



City of Grand Island

Tuesday, August 15, 2006

Study Session

Item -1

Review of proposed FY 2006-07 City Single Budget

Staff Contact: Gary Greer

Honorable Mayor and City Council,

August 15, 2006

The City of Grand Island management team is honored to present the 2006-07 budget. This year's budget has been prepared with the goal of continuing the financial strength of the city while keeping up with the demands of the citizens. Over the last decade a conscious plan to transform the community has taken place. Financially, the city made a choice to save revenue and create new revenue sources to facilitate major changes. Many significant projects have been evolving over a period of time and are in various stages of maturity. The city has participated in important community upgrades such as the Heartland Events Center, LB 840 Economic Development program, South Grand Island Flood Control Project and the South Locust Redevelopment and Interstate Connection project.

Last budget year the Prairie/Silver/Moore's Creek flood control project, Capital Avenue upgrade project, household hazardous waste facility, and storm water program were started. Currently, we are in the middle of major construction projects funded by the voter approved ½ % sales tax including construction of a new Fire Station # 1, the Law Enforcement Center, and expansion of the Library.

Next year the city will be faced with important quality of life decisions concerning the wastewater treatment plant operation along with other decisions to respond to the environmental challenges that face the community.

All of these projects are major additions to the community designed to increase the quality of life and provide benefits to citizens. They have required a considerable investment of resources from the city of Grand Island. Some of the projects were paid from existing city funds, some from new revenue such as the ½ % sales tax, or grant funds. The financial planning of the city over the last decade has allowed the city to fund all of these important projects in a prudent manner. Remarkably, these were also accomplished in some of the lowest interest rate times in our nation's history. This allowed for low interest costs and shorter amortization periods for those projects that required debt. Truly, the city has made great strides to accomplish past due and forward thinking projects while minimizing the fiscal impact as much as possible.

Even though the transformation that has come about in the community has created an expanded and positive future for the city, the unprecedented level of investment in major projects should not continue at this time. It appears that it is prudent to throttle back and concentrate on making current investments successful and allow economic projects to provide a return on their investment. The city will be facing unprecedented increases in many of the costs of doing business that will require all departments to tighten their belts and find ways to absorb or reduce these costs.

It is also time to save revenue for upcoming projects that will be needed in the future. Therefore, the 2006-07 budget has been constructed in a very prudent manner with emphasis on increasing efficiency and effectiveness to the greatest level possible. The focus throughout the budget is to strengthen internal operations, complete on going projects, and engage in long range planning.

Focusing on current projects and prioritizing spending in this year's budget has allowed the city to hold the line on the tax rate while still responding to community needs. Moving forward, it will be critical to allocate resources in the most efficient and effective way to assure continued financial health.

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 2006-07 budget is projected to be \$ 133,682,413. This is \$ 8,651,363 or 6.9% more than was proposed (\$125,031,050) in the 2005-06 budget. Following is a summary of the budget for each of the fund groups contained in the 2006-07:

General Fund	\$ 32,767,151
Permanent Funds	\$ 0
Special Revenue Funds	\$ 4,932,202
Debt Service Fund	\$ 2,193,996
Capital Projects Fund	\$ 10,645,980
Special Assessments Fund	\$ 0
Enterprise Funds	\$ 71,135,437
Internal Service Fund	\$ 9,597,718
Agency Fund	\$ 670,850
Trust Fund	\$ 1,739,079

Property Taxes

The proposed property tax requirement for the 2006-07 budget year is \$5,395,000 or 3.5% more than the 2005-06 requirement of \$5,212,064. The City of Grand Island projected valuation for 2006 is \$2,158,000,000; therefore, the property tax levy for the 2006-07 budget year is \$.25 per \$100 of valuation. The property tax levy is proposed to be the same as it was in 2004-05 and 2005-06.

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 deficiencies were identified and are addressed in the 2006-07 budget. There are adjustments to fees planned to offset increased cost of operation, regulation,

and demand regarding the building, administration, ambulance, humane society, shooting park, cemetery, aquatics, planning, wastewater, water and electric activities.

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 2006-07 budget:

Non-union employees	3 %
IBEW average	6.97%
FOP	3.5 %
AFSCME	3 %
IAFF	2.25%

The pay scale for non-union and IBEW employees was moved to implement proper pay levels as determined by a pay comparability study.

Benefits

The administration of the city's health insurance was put out to bid in 2006 and after intense review and negotiations a new company was chosen to handle the city account. The new plan will remain essentially the same but the city will experience cost savings due to lower service rates and provider discounts which will help offset inflationary increases. Therefore, there are no budgeted increases in either the city or employee costs for health care coverage in 2006-07.

Staffing

As charged by the Mayor, city administration reviewed the workforce to see if there were opportunities for productivity improvement. Each position was evaluated to see if it was essential and priorities were reviewed to see if the workforce was appropriate to deliver city services. After reviewing all positions of the City there will be a 1.45 decrease in FTE's for the 2006-07 budget. Following are the key position changes included in the 2006-07 budget by department:

Administration Department

Reduction of one position (administrative secretary).

Finance/ IT Department

Reduction of one position (accountant) is proposed in the Finance Department due to efficiencies associated with the implementation of the Cities computer system.

Increase of one position in the Information Technology division is included to further support the city's expanded information systems.

Legal Department

Reduction of one position (legal assistant)

Library

Increase of .30 FTE upgrading a part time library secretary to full time.

Police Department

Increase of .25 FTE upgrading a part time community service officer to a full time evidence technician.

Public Works

Reduction of one position (public works secretary)

Parks & Recreation Department

Reclassification of a senior maintenance worker to a maintenance worker, which will result in a \$14,222 savings.

Increase of a maintenance worker 1 is included for the Heartland Public Shooting Park. This position will support the operations of the shooting facility which is projected to provide a revenue stream from fees to help offset the cost of the employee.

In addition to the aforementioned changes, the Human Resources Department will be asked to review all vacancies occurring over the next year to determine if the positions are essential to the mission of the City of Grand Island. Those vacancies found to be non-essential will not be filled.

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 2006-07 budget again includes \$35,968,465 in cash balance in all funds and \$5,072,700 in the general fund. The budgeted cash balance in 2005-06 was \$30,830,550 for all funds and \$5,596,591 for the general fund. Strong economic conditions and conservative spending should allow the city to maintain an appropriate level of contingency.

½ % Sales Tax

On May 11th, 2004 the voters passed a ½ % city sales tax that was to be used for property tax relief and to build capital improvements. This year it is projected that we will collect \$4,333,000 from this sales tax. Half (\$2,167,000) will be placed in the general fund to offset property taxes. The Remaining (\$2,167,000) will be used to pay a portion of the costs for the following projects:

• Fire Station # 1	\$	955,500
• Debt Service Library	\$	837,700
• Debt Service Law Enforcement Center	\$	1,055,000
• Shooting Park Development	\$	75,000
• Hike/Bike Trail Development	\$	75,000
Total	\$	2,998,200

Notable Projects/Expenditures

Following is a list of notable projects/expenditures that have been included in the 2006-07 budget:

General Fund

- \$750,000 is included to fund economic development activities as determined by the city's LB 840 plan.
- Lease payments for the Heartland Events Center are included in the amount of \$577,300.
- The city's contribution to the Prairie/Silver/Moore's Creek flood control project is included for \$250,000.
- \$837,700 is included to fund the lease payments for the Library expansion project.
- One unmarked (\$18,250), one warrant service vehicle (\$10,000) and six marked (\$137,460) police vehicles along with one police motorcycle (\$17,000) are included to replace aging units.
- \$112,647 is included in the Police Department budget to continue to contract with Hall County for use of the computerized law enforcement management system.
- The painting of the bays and exterior for Station # 3 is included in the Fire/Ambulance services budget (\$25,000).
- The Street Department budget includes a replacement skid steer loader (\$21,600), 1 ½ ton pickup truck (\$25,800); a 10 cubic yard dump truck (\$69,800); and a 5 yard dump truck (\$51,600).
- The Library will continue the automation system enhancement program for \$35,000.
- The Parks Department will purchase a rotary mower (\$28,000) and a dump truck (\$30,000)
- The Cemetery will replace a backhoe for \$68,000.

Capital Improvement Fund

- \$4,516,480 is included in this year's budget for the final construction costs for the Public Safety Center.
- The final cost for the construction of Fire Station #1 (\$955,500) is included.
- The Street Department is budgeting for the Capital Avenue project (\$3,900,000) of which \$2,925,000 is reimbursable.
- \$119,000 is included to finalize the Northwest Transportation project and \$25,000 is included for annual sidewalk projects.
- There is \$75,000 for development of the Heartland Public Shooting Park, \$75,000 for development of the hike/bike trails, and \$35,000 for cemetery street resurfacing.

Enterprise Funds

- The Solid Waste Department is including a scraper (\$660,000); and a track type loader (\$495,000).
- There are projects to keep up with growth in the Electric Department including \$1,000,000 to in materials to expand the overhead distribution system; \$1,200,000 in materials to expand the underground distribution system; \$1,800,000 to pay for transformers for substation E and F.
- The Platte Generation Station is planned for upgrades to the Boiler, Precipitator, and Chimney with total associated costs of \$1,810,000.
- The Electric Department will replace a pickup for engineering (\$25,000); sedan #21 (\$20,000); and a pickup for the overhead crew (\$25,000). Additionally, the department will purchase a replacement bucket truck (\$170,000); a replacement 42' bucket truck (\$130,000) and a replacement flatbed with winch (\$176,000).
- The Water Department includes \$40,000 to replace a ¾ ton pickup; \$10,000 to replace a tap machine; \$45,000 for a line stopper; \$35,000 to replace a forklift; and \$16,000 for a portable air compressor.
- \$200,000 is included for water main replacement for various projects and in connection to the Second Street/ Highway 30 project.
- The Water Department is also planning for various trunk line expansions such as the Skypark Road to helicopter base water line (\$380,000); Autumn Park over sizing (\$25,000); Copper Creek over sizing (\$200,000); and the middle school project (\$150,000).
- The Sewer Department plans to build an addition to building # 6 (\$35,000) purchase a loader, (\$216,000); and purchase a replacement pickup (\$23,000).

Special Revenue Funds

- The Enhanced 911 Communications department budget includes \$20,000 to continue to fund the next phase of the Central Nebraska Radio Interoperability (CRNI) project.

Acknowledgments

A great deal of time and hard work has gone into the construction of the 2006-07 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, assistant to the city administrator served as an outstanding budget analyst. The city directors should also be complimented for their hard work, conservative and pragmatic approach to creating their budgets. Although the challenges were great to bring in an effective and efficient budget the directors focused their efforts and were committed to the fiscal goals of the City.

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