decrease of 2.5% includes deletion of tuition reimbursement and decrease of election costs. One of the biggest items in the budget was legal notices in the amount of \$16,000.

Public Information – Personnel services increase of 6.59% due to increase to step and annual increases. Operating expenses decrease of 33.63% and Capital expenses decrease of 20.15%.

Council President Meyer spoke concerning travel and training, and other expenditures. His recommendation was to cut those line items in half. Jeff Pederson and Mary Lou Brown commented on the need and legitimacy for “other accounts”. Councilmember Nickerson commented on the cut of travel and training stating 50% was too drastic, but some sort of a cut was necessary. Councilmember Haase raised concerns on exceeding line items within each budget. Also mentioned were the City’s fiscal policies.

Finance – Mary Lou Brown, Finance Director presented the Finance Department budget. Sales tax was up 1.3% over prior fiscal year. The 2010 budget reflects an annual increase of 1.8% over the 2009 projected receipts. Occupation tax was to be used for only two purposes: State Fair Building lease payments of \$755,000 per year and expenses for the Veteran’s Athletic Complex. Property tax reflects the 12% proposed rate increase. Motor vehicle tax collections reflect a year-over-year growth rate of 1.9%. Total operating expense in non-departmental was \$530,600 and lease payments were \$2,197,000. Nineteen employees were represented by the Finance IBEW Union; an additional 2 would be part of the new IBEW Union. The monthly average number of customers billed in 2008 was: electric – 24,129; water – 15,270 and sewer – 14,867. 90% of the Finance Operation Expense was related to personnel and the charge for IT services. Grand Island was a leader in the use of Munis and drives many of the overall system enhancements.

Ms. Brown explained Informational Technologies (IT) was used by other City departments and each department was charged for those services. Six of these employees would be represented by the new IBEW Union. A review of the needs of the City and the current structure of IT would be completed this fall. Ms. Brown gave an overview of the IT System Support. IT revenue was received from each department within the City for a total of \$1,014,975.00. 85% of IT expense was related to personnel service and contract services. \$210,000 was the expense related to Munis and Microsoft licensing fees. Ms. Brown explained the known changes to proposed 2009-2010 Ending Cash Balances and Proposed Budget Appropriations.

Councilmember Gilbert suggested every department try to find ways to save money. Mentioned was to have a balanced budget. Councilmember Haase asked questions concerning the credit card expense for customers paying by credit card. Comments were made on the IT budget in the amount of \$1.1 million. Councilmember Carney commented on the transmittal letter relying more on debt to pay for capital improvement projects, how much the citizen’s could pay through

taxes, and if there was a limit. Councilmember Dugan commented on the growth of revenues, expenses, and government services. He stated our focus needed to be put on the core services the City needed to provide.

Legal – Dale Shotkoski, City Attorney presented the Legal Department budget. The Legal department was a small department with only three employees which provides services to the General fund departments and Enterprise fund departments. Revenues come from the Stop program and enterprise fund reimbursement. Total budget for the Legal department was \$343,228 or 0.88% of the 2009-2010 proposed budget. The department budget increase of \$17,570 represented a 5.39% increase to the department. The increase was equal to .045% of the total General fund budget. The increase was due to wage (step) increases. Operating expense for 2009-2010 proposed budget was 3.47% less than 2008-2009.

Discussion was held on travel and training. Mr. Shotkoski explained continuing education was required by the Nebraska State Bar Association. Outside legal council was discussed. Councilmember Gilbert stated continuing education should be paid by the employee.

Human Resources – Brenda Sutherland, Human Resources Department Director presented the Human Resources Department budget. Primary responsibilities were: recruitment, compliance and information management, benefit and risk management administration, labor relations, and classification and compensation. Human Resources provided support for all other departments in the City. The dollars budgeted represented 1.15% (\$454,890) of the general fund budget. 25% of the Human Resources budget was allocated to operating expenses such as: comparability surveys, EAP services, citywide training, advertising, applicant tracking system, employee evaluation system, and pre-hire testing. Ms. Sutherland explained the wellness program within the City. Medical and prescription drug claims were down by more than \$200,000 over the past twelve months. The City was recently notified by Governor Heineman that the City would be receiving the Governor's Excellence in Wellness Award in September. A new health insurance vendor was currently being negotiated and a contract would be brought before the Council at the August 25, 2009 council meeting. Risk management was mentioned with a reduction of more than \$53,000 paid by departments for work comp. insurance and work comp. claims paid from 01/09 thru 07/09 were \$114,250 less than the same time period last year.

Councilmember Gilbert stated the City paid much better than other businesses with regards to benefits. Ms. Sutherland stated this was due to the comparability study required by law. Councilmember Haase commented on health insurance and pension. Co-pay and self insurance were mentioned. Ending cash balance reserve for insurance was discussed. Pension expenses were mentioned. Ms. Brown stated annual actuarial studies would be required. Councilmember Niemann asked if percentage of salary was related to benefits. Ms. Sutherland stated the City ran around 25%. Councilmember Carney asked if we had a cap on self assurance. Ms. Sutherland stated we had a \$1 million dollar maximum coverage for medical. Legal fees for CIR were paid out of the Human Resources budget. Other legal fees were paid out of the general fund. Councilmember Haase asked about the cafeteria plan and if it was a benefit to the employee. Ms. Sutherland stated it was a great benefit to the employee because of the tax break.

Building – Craig Lewis, Building Department Director presented the Building Department budget. Two divisions made up the Building Department fund which included maintenance and

Building Inspections/Permits. Explained were the maintenance needs for the City building. Permit and inspection fees brought in approximately 70% to offset the total budget.

Councilmember Gilbert commented on the number of employees in the department compared to the number of permits, inspections, and construction. Mr. Lewis explained the need for the number of employees and what they did. Councilmember Meyer questioned insurance premium, fuel, and vehicles. Councilmember Haase commented on keeping vehicles longer and revenue sources through the plumbing inspector.

Motion by Nickerson, second by Zapata to fix the time to which to adjourn to Wednesday, August 19, 2009 at 7:00 p.m. Upon roll call vote, all voted aye. Motion adopted.

ADJOURNMENT: The meeting was adjourned at 9:35 p.m.

RaNae Edwards
City Clerk

City Council Budget Meeting – Cont.
August 19, 2009

Pursuant to due call and notice thereof, a Regular 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 19, 2009. Notice of the meeting was given in *The Grand Island Independent* on August 12, 2009.

Mayor Hornady called the meeting to order at 7:00 p.m. The following City Council members were present: Councilmember's Meyer, Niemann, Gilbert, Haase, Carney, Dugan, Ramsey, Zapata, Nickerson, and Gericke. The following City Officials were present: City Administrator Jeff Pederson, City Clerk RaNae Edwards, Finance Director Mary Lou Brown, City Attorney Dale Shotkoski, and Public Works Director Steve Riehle.

INVOCATION was given by Mayor Hornady followed by the PLEDGE OF ALLEGIANCE.

MAYOR COMMUNICATION: Mayor Hornady introduced Community Youth Council members Lauren Cantrell and Danielle Jim.

The City Council resumed review of the 2009/2010 proposed budget.

Mary Lou Brown, Finance Director answered the following questions from last night's meeting as follows:

What is the dollar amount we have budgeted for outside legal costs and where are these dollars located in the budget?

Attorney fees for outside legal costs are budgeted primarily in the Contingency Account within Non-Departmental in the General Fund. Actual amounts for 2007 and 2008 were \$89,827.75 and \$40,619.73, respectively. The 2009 projected amount is \$25,000 and the 2010 budget amount is \$30,000. Most of the actual amounts have been spent with Harding & Shultz.

In addition, \$8,000 in legal services has been budgeted within General Insurance in the Internal Service Fund. These amounts are for legal fees in conjunction with both the General Government Insurance and the Workers Compensation Program.

How much of the IT allocation of services shows up in the General Fund?

\$458,100 of the IT allocation is expense in the General Fund. Finance is the recipient of the largest allocation at \$225,000.

What percentage of customer payments is made by credit card?

Approximately 5% of customer payments are made by credit card.

What is the co-pay dollar amount contributed by employees?

The total cost of healthcare under the new rate structure is budgeted at \$5,621,098 with the employees share of that being \$725,879.

What is the reason for the insurance premium decrease within the Building Department operating expense?

An RFP that was completed in 2008 resulted in lower premiums for the general liability insurance program.

Can the Special Revenue Backflow program be brought into the Building Department General Fund account and why is the balance in the Fund negative?

The Special Revenue Backflow program could be folded into the Building Department General Fund.

The monthly fee that is included on each customer bill to support the Backflow program is \$0.35. This fee was increased from \$0.30 to \$0.35 effective with Ordinance #9181 that was effective 10/1/08. It appears that the fee at the current level is unable to offset the costs associated with the program and is therefore causing the negative Fund balance.

Can the cash reserve of the Cafeteria Plan be transferred to the General Fund?

This Fund acts as an agent which withholds elected amounts from employee payroll and then reimburses the employee as eligible expenses are incurred. The money in the Fund theoretically belongs to the employees who contributed the funds. It is possible to have either a negative or positive balance in this Fund due to the timing of employee payroll deductions and the actual usage of the Plan. If an employee uses most of their payroll deduction early in the year and then leaves his/her employment with the City, the individual account balance will be negative. The same is true in reverse which would cause a positive balance to exist.

A legal review of the Cafeteria Plan Document needs to be completed prior to making a final response to this question.

What is a good cash reserve for health insurance?

The answer to this question is not a concrete one. The level of risk that the City is willing to assume will drive the answer and is therefore open to some debate. For those with a high risk tolerance, a reserve that covers 2 – 3 months of claims may be deemed adequate. For those with a risk avoidance perspective, 6 months of claims coverage may be the response.

What is the appropriate amount of debt a city can assume?

Follow-up with outside experts is underway and a response will be provided as soon as available.

What are the current and historical debt ratings for the City?

Follow-up is being completed and will be provided as soon as available.

Fire – Troy Hughes, Fire Chief presented the Fire Department budget. Operating costs were reduced or held steady where possible with the exceptions of Fire and EMS. Some of the increases in the fire budget were: computer services, public education materials, utility services, vehicle maintenance, other, and hose line items. Increases in the EMS budget were: computer services, repair and maintenance of machinery, and ambulance refunds. Capital items impacting the 2009-2010 budget were: rescue pumper \$550,000; staff car \$35,000; cardiac defibrillators \$39,000; and concrete replacement \$50,000. GIFD programs to add value to tax dollars were: consolidated cleaning/laundry supply purchasing; installed metal roof on Station 3 and 4; hose specifications required 10 year replacement warranty; tobacco policy; began installing motion sensing light controls; and EMS collections were up.

Chief Hughes commented on the value added through grant funding: self contained breathing apparatus - \$241,000; protective clothing - \$83,000; HAZMAT - \$25,000 - \$35,000 and pending grant requests – rescue pumper, six FTEs, smoke detector program for mobile homes, protective clothing, and crossfit wellness program. The following future needs were mentioned: apparatus replacement schedule; long range – fire station in northeast part of town, and staff needs.

Councilmember Dugan asked about the \$35,000 staff car. Chief Hughes stated this would be a pickup to haul hose and other equipment. This cost would include lights, radios, etc. Councilmember Ramsey asked about travel and training. Chief Hughes stated they budgeted around \$750.00 per person. Training was important and they were partnering with other departments for training to be more efficient and cost effective. Discussion was held on mutual aid services and the sharing of equipment between towns. Councilmember Gilbert commented on overtime and asked what the Fire Department could do to keep this line item down. Chief Hughes stated they needed to be fully staffed in order to keep the overtime budget down. Councilmember Haase commented on the EMS revenues versus expenses and complimented the department on the tax subsidy. FTE's were discussed in the EMS division. Councilmember Zapata asked about the number of staff. Chief Hughes explained how the staff works and what a Kelly day was.

Police – Steve Lamken, Police Chief presented the Police Department budget. Chief Lamken stated the goal of the Police Department was a safe community. The Police Department's job was to encourage a community that feels safe, accepted and connected and protects its citizens, proactively prevents crime and enforces the law. The Police Department direction started in 2007, "Nice vs. Necessary", tasks and programs, and department tracked with council priorities. The following actions had been taken to make the department more efficient: changes in service delivery; elimination of redundant tasks; creation of patrol support unit; job task analysis of support functions; restructuring of the administration support staff; and implementation of field reports for officers. Department program changes were as follows: all administrative support services under unified supervision; implementation of filed reporting; reorganization of Gang Operation Unit; restructuring business phone and service desk operations; reducing police services dog training schedule; and new airport security contract. The following programs had been eliminated: special event and escort activities; Community Police Academy; GREAT

Summer Youth Program; and metered parking enforcement study. Department budget highlights included: personnel – increase for new officers \$170,000 in addition to annual increases; overtime – reflects two new programs assigned to the department – State Fair and State Volleyball Tournament.

Councilmember Dugan asked about the new Dodge Charger police cars and gas mileage. Chief Lamken stated they are not better on gas mileage than the Ford Impala's and the department would not be buying any more in the future. Councilmember Gilbert commented on overtime and the Humane Society contract. Councilmember Ramsey commented on discontinuing the GREAT program. Chief Lamken stated this program would continue in the school but they had eliminated the summer program. Councilmember Haase commented about the school crossing guards.

Emergency Management – Jon Rosenlund, Emergency Management Director presented the Emergency Management budget. Department activity included: CAD calls up 8% since 2004; 50,000 911 calls in 2008; 140,000 non-emergency calls; 740,000 radio traffics annually; managed nearly \$742,000 in grant funds since 2006; recent disaster events – 2005 flooding, 2006/07 ice storm, and 2008 flooding. Recent Department upgrades were: facility expansion provided 4 complete consoles, radio system upgrade, telephone system upgrade, established short term alternate 911 center, replaced back-up generator at county tower, and replaced and expanded warning sirens. The following were issues on the horizon and the department was working on them: H1N1 flu response; FCC narrow banding upgrade requirement; warning siren replacement & expansion, establish long term alternate 911 center, disaster planning by rewriting Local Emergency Operations Plan, continuity of operations/government plan, and animal disease plan.

Mr. Rosenlund stated all general fund operations were divided 50/50 with Hall County. The Special Revenue Fund was generated by 911 surcharges and supported 911 system & activities. Personnel cost was 78% of the budget.

Councilmember Meyer asked about the Citizen Corp. Mr. Rosenlund stated this line item was completely funded by grant monies. Councilmember Gilbert asked about FTE's. Mr. Rosenlund explained the change in FTE's and the switch to the general fund. Overtime was discussed. Councilmember Haase asked about an alternate 911 center in another county. Mr. Rosenlund commented on other areas not having the ability to communicate with our systems. Comments were made concerning the City being an alternate site for FEMA. Councilmember Gericke asked if we had enough funds for the narrow banding. Mr. Rosenlund stated grant funding was being looked at.

Public Works – Steve Riehle, Public Works Director presented the Public Works budget. Mr. Riehle stated the Public Works Department had the following 5 divisions: Engineering/Administration; Fleets Services; Solid Waste; Streets; and Waste Water. Mr. Riehle commented on the duties of each division. 2010 Engineering budget highlights included 89% for personnel costs and 11% for operating costs. Street Division included: 72% operating, 23% personnel, and 5% capital. Fleet services included: 67% operating, 31% personnel, and 2% capital. Waste Water included: 46% capital, 34% operating, 10% personnel, and 10% debt service.

Councilmember Gilbert asked about the quiet zone wayside horns. Mr. Riehle stated this was not included in this budget. Discussion was held regarding the fleet services possible move to the fire training ground east of town. Councilmember Haase asked questions concerning the engineering revenues. Traffic signals were discussed regarding personnel needs. Mr. Riehle stated 50% of concrete repair was contracted. Gas tax revenues were discussed. Councilmember Gericke stated he felt we could save money by closing railroad crossings and wouldn't have to spend money on the wayside horns. Councilmember Niemann asked about contract services.

Planning – Chad Nabity, Regional Planning Director presented the Regional Planning Department budget. The Planning Department was responsible for three divisions: Planning, Community Development, and Community Redevelopment Authority. The Planning Department budget was funded 50% by County and 50% by City. The director was funded 20% by CRA and 80% by Planning budget. Secretary was funded 10% by CRA and 90% by Planning budget. Technician was funded 38% by Utilities and 62% by Planning budget. The Community Development was funded by grant fees and general fund.

Councilmember Haase mentioned the CRA budget in the amount of \$425,000 and stated he was going to request a one year moratorium. Councilmember Ramsey commented on the moratorium and spoke against it. Mayor Hornady commented on the projects and benefits to the City by the CRA. Lincoln Pool was discussed concerning applying funds to projects like this. Mr. Nabity stated this could be done.

Library – Steve Fosselman, Library Director presented the Library budget. Mr. Fosselman reviewed the City's and Library's mission statements. Emphasis was on the following three strategic planning goals: 1) timely access to accurate information and a collection in a variety of formats and technologies; 2) a wide range of library programming functions in partnership with community agencies, and 3) services for an increasingly diverse community. Mr. Fosselman stated there were approximately 300,000 visitors per year. The following literacy/learning opportunities included: children, teens, adults, and diverse community. Hall County Bookmobile was mentioned as an important service for outreach.

Councilmember Dugan questioned office supplies. Mr. Fosselman stated this included office supplies, tags for books, programs for little kids needing supplies, processing, equipment supplies, and other. Councilmember Ramsey asked about contract services and security. Mr. Fosselman stated there was a need for security and the Police Department had helped in the past, however the Police Department was not able to do this on a routine basis. Councilmember Gilbert commented about the room use and revenues that could be charged. Councilmember Haase questioned the expense side of the Library budget and increase over the past three years compared to the revenue side. Jeff Pederson, City Administrator stated the revenue from the donation was used for the building expansion.

Motion by Nickerson, second by Zapata to fix the time to which to adjourn to Thursday, August 20, 2009 at 7:00 p.m. Upon roll call vote, Councilmember's Niemann, Gilbert, Haase, Carney, Gericke, Nickerson, Zapata, Ramsey, and Dugan voted aye. Councilmember Meyer voted no. Motion adopted.

ADJOURNMENT: The meeting was adjourned at 9:25 p.m.

RaNae Edwards
City Clerk

City Council Budget Meeting – Cont.
August 20, 2009

Pursuant to due call and notice thereof, a Regular 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 20, 2009. Notice of the meeting was given in *The Grand Island Independent* on August 12, 2009.

Mayor Hornady called the meeting to order at 7:00 p.m. The following City Council members were present: Councilmember's Meyer, Niemann, Gilbert, Haase, Carney, Dugan, Ramsey, Zapata, Nickerson, and Gericke. The following City Officials were present: City Administrator Jeff Pederson, City Clerk RaNae Edwards, Finance Director Mary Lou Brown, City Attorney Dale Shotkoski, and Public Works Director Steve Riehle.

INVOCATION was given by Mayor Hornady followed by the PLEDGE OF ALLEGIANCE.

MAYOR COMMUNICATION: Mayor Hornady introduced Community Youth Council member Brandon Pfeifer.

The City Council resumed review of the 2009/2010 proposed budget.

Mary Lou Brown, Finance Director answered the following questions from last night's meeting as follows:

What is the cost for the six new Fire FTE's to the General Fund?

The six new Fire Department's FTE's are dependent upon a successful grant application. These six new employees (if successfully grant funded) will not be hired until the middle of September 2010. The cost of these employees in next year's budget will be approximately \$15,000. During the 2010-2011 budget year, these employees will have a cost of about \$350,000 depending upon union negotiated wages and benefits. The first four years of the grant funding will pay nearly 100% of their costs. The fifth year (2014-2015) will be the responsibility of the city's general fund. The cost during this 5th year would be approximately \$400,000 using the 2009-2010 union pay scales. It is our belief that the increasing medical call volume (projected to reach 5,856 by 2015) will easily offset the full cost of these six new FTEs by the time the city is fully responsible for their salary and benefits.

Why are there no transfers out from the Library Trust?

Other than the fact that the interest earned by this money has dropped off by half, there is no reason that the transfers were stopped. The last transfer took place in 2005 in the amount of \$6,240.

Should Fleet Services have a negative Cash balance?

Steve has updated his projections for Fleet Services for 2009 and those revisions actually result in a positive estimated cash balance for the current fiscal year. We have also determined that it is appropriate to do a one-time allocation to the departments utilizing the services of the Fleet

Department. This allocation is for the fuel tank replacement. The allocations will impact both the General Fund and Enterprise Fund Departments.

What dollar impact will we see by lowering the non-union projected salary increase from 4.5% to 3.5 or 3.75%?

A 1% reduction to the Non-union employees, inclusive of Department Directors, would amount to approximately \$65,000 reduction to the General Fund.

What is the total of all travel & training for the year?

The total Travel and Training appropriation in the Proposed Budget for the General Fund is \$201,724.

Contractually, is there any way NOT to increase employee wages this year?

The Unions would have to agree to a request to open up the Contracts to discuss a change to the wage settlements. The Union(s) would then have to agree to any reduction.

Discussion was held concerning the City's debt/bond rating.

Parks and Recreation – Steve Paustian, Parks and Recreation presented the Parks and Recreation Department budget. There are six divisions in the Parks and Recreation Department: Administration, Park Maintenance/Greenhouse, Recreation/Aquatics, Cemetery, Heartland Public Shooting Park, and Jack Rabbit Run Golf Course. Mr. Paustian reviewed each of the Parks divisions programs and problems. Comments were made concerning revenue sources and future needs in several areas.

Councilmember Carney asked about plans for the tennis club. Mr. Paustian stated there had been a request by the tennis club to take over the racket club. Currently they were working on this request and the current contract in place. Councilmember Meyer asked about Lincoln Pool, how often they would be open, and could swimming lessons be changed to the Water Park. Paustian stated the pool was open about 50% of the time. The Heartland Public Shooting Park was discussed regarding the loss of revenue. Councilmember Haase asked about starting the new cemetery on Webb Road. Paustian stated it would be seven to eight years before we would need to start or it would be driven by the need. Pool drains were discussed and the unfunded mandate. Special events were discussed such as the GI Games. The golf course was discussed with regards to being an enterprise fund versus a general fund.

Councilmember Dugan questioned the costs of season passes for the water park. Paustian stated they would be increasing the costs of the season passes for next year. Councilmember Ramsey brought up concerns concerning Lincoln Pool safety issues. Councilmember Carney asked about the beer sales at the golf course. Paustian stated the contract had changed with the new manager.

Capital Improvement Presentations (CIP):

Public Works – Steve Riehle, Public Works Director presented the following CIP projects for the Public Works Department: drainage projects totaling \$1,819,500; street construction project –

Stolley Park Road Widening – Locust to Events Center \$200,000; bonded street and sewer projects \$463,540; miscellaneous Public Works projects \$281,000 for a total of \$2,764,040.

Councilmember Meyer asked about the quiet zones and wayside horns. Riehle stated this probably wouldn't happen until the 2010 budget year. Storm water planning was discussed. Councilmember Gilbert asked questions about the Stolley Park widening project and Wasmer detention cell. Councilmember Ramsey spoke of concerns about the Stolley Park widening project. Comments were made to extend the project to Stuhr Road. Councilmember Meyer commented on traffic to the State Fair and not knowing how the traffic would flow. He recommended we wait to see where the improvements needed to be made. Northwest drainage project in the amount of \$725,000 was discussed. Councilmember Niemann commented on Stolley Park widening and agreed with Councilmember Meyer in not doing anything until after the first year of the State Fair. Wasmer was discussed concerning culverts.

Councilmember Haase asked about the gas tax. Riehle stated gas tax could be used for street maintenance, street equipment, and street construction. Revenues and expenses for this line item were discussed. Councilmember Meyer stated he supported the project from Stolley for Fonner but not any further.

Parks & Recreation (CIP) – Steve Paustin, Parks & Recreation Director presented the following CIP projects for the Parks Department: miscellaneous park projects \$150,000; hike/bike trails \$200,000; and soccer/baseball field development – Vets Home \$1,300,000 for a total of \$1,650,000. Total Capital Projects were \$4,564,040.

Councilmember Meyer stated he was very pleased with the hike/bike trails. He suggested Council use the \$200,000 from hike/bike and put it towards Police Officers. Councilmember Gericke commented that he would like to see more hike/bike trails on the north side of the city towards the new Vets Home softball complex. Councilmember Nickerson asked about grant funding for hike/bike trail and the needs for more Police officers. Councilmember Zapata questioned Lincoln Park Pool and the cost of a wet play area. Paustian stated a wet play area would cost \$1.4 million.

Enterprise Fund Presentations:

Utilities – Gary Mader, Utilities Department Director presented the Utilities budget. The Utilities department consisted of Water and Electric. The following budget appropriation was presented for the electric department: operating expenses, taxes, & fee 15%; labor 18%; baseload fuel (coal) 21%; peaking fuel & power purchases 22%; capital – trans/dist 12%; capital – generation 3%; and debt service 9%. Mr. Mader stated fuel costs had doubled in the last few years. Pending regulatory issues consisted of carbon dioxide regulation, mercury regulation, and renewable portfolio standards.

The following budget appropriation was presented for the water department: operating expenses, taxes, & fees 36%; labor 14%; capital – reservoirs, pump stations, & wells 7%; capital – distribution 29%; debt service 7%; and power for pumping water 7%. No rate changes were expected for this fiscal year.

Councilmember Haase commented on the cash flow for the electric utilities. Costs for PGS were mentioned. Water department revenues were mentioned regarding a decrease from \$6.2 million in 2009 to \$4.6 million in 2010. This drop was because of the Alda water main. Councilmember Gilbert asked about not having meters read in the homes. Mader stated they could investigate that option.

Public Works – Wastewater – Steve Riehle, Public Works Director presented the Public Works CIP projects with regards to the Waste Water Treatment Plant. The following highlights were presented: personnel 10%; operations 25%; debt service 11%; and capital 51%.

Councilmember Meyer asked about other general supplies in the amount of \$220,000. Councilmember Gilbert asked about the odor. Riehle stated there were three sources of odor – overloading by JBS, hydrogen sulfite, and rendering or process smells from JBS.

Councilmember Dugan asked about the lottery matching fund in the amount of \$285,000 and where it was in the budget. Jeff Pederson, City Administrator stated half that amount was in the budget but he couldn't tell exactly which line item it was in. Councilmember Meyer asked what term was used for the lottery match. Mayor Hornady stated it was a lottery match but didn't know what the actual title was. Dale Shotkoski, City Attorney stated the city would only be on the hook for two quarters and Lincoln would be responsible for the other two quarters. Councilmember Haase stated it should fall under the non-departmental fund.

Mayor Hornady commented on the thorough work from the Department Director's in bringing forth a balanced budget. Specific changes council wanted needed to be brought forward in motion form so we could wrap up tonight. If not we could continue at next weeks council meeting.

Councilmember Nickerson recommended we hear from each councilmember before any motions were made.

Increasing the mill levy by 3 from .25 to .28 and the \$2 million bonding recommendation were discussed. Discussion was held concerning gathering the information before a vote was taken.

Motion by Carney, second by Gericke that we make no changes to the budget tonight. Upon roll call vote, Councilmember's Meyer, Niemann, Carney, Zapata, Nickerson, and Gericke voted aye. Councilmember's Gilbert, Haase, Dugan, and Ramsey voted no. Motion adopted.

Councilmember Meyer stated he did not want to raise the mill levy. He still wanted to cut travel & training and other expenses in the budget. Councilmember Nickerson asked the council to consider the following: reduce travel & training by 15%; wages – non-union reduce to 3.5 or 3.75; CIP projects move to next years budget – left turn lane by Northwest High School, Wasmer detention cell, and consider reallocating part of the insurance money to reinvest in hiring 4 Police Officers.

Councilmember Haase commented on the City's fiscal policy and not having a solvent budget. The following were recommended: CRA tax moratorium and no raise in property tax.

Councilmember Niemann stated the following: a tax rate increase of 1.5 was agreeable but not 3, we needed 4 new Police Officers, travel & training deduction by 25%, wait on Stolley Park Road widening project.

Councilmember Dugan stated the following: need 4 Police Officers, not sure it was necessary to increase tax rate by 3 but may have to raise it somewhat, vehicle replacement only if necessary, balancing budget – IT and fleet services have a loss and needs to be looked at, and Heartland Shooting Park, aquatics, recreation to establish a threshold on what the City would be willing to supplement.

Councilmember Carney asked Haase for a definition of budget solvency. Councilmember Haase stated there was a time to spend and a time to save.

Councilmember Gericke commented on travel and training that some departments asked for a lot and some asked for very little, an across the board cut may not be fair. What was cut this year may come back next year. He didn't want to raise taxes but may have to. Police Officers were needed even if we don't get the grant money. Grand Island is in the lower half of all first class cities in Nebraska relative to mill levy rate.

Councilmember Ramsey stated Tuesday we need to know what the dollar amount was we needed to look at. A mill levy raise if it went towards the Police Officers and safety issues was acceptable.

Councilmember Gilbert stated she would not vote for a raise in the mill levy. She asked if we could use funds from vacant fire fighters positions to be used for new Police Officers. Find a different way to fund the pumper truck. Overtime was mentioned to go back to the 2008 level. Health insurance rates, travel, and training needed to be cut; bookmobile may be a decrease if it is no longer in service, salary decreases. \$850,000 is a minimum that needed to be cut.

Councilmember Gericke commented on overtime and not having enough help.

City Administration Jeff Pederson stated staff would put some figures together and bring the budget back for approval at the August 25, 2009 City Council meeting.

ADJOURNMENT: The meeting was adjourned at 10:10 p.m.

RaNae Edwards
City Clerk