

City of Scottsbluff, Nebraska

Monday, May 20, 2019

Regular Meeting

Item Consent2

Approve the minutes of the May 9, 2019 Budget Workshop Special Meeting.

Staff Contact: City Council

Special Budget Workshop Meeting
May 9, 2019

The Scottsbluff City Council met in a Special Budget Workshop Meeting on Thursday, May 9, 2019 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 May 3, 2019, 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 May 3, 2019.

Mayor Raymond Gonzales presided and City Clerk Wright recorded the proceedings. Mayor Gonzales welcomed everyone in attendance and encouraged all citizens to participate in the council meeting. Mayor Gonzales 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, Scott Shaver, Jeanne McKerrigan, and Nathan Green. Absent: Terry Schaub. Also present were City Manager Johnson, City Attorney Kent Hadenfeldt, Finance Director Liz Hilyard, and Deputy Finance Director Chris Burbach.

Mayor Gonzales asked if there were any changes to the agenda. There were none. Mayor Gonzales 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.

Moved by Council Member McKerrigan, seconded by Mayor Gonzales that,

- a) "A public hearing be set for May 20, 2019 at 6:15 p.m. to consider a Class C Liquor License for B49 Operating LLC, dba The Tangled Tumbleweed, 1823 Avenue A, Scottsbluff, NE," "YEAS," McKerrigan, Shaver, Green, and Gonzales. "NAYS," None. Absent: Schaub.

Council Member Schaub entered the meeting at 8:01 a.m.

City Manager Johnson explained to Council that every year we conduct a budget work session in developing a budget for the upcoming fiscal year, informing them that this is their opportunity to weigh in on the articles presented to them on various items including projects, budgets, and cost of living increases. He also added the goal each year is to present a well-rounded budget that all five Council Members approve. Mr. Johnson then broke down funds starting with:

- General Fund – Mr. Johnson explained the revenue streams for this fund. They include sales tax, NPPD lease revenue, occupation tax (hotel tax), property tax (capped at \$175,000), enterprise fund transfers in, and other revenues/charges for service (campground, Westmoor pool, softball, etc.)
 - Revenue Projections for next fiscal year - The Revenue Committee looks at City Sales tax revenues for this current fiscal year and future fiscal years as Mr. Johnson explained to Council that sales tax revenue is down around 7-8 %, but we have maintained a healthy reserve stream due to policy set by City Council.

Different Revenue sources include:

- ❖ The Franchise Fee – These are payments we receive from Charter and Allo; Allo unfortunately has been remitting their payments to the County and we need to determine how we are going to recoup those payments which amount to around \$300,000. We are hoping to rectify before finalizing the budget and are projecting an increase of around \$70,000 per year.
- ❖ The Hotel Occupation Tax - This is budgeted at \$250,000 for the upcoming year. We are trying to resolve issues with remittance payments and hope to have this come in more frequently guaranteeing revenue for years to come.
- ❖ Other Charges for Services - This is a revenue stream which includes campground fees, recreation fees, building permits, Police services, and School SRO match.

Council Member McKerrigan asked when the City fiscal year is. Mr. Johnson stated the fiscal year is October 1st to the end of September. He also explained occupation taxes are collected by the City, whereas sales tax revenues are collected by the State; other cities have someone on staff to collect the occupation tax, but we do not have the capability to monitor and do that with our staffing. We strive for 100%, however we always have delinquencies.

- Ten Year General Fund Projections – Mr. Johnson stated we show our revenues at a 0% increase with expenditures going up 3% every year. He explained this is how we project and have conservative budgeting because you always budget expenditures against revenues, stating we need to either pull expenditures out of the general fund or find a way to increase revenues.

Council Member McKerrigan asked how Mr. Johnson recommends increasing the revenues. Mr. Johnson stated we need a well-rounded approach which includes Economic Development. Also, we need to support amenities to keep people here.

Mr. Johnson went on to explain more budget items included below:

- Health Insurance – Mr. Johnson explained we are a self-funded organization and Council last year directed to institute premiums and save roughly \$100,000. He acknowledged the health insurance premiums cover about 20% of the cost amounting to about \$315,000; explaining the premiums started being collected at the calendar year and we do not have the data to track since we have only been collecting the premiums for a couple months. He also stated these premiums are in line with other self-insured plans in Scotts Bluff County.
- Cost of Living Adjustment (COLA) – Mr. Johnson informed Council negotiations are still being held with the Police and Fire Unions comparing the hourly rate value. He is recommending a 2% COLA for general employees amounting to approximately \$38,300.

- Outside Contracts – Mr. Johnson explained we have approximately 2.16 million in outside contracts given yearly to organizations and asked Council if they would suggest eliminating any contracts. Mayor Gonzales asked about Monument Prevention Coalition and their services, commenting the City Police Department and State Patrol did the last compliance check. Council made the decision, based on that information, to terminate the contract with Monument Prevention Coalition.

During the Outside Contract discussion, Mayor Gonzales asked if you could give an outside contract specific deliverables and have that paid through the LB840 fund. Mr. Johnson stated no, we cannot do that. Legal Counsel Hadenfeldt explained we can take funds out of the LB840 fund for the Administration of our program, but we have our own Economic Development Director now, so that is not necessary. He also commented that we can reallocate the funds that are going to LB840 back to the General Fund to pay for things that enhance the City; it would take an election to do so, but you could change the percentage of what is going to LB840 through sales tax, with ballot language, and stipulate a small percentage to the General Fund to help fund different things such as recreation activities, tourism and a Zoo.

Council Member McKerrigan exited the meeting at 9:36 a.m.

Council Member's Green and Shaver, during discussion regarding additional revenue sources for the City, brought forth an idea of rebranding which would include updating or possibly changing hosting for the City of Scottsbluff website. Their idea would be to enhance the website by having more useable information and downloadable forms to make the City have presence. Mr. Johnson explained our current website allows all of the information they are requesting, however we do not have an employee who has the time to be the website coordinator. Mayor Gonzales suggested this be made an agenda item at a future meeting showing the cost of an upgrade to include staffing.

Mayor Gonzales asked about Occupational and Sales Taxes regarding helping to fund the Zoo. He wondered if it would be more beneficial to amend the current plan and lower the percentage to LB840 rather than implementing another tax, stating then Council would be able to decide where the money would go. Mr. Johnson said with an Occupation Tax you could administratively approve through City Council Ordinance which would allow getting the \$350,000.00 out of the General Fund sooner than later. Mr. Johnson stated whatever Council chose to do would be a policy decision and if you choose to amend the current plan would need to go to the vote of the people. It was decided to bring back to Council to discuss at a future meeting.

- General Fund Department CIPs - Mr. Johnson went over and answered questions regarding the budgeted CIP items for each department. There has been around 11.7 million in Capital Expenditures spread throughout the departments.

Council Member McKerrigan reentered the meeting at 10:39 a.m.

- Streets Fund - Finance Director Hilyard explained revenue streams for this Fund. They include Hwy Allocation/Gas Tax, Property Tax, Sales Tax, STP Funds, MV Fees, and State Reimbursement (Hwy 26). She stated the City can only issue debt up to the amount of the highway allocation and Property tax generates around \$550,000.00 per year, which is put into the

Street fund to service the debt, adding the Sales Tax amounts to about \$300,000.00 which covers equipment purchases. She concluded STP funds are Federal Funds pushed down to the State to use for new infrastructure products, but we also have authorization to use these funds for debt service. Motor Vehicle fees are the taxes paid to the County for the annual licensing fee and include the Sales Tax when a vehicle is purchased. State reimbursement is a reimbursement for Hwy 26 for snow removal and highway maintenance. Mr. Johnson explained we are planning on issuing debt for the chip seal project this year because the previous chip seal project has been paid off.

- Enterprise Funds – Mr. Johnson went over revenues vs. expenditures with these funds which include water, wastewater, and sanitation. He explained they are requesting a 3% rate increase for the upcoming fiscal year for environmental services, water, and wastewater, with a 20% increase for stormwater. This is based on the emphasis from Council to pay cash for projects while maintaining the current system.

▪ Environmental services	proposed increase \$.66	– monthly bill \$45.11
▪ Stormwater surcharge	proposed increase \$.25	– monthly bill \$ 3.50
▪ Wastewater	proposed increase \$.67	– monthly bill \$48.98
▪ Water	proposed increase <u>\$.36</u>	– monthly bill <u>\$26.71</u>
Total estimated bimonthly bill		\$1.94 \$124.31

- Keno – Ms. Hilyard stated what we collect in the prior year is what we can expend in the subsequent year. She went over what was allocated and where the funds were spent, explaining next year we will budget expenditures off of revenues that are coming in now. Mr. Johnson stated Keno funds have stipulations and need to be used for community betterment purposes, primarily parks, and we have recently replaced playground equipment making it safer for the community.

Council Member Green asked if we have any way to sell advertising, such as signage, to stimulate sales tax revenue on City assets, including the soccer fields, pool, and cemetery. Mr. Johnson stated if this is something Council wanted to consider we would have to implement an Ordinance to be able to charge for this and also have a policy to identify who is eligible. After discussion, Council Member McKerrigan commented she does not think it is a good idea asking the public to help the City raise revenues.

Mayor Gonzales asked Mr. Johnson how much the City is down, with Mr. Johnson stating around \$300,000.00, however, that doesn't include Fire and Police Union negotiations. Mayor Gonzales then asked about the cell phone occupation tax and how much it would generate. Mr. Johnson showed a spread sheet he received from the League of Municipalities on a survey they conducted regarding this tax in different communities and it was determined an occupation tax would generate around \$200,000.00 per year if implemented at 5%. Also, Ms. Hilyard commented a cell phone tax would be collected by the cell phone company and not by City staff, which would be beneficial.

Regarding the upcoming Zoo negotiations, Council Member Shaver stated an occupation tax would not cover what the Zoo needs; this tax would not be the solution and he would not endorse it without a vote of the people. Mayor Gonzales asked Council if they would want to fund the Zoo out of the General Fund without adding an existing tax. Council Members Shaver, Green & McKerrigan stated we cannot afford to do that.

There were no comments from the public or Council Reports. Council Member McKerrigan made the motion, seconded by Council Member Schaub, "to adjourn the meeting at 12:04 p.m.," "YEAS," Green Schaub, Shaver, Gonzales, and McKerrigan. "NAYS," None. Absent: None.

Mayor

Attest:

City Clerk

"SEAL"