



# City of Grand Island

Tuesday, July 26, 2011

Council Session

## Item G2

**Approving Minutes of June 11, 2011 City Council Study Session**

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

July 11, 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 July 11, 2011. Notice of the meeting was given in the *Grand Island Independent* on July 5, 2011.

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

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

MAYOR COMMUNICATION: Mayor Vavricek introduced Community Youth Council members Garrett Coble, Jessica Wiens and Ashley Bykerk.

OTHER ITEMS:

Discussion on Wastewater Treatment Plant Contract Management Request for Qualifications (RFQ). Public Works Director John Collins reported the City's Wastewater employees were hired to operate the treatment plant and perform routine maintenance. Major repairs and upgrades were also being handled by the current staff. Research on the possibility of contract management for the Wastewater Treatment Plant had shown substantial savings and optimal choices.

Based on what had been found Wastewater Management Companies would:

- Optimize plant operations by utilizing expertise gained through years of operating dozens or even hundreds of these facilities
- Reduce our immediate operating costs (i.e. major repairs and such)
- Reduce long term costs by guiding our choices during the \$44 million repair program
- Reduce odor by optimizing operation

Mr. Collins stated the City maintains control of factors such as setting rates and defining outcome and pays for large capital projects. The contractor handles the day to day operations, guaranteeing permit compliance, paying DEQ fines when they fail, all operating costs such as small equipment like trucks.

Public Works was requesting approval from council to advertise for an RFQ to contract management of the treatment plant and pump stations.

Lewis Kent, 624 Meves Avenue questioned if this was because of the sewer extension along Highway 281. Mr. Collins stated this was a separate issue.

Discussion was held concerning an engineering study analyzing the City's Wastewater operations and deficiencies found. Mr. Collins answered questions concerning the amount of money spent on consulting services for the Wastewater Treatment Plant. These services would not be needed if the City had a management contract. Capital improvements were mentioned.

Concerns were brought up concerning keeping the existing staff. Mr. Collins stated these employees were specialized in their field. Any reduction in staffing would be decided by the management company hired.

Mayor stated a RFQ would be moved forward.

Foundation and Initial Overview of the 2011-2012 Budget. City Administrator Mary Lou Brown stated the goal set by Council was for "Financial sustainability of City policies and services to best serve the people of Grand Island."

Presented were the following savings of \$1 million in Fiscal Year 2010, while responding to a decreasing revenue stream:

- Management of vacant positions \$285,300
- Healthcare premium holidays \$280,000
- Use of cash balance in Gas Tax Fund \$260,000
- No purchase of aerial truck and lift \$125,000
- Concrete and storm sewer repair reduced \$100,000

Reviewed were the current year budget reductions which included: eliminating 25 full-time equivalent employee positions, incremental program revenue, program changes, and materially changed programs such as Code enforcement, operation hours of Library, and Parks maintenance.

Revenues remained challenging with a decline in Federal grant income, timing of transfer, and City revenue growth that was slow. \$1.2 million had been cut in the current year expenditures by managing vacant positions, avoiding outside employment services, delayed vehicle purchases, refinancing outstanding bond issues, avoiding additional debt, and obtaining Reynolds Foundation grant and continuing to explore additional private contributions.

Ms. Brown stated the budget was driven by prioritization to lay the groundwork for long-term financial sustainability. The 2012 budget was impacted by Legislature cuts of \$375,000 in State Aid to Cities funding, declining growth in property tax revenue, Municipal Equalization Funding (MEF) which was not available to the City, slow economic growth expected, and future Nebraska Advantage Act payments.

Mentioned were the internal challenges of \$1.5 million from Gas Tax Fund to offset last year's budget which was a one-time transfer, seven union contract negotiations, outside vendor contracts set to increase, maintenance of aging infrastructure which needed to continue, and new revenue sources which had been limited.

The proposed 2011/2012 budget beginning General Fund Cash Balance was \$6,925,817 with a proposed ending balance of \$6,659,122.

The following budget recommendations were presented:

- Funding Sources:
  - ? Credit for excess Food and Beverage Tax revenue (\$500,000)
  - ? Cell phone company occupation tax level increased to that of Lincoln (additional 3% would generate an additional \$500,000)
  - ? User fees to recover costs
- Dedicate a portion of cash reserves to Fire and Police pending outcome of consultant's work
- Service Delivery Modifications:
  - ? Yet to be determined reduction in Library service hours and/or program offerings
  - ? Reduced park maintenance

The proposed budget if approved by Council would achieve the short and long term objectives of a sound financial budget for 2011/2012. This budget would allow for a smaller and leaner organization using existing levels of sustainable revenue, along with efficiently and effectively delivering services.

Reviewed was the Revenue Projections which was forecast for 2010/2011 at \$37,220,588. The 2012 Budget was projected at \$36,225,000.

The following FTE Changes were presented:

- Impacted employees are being notified over the next week
- Within the General Fund, the net change is a reduction of 5.3 employees. The impacts are all in vacancies or part-time and seasonal positions
- Within the remaining funds, three full-time employees will be impacted

The following Additional Budget Assumptions were presented:

- Solid Waste – elimination of residential clean-up card program; replacement with expanded tree limb program and reduction in minimum load charge
- Lincoln Park Pool – funding for redevelopment is recommended with the property tax rate authority of CRA
- Departmental Reorganizations
  - Consolidation of an Administrative Services Department comprising all governance functions for added efficiency in a 500+ employee organization
  - Public Works reorganization to gain efficiencies and continue to strengthen the professional engineering skills of the team

Lewis Kent, 624 Meves Avenue commented on expenses to the Fieldhouse building and Veteran's Athletic Field Complex. Mr. Lewis stated he was not in favor of adding a position for Assistant City Administrator when the City was laying off other positions.

Comments were made regarding the sunset tax on food and beverage and the lottery fund match for the State Fair. Mentioned was paying off the debt of the Fieldhouse as soon as possible and not using the revenue from these for purposes other than what they were originally planned for.

Ms. Brown answered questions concerning the Nebraska Advantage Act, non-departmental fund, long-term contracts, and mentioned the Assistant City Administrator position would be brought back to Council at a future Study Session.

Debt refinancing of the Heartland Events Center would be brought forward to Council in the near future. Debt refinancing of water and electric would be looked at next. Mentioned was there were no funds in the proposed budget for a Legislative Lobbyist position. Lincoln Park Pool was mentioned regarding the CRA budget increase in levy which would be brought back to Council for further study.

Explained was hiring a consultant to review the positions for the Police and Fire Departments. Comments were made concerning a mill levy increase. Discussion was held concerning the impact of the State Fair generating taxes.

Mayor Vavricek commented on the amount of work to create a budget. Explained was the process going forward. Community meetings would be held for additional input. The current proposed budget was \$1 million less than last year. Protecting the current employees was a priority. Current staffing was at a level of 12 years ago.

Ms. Brown commented on the format of the Community meetings.

Mayor Vavricek asked the City Attorney to research the matter of the City lottery match to the State Fair.

ADJOURNMENT: The meeting was adjourned at 9:10 p.m.

RaNae Edwards  
City Clerk