
City of Grand Island



Tuesday, August 18, 2009

Council Session Packet

City Council:

Larry Carney
Scott Dugan
John Gericke
Peg Gilbert
Chuck Haase
Robert Meyer
Mitchell Nickerson
Bob Niemann
Kirk Ramsey
Jose Zapata

Mayor:

Margaret Hornady

City Administrator:

Jeff Pederson

City Clerk:

RaNae Edwards

7:00:00 PM
Council Chambers - City Hall
100 East First Street

Call to Order

This is an open meeting of the Grand Island City Council. The City of Grand Island abides by the Open Meetings Act in conducting business. A copy of the Open Meetings Act is displayed in the back of this room as required by state law.

The City Council may vote to go into Closed Session on any agenda item as allowed by state law.

Pledge of Allegiance

Roll Call

A - SUBMITTAL OF REQUESTS FOR FUTURE ITEMS

Individuals who have appropriate items for City Council consideration should complete the Request for Future Agenda Items form located at the Information Booth. If the issue can be handled administratively without Council action, notification will be provided. If the item is scheduled for a meeting or study session, notification of the date will be given.

B - RESERVE TIME TO SPEAK ON AGENDA ITEMS

This is an opportunity for individuals wishing to provide input on any of tonight's agenda items to reserve time to speak. Please come forward, state your name and address, and the Agenda topic on which you will be speaking.

MAYOR COMMUNICATION

This is an opportunity for the Mayor to comment on current events, activities, and issues of interest to the community.



City of Grand Island

Tuesday, August 18, 2009

Council Session

Item E1

Public Hearing on Proposed FY 2009-2010 City Single Budget

Staff Contact: Mary Lou Brown

Council Agenda Memo

From: Mary Lou Brown, Finance Director
Meeting: August 18, 2009
Subject: Public Hearing for FY 2009-2010 Single City Budget
Item #'s: E-1
Presenter(s): Mary Lou Brown, Finance Director

Background

The budget process for the City of Grand Island begins in April with internal budget compilation and culminates with the submittal of the final budget to the State Auditor in September. Following are accomplishments that have occurred:

- Departments reviewed their current budgets and submitted 2009-2010 budget requests.
- Outside Agencies were contacted to submit their budget requests for next year.
- Requests were reviewed with each department by City Administration.
- 2009-2010 preliminary budget was adjusted to promote efficiencies and effectiveness.
- Individual Board review and approval took place for CRA and Solid Waste Agency.
- On June 16th, the City Council conducted a Study Session to review the proposed FTE requests, funding of Outside Agencies and Fee Schedule changes. These were approved on June 23rd.
- On July 14th, the City Council conducted a public hearing and approved the Solid Waste Agency Budget.

Discussion

At the August 11th council meeting, the City Council is asked to conduct a public hearing on the proposed budget to allow for public input. The public hearing will be followed up by a Special Budget meeting on August 18th and 19th and additionally August 20th, if needed, where council will be able to ask questions and respond to information concerning the proposed budget and public input. At the August 18th meeting, the Council will be asked to make determination on the budget or set further meetings to move toward determination.

Future steps concerning the budget include:

- | | |
|--------------------|--|
| August 18, 2009 | Special Budget meeting. |
| August 19, 2009 | Special Budget meeting, if needed. |
| August 20, 2009 | Special Budget meeting, if needed. County certifies taxable values. |
| August 25, 2009 | Adopt budget and approve lid limit increase.
Council approves BID budgets and assessments and sets date for Board of Equalization. |
| September 8, 2009 | Public hearing on General Property, Parking District #2, and CRA tax requests.
Establish Parking District #1 occupation tax request.
Establish property tax requests for General Property, Parking District #2 and CRA.
Public hearing and amendment to current year budget, if needed. |
| September 21, 2009 | Submit Budget to State Auditor. |
| September 23, 2009 | Board of Equalization for BIDs and ordinance for assessments. |

Recommendation

The Council is asked to conduct the public hearing and take information from the citizens. After conducting the hearing, it is recommended that the City Council take the information under advisement for further discussion at the August 18th Special Budget Session

The budget transmittal letter, a “Budget in Brief”, and a draft document of the budget were provided to Council in mid-July. If any further information is needed, please contact City Administration.



City of Grand Island

Tuesday, August 18, 2009

Council Session

Item E2

**Public Hearing on Community Redevelopment Authority (CRA)
Budget**

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, CRA Director

Meeting: August 18, 2009

Subject: Community Redevelopment Authority (CRA) Budget

Item #'s: E-2

Presenter(s): Chad Nabity, CRA Director

COMMUNITY REDEVELOPMENT AUTHORITY 2009-2010 ANNUAL BUDGET

It is my privilege to present to you the budget for the Community Redevelopment Authority for 2009-2010. This plan and budget continues the high-quality services that have enabled the CRA to partner with the City of Grand Island, private developers and businesses, and with property owners in the blighted and substandard areas to make Grand Island vibrant, clean, safe, and attractive.

The CRA budget for 2009-2010 is offered to you with a review of the responsibilities of the CRA. Those responsibilities and abilities are outlined in State Statutes and are summarized, in part, as follows:

The creation of Redevelopment Authorities was authorized by the Nebraska Legislature in order to provide communities with the ability to address certain areas of a city in need of improvement and development. Powers granted to Community Redevelopment Authorities are outlined in Chapter 18 of the Statutes and include the ability to expend funds to acquire substandard or blighted areas, make public improvements, and assist with development and redevelopment projects in specified areas. The Authority has virtually the same powers as any political subdivision, including borrowing money, issuing bonds, undertaking surveys and appraisals and asking for a levy of taxes.

A five-member board, appointed by the Mayor with the approval of the City Council, governs the CRA. The CRA is administered by a Director and devotes the overwhelming share of its resources to highly visible and effective programs. The CRA funds its programs primarily through assessments on taxable properties within the Grand Island city limits.

BLIGHTED AND SUBSTANDARD AREAS

There are Seven (7) designated Blighted and Substandard Areas within the Grand Island City Limits (see attached map). The City Of Grand Island has the authority to designate

up to 35% of the community a blighted and substandard. At present 16.66% of the City has been designated blighted and substandard.

CRA MISSION

The CRA’s mission is to reduce, slow or eliminate blighting influences on property in those areas that have been designated as blighted and substandard. They do this by encouraging new investment and improved infrastructure in older areas of the community through the use of tax increment financing. They also take an active role in purchasing and demolishing properties that need to be cleared. This property is then made available for redevelopment.

FISCAL RESOURCES

General Revenues For 2009-2010,

The CRA is requesting property tax revenues of \$425,000 down from \$475,000 in 2008-09 and down from \$500,000 in 2007-2008. Historically, the levies and tax askings have been:

2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
\$0.020790	\$0.0225655	\$0.022824	\$0.023625	\$0.024287	\$0.025325	\$0.024721
\$475,000	\$500,000	\$477,204	\$456,540	\$457,391	\$402,431	\$388,713

At the July 21, 2009 meeting, the Community Redevelopment Authority approved the proposed budget establishing a preliminary request of \$0.01950 for each hundred dollars of valuation for an anticipated \$425,000 based on an estimated taxable valuation of \$2,330,443,511.

Program Funding

The Community Redevelopment Authority has the ability to assist private developers and governmental entities with the commercial, residential or mixed-use redevelopment projects throughout the City. Specific detail on projects is as follows:

- Purchase of Dilapidated Properties/Infrastructure. The 2008-2009 budget includes \$100,000 for the acquisition of substandard properties in the blighted and substandard areas and for the provision of infrastructure. The Authority will consider any property within a designated area.
- Facade Development \$150,000 has been budgeted for the façade development program, including grants and interest buy down these projects are unidentified at this time. This program has been used extensively in the Downtown area but is available to all blighted and substandard areas.
- Train Horns: A total amount of \$240,000 has been reserved for participation in the way side horn project in Downtown Grand Island. This project is a joint project

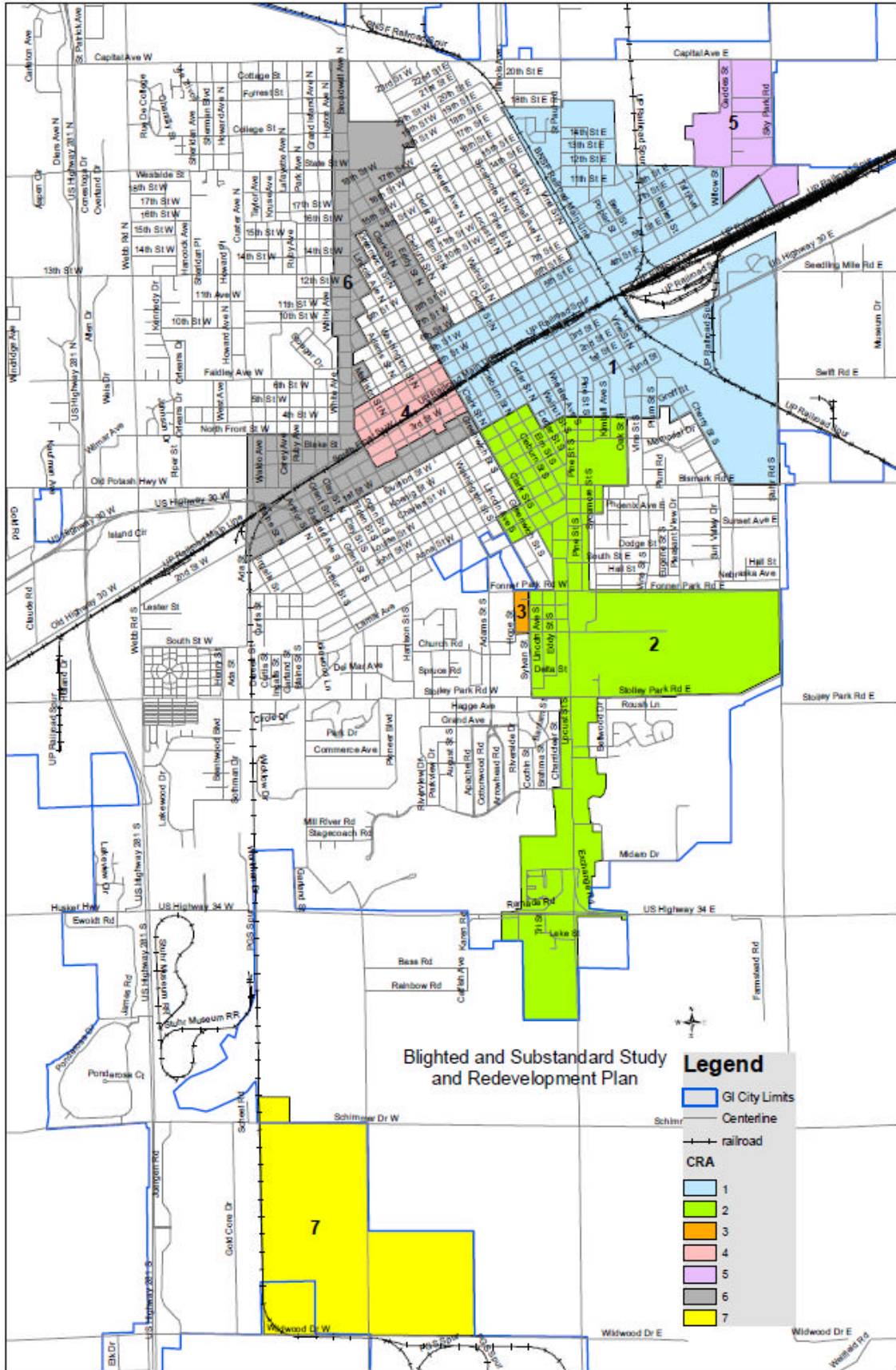
funded by the City and the CRA through an interlocal agreement. Final approvals from the rail road are moving forward and we anticipate that CRA will make the payment on the full project during the 2009-2010 fiscal year. This will be a reimbursement to the City.

- Other Projects: \$800,000 has been reserved for other projects in the blights and substandard areas. This funding can be assigned to specific projects including but not limited to infrastructure improvements in the blighted and substandard areas that would support larger redevelopment plans. The authority is specifically looking at financing “Bucket TIF” projects in residential neighborhoods that have already been declared blighted and substandard. This process will allow the CRA to help make significant improvements in the quality of housing available in these neighborhoods. The CRA has used this funding item in the past to fund additional façade improvement projects and to make grants to fund specific projects for the: Business Improvement District, the Grand Parks Department, Fonner Park, The Central Nebraska Humane Society, St. Stephens, Habitat for Humanity and other community groups for specific projects that meet the mission of the CRA.

CONCLUSION

A continued aggressive approach toward redevelopment will be the focus for the CRA in 2009-2010. The investments this community has made in housing, redevelopment efforts, infrastructure and economic development, bode well for the future of the community.

Given the current climate regarding taxes, development and redevelopment, the CRA is requesting a less revenue during the upcoming year. The CRA expects to spend a significant portion of their unspent funds during the coming year. It is hoped that they will be able to do this in a manner that will enable them to recapture those dollars at a later date.



Blighted and Substandard Study and Redevelopment Plan

Legend

- GI City Limits
- Centerline
- railroad
- CRA**
- 1
- 2
- 3
- 4
- 5
- 6
- 7

COMMUNITY REDEVELOPMENT AUTHORITY
FY 2009 - 2010 BUDGET

CONSOLIDATED	2007 Actual	2008 Actual	2009 Budget	2009 Projected	2010 Budget
Beginning Cash	1,309,485	952,497	1,236,622	892,522	1,035,860
REVENUE:					
Property Taxes	699,422	750,800	697,796	717,783	667,783
Loan Proceeds	-				
Interest Income	45,272	41,968	10,000	15,579	8,000
Land Sales	14,837	15,152	50,000	47,335	50,000
Other Revenue	6,506	-	-	16,054	-
TOTAL REVENUE	766,037	807,920	757,796	796,751	725,783
TOTAL RESOURCES	2,075,522	1,760,417	1,994,418	1,689,273	1,761,643
EXPENSES					
Auditing & Accounting	4,900	5,000	8,000	6,500	7,500
Legal Services	5,500	2,143	10,000	6,000	10,000
Consulting Services	999	-	10,000	-	10,000
Contract Services	48,430	34,362	40,000	35,000	40,000
Printing & Binding	-	568	1,000	-	1,000
Other Professional Services	3,429	4,112	6,000	3,000	5,000
General Liability Insurance	-	-	250	250	250
Postage		142	250	200	200
Legal Notices	303	828	800	800	800
Licenses & Fees	-	-	-	-	-
Travel & Training	70	-	1,500	-	1,000
Other Expenditures	14	-	500	250	500
Office Supplies	32	105	500	150	500
Supplies	-	-	300	300	300
Land	15,137	33,090	100,000	129	100,000
Façade Improvement	127,300	207,871	200,000	155,551	150,000
South Locust	-	-	-	-	-
Other Projects	706,680	-	500,000	15,000	800,000
Property Taxes BID Fees				-	-
2nd Street BID				150,000	-
Outstanding Façade Improvement Grants				-	132,250
Railroad Horns				-	240,000
Other Committed Projects				37,500	17,700
Property Management				-	-
Bond Principal	112,739	142,543	128,002	161,611	161,611
Bond Interest	97,492	93,031	94,794	81,172	81,172
TOTAL EXPENSES	1,123,025	523,795	1,101,896	653,413	1,759,783
INCREASE(DECREASE) IN CASH	(356,988)	284,125	(344,100)	143,338	(1,034,000)
ENDING CASH	952,497	1,236,622	892,522	1,035,860	1,860
LESS COMMITMENTS		-	-	-	-
AVAILABLE CASH	952,497	1,236,622	892,522	1,035,860	1,860
CHECKING	481,867	786,622	442,522	130,860	(298,140)
INVESTMENTS	470,630	450,000	450,000	905,000	300,000
Total Cash	952,497	1,236,622	892,522	1,035,860	1,860

COMMUNITY REDEVELOPMENT AUTHORITY
FY 2009 - 2010 BUDGET

	2007 Actual	2008 Actual	2009 Budget	2009 Projected	2010 Budget
CRA					
GENERAL OPERATIONS:					
Property Taxes	491,210	493,602	475,000	475,000	425,000
Interest Income	44,921	41,561	10,000	15,000	8,000
Land Sales	14,837	-	50,000	47,335	50,000
Other Revenue	4,251	1,300	-	7,077	
TOTAL	555,219	536,463	535,000	544,412	483,000
GILI TRUST					
Property Taxes	64,571	66,410	65,780	65,780	65,780
Interest Income	-	-	-	-	-
Other Revenue	324	1,108	-	277	
TOTAL	64,895	67,518	65,780	66,057	65,780
CHERRY PARK LTD II					
Property Taxes	61,006	62,743	59,180	59,180	59,180
Interest Income	237	251	-	349	-
Other Revenue	68	-	-	-	-
TOTAL	61,311	62,994	59,180	59,529	59,180
GENTLE DENTAL					
Property Taxes	3,251	3,497	4,202	4,202	4,202
Interest Income	4	3	-	1	-
Other Revenue	846	947	-	702	
TOTAL	4,101	4,447	4,202	4,905	4,202
PROCON TIF					
Property Taxes	17,631	18,138	19,162	19,162	19,162
Interest Income	27	53	-	36	
Other Revenue	931	972	-	-	-
TOTAL	18,589	19,163	19,162	19,198	19,162
BRUNS PET GROOMING					
Property Taxes	-	9,536		4,986	4,986
GIRAD VET CLINIC					
Property Taxes	-	3,242		4,940	4,940
GEDDES ST APTS - PROCON					
				1,195	1,195
SOUTHEAST CROSSINGS					
				8,866	8,866
WALNUT HOUSING PROJECT					
Property Taxes	61,753	93,632	74,472	74,472	74,472
Interest Income	83	100	-	193	
Other Revenue	86	10,825	-	7,998	
TOTAL	61,922	104,557	74,472	82,663	74,472
TOTAL REVENUE	766,037	807,920	757,796	796,751	725,783

COMMUNITY REDEVELOPMENT AUTHORITY
FY 2009 - 2010 BUDGET

	2007 Actual	2008 Actual	2009 Budget	2009 Projected	2010 Budget
EXPENSES					
CRA					
GENERAL OPERATIONS:					
Auditing & Accounting	4,900	5,000	8,000	6,500	7,500
Legal Services	5,500	2,143	10,000	6,000	10,000
Consulting Services	999	0	10,000	-	10,000
Contract Services	48,430	34,362	40,000	35,000	40,000
Printing & Binding	-	568	1,000	-	1,000
Other Professional Services	3,429	4,112	6,000	3,000	5,000
General Liability Insurance	-	0	250	250	250
Postage		142	250	200	200
Legal Notices	303	828	800	800	800
Licenses & Fees		0			
Travel & Training	70	0	1,500	-	1,000
Other Expenditures	-	0	500	250	500
Office Supplies	32	105	500	150	500
Supplies	-	0	300	300	300
Land	15,137	33,090	100,000	129	100,000
PROJECTS					
Façade Improvement	127,300	207,871	200,000	155,551	150,000
South Locust	-	0	-	-	-
2nd Street BID		0		150,000	-
Outstanding Façade Improvement Grants		0		-	132,250
Railroad Horns		0		-	240,000
Other Committed Projects		0		37,500	17,700
Other Projects	706,680	0	500,000	15,000	800,000
Property Taxes BID Fees		0		-	-
Property Management		0		-	-
TOTAL CRA OPERATING EXPENSES	912,780	288,221	879,100	410,630	1,517,000
GILI TRUST					
Bond Principal	43,604	47,158	51,001	51,001	51,001
Bond Interest	22,176	18,622	14,779	14,779	14,779
Other Expenditures	4				
TOTAL GILI EXPENSES	65,784	65,780	65,780	65,780	65,780
CHERRY PARK LTD II					
Bond Principal	34,131	36,824	39,729	39,729	39,729
Bond Interest	25,049	22,356	19,451	19,451	19,451
TOTAL CHERRY PARK EXPENSES	59,180	59,180	59,180	59,180	59,180
GENTLE DENTAL					
Bond Principal	1,949	2,127	2,276	2,276	2,276
Bond Interest	2,253	2,075	1,926	1,926	1,926
TOTAL GENTLE DENTAL	4,202	4,202	4,202	4,202	4,202
BRUNS PET GROOMING					
		9,536		4,986	4,986
GIRARD VET CLINIC					
		3,242		4,940	4,940
PROCON TIF					
Bond Principal	8,333	10,601	9,467	9,467	9,467
Bond Interest	10,829	8,561	9,695	9,695	9,695
TOTAL PROCON TIF	19,162	19,162	19,162	19,162	19,162
GEDDESST APTS - PROCON					
				1,195	1,195
SOUTHEAST CROSSINGS					
				8,866	8,866
WALNUT HOUSING PROJECT					

COMMUNITY REDEVELOPMENT AUTHORITY
 FY 2009 - 2010 BUDGET

	2007 Actual	2008 Actual	2009 Budget	2009 Projected	2010 Budget
Other Expenditures	10				
Bond Principal	24,722	33,055	39,151	39,151	39,151
Bond Interest	37,185	41,417	35,321	35,321	35,321
TOTAL WALNUT HOUSING PROJEC	61,917	74,472	74,472	74,472	74,472
TOTAL EXPENSES	1,123,025	523,795	1,101,896	653,413	1,759,783



City of Grand Island

Tuesday, August 18, 2009

Council Session

Item X1

Review of Proposed FY 2009/2010 City Single Budget

Staff Contact: Jeff Pederson

July 17, 2009

Honorable Mayor and City Council

Submitted for your consideration is the proposed budget of revenues and expenditures for the City of Grand Island for the fiscal year of 2009-2010.

Following the adoption in September of the 2008-2009 Budget, a project was initiated that had the goal of producing information that illustrates pertinent trends in City finance that would be useful in formulating future budgets and fiscal policies. In December, the City Council was presented with the Financial Trend Monitoring System. That presentation highlighted several major fiscal/financial trends that had developed over the previous ten years, including gradual declines in recent years in the unrestricted General Fund balance as well as in annual revenue of the General Fund that is available for financing of capital projects. Additionally, the trend analysis illustrated the fact that sales tax revenue has not been sufficient to fund inflationary growth in General Fund spending after meeting the mandated commitments for project funding as well as replacement of revenues formerly generated by property taxes. Several key indicators also pointed to the fact that current programs in the General Fund could not be sustained with existing revenue levels, and that debt financing would be required to sustain a responsible level of capital improvement projects for facilities that are associated with General Fund programs.

Grand Island is a growing community, and City government becomes impacted in many ways as the physical size of the City grows and increased population puts more demand upon services. The City is fortunate to have a highly competent team of management professionals, and a workforce that is dedicated to quality service delivery. With a number of public facility construction and expansion projects completed over the past few years, City facilities are generally in good shape. The need to construct a new Fleet Services Facility persists, and the site that the City formerly purchased for a prospective State Fire Training Center will now be evaluated for suitability for Fleet Services. Although funding for reconstruction of Lincoln Park Pool is not in the proposed budget, that project will be discussed with consideration to the information that was brought forward at a July 21 City Council Study Session.

While Grand Island has been less impacted by the economic downturn than most cities in the nation, projected sales tax revenue for the current fiscal year will be down by approximately \$125,000, or less than 1%. This occurrence, while not insignificant, adds to a challenge that already existed with respect to available revenue for the General Fund and for the Capital Improvements Fund. The projected flattening of sales tax revenue triggered several administrative constraints on spending for the year, including

restrictions on travel, a wait period of hiring of open positions, and a requirement for strict adherence to line-item limits to spending.

A Budget Focus Retreat for Department Directors was held on March 25, during which the financial picture for the budget preparation was analyzed. Subsequent to that Retreat, Department Directors were required to undertake two rounds of review of current-year appropriations in order to identify opportunities to make reductions. These efforts resulted in a cumulative total of \$1,190,000 in reduction to current year spending. An additional measure taken during this period was a complete review of cost allocation from General Fund support departments to all of the City utility operations.

This proposed Budget will retain existing program and service levels while limiting funding for personnel additions to only those deemed to be critical. Commensurate with that, the sole personnel addition proposed for General Fund funding is one dispatcher in the Communications Department. Both the Police and Fire Departments were authorized to submit application for grant-funding for additional personnel which includes up to four Police Officers and six Firefighters. Successful grant funding for any of these positions will obligate the City to fully fund the position(s) for a minimum of one-year after grant funding runs out. Funding for Capital Improvements is relatively modest and a number of projects have been deferred for future funding consideration.

Two measures are proposed to be taken that will provide revenue to the General Fund sufficient to maintain cash reserves near the level of \$4.2 million, which represents approximately 12.5% of the annual General Fund operating budget. An increase in property tax of \$813,371 is included, which would require a mill-levy adjustment from 25 cents to 28 cents. Additionally, this Budget includes a General Obligation Bond sale of \$2 million to provide approximately 46% of the revenue necessary to fund the proposed Capital Improvement Program. It is anticipated that the City will need to look more to debt financing for capital improvements in upcoming years in order to accomplish necessary infrastructure, public works, and recreational facilities maintenance, replacement, and expansion. Similarly, the property tax mill levy will need to be closely reviewed annually as a means to generate a greater portion of the revenue necessary to meet annual operational cost increases and maintain the General Fund cash reserve at an acceptable level.

The Electric, Water, and Waste-Water utilities will each undertake significant facilities and systems upgrades in 2009-2010. The Electric Utility plans several system improvements including \$2.7m in distribution improvements and \$4m for substation upgrades. Together with significant upgrades to the Platte Generating Station, the municipal electric utility continues to reinvest in its ability to continue to provide an abundant supply of reliable energy to the community.

The City Council has given preliminary approval to a new capital improvements plan for the wastewater utility that will reinvest approximately \$50m into the combined collection/treatment system over the next 5-7 years. Work on a new two-stage anaerobic digester system will begin in this budget year, and is expected to be completed the following budget year. Funding of \$375,000 is included as City contribution to continued work on the Northwest Drainage Project, which is amongst a total of \$1.4m proposed to be spent on drainage projects in the new budget year.

Two capital projects related to the location of the Nebraska State Fair to Grand Island are included in the proposed budget. The amount of \$200,000 is earmarked for construction of strategic turning lanes on portions of Stolley Park Road between South Locust and Stuhr Road. Additionally, \$1.3m is budgeted for Phase 1 of the Veterans Athletic Complex which is being constructed to replace athletic facilities lost at Fonner Park due to requirements for vehicle parking. Monies for this project will be repaid to the General Fund through annual proceeds from the Food/Beverage occupation tax.

Fiscal Summary

The total 2009-10 budget is projected to be \$159,684,400. This is \$13,037,330 or 8.9% more than the \$146,647,070 in the 2008-9 budget. Following is a summary of the appropriations for each of the fund groups contained in the 2009-10 Budget:

General Fund	\$37,920,369
Permanent Funds	\$0
Special Revenue Funds	\$7,349,147
Debt Service Fund	\$1,668,846
Capital Projects Fund	\$4,623,500
Special Assessments Fund	\$0
Enterprise Funds	\$95,132,770
Internal Service Fund	\$9,700,700
Agency Fund	\$1,038,500
Trust Fund	\$2,250,568

Property Taxes

The proposed property tax requirement for the 2009-10 budget year is \$6,525,242 or 14.42% more than the 2008-09 requirement of \$5,711,871. The City of Grand Island valuation for 2009 is estimated at \$2,220,443,511; therefore, the property tax levy for the 2009-10 budget year is \$.28 per \$100 of valuation, which is an increase of 12% from 2008-09.

User Fees

A great deal of scrutiny has taken place on User Fees to assure proper revenue for the departments that collect fees for their services. In reviewing the various fee based departments some deficiencies were identified and are addressed in the 2009-10 budget. There are adjustments to fees planned to offset increased cost of operation, regulation, and demand regarding the building, administration, ambulance, humane society, shooting park, cemetery, aquatics, planning, wastewater, water and electric activities.

Compensation, Benefits, and Staffing

Compensation

In order to keep salaries competitive, comparable and in accordance with agreed upon contracts the following salary adjustments are included in the 2009-10 budget:

Non-union employees	4.5% (3-year survey underway)
IBEW-Utilities-Finance	3.75%
IBEW-Wastewater	3.5%
FOP	3.75%
AFSCME	4.0%
IAFF	3.5%

Benefits

The administration of the city's health insurance was moved to Mutual of Omaha, now Coventry, three years ago, which held our costs in check. Favorable claims experience over the past two years, combined with a soft market, created a very favorable climate for seeking proposals for a new Third Party Administrator and Reinsurance Underwriter. The Employee Insurance Committee is presently formulating a recommendation for new contracts that is expected to result in no cost increase to the City for employee health/dental insurance for the next budget year.

Cash Balance

It is extremely important to maintain cash balances in the city budget to assure cash flow strength, promote prudent spending and to have adequate reserves in case of an emergency. Grand Island's conservative approach to budgeting and spending has allowed for proper levels of cash balance over the last decade. However, the increase in revenue sources has not kept up with rising personnel and operating costs, thus a further hike in the property tax levy may be necessary to maintain appropriate contingency levels. The 2009-10 Budget again includes \$44,543,027 in cash balance in all funds and \$4,262,782 in the General Fund. The budgeted cash balance in 2008-09 was \$43,350,609 for all funds and \$6,284,777 for the General Fund only. As stated earlier, this amount falls within the mid-range of the "best practices" recommendation of 10-15%.

½ % Sales Tax

On May 11th, 2004 the voters passed a ½ % city sales tax that was to be used for property tax relief and to build capital improvements. This year it is projected that we will collect \$4.5m from this sales tax. About \$2.3m will be placed in the General Fund to offset property taxes. The remaining \$2.2m will be used to pay a portion of the debt costs for the following projects:

- Debt Service Library \$ 835,000
- Debt Service Law Enforcement Center \$ 853,008

- Heartland Events Center \$ 572,000

Notable Projects/Expenditures

Following is a list of notable projects/expenditures that have been included in the 2009-10 Budget:

General Fund

- \$750,000 is included to fund economic development activities as determined by the city's LB 840 plan.
- Lease payments for the Heartland Events Center are included in the amount of \$572,000
- \$835,000 is included to fund the lease payments for the Library expansion project.
- \$450,000 is budgeted in the Street Department for repair of concrete streets
- \$120,000 is included in the Police Department budget to continue to contract with Hall County for use of the computerized law enforcement management system.
- The Street Department budget includes a replacement Street Sweeper for \$168,000, an Aerial Lift Truck for \$125,000, and a Dump Truck for \$84,950.

Equipment Replacement Fund

\$180,000 is budgeted to replace an ambulance that was totaled in an accident.

Capital Improvement Fund

- There is \$200,000 for Stolley Park Rd turn lanes
- The city's contribution to the Moore's Creek flood control project is included for \$250,000
- There is \$300,000 for annual paving projects.
- Hike/bike trails are budgeted for \$500,000, only if grant monies are obtained.
- \$375,000 is allocated for continued support of the Northwest Drainage Project
- The CCC to Wood River drainage project is budgeted for \$282,500
- \$150,000 is budgeted to update the City's Comprehensive Drainage Plan

Enterprise Funds

- The Solid Waste Department is including a wheel loader \$230,000, semi-tractor \$110,000, transfer trailer \$80,000, truck maintenance building \$80,000, excavator \$90,000 and re-permitting \$135,000.
- There are projects to keep up with growth in the Electric Department including \$1,200,000 in materials to expand the overhead distribution system; \$1,500,000 in materials to expand the underground distribution system to meet continued city growth and expansion; and \$4,000,000 to pay for additional distribution substations.

- The Water Department includes \$550,000 for U.P. main line and Airport water main replacement and \$250,000 for new water main districts.
- The Water Department is also planning for trunk line expansions of \$650,000 Engleman and \$275,000 for Painting of Burdick in and out.
- The Sewer Department plans to precede with aerobic digester improvements for \$7,850,000 next year, build a concrete paving to storage facility \$45,000, machinery and equipment \$207,650, Pickup \$32,000, lift station #7 improvements \$150,000, sewer rehabilitation of St. Patrick Avenue \$350,000, future sewer districts \$250,000, upgrade SCADA system \$609,000, install new mechanism primaries \$1,050,000 and Hydrogen Sulfide controls \$250,000.
- The Golf Course plans to purchase \$48,000 in airifiers and a Seeder for \$13,000.

Acknowledgments

As expected, the City of Grand Island Budget can not be balanced without an increase in property taxes to maintain the current program of services to the citizens. We commend the Department Directors who oversee General Fund Departments for their diligence in identifying cost-cutting opportunities where they existed. We do believe that present staffing levels are appropriate to the demands for service that the City is presently fulfilling.

Future decisions to eliminate or reduce programs may produce opportunities to lower costs associated with staffing. The City has embarked upon a substantive process of "Prioritization" that will assist in determining the present and future value of City programs for consideration for future budgetary allocation.

We would like to thank everyone who contributed to the many difficult decisions that went in to this Proposed Budget. Several individuals played key roles in the process of information generation, budget formatting, and data-entry. In particular we recognize the efforts of Paul Briseno, Jaye Monter, and Yolanda Rayburn.

Finally, we would like to thank the City Council for its policy direction and support. We look forward to working together for another successful year on behalf of the citizens of Grand Island.

Respectfully Submitted,

Jeff Pederson, City Administrator

David Springer, Finance Director