

City of Scottsbluff, Nebraska

Monday, July 18, 2016

Regular Meeting

Item Consent2

Approve Minutes of the July 12, 2016 Budget Workshop Special Meeting.

Staff Contact: Cindy Dickinson, City Clerk

Special Budget Workshop Meeting
July 12, 2016

The Scottsbluff City Council met in a Special Budget Workshop Meeting on Tuesday, July 12, 2016 at 8:00 a.m. in the Council Chambers of City Hall, 2525 Circle Drive, Scottsbluff, NE. A notice of the meeting had been published on July 8, 2016, in the Star Herald, a newspaper published and of general circulation in the city. The notice stated the date, hour and place of the meeting, that the meeting would be open to the public. That anyone with a disability desiring reasonable accommodation to attend the council meeting should contact the city clerk's office, and that an agenda of the meeting kept continuously current was available for public inspection at the office of the city clerk in City Hall; provided, the city council could modify the agenda at the meeting if it determined that an emergency so required. A similar notice, together with a copy of the agenda, also had been delivered to each council member, made available to radio stations KNEB, KMOR, KOAQ, and television stations KSTF and KDUH, and the Star Herald. The notice was also available on the City's website on July 8, 2016.

Mayor Randy Meininger presided and City Clerk Dickinson recorded the proceedings. The Pledge of Allegiance was recited. Mayor Meininger welcomed everyone in attendance and encouraged all citizens to participate in the council meeting. Mayor Meininger informed those in attendance that a copy of the Nebraska Open Meetings Act was available for the public's review. The following Council Members were present: Raymond Gonzales, Jordan Colwell, Randy Meininger, Mark McCarthy and Scott Shaver. Absent: None.

Mayor Meininger asked if there were any changes to the agenda. There were none. Mayor Meininger asked if any citizens with business not scheduled on the agenda wished to include an item providing the City Council determines the item requires emergency action. There were none.

City Manager Johnson expressed his appreciation to Finance Director Hilyard for all of her work preparing the 2016/2017 Budget.

The proposed general budget for all funds reflects a 0% Cost of Living Adjustment (COLA) based on the Consumer Price Index (CPI), which was actually -0.6% for the entire year. Seasonal employee's wages will increase to \$9.00/hour for minimum wage.

Both Police and Fire unions have agreed on three year contracts which will be presented to the City Council on July 18, 2016. This is the first time the unions have completed negotiations and agreed to contracts prior to the budget workshop. Contracts will provide for 2% COLA for both Police and Fire Departments. This will bring us to the CIR regulated salaries for Police and get us closer for the Fire Department. The Police rate increases will eliminate level one, leaving 7 rate increases, which is the same as the general fund.

Staff is proposing an increase from 5% to 6% for health insurance. Health insurance premium costs are actually up 11%, per RCI. Based on estimates from the city's insurance carrier, League Association of Risk Manager (LARM), staff is recommending a 2% increase in property insurance, 5% increase for workers compensation and no increase for liability. Staff recommended keeping the merit increase policy for employees who have excellent evaluations.

Mr. Johnson reviewed the proposed \$1.19/month rate increase for utilities. This is broken out to reflect the following:

- \$.25/month increase in Stormwater surcharge - This increase will be used to continue to purchase properties built on the Scottsbluff drain and alleviate the problems created by having houses over the drain.
- \$.61/month increase in Wastewater – This increase will be used for debt service on the treatment plant and provide for a \$600,000 contingency in the event of a main replacement.

- Regarding the compost facility, staff explained that this project could be moved to 2018, so we could build the reserve, then use cash to pay for the facility rather than bonding the project. Council would also like all compost facility improvements to be paid from the Environmental Services Fund.

Mayor Meininger recommended checking with UNL Research Extension office regarding composting and possibly forming a partnership.

- \$.33/month increase in Water.
- No rate increase is proposed for Environmental Services. Ms. Hilyard noted that it appears that late fees have not been charged on the environmental services portion of the billing to customers who do not pay on time. On average, for all utility billing cycles, approximately 40% of customers pay their utility bills late. Adding a finance charge to the environmental services would generate approximately \$50,000.00 in late fees, and make customers more aware of the payment date.

Mayor Meininger asked that staff begin assessing these late fees and research other communities to see what their turn off and reconnect fees are in comparison to ours.

Staff would like this rate increase to take effect at the beginning of the fiscal year and will research any changes required in the Ordinance.

Finance Director Hilyard explained that the City needs cash for operating purposes in the event of an emergency, and she is proposing a three month reserve for this purpose. She is also in favor of paying for equipment, etc. as we go, rather than debt servicing, when feasible. We have an aging infrastructure system, so it's extremely important to keep our infrastructure fund healthy to make the necessary repairs. She explained that our debt service is currently minimal.

Mr. Johnson also explained the issue of collecting electronics, which are mostly from commercial businesses who occasionally bring hundreds of computers at a time. The average cost to have these taken to recycle centers is \$3,000.00 per trip. The city currently offers this service at no charge. Staff would like to initiate a flat fee for this service for commercial customers only.

City Manager Johnson reviewed each department's operating budgets. He explained that he met individually with each department head to address any issues and discuss ways to balance the budget.

The General Fund is primarily funded by sales tax and the NPPD lease payments. He has asked for a hiring freeze, will eliminate overtime, with the exception of Transportation, Police and Fire Departments, and will retain the merit increase policy. Regarding the sales tax revenue, we are predicting revenues to be flat, so we plan to do more with less to maintain a balanced budget.

Ms. Hilyard reported that the Transportation Fund is in good shape. The main capital projects are the bulb-outs on Broadway, repairing the "cave" under Broadway and replacing the water line on Broadway. The majority of the Council was in favor of proceeding with the bulb-out project at the beginning of the new fiscal year, and then complete the other projects. Council does not want to issue debt to fund these capital improvements.

Council reviewed the Capital Improvement Projects and concurred with the recommendations provided by the City Manager. One of the larger projects is the sewer main interceptor, \$4,185,436.00 to be paid from LB840 funds. This sewer main will be used by qualifying businesses; the amount is budgeted as a placeholder.

Mr. Johnson discussed KENO Fund allocations, with a projected revenue of \$65,000.00, which he is recommending remain the same as last year – 10% for signs; 10% tree rebate program; 20% ADA intersections; 20% grant matching funds; and 40% open to programs. Staff's recommendation is to use KENO funds for Library holiday books for kids, Parks Wayfinding Signage and Riverside Campground

Improvements. City Council directed staff to look into the possibility of using KENO funds to build public restrooms in City parks.

Staff reviewed the requests which have been submitted by the following agencies: West Nebraska Arts Center; Carpenter Center; Keep Scottsbluff/Gering Beautiful (KSGB). Council did not recommend funding any of these agencies in addition to the funding they are currently receiving. They did suggest that KSGB apply for electronic recycling grants for the city in exchange for a fee, to assist with their request for funding.

Mr. Johnson reviewed the following outside agency agreements of which the city is currently obligated. He explained that we need to evaluate the need for each of the agreements.

- Rick Kuckkahn's contract (retain until expiration at the end of 2016)
- Anitas Greenscaping (contract in transition)
- Monument Prevention Coalition (support, but need to reduce amount - need more information and new numbers)
- PADD (Council suggested a fee for service, not to exceed a certain amount)
- PHS (remain the same)
- Riverside Discovery Center (Request that they start tracking receipts to enable assistance through LB840 funds. Council discussed ending funding at the end of their contract, so RDC must have long term funding in place.)
- Scottsbluff Landscaping for maintenance of Centennial Park (no longer in place)
- Scottsbluff Senior Center (continue with support and maintenance of the building)
- Chamber of Commerce (membership – retain)
- Thomas P. Miller and Associates – Economic Development (when contract expires, only use for specific projects. Total contract for 2016 is approximately \$200,000)
- Twin Cities Development – Economic Development (Fee for service - \$100.00/hour. Total contract for 2016 is approximately \$120,000)
- Tommy's Johnny's (the expense of supplying porta potties at the soccer complex may justify construction of public restrooms at the complex)

Moved by Mayor Meininger, seconded by Council Member Gonzales, "to take a break at 12:00 noon until 1:00 p.m.," "YEAS", Gonzales, Meininger, McCarthy, and Colwell "NAYS", Shaver. Absent: None.

Council reconvened at 1:00 p.m. The following Council Members were present: Raymond Gonzales, Jordan Colwell, Randy Meininger, Mark McCarthy and Scott Shaver. Absent: None.

Council continued their discussion of funding outside economic development agencies. Council directed City Manager Johnson to look into the possibility of creating an Economic Development Director position. City Council directed staff to allocate \$300,000.00 for economic development contractual services, including outside agencies Twin Cities Development and Thomas P. Miller and Associates, and an Economic Development Director position, including all overhead.

Mr. Johnson presented options for additional revenue sources. Last year Council pursued a Hotel/Motel tax, but did not pass the Ordinance. It may be time to review this revenue source, along with a restaurant occupation tax. City Manager Johnson explained that we have infrastructure that needs repaired, and since LB357 did not pass, we need to find additional revenue. In addition, we need to

diversify the general fund and have a balanced budget. The current proposed budget is balanced by using \$384,000 of the reserves. A lodging tax would help balance the budget, with additional revenues going to infrastructure. Council instructed staff to prepare spread sheets showing projected revenue for a 2% Restaurant Occupation Tax and a 2% Lodging Occupation Tax.

Another potential revenue source could be annexation of property as outlined in the preliminary annexation map. Council directed staff to refer this map to the Planning Commission to review and assure that it complies with the Comprehensive Plan.

Staff will bring additional information requested by Council back to another meeting prior to the final public hearing on the FY 2016/2017 Budget.

Moved by Council Member Colwell, seconded by Council Member McCarthy, "to adjourn the meeting at 2:45 p.m.," "YEAS", Gonzales, Meininger, McCarthy, Shaver and Colwell "NAYS", None. Absent: None.

Mayor

Attest:

City Clerk

"SEAL"