



City of Grand Island

Tuesday, May 22, 2012

Council Session

Item G2

Approving Minutes of May 15, 2012 City Council Study Session

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

May 15, 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 May 15, 2012. Notice of the meeting was given in the *Grand Island Independent* on May 9, 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, Scott Dugan, Vaughn Minton, and John Gericke. Councilmember Linna Dee Donaldson was absent. The following City Officials were present: City Administrator Mary Lou Brown, City Clerk RaNae Edwards, City Attorney Bob Sivick, Public Works Director John Collins and Finance Director Jaye Monter.

INVOCATION was given by CYC Student Miranda Wieczorek followed by the PLEDGE OF ALLEGIANCE.

Mayor Vavricek introduced Community Youth Council member Miranda Wieczorek.

SPECIAL ITEMS:

Grand Island Dewatering Study 2012 Update. Public Works Director John Collins reported that on December 21, 1998 the City had entered into an agreement with the Central Platte Natural Resources District (CPNRD) to provide for the installation of test and monitoring wells to study lowering groundwater levels. The study was concluded in September 2000 with a recommendation to implement a dewatering program.

Kevin Prior and Karen O'Connor representing Olsson Associates gave a PowerPoint to update the September 2000 Groundwater Study. Reviewed was the project background and dewatering areas of concern. The 2012 updated project scope included the following:

- Evaluate previous options and current GW conditions
- Assess current groundwater contamination plumes
- Develop updated groundwater model – to evaluate dewatering well layouts
- Prepare conceptual layout of conveyance piping
- Develop preliminary opinion of probable cost
- Identify project financing options

Councilmember Donaldson was present at 7:15 p.m.

Mentioned was there were three Groundwater Control Area sites. Groundwater Control Area No. 1 was the northwest portion of the city west of Highway 281, Groundwater Control Area No. 2 was in the south part of the city between Highway 281 to Fonner Park and south of Highway 30

and Groundwater Control Area No. 3 was in the eastern part of the city north of the Wastewater Treatment Plant.

Area 1 had eleven dewatering wells, two discharge points, and five new and five existing monitoring wells. Area 2 had sixteen dewatering wells, four discharge points and five new and five existing monitoring wells. Area 3 had six dewatering wells, three discharge points and one new monitoring well. Total preliminary opinion probable cost for all three areas was \$18,928,000. Annual costs for 20 years at 7% A/P were \$1,786,669.00 and annual costs for 20 years at 5% A/P were \$1,272,259.

Financing options mentioned were: dewatering districts, user fees, revenue and various purpose bonds, and water banking.

The following recommendations were made for implementation:

- Conduct neighborhood meetings for education and public outreach
- Work with CPNRD for funding options
- Develop Dewatering Districts
- Determine financing schedule
- Complete final design including plans and specifications
- Solicit bids for construction
- Conduct final public hearings on assessment fees – Dewatering Districts
- Finalize project financing

Discussion was held regarding the cost from the 2000 study and the 2012 study which had decreased because of interest rates. City Attorney Bob Sivick explained the state statutes allowing the creation of dewatering districts. Comments were made concerning this impacting the entire community and should be paid for by the whole community.

Mr. Prior explained water banking where they accounted for water. Mentioned was the dewatering wells would affect the lakes very little within the City. Discussion was held regarding the time frame for a project like this. Mr. Prior stated actual construction could be done within 2 to 3 years. Upfront design, financing, etc. would take a couple of years before construction could even begin.

City Administration Mary Lou Brown stated this project would be addressed during the 2012-2013 budget sessions.

Randy Stueven, 233 South Gunbarrel Road spoke in opposition and stated concerns of moving water into Merrick County. Eric Benson, 2727 W. Highway 34 spoke in opposition.

Terry Brown, manager of engineering service stated the NRD would be a partner in this project. Mentioned was that not all water would be put into the Wood River diversion channel.

Analysis of Utility Rates for City/Non-City Customers. Utilities Director Tim Luchsinger reported that water had traditionally been offered only to customers within the City limits, but

had been provided on a limited basis to areas affected by groundwater quality issues. Currently there were no differential utility rates for City/non-City customers.

The Grand Island Electric Service Area was established in 1964 as determined by the Nebraska Power Review Board. Newly annexed areas must be requested to be added by the electric utility within one year of annexation. The local governing bodies set the rates.

The following Outside of City Limits – Electric System was presented:

- 2000 of 24,600 (8%) of electric customers are outside of City limits
- \$260,000 of \$55,000,000 (0.5%) of electric revenue is from sales outside of City limits
- 112 miles of 459 miles (24%) of electric circuits are outside of City limits
- 10% of annual line maintenance budget is for lines outside of City limits

Outside of City Limits – Water System:

- 85 of 15,800 (0.5%) of water customers are outside of City limits
- \$38,000 of \$4,200,000 (0.9%) of water revenue is from sales outside of City limits
- 13 miles of 278 miles (5%) of water distribution lines are outside of City limits

Half of the surveyed municipalities over 10,000 population had no difference in rates. Those establishing different rates varied from 25% to 100% of the urban rate.

The following Considerations were presented:

- All utilities customers contribute to City general fund by Utilities Department in-lieu-of-tax payment
- Suburban customers do not pay 1.5% City sales tax on utility bills (\$4,500 annually)
- Primary motive for annexation has been fire protection
- Electric distribution expense was \$3,000,000 of \$56,000,000 (5.3%) total electric expense in 2011
- Water distribution expense was \$920,000 of \$5,000,000 (18.6%) total water expense in 2011

In summary, Mr. Luchsinger stated out-of City utilities revenues were less than 1% of the total revenues. Cost of electricity and water production and administrative costs were independent of customer location and distribution expense was a minor component of the total utilities expense.

Discussion was held regarding customers outside the City paying for the benefits of having water, sewer and electric service without being annexed into the City and paying for those services. Comments were mentioned regarding greater costs outside the service area for water, sewer and electric services. Mentioned were the benefits of being a resident versus a non-resident.

Randy Stueven, 233 South Gunbarrel Road and Eric Benson, 2727 W. Highway 34 spoke in opposition.

Mr. Luchsinger stated the well fields were owned by the City but were not in the City limits. Ms. Brown stated this item would be discussed further internally as whether this would come back to Council before the budget sessions.

ADJOURNMENT: The meeting was adjourned at 9:30 p.m.

RaNae Edwards
City Clerk