



# **City of Grand Island**

**Wednesday, August 11, 2004**

**Special Budget Meeting**

## **Item -1**

**Review of Proposed FY 2004-2005 City Single Budget**

**Staff Contact: David Springer**



*Working Together for a  
Better Tomorrow. Today.*

Honorable Mayor and City Council,

It is an honor and privilege for City Administration to present the 2004-05 budget for the City of Grand Island. It was the intent of the Management Team to prepare an efficient and effective budget that follows the policy direction of the Mayor and City Council. Additionally, it is our goal to meet the highest standards regarding delivery of services to Citizens. A great deal of prioritizing, analyzing and scrutinizing has gone into the preparation of the budget in order to assure that expenditures bring about the best return on the Citizens' investment.

Grand Island is a vibrant, dynamic community that is experiencing growth in several areas. It appears that the community is poised to change over the next decade in an unprecedented manner. A City budget which sets progressive direction for the community is critical to orderly, positive change. The Budget document is the single most important report presented to the Mayor and Council. It determines how resources will be allocated and how revenues will be invested for the future.

On May 11<sup>th</sup>, 2004, the voters of Grand Island passed an additional ½ % sales tax to pay for needed capital projects and reduce the City property tax levy. The new revenue from sales tax is the most significant change in the budget from last year. City Administration has reduced the levy/ property tax asking as directed by the voters.

There are also organizational changes in the administrative area of the City. The Community Projects department has been eliminated and its functions dropped or re-allocated to other departments. The GITV division has been re-aligned and scope expanded to allow for greater and more integrated communication with the community. Its new title of Public Information Department will better reflect this mission.

A cost included in the budget is the proposed increase in the charges the City is incurring for licenses and use of the integrated public safety technology system. The 2003-04 budget cost for this service was \$187,000 and the 2004 actual cost is projected to be \$198,106. In 2004-05 the budget calls for \$244,051, which is 30% higher than last years budget. The increase is the result of the Police Department's pro-rated share for the Information Technology Manager hired by the County and for critical infrastructure updates and equipment replacement required to maintain the system. Although this cost only reflects 3.55% of the total Police Department budget, there is a need to engage in cost containment activities concerning this expenditure.

Overall, it appears that the financial health of Grand Island will continue to be strong for the next year. Growth in the community is going to continue to require that capital improvement spending be maintained at similar levels as it has over the last few years. It is critical to allocate resources in the most efficient and effective way in order to bring about the best return on the City's dollar. The 2004-05 budget attempts to maximize our position and set the table for future prosperity.

Following are summary sections geared to provide an understanding of the priorities of the budget along with highlights of the fiscal plan.

### **Fiscal Summary**

The total 2004-05 budget is projected to be \$116,466,078. This is \$15,685,911 or 11.9% less than was proposed (\$132,151,989) in the 2003-04 budget. Following is a summary of the budget for each of the fund groups contained in the 2004-05:

General Fund	\$ 29,871,575
Permanent Funds	\$0
Special Revenue Funds	\$2,299,658
Debt Service Fund	\$944,388
Capital Projects Fund	\$9,532,000
Special Assessments Fund	\$0
Enterprise Funds	\$60,619,799
Internal Service Fund	\$10,112,982
Agency Fund	\$903,797
Trust Fund	\$2,181,879

### **Property Taxes**

The proposed property tax requirement for the 2004-05 budget year is \$4,573,903 or 30.69 % **less** than the 2003-04 requirement of \$ 6,599,570. The City of Grand Island certified valuation for 2004 is estimated at \$1,829,562,627; therefore, the proposed property tax levy for the 2004-05 budget year is \$.25 per \$100 of valuation. This is approximately \$.12154 per \$100 of valuation, or 32.7%, **less** than the 2003-04 levy.

### **User Fees**

A great deal of scrutiny has taken place on User Fees to assure proper revenue for the Departments that collect fees for their services. In reviewing the various fee based departments some concerns arose that are being addressed in the 2004-05 budget. There are adjustments to fees planned to offset increased cost of operation, regulation, and demand regarding Building Permits, Ambulance, Cemetery, Aquatics, Planning, Wastewater, Water and Solid Waste activities.

Additionally, the City is engaged in a comprehensive study of rates for the Electric Department as the costs have risen significantly due to the cost of raw materials and

federal regulation over the last few years. Rate increases are not proposed in the Budget, but, will most likely be implemented during the budget year after the study is complete. Electrical rates have not been increased in Grand Island since 1980.

Another area of concern is Jackrabbit Run Golf Course. It appears that revenues continue to erode and are not meeting the needs of the Golf Course. Increases are included in the budget to correct the problem and maintain the operation's profitability. After reviewing the market and financial position of the enterprise fund, golf rounds will incrementally increase (\$1.00 to 1.25) beginning January 1, 2005.

## **Compensation, Benefits, and Staffing**

### **Compensation**

In order to keep salaries competitive, comparable and in accordance with agreed upon contracts the following salary adjustments are included in the 2004-05 budget:

Non Union Employees	3%
IBEW	2.5%
FOP	3.5%
AFSCME	2.5
IAFF	1.35% (average)

### **Benefits**

There are two notable changes in Benefits for City Employees.

The City has been fortunate to experience less than market increases in Health Insurance premiums over the last few years due to using cost savings methods. However, the 2004-05 budget will have to respond to increases in health care cost by increasing employee and employer premiums 10%. Additionally, employees will experience increased out of pocket costs to further contain costs.

The City has also requested proposals for life insurance on behalf of City Employees. During the 2004-05 budget year, City Administration is proposing to increase coverage from \$30,000 to \$50,000 per employee. Also proposed is increasing the dependent coverage from \$5,000-spouse and \$2,500 for children to \$10,000 for spouse and \$5,000 for children. The cost for this increased benefit is approximately \$18,000.

### **Staffing**

It was the attempt of City Administration to only allow changes in personnel when they were overwhelmingly justified, increased efficiency, or were connected to a revenue stream. After reviewing all positions of the City and making some changes there will be a 1.55 **decrease** in FTE's for the 2004-05 budget year. Following are the key position changes included in the 2004-05 Budget by department:

### **Fire Department**

- Reclassification of 3 Fire Fighter/EMT positions to Fire Fighter/ Paramedic positions to align with the activity of the department. This results in no increase in FTE's.

### **Police Department**

- Reclassification of three Captains positions to respond to last year's departmental reorganization. This results in no increase in FTE's.
- Realignment of crossing guard positions reducing FTE's by .96.
- Reduction of hours for the Downtown parking attendant as requested by the Downtown Board resulting in a reduction of .125 FTE's.
- Deleting the Deputy Police Chief position and filling it with a Victim Assistance Coordinator. This results in no increase in FTE's.

### **Library Department**

- Addition of .173 FTE for a Library Assistant to be funded by the Grand Island Public School District through the 21<sup>st</sup> Century Community Learning Center Grant for after-school reading enrichment programs at five elementary schools.

### **Finance/ IT Department**

- Addition of one Computer Technician to eliminate cost of contracts and provide better service resulting in the addition of 1 FTE.
- Elimination of a Controller Position and replacing with an Accountant. No FTE changes but a cost reduction will be experienced.
- Elimination of a Senior Accounting Clerk resulting in a reduction of 1 FTE.

### **Emergency Management Department**

- Elimination of 1 Telecommunicator position to adjust to the workload, resulting in a reduction of 1 FTE.

### **Solid Waste Department**

- Realignment of a Maintenance Worker 1 position to a Solid Waste Clerk, resulting in a .15 addition in FTE's.

## **Cash Balance**

It is extremely important to maintain cash balances in the City Budget to assure cash flow strength, promote prudent spending and to have adequate reserves in case of an emergency. Grand Island's conservative approach to budgeting and spending has allowed for proper levels of cash balance over the last decade. The 2004-05 budget again includes \$ 32,346,567 in cash balance in all funds and \$ 5,909,327 in the general fund. The budgeted cash balance in 2003-04 was \$30,710,280 for all funds and \$7,016,346 for the General Fund. Strong economic conditions and conservative spending should allow the City to maintain an appropriate level of contingency.

## **Notable Projects/Expenditures**

Following is a list of Notable Projects/Expenditures by department that have been included in the 2004-05 budget:

### **General Fund**

- \$750,000 is included to fund economic development activities as determined by the Cities LB 840 plan.
- Bond Payments for the Heartland Events Center are included in the amount of \$350,000, \$500,000 for a State Grant, and \$150,000 pass through of the County's contribution.
- 2 unmarked (\$38,000) and 6 marked (\$156,000) Police vehicles are included to replace aging units.
- \$244,051 is included in the Police Department budget to continue to contract with the County for use of the computerized law enforcement management system.
- A replacement vehicle for the Engineering Department in the amount of \$20,000 is included.
- The Street Department will conduct a de-watering study for \$110,000, purchase a replacement snow blower \$46,000, and backhoe, \$85,000.
- The Library will continue the automation system enhancement program for \$35,000.
- The Parks Department plans to purchase a replacement mower, \$17,500 and a Utility Truck for \$15,500.
- The Cemetery will replace a ¾ ton Pickup for \$28,000.
- Public Information will upgrade several pieces of equipment for \$20,000 to upgrade GITV and will update the City's website for \$65,000.
- A 3 year program to update the City's information network will be commenced for \$30,000.

## **Capital Improvement Fund**

- The Street Department is planning to pave Claude Road for \$210,000; Replace the Wood River Bridge at Blaine for \$45,000; Finalize Stolley Park Road construction west of Highway 281 for \$240,000.
- There are several street related bonded projects in the budget. They include; South Locust bridges 4125R, \$1,095,000; 4120R, \$1,060,000; and annual paving projects, \$400,000. 75% of this cost will be reimbursed by the State of Nebraska.
- \$50,000 is included for annual sidewalk projects.
- The continued funding of the CAAP land development project is included for \$500,000; \$625,000 for various Hike/Bike trails, and \$100,000 for the Stolley Park Arboretum.
- There are funds included for the initial stages of Site Acquisition & Clearing \$1,900,000; Planning & Design \$399,000 and Design \$1,500,000 for projects associated with the ½ % sales tax capital projects. These numbers are preliminary cash costs for the initial projects. Figures above and beyond these will have to be bonded as Fire Station #1, Fire Training Facility, Law Enforcement Center, and Library projects are developed.

## **Enterprise Funds**

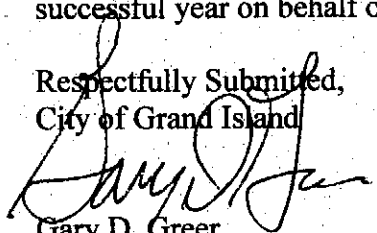
- The Solid Waste Transfer Station is planning to add a truck storage bay for \$90,000 and improve the main building for \$20,000.
- \$450,000 is included to purchase a replacement compactor at the Landfill.
- The Electric Department will continue to upgrade the electrical system by investing \$100,000 to increase the capacity of two sections of the 115kV transmission line to meet load growth and engaging in substation modifications for a total of \$300,000. Additionally, building improvements will begin at the newly acquired Thompson building for \$200,000 and Coal handling improvements will be completed to enhance operations, improve fire protection, and assure compliance with applicable laws for \$400,000.
- Two replacement pick-ups, for \$25,000 and \$35,000 for electrical operations and the dispatch center are planned.
- An Integrated Resources Planning and Rate Study will commence to determine possible electrical rate changes for \$100,000.
- Expansion of electrical distribution substations E (north of the Swift facility) and F (north of Menard's) are planned for a cost of \$200,000.
- The water department includes \$30,000 for a used dump truck and new electrical switchgear at the well field pumping station for \$100,000.
- \$620,000 is planned in trunk line expansion for the water department and \$250,000 for the Rogers pumping station expansion, which will allow for greater pumping capacity in Northwest Grand Island.
- The Sewer Department plans to purchase a compost spreader, \$30,000 and two replacement loaders for \$65,000. Additionally, a compost spreader truck, \$70,000 and a pick up, \$30,000 will be replaced.

## Acknowledgments

A great deal of time and hard work has gone into the construction of the 2004-05 budget. Special thanks go to David Springer, Finance Director for his undying effort to present a professional budget. Jaye Monter, Senior Accountant, and Yolanda Rayburn, Senior Accounting Clerk were very dedicated in their efforts to assist Mr. Springer. Paul Briseno, Executive Assistant was also instrumental in the process. The City Directors should also be given compliments for their hard work, conservative and pragmatic approach to creating their budgets. Working with their staffs, they responded to every request and met the challenges put before them.

Finally, City Administration would like to thank the Mayor and City Council for their policy direction and support. We look forward to working together for another successful year on behalf of the Citizens of Grand Island.

Respectfully Submitted,  
City of Grand Island



Gary D. Greer  
City Administrator