



City of Grand Island

Tuesday, February 28, 2012

Council Session

Item G2

**Approving Minutes of February 21, 2012 City Council Study
Session**

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

February 21, 2012

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 February 21, 2012. Notice of the meeting was given in the *Grand Island Independent* on February 15, 2012.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmembers 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: City Administrator Mary Lou Brown, City Clerk RaNae Edwards, City Attorney Bob Sivick, and Finance Director Jaye Monter.

INVOCATION was given by Community Youth Council member Danny Gamboa followed by the PLEDGE OF ALLEGIANCE.

Mayor Vavricek introduced Community Youth Council members Danny Gamboa and Evan Dexter.

OTHER ITEMS:

Presentation by Almquist, Maltzahn, Galloway, & Luth for Fiscal Year 2011 City Single Audit and General Purpose Financial Statements and Electric and Water Audit Reports. City Administrator Mary Lou Brown introduced Terry Galloway from Almquist, Maltzahn, Galloway & Luth to give the 2011 City Single Audit and General Purpose financial statements and electric and water audit reports.

A brief overview and review of all the reports were given. A clean opinion was given. The City is operating efficiently while being good stewards.

There was an increase in cash reserves from \$23,000,000 to \$27,000,000 in the Electric Department. The Water Department ending cash balance was up. Mr. Galloway stated the City had great financial strength in the Electric and Water Departments.

Reviewed in depth was the Fiscal Year 2011 City Single Audit and General Purpose Financial Statements. Discussion was held concerning encumbrance balances, those contractual amounts that were not paid for by the end of the fiscal year but were carried over. Explained was that best practices were compared to other cities within Nebraska. Reviewed were best practices in several funds.

Comments were made by Council requesting the PowerPoint presented be put in the packet in the future.

Discussion was held concerning the rate increase for the Sewer Fund relative to the anticipated debt. The following top 5 sources of revenues were presented: sales tax, property taxes, grants and contributions, State allocation, and charges for services.

Overall, the City's current economic condition will continue to provide resources to meet its strategic priorities.

Presentation of Fiscal and Investment Policies. Finance Director Jaye Monter reported that the fiscal policies were approved by Council in January of 1992 and updated in March of 2006. The following six categories were Fiscal Policies of 2006:

- General Financial objectives
- Accounting, Auditing and Financial Reporting
- Investment Policies
- Capital Improvement Policies
- Debt Management Policies
- Communication and Disclosure Policies

Discussion was held regarding transferring funds from one fund to another without Council approval. Mr. Galloway stated the City was within the State laws and current City policies. Ms. Brown stated contracts were approved by Council which affected the budget.

Explained was the difference between a cash basis budget versus an accrual basis budget. State required cities to function under a cash basis budget. Ms. Monter explained the overruns on the General Fund budget for last fiscal year.

The following five Financial Appropriation Types were presented:

- Personnel Costs-employee compensation and benefits
- Operating Expenses-expenses required for operations
- Capital Expenditures-asset purchases
- Debt Service
- Fund Transfers

Explained was the Government Software Program that the Finance Department uses. Mentioned was that there were 36 funds in the City budget. A lengthy discussion was held regarding encumbrances.

Investment Policy was presented. Ms. Monter answered questions concerning the investment of approximately \$80,000,000. Ms. Brown stated the City invested primarily in CDs and was protected.

The following future policy updates were presented:

- Remove the working "net" and "for that fund" in the portion of the sentence "that at no time shall the net expenditures exceed the total appropriation for that fund" as originally authorized or amended by the Mayor and City Council-page 3 of Fiscal Policies
- Delete all references of "NCGA", this organization National Council Government Accounting no longer exists-page 2 & 4 of Fiscal Policies

- Change Five Financial Appropriation Types to match state budget appropriation types
- Appropriate Cash Reserves-Restricted Cash
- Interfund Borrowing
- Internal Controls
- Lone Range Planning
- Grants
- Balanced budget
- TIF Projects
- Self-Insurance

Council recessed at 9:36 p.m. and reconvened at 9:46 p.m.

Presentation of Procurement Policy. Assistant City Attorney Jason Eley presented a PowerPoint on the Procurement Code. The purpose was to provide for the fair and equitable treatment of all persons involved in public purchasing by the City to maximize the purchasing value of public funds.

Small purchases were less than \$20K and \$40K for electric system improvements. Small purchases for materials over \$2,500 and for labor over \$7,500 must be accompanied by 3 quotes from potential vendors. Sole Source was a contract that may be awarded without competition if after advertising there was only one source that responds with a bid. Emergency procurements authorize individuals to make emergency procurements of supplies, services, or construction when there exists a threat to public health, welfare, or safety.

Discussion was held regarding purchasing locally.

Competition was explained as all specifications shall promote overall economy and encourage competition in satisfying the City's needs, and shall not be unduly restrictive. Unless the purchasing agent determines in writing that the essential characteristics of the brand names included in the specifications are commonly known in the industry or trade, brand name or equal specifications shall include a description of the particular design, functional, or performance characteristics which are required.

City employees may not participate directly or indirectly in a procurement contract when the City employee knows there is a conflict. Discussion was held concerning conflict of interest, confidentiality, gratuity, etc.

Individual purchasing by Department versus centrally purchasing was discussed. Ms. Brown stated the majority of cellular contracts were through a state contract. Storage of supplies was mentioned as a problem of joint purchasing. Several Councilmembers encouraged joint purchasing of supplies. Mayor Vavricek commented on the economic impact of buying locally.

Update Concerning the Wastewater Treatment Plant and Collection System Rehabilitation Project (Engineering Phase). Public Works Director John Collins introduced Public Works Manager of Engineering Services Terry Brown who stated this was an update on the Engineering Phase of the Wastewater Treatment Plant and Collection System Rehabilitation Project. This

presentation was to provide the City with the results of the conceptual design work associated with the WWTP portion of the project.

Derek Cambridge with Black & Veatch presented the conceptual design results. The comp plan budget used in the CIP and Rate Study was \$9.22M. Explained were the following constructability issues/limitations with the comp plan concept:

- Requires extended period of temporary pumping to complete work = \$\$\$
- Limited to vertical screens
- Building expansion for screening washing/compaction
- No ability to isolate equipment for maintenance
- Maximum of five 8 mgd pumps, installed capacity of 50 mgd. 32 mgd firm capacity (one unit out of service)
- Potential for change orders (Unknown condition of existing concrete and gates)
- Reusing a 45 year old structure

The updated probable project costs for the comp plan approach was \$12.96M. Mentioned was that this would still be a 45 year old facility, but with rehabilitation.

The additional alternatives evaluated were presented along with cost:

- No. 1 – Build new 25 mgd dry pit pump station, rehab existing pump station for 25 mgd (\$18.9M)
- No. 2 – Build new 25 mgd submersible pump station, rehab existing pump station for 25 mgd (\$17.6M)
- No. 3 – New combined 25 mgd pump station and grit removal facility, rehab existing pump station for 25 mgd (\$18.6M)
- No. 4 – New 50 mgd dry pit pump station, reuse existing pump station for plant drain system (\$18.8M)
- No. 5 – New 50 mgd submersible pump station, reuse existing pump station for plant drain system (\$16.9M)

Reviewed were the minimum capacity requirements.

Mr. Cambridge mentioned the benefits of Alternative No. 5 would provide required pumping capacity for 20 years and beyond with 50 mgd firm capacity. It would simplify construction which would reduce unknowns, have the ability to coordinate construction with interceptor sewer work, and no temporary pumping. It would also reduce O&M (6 versus 10 pumps, 2 versus 4 screens) and have a single point for screening disposal pickup. This would be a new structure which would last 50 years.

Discussion was held regarding the location of a new collection system. Mr. Cambridge stated it would be to the west and north of the current facility. Mr. Cambridge answered questions regarding odor emissions and explained the process.

Councilmember Gard made a comment concerning the leadership of the WWTP not being present for such an important issue facing the WWTP.

Mr. Collins stated it would take several months to fill the engineering positions and that this project needed to move forward. Discussion was held concerning the need for two engineers.

Mr. Cambridge stated to build a new facility like we have today would be \$80 to \$100 million.

Brad Titman, Operations Supervisor of the Wastewater Treatment Plant was present and stated Mr. Henderson wanted to be at the meeting but had a conflict. Mr. Titman complimented Mr. Cambridge for his work.

ADJOURNMENT: The meeting was adjourned at 11:18 p.m.

RaNae Edwards
City Clerk