



City of Grand Island

Tuesday, September 8, 2015

Council Session

Item G-1

Approving Minutes of August 24, 2015 City Council Budget Session

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL SPECIAL BUDGET MEETING

August 24, 2015

Pursuant to due call and notice thereof, a Special Budget 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 24, 2015. Notice of the meeting was given in the *Grand Island Independent* on August 12, 2015.

Mayor Jeremy L. Jensen called the meeting to order at 7:00 p.m. The following Councilmembers were present: Mitch Nickerson, Mark Stelk, Jeremy Jones, Chuck Haase, Julie Hehnke, Linna Dee Donaldson, Michelle Fitzke, Vaughn Minton, Roger Steele, and Mike Paulick. The following City Officials were present: City Administrator Marlan Ferguson, City Clerk RaNae Edwards, Interim Finance Director William Clingman, City Attorney Robert Sivick, and Public Works Director John Collins.

Mayor Jensen introduced Community Youth Council member Sarah Salman.

INVOCATION was given by Community Youth Council member Sarah Salman followed by the PLEDGE OF ALLEGIANCE.

SPECIAL ITEMS:

Wastewater 2015/2016 Budget Presentation. Public Works Director John Collins introduced Wastewater Treatment Plant Engineer Marvin Strong and Dr. Jue Zhao. Reviewed were the funding sources. The operating revenue was \$28,595,521 and the expenditures were \$28,338,581 with a 2016 ending cash balance of \$8,215,808.

Dr. Jue Zhao presented the following 2015/2016 Capital Projects:

- Headworks – (\$21,500,000) – this project was on schedule and was on budget. The City would pay a 5% retainage (\$850,000) during FY 2016. The 5% contingency (\$850,000) was available for additional projects. The City would receive septage in a more appropriate manner.
- North Interceptor Phase 2 – (\$10,820,400) (SRF) – 7th and Skypark to 281 and Capital. The North Interceptor Phase 2b was done with the exception of restoration; within budget. North Interceptor Phase 2a (7th and Skypark to Capital and Broadwell) and 2c (Capital and Webb to Capital and Diers). Once completed Lift Station #19 would be abandoned. Work should be done by this time next year.
- Wildwood Subdivision - (\$1,872,600) (SRF) – would provide sanitary sewer service to this subdivision. There was \$100,000 carryover for retainage, etc.
- US Hwy 281 (530T) Sanitary Sewer Assessment District (\$2,132,230) (SRF) – this was an extension of sanitary sewer south along US Highway 281 from the Wildwood Industrial Park to Interstate 80. This also had a \$100,000 carryover for retainage, etc.

- Hall County Sanitary Improvement District #2 – (\$2,487,846) (SRF) – was scheduled to start this fall and should be done by this time next year. This would eliminate at least two small wastewater treatment plants.

Mr. Strong stated at least 30% of the Sanitary Sewer Collection System had been assessed. He also mentioned several Wastewater awards received.

Discussion was held regarding \$350,000 set aside for collection sewer system. Mr. Strong said it was met to be proactive. Three percent of the sewer pipes in Grand Island were 100 years old and were meant to last 50 years. Explained was using a lining in these older pipes.

Solid Waste 2015/2016 Budget Presentation. Solid Waste Superintendent Jeff Wattier reviewed the 2015/2016 Solid Waste Division budget. He explained that the Enterprise Fund received no funding from the General Fund and that all revenues generated were from tipping fees. This was one of the few divisions with competition and served both residents and non-residents.

Mr. Wattier stated the landfill site had 4-5 years life left in the current area (Cells 1 & 2) and approximately 30 years life left in total Phase 1 area. He said in 2015 they continued routine capital replacement with concrete repairs at the Transfer Station and a new dozer at the Landfill. Budgeted for FY2015/2016 were: personnel - \$1,043,699, operations - \$1,065,680, and Capital - \$575,000.

Discussion was held concerning the out-of-town waste into the Landfill. Mr. Wattier estimated 15% to 20% from out-of-town went to the Landfill and the Transfer Station. Explained was the closure process of the Landfill when it was full. The current four cells comprised of 52 acres. There was 320 acres to be used for landfill purposes.

The following FY 2015/2016 budgeted Capital Expenditures were:

- New wheel loader at transfer station (\$122,000)
- New truck-tractor at transfer station (92,000)
- New transfer trailers at transfer station (\$156,000)
- Used excavator at landfill (\$145,000)

There were no FTE changes and no rate increases proposed for 2015/2016. He stated there had been one rate increase (FY 2014) in the past 11 years. Council complimented the Solid Waste Division on their work.

Golf Course 2015/2016 Budget Presentation. Parks & Recreation Director Todd McCoy reviewed the number of rounds and the Golf Course financial history along with a five year projection. In the 2015/2016 Budget they were anticipating the purchase of a mower, sprayer, and vertical turbine replacement in the amount of \$60,000. Ending cash balance was projected at \$67,752.

Discussed was the capital purchase of a mower and repayment of \$25,000 each year to the General Fund for the irrigation system. It was recommended that the Council waive the \$25,000 each year to the General Fund. Mentioned were fee increases in 2017 and 2019.

Motion by Haase, second by Paulick to waive the \$25,000 for the repayment of the irrigation system indefinitely. Upon roll call vote, all voted aye. Motion adopted.

Utilities Department 2015/2016 Budget Presentation. Utilities Director Tim Luchsinger gave the following overview: \$550,000,000 in insurable assets; 25,000 electric meters; 17,000 water meters; and 139 full-time employees.

The following Budget Guidelines were presented:

- Conservative (low) revenue forecast
 - Weather dependent
 - Ensure debt service coverage
- Conservative (high) operating costs
 - Generation fuel/purchase power
 - Allow potential production capacity
- Maintain adequate cash reserves
- Manage controllable operating expenses and capital expenditures

The following Cash Reserve Guidelines were presented:

- Cash Reserve Considerations
 - Working Capital
 - Replacement Power
 - Asset Replacement
 - Capital Improvement Reserve
 - Debt Service Reserve
- Electric Fund - \$31,300,00
- Water Fund - \$3,200,000

Mr. Luchsinger commented on the Capital Improvement Budgets and stated the Electric and Water Master Plans had recently been completed. Mentioned was the 5 and 20 year system requirements and that the recommendations were included in the 5 year capital improvement budget forecasts.

The following Electric Capital Improvements with a total budget of \$15,959,000 were presented:

- Transmission line improvements - \$3,000,000
- Bond payments - \$2,915,000
- Distribution improvements - \$3,465,000
- Power plant maintenance/improvements - \$2,025,000
- Distribution Service Center improvements - \$1,385,000
- Substation improvements - \$960,000
- Phelps Control Center improvements - \$250,000

Discussion was held regarding wind energy. By the end of September they would put the generators on top of the towers and by the end of the year the generators would be in operation. On an annual basis the wind energy would supply around 7% to 8% of energy to the City. The goal by 2020 was to have 20% of wind energy.

The following Water Capital Improvements with a total budget of \$3,075,000 were presented:

- Bond payments - \$230,000
- Logan & Pine UPRR relocations - \$700,000
- Central NE Regional Airport upgrade - \$800,000
- Production improvements - \$510,000

Mr. Luchsinger stated future budgets should allow for increased capital improvements, rate increases over several years to support capital improvements would be required and discussions regarding water fund overall financial strategy proposed as to not conflict with general fund budget hearings.

RESOLUTIONS:

#2015-217 – Approval of Proposed FTEs for the 2015-2016 Budget. Interim Finance Director William Clingman commented on the changes to Resolution #2015-217 (B). Mr. Collins stated he would take out the two equipment operators.

Mr. Luchsinger answered questions regarding the System Technician FTE for the Electric Department.

Motion by Haase, second by Donaldson to approve Resolution #2015-217 (A) and #2015-217 (C). Upon roll call vote, Councilmembers Steele, Minton, Fitzke, Donaldson, Hehnke, Haase, Jones, Stelk, and Nickerson voted aye. Councilmember Paulick voted no. Motion adopted.

Comments were made regarding approving the FTE list before the budget talks regarding revenues and expenses.

Motion by Haase, second by Hehnke to amend Resolution #2015-217 (B) by removing the Equipment Operator and the Police Records Clerk. Upon roll call vote, Councilmembers Steele, Minton, Fitzke, Donaldson, Hehnke, Haase, Jones, Stelk, and Nickerson voted aye. Councilmember Paulick voted no. Motion adopted.

Motion by Donaldson, second by Stelk to approve Resolution #2015-217 (B) as amended. Upon roll call vote, Councilmembers Steele, Fitzke, Donaldson, Hehnke, Haase, Jones, Stelk, and Nickerson voted aye. Councilmembers Paulick and Minton voted no. Motion adopted.

ADJOURNMENT: The meeting was adjourned at 8:31 p.m.

RaNae Edwards
City Clerk