



# City of Grand Island

Tuesday, January 11, 2011

Council Session

## Item G3

Approving Minutes of January 4, 2011 City Council Study Session

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

January 4, 2011

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 January 4, 2011. Notice of the meeting was given in the *Grand Island Independent* on December 29, 2010.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmember's were present: Chuck Haase, Larry Carney, Bob Niemann, Kirk Ramsey, Peg Gilbert, Mitch Nickerson, Linna Dee Donaldson, Scott Dugan, Randy Gard, and John Gericke. The following City Officials were present: Interim City Administrator/Finance Director Mary Lou Brown, City Clerk RaNae Edwards, City Attorney Dale Shotkoski, Assistant City Attorney Jason Eley and Public Works Director Steve Riehle.

INVOCATION was given by Councilmember Nickerson followed by the PLEDGE OF ALLEGIANCE.

MAYOR COMMUNICATION: Mayor Vavricek introduced Community Youth Council members Ashley Bykerk, Reyna Raymundo, and Kaitlin Hehnke. Mentioned was to remember those serving in the National Guard to be deployed to Kosovo. Mayor pointed out the important services supplied by the City of Grand Island especially when there was no electricity this evening at 5:15 p.m. along Webb Road.

Recognition of Steve Riehle, City Engineer/Public Works Director for Service with the City of Grand Island. Mayor Vavricek and the City Council recognized Steve Riehle for his years of dedicated service to the City of Grand Island. Mr. Riehle started with the City on May 10, 1999 and his last day with the City would be January 7, 2011. A plaque was presented to Mr. Riehle thanking him for his service.

Discussion Concerning Financial Guarantee Bond Related to Worker's Compensation Insurance. Finance Director Mary Lou Brown reported that a payment in the amount of \$16,500.00 to Ryder Rosacker McCue and Huston for a financial guarantee bond annual premium was included in the past Schedule of Bills which was related to the City's worker's comp coverage.

Ms. Brown stated the insurance company required that security or collateral be provided for payments that extend for long periods of time which provided the company assurance they would be reimbursed. This would be similar to a letter of credit provided by private industry. An alternative would be to use an escrow account where the City would put aside funds for this purpose. The \$730,000 limit was based on the total dollars of outstanding claims. The fund had a current balance of \$5.3 million which included Worker's Comp, Health/Dental, and General Liability Insurance.

Mark McCue from Ryder Rosacker McCue and Huston was present to answer questions from Council. Mr. McCue explained the City's Work Comp Insurance was through EMC with a large deductible of the first \$100,000 of every work comp claim to be paid by the City which lowered the premium. By having a large deductible it had saved the City over \$3 million. Mr. McCue stated governmental entities could not use a letter of credit but were required to use a surety bond.

Councilmember Haase questioned the \$16,500 claim for administrative cost for a financial guarantee bond annual premium, which was not used towards actual claims. Mentioned was that the City was self insured and he would like to see if an escrow agreement could be worked out. Mr. McCue stated he didn't know if it was legal but would investigate it. The bond, escrow account, etc. was a necessity in order to have this plan in place. Discussion was held regarding a higher deductible.

Mr. McCue stated the City had not exceeded the \$100,000 deductible very many times over the last few years. Human Resources Director Brenda Sutherland stated there was only one employee this last year that might reach the \$100,000 deductible. Back claims were the most expensive. Impairment ratings were explained as well as the City's health wellness program. Mr. McCue stated the current modifier for the City was .94 which was better than most cities.

Ms. Brown stated she would work with Mr. McCue to analyze an escrow account.

Discussion Concerning Potential Bond Refinancing. Finance Director Mary Lou Brown reported that Ameritas Investment Corp was the City's bond underwriter approved by Council on September 28, 2010. A review of the City's outstanding bond issues was recommended.

Bruce Lefler representing Ameritas was present to make recommendations for refinancing current bonds. On December 7, 2010 the City Council approved redemption of the Solid Waste Bonds Series 2004. Mr. Lefler reviewed the outstanding bond issues the City currently had. The following bonds were recommended to refinance first:

- Public Safety Bond Series 2006
- GI Facilities Corp. Library Bond Series 2005
- Refunding Various Purpose Bond Series 2004

Mr. Lefler stated these bonds would have to be brought to council individually with 15 days between bonds. Ameritas was looking at the Heartland Events Center which was more complicated. Discussion was held concerning paying these off earlier. Bonds were sold in \$5,000 incremental amounts made available to the public through local bonding agents or Ameritas. Refinancing expenses were mentioned. Mayor Vavricek stated a revenue stream for the Library and Public Safety was in place with the 1/2¢ sales tax.

Discussion Concerning Sanitary Sewer Extension along Highway 281 to 8-80. Public Works Director Steve Riehle reported that the City had been approached by businesses along US Highway 281 near the Interstate 80 interchange about the possibility of extending city sanitary sewer to serve their property.

Mr. Riehle gave a PowerPoint presentation. Reviewed were maps of the existing Sanitary Sewer Collection System.

The following areas remained to be completed with sanitary sewer within the City Limits:

- Webb Road north of BNSF tracks
- West Park Plaza trailer court
- Platte Valley Industrial Park East

The following areas were studied outside the City Limits to extend sanitary sewer:

- CAAP
- East Lakes
- South Locust and US Hwy 281

Sanitary Sewer needs along South US Hwy 281 were:

- Bosselman Travel Center
- Quality Inn & Day's Inn (Including Arby's and Sinclair Gas Station)
- USA Inn (Includes Sapp Brothers Convenience Center)

Estimate of Costs:

- \$2,196,739 Total Estimated Project Cost
- Initial split between Public & Private appears close to 60/40
- Final split dependent on benefit calculations and negotiations

Financing:

- \$250,000 FY11 Budget for Sewer Districts
- \$250,000 Proposed FY 12 Budget for Sewer Districts
- \$800,000 Bond Financing
- \$1,300,000 Estimated 60% city project share

Marlan Ferguson, 2808 Apache Road on behalf of Economic Development Corporation (EDC) spoke in support. Robert Meyer, 648 E. Memorial Drive spoke in opposition.

Kevin Prior, 1320 Windsor Road representing Olsson Associates explained the reasons for planning the sanitary sewer line along the west side of Hwy. 281 was to minimize crossing Hwy. 281 and potential development was most likely to occur. Mr. Prior answered questions regarding a timeline to implement this plan. He stated it would take approximately 18 months.

Questions made by Council were: how would this be paid for; where was the revenue source coming from; shouldn't we finish sanitary sewer lines within the City first and maintain current lines; this area was not in the City limits and don't pay City taxes; how big do we want the City to be; and in which direction do we want to grow.

Lift stations were discussed which were not a part of the total cost of this project. Environmental issues, annexation, and additional rate payers were mentioned. Tap district financed by the private sector was brought forward. Regional Planning Director Chad Naby answered questions

regarding development along Hwy 281. He stated if sewer line was in place it would lend itself to development.

Mr. Riehle explained the letter of intent could be brought before Council at the January 11, 2011 City Council meeting. City Attorney Dale Shotkoski explained the Department of Environmental Quality (DEQ) was on a timeline regarding the businesses at the I-80 interchange to improve their sewer issues. The letter of intent would start the negotiation process.

Utilities Director Gary Mader explained the process to provide municipal infrastructure to the entire City. Trunk lines for water and sewer were available in all areas of the City so if anyone wanted to tap into it they could. Citizens would petition the City to add a district at which time the residents could protest the district if they did not want it. Mr. Mader answered questions concerning water and electricity south to Interstate 80 along Hwy 281 which currently was not serviced by the City.

Marlan Ferguson, EDC President answered questions concerning the Platte Valley Industrial Park East regarding sewer and water infrastructure to that area and how it would be funded. A study showed most development would more likely be along Hwy 281 instead of South Locust Street south of the Wood River Diversion Channel. LB 840 funds were discussed which would not qualify for this project.

Mr. Naby explained the issues and problems of annexation to this area. School districts and utility districts were mentioned as potential problems.

Greg Epp representing Sapp Petroleum spoke in support.

ADJOURNMENT: The meeting was adjourned at 9:50 p.m.

RaNae Edwards  
City Clerk