
City of Grand Island



Tuesday, October 07, 2003

Study Session Packet

City Council:

Carole Cornelius
Peg Gilbert
Joyce Haase
Margaret Hornady
Robert Meyer
Mitchell Nickerson
Don Pauly
Jackie Pielstick
Scott Walker
Fred Whitesides

Mayor:

Jay Vavricek

City Administrator:

David Springer (Interim)

City Clerk:

RaNae Edwards

7:00:00 PM
Council Chambers - City Hall
100 East First Street

Call to Order

Pledge of Allegiance

Roll Call

A - SUBMITTAL OF REQUESTS FOR FUTURE ITEMS

Individuals who have appropriate items for City Council consideration should complete the Request for Future Agenda Items form located at the Information Booth. If the issue can be handled administratively without Council action, notification will be provided. If the item is scheduled for a meeting or study session, notification of the date will be given.

B - RESERVE TIME TO SPEAK ON AGENDA ITEMS

This is an opportunity for individuals wishing to provide input on any of tonight's agenda items to reserve time to speak. Please come forward, state your name and address, and the Agenda topic on which you will be speaking.



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Item -1

Discussion Concerning Affinity Credit Cards

Affinity credit cards are credit cards which show an individual's affiliation to a group. These cards are marketed by many types of organizations as a way to provide card holders with rebates or gifts or to raise funds for the organization. The City of Hastings has utilized affinity credit cards effectively through their Hometown Pride card to raise funds for City projects. A review of the Hastings program will be provided. If a Grand Island program is established, funds collected would be allocated as Council directs.

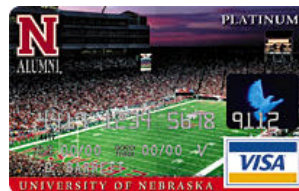
Staff Contact: Jean Goss, Executive Assistant

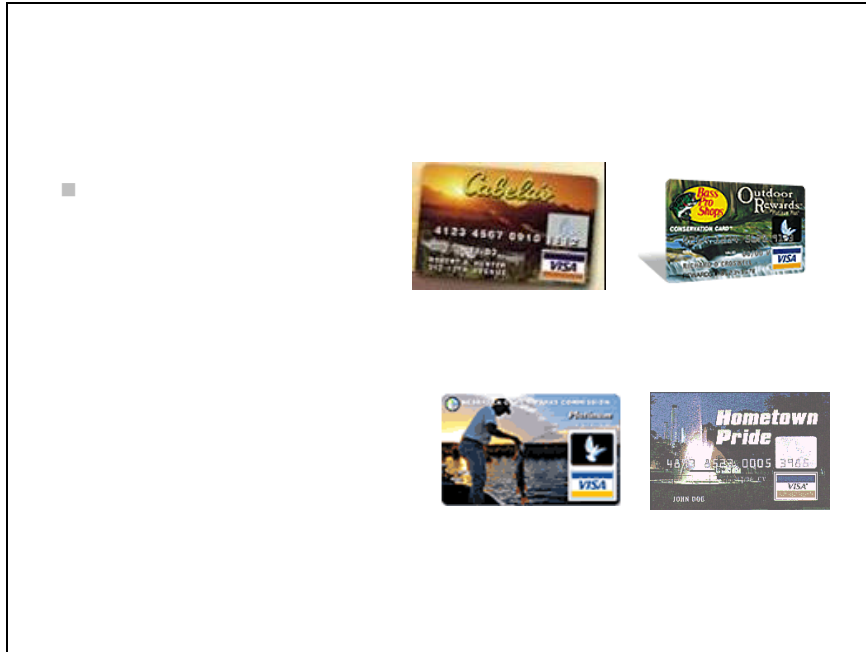
Affinity Credit Cards

Credit cards which show your affiliation to a group

Marketed by many types of organizations:

- **Schools**
(UNL, Heartland Lutheran High School)
- **Non-Profit Organizations**
(Pheasants Forever, Ducks Unlimited)





How Affinity Cards Work:

- Use just like traditional credit cards
- Issued by banks and utilize well-known credit companies such as Visa or Mastercard
- Provide a “kickback” to the card sponsor for each dollar of the total purchase

City of Hastings Program

- Started the Hometown Pride Card in 1996
- License granted to Hastings State Bank for the use of “The City of Hastings, Nebraska”
- City Council approves all graphics, logos and promotional materials used in the program

Terms of the Hastings Program

- Three year agreement with provisions for renewal
- The Bank pays the City one percent of purchase fees
- License fees are paid to the City semi-annually

Responsibilities of Hastings State Bank

- Assumes all financial responsibility
- Sets all conditions for use including:
 - Credit worthiness
 - Issuance
 - Interest rate
 - Annual fee
- Provide all program related expenses
- Provide all advertising including radio, television, and newspaper advertising as needed

Responsibilities of the City of Hastings

- Inserts affinity card brochures with utility bills to customers

- Markets the card
 - Public Meetings
 - City web site

- Provides space at public offices for applications

Success of Hastings Program

Year	Receipts
1995-96	\$8,802.01
1996-97	\$35,269.73
1997-98	\$38,147.88
1998-99	\$34,930.84
1999-2000	\$32,761.15
2000-01	\$30,335.24
2001-02	\$26,639.35
2002-03	\$25,307.41
Total	\$232,193.61

Possible uses for Grand Island Affinity Card Funds?

As Council Selects....

Next Steps

- Contact local banks for input
- Draw up a Request for Proposals (RFP)
- Present options to Council



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Item -2

Discussion Concerning 1/2 Cent Sales Tax

The Mayor would like to open the discussion on the proposed sales tax initiative that has been reserved for the May 11, 2004 ballot. Discussion will explore how a sales tax increase could best serve the people of Grand Island.

Staff Contact: David Springer



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Item -3

Presentation of Future Power Supply - OPPD Project

Differing fuel costs create a substantial difference in the cost of generation. Platte Generating Station produces electricity with a fuel cost of about \$10/MWh; Burdick Station is fired by natural gas and produces power for a volatile \$80/MWh. In 2002, Grand Island's retail electric rate averaged \$47.30/MWh. To maintain a competitive rate structure, production from Burdick Station must be limited to peaking service only.

For the past two summers, peak demand has exceeded 150 MW. Platte Generating Station can supply only 100 MW of the demand. The recently completed Combustion Turbine installation will help to control fuel costs. Unlike the Burdick Station steam generation, which must run for extended periods, combustion turbine operation can be restricted to peak load hours only.

Peak demand is growing at a projected rate of 2.29%. Grand Island has generating resources to satisfy peak demands for an extended period of time; this will require extensive operation of the Burdick Station steam generation. The price of energy is determined by our generation mix, which will grow more uneconomical as energy needs grow. Energy sales are increasing 3.2% per year. By 2007 it is expected that the natural gas fired Burdick Station will be needed for every month of the year. To remain competitive, Grand Island needs additional base load capacity in the 2010 to 2012 time frame.

Therefore, the Utilities Department continues to explore a number of options to add low cost, base load, coal fired resources to the current power generation mix. At present, there are three coal plant projects being evaluated in Nebraska;

- 1) Omaha Public Power (OPPD), a 600 MW plant at Nebraska City.*
- 2) Hastings Utilities and Nebraska Municipal Power Pool (HU/NMPP), a 220 MW plant at Hastings and:*
- 3) Nebraska Public Power District (NPPD), a 400 MW plant at the CHAAP or at a site in the northeast part of the state.*

Of the three options, the OPPD project is moving toward the earliest completion. Utility and Legal Staff, along with the City Administrator and outside Bond Counsel have met at length with OPPD officials over the last two months to thoroughly review the proposed Power Participation Agreement (PPA). That document is completed.

The Utilities Department believes that participation in the OPPD NC2 project is cost effective for GI's future power needs.

Staff Contact: Gary R. Mader



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Item -4

Discussion Concerning South Grand Island Water Contamination Problem

Initial analysis of water samples tested by the state lab have shown numerous high to very high readings on VOC contamination in the Mary Lane area of southwest Grand Island. This street, while in the city limits, does not have a city water line. Making city water available to these homes seems to be the only viable means to assure them of a safe source of water, not just for drinking, but for bathing and other usage as well. Staff will present to council options that could be implemented to bring city water to these residents.

Staff Contact: David Springer