



City of Grand Island

Tuesday, September 13, 2011

Council Session

Item G2

Approving Minutes of August 25, 2011 City Council Special Meeting

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL SPECIAL MEETING

August 25, 2011

Pursuant to due call and notice thereof, a Special 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 25, 2011. Notice of the meeting was given in the *Grand Island Independent* on August 18, 2011.

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

PLEDGE OF ALLEGIANCE was said.

MAYOR COMMUNITCATION: Mayor commented on the Downtown European Motorcycle Nite being held tonight.

PUBLIC HEARING:

Public Hearing on Proposed FY 2011-2012 City Single Budget (Continued). City Administrator Mary Lou Brown stated we would finish up the budget with the Utilities Department and then she would answer questions from Council.

Utilities Director Tim Luchsinger gave an overview of the 2012 budgets for the Electric and Water Departments. The following budget guidelines were presented:

- Conservative (low) revenue forecast
- Conservative (high) operating costs
- Maintain adequate cash reserves
- Reduction of controllable operating expenses
- Manage capital expenditures

Mentioned was the Utilities Department liked to have \$21,000,000 in the Electric Fund and \$4,000,000 in the Water Fund. Targeted operating expenses were 1.75% reduction from last year.

The following Electric Capital Improvements in an amount of \$17,800,000 were presented:

- St. Libory 115,000 volt interconnection - \$7,000,000
- Bond payments - \$4,800,000
- Distribution materials - \$2,600,000
- Power Plant Maintenance Outage/Improvements
- Substation Improvements

- BNSF track widening

Mr. Luchsinger explained the Cross State Air Pollution Rule which was unexpected and would go into effect January 1, 2012. PGS was limited to 360,000 megawatt hours and the City demand was 790,000 megawatt-hours. The following demand strategy was presented:

- Maximize Nebraska City 2 and Whelan 2 import
- Operate Burdick Station units on natural gas
- Install emission control equipment on PGS
- Monitor other power purchase options

Comments were made concerning the impact of this rule on other cities. Mr. Luchsinger stated he had several meetings set up to discuss what could be done to delay this ruling. Penalties were discussed. If we went over our allowance, PGS would be penalized approximately \$120,000 for day we were over and if we could not come up with our allowance it would be another \$120,000 per day penalty.

The following monetary impacts were presented:

- \$4 million capital expense for PGS
- Additional \$1.3 million fuel cost for Burdick
- Absorbed through cash reserves
- Request budget modification

Mercury and Air Toxics Standards final ruling would be coming in November 2011 with a three year compliance window. A Capital cost estimate of \$35 million and additional operating costs were expected.

The following Water Capital Improvements in an amount of \$10,700,000 were presented:

- Merrick Co. main extension (UP) - \$4,000,000
- Uranium Removal System - \$3,000,000
- Bond payments - \$920,000
- Reservoir painting - \$500,000
- Water Main Districts
- BNSF track widening

The Budget proposed included the refinancing of revenue bonds for \$3 million uranium removal capital cost and 20% revenue increase for \$750,000 uranium removal annual operating cost.

Mr. Luchsinger explained the difference between Smart Metering and Remote Metering. Discussion was held concerning changing technology in the meter reading process. Currently the City had approximately 26,000 Electric users and 14,000 Water users.

Motion by Gilbert, second by Niemann that within the next year we study a remote/smart meter system for the electric and water meters. Upon roll call vote, all voted aye. Motion adopted.

City Administrator Mary Lou Brown commented on the conservative approach regarding the cash balance. In the future the budgeted cash balance would be tightened up to reflect the actual cash balance.

Discussion was held regarding higher rates for those people living outside the City limits. Mr. Luchsinger stated cost of supplying the services outside the City limits were for infrastructure. Costs of right-of-way were mentioned.

Motion by Gilbert, second by Haase to bring forward a fee structure for Grand Island citizen's versus non-residents.

Motion by Haase, second by Gilbert to amend the motion to bring forward in the 2011-2012 FY budget a 5% increase adjustment to the non-city residents for electric, water and sewer. Upon roll call vote, Haase, Niemann, Ramsey, and Gilbert voted aye. Councilmember's Carney, Nickerson, Donaldson, Dugan, and Gericke voted no. Motion failed.

Upon roll call vote of the main motion, Councilmember's Haase, Niemann, Ramsey, Gilbert, Gericke, Dugan, Donaldson, and Nickerson voted aye. Councilmember Carney voted no. Motion adopted.

City Administrator Mary Lou Brown answered questions submitted by Council.

The Public Hearing was closed for the 2011-2012 City Single Budget.

Ms. Brown stated the final budget would be brought forward to Council on September 13, 2011.

ORDINANCES:

Councilmember Gilbert moved "that the statutory rules requiring ordinances to be read by title on three different days are suspended and that ordinance numbered:

#9317 – Consideration of Approving Salary Ordinance

be considered for passage on the same day upon reading by number only and that the City Clerk be permitted to call out the number of this ordinance on second reading and then upon final passage and call for a roll call vote on each reading and then upon final passage." Councilmember Nickerson second the motion. Upon roll call vote, Councilmember's Carney, Niemann, Ramsey, Gilbert, Nickerson, Donaldson, Dugan, and Gericke voted aye. Councilmember Haase voted no. Motion adopted.

Human Resources Director Brenda Sutherland reported that Ordinance #9317 was for the salary table adjustment for non-union employees for the 2011/2012 fiscal year with a 1.75% increase. Also included were position removal and additions as well as positions being renamed.

Motion by Gericke, second by Carney to refer Ordinance #9317 to the September 13, 2011 meeting. Upon roll call vote, Councilmember's Haase, Carney, Nickerson, Dugan, and Gericke voted aye. Councilmember's Niemann, Ramsey, Gilbert, and Donaldson voted no. Motion failed.

Motion by Ramsey, second by Gilbert to approve Ordinance #9317.

City Clerk: Ordinance #9317 on first reading. All those in favor of the passage of this ordinance on first reading, answer roll call vote. Upon roll call vote, Councilmember's Niemann, Ramsey, Gilbert, Nickerson, Donaldson, and Dugan voted aye. Councilmember's Haase, Carney, and Gericke voted no. Motion adopted.

City Clerk: Ordinance #9317 on final passage. All those in favor of the passage of this ordinance on final passage, answer roll call vote. Upon roll call vote, Councilmember's Niemann, Ramsey, Gilbert, Nickerson, Donaldson, and Dugan voted aye. Councilmember's Haase, Carney, and Gericke voted no. Motion adopted.

Mayor Vavricek: By reason of the roll call votes on first reading and then upon final passage, Ordinance #9317 is declared to be lawfully adopted upon publication as required by law.

RESOLUTION:

#2011-227 – Consideration of Approving 2011-2012 Fee Schedule. City Administrator Mary Lou Brown reported that the City Council reviewed the Fee Schedule on August 16, 2011. Changes to the proposed Fee Schedule included the omission of the \$1.00 Customer Service payment processing fee and the exception of the block party closure fee for National Night Out. Explained were the Conditional Use Permit fee increase and meter turn on rate.

Motion by Haase, second by Gericke to refer Resolution #2011-227 to the September 13, 2011 meeting. Upon roll call vote, Councilmember's Haase, Carney, Ramsey, Gilbert, Nickerson, Donaldson, Dugan, and Gericke voted aye. Councilmember Niemann voted no. Motion adopted.

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

RaNae Edwards
City Clerk