

# **City of Scottsbluff, Nebraska**

**Monday, August 7, 2023**

**Regular Meeting**

## **Item Consent2**

**Council to approve the minutes of the July 25, 2023 Special Meeting.**

**Staff Contact: City Council**

Special Meeting  
July 25, 2023

The Scottsbluff City Council met in a Special Meeting on Tuesday, July 25, 2023 at 8:00 a.m. in the Council Chambers of City Hall, 2525 Circle Drive, Scottsbluff. The meeting was requested by a written call therefor by City Manager Kevin Spencer to conduct the 2023-2024 Budget Worksession. A notice of the meeting had been published on July 20, 2023 in the Star Herald, a newspaper published and of general circulation of 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 station NBC Nebraska as well as the Star Herald. The notice was also available on the City's website on July 20, 2023. Mayor McKerrigan presided and City Clerk Wright recorded the proceedings. Mayor McKerrigan welcomed everyone and 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: Jeanne McKerrigan, Matt Salomon, and Betsy Vidlak. Absent: Jordan Colwell and Angela Scanlan. Also present were City Manager Kevin Spencer, Finance Director Elizabeth Loutzenhiser, Deputy Finance Director Chris Burbach, Human Resources Director Cami Kite, Public Works Director Mark Bohl, and Fire Chief Tom Schingle. Mayor McKerrigan stated no other business shall be transacted at the special meeting unless all Council Members are present to consent and the City Council declares the existence of an emergency. She then asked if there was such an emergency. There was none.

Mr. Andrew Ross with NMPP Energy came forward to give a presentation on a rate study that was conducted on water and sewer rates earlier in the year. He explained the first part of the process is the financial planning piece which helps determine if a rate adjustment is needed, adding they like to look at a five-year ratio of utility basis accounting as well as historical numbers. The second piece is the rate design.

Mr. Ross started by reviewing the financial plan for the sewer utility. He explained one of the main items examined is projection assumptions, which a main factor is inflation, stating they have moved their inflation numbers from 3% to 4% annually. In addition, he went over revenues, operational expenses, depreciation, capital, and cash balance, suggesting every city should have a policy on how much of their cash reserves are kept in utility funds. He then recommended, with the rate design, the city increase the sewer rate by 5.6%. He explained the sewer rate has two components, a customer charge of \$20.51 and also a charge \$2.79 per 1000/gallons determined by the winter water usage of a customer during the month of February.

Ms. Loutzenhiser, Finance Director, approached and commented as far as contingency concerning cash reserves, the city does three months operating with a 25% accumulated depreciation. As far as paying cash for capital she added we do not have any plans for a treatment plant upgrade, however we do need to maintain and update the plant. She also stated we have done 3% increases every year for utilities and a rate study has not been done for many years, as is reflected with our water rates that were created in the 90's. By doing the rate study it has helped simplify how we update the rates for the customer making them easier to explain and understand.

Council Member Scanlan entered the meeting at 8:30 a.m.

Mr. Ross then explained the financial plan and rate design for water. With the new rate design, the customer will pay a flat fixed cost based on their water meter size and then a 1000/per gallon usage fee of \$1.71, making the water rate increase 3.5%

The proposed water and sewer increases are as follows:

Proposed Monthly Rate Increases:	Per Month			
	Current	Proposed	Increase	% Increase
Environmental services	\$24.64	\$25.38	\$0.74	3%
Stormwater surcharge	\$2.25	\$2.50	\$0.25	11%
Wastewater	\$24.28	\$20.51	(\$3.77)	-16%
Water	\$13.24	\$10.99	(\$2.25)	-17%
<b>Total Estimated Monthly</b>	<b>\$64.41</b>	<b>\$59.38</b>	<b>(\$5.03)</b>	

Proposed Monthly Gallonage Charges (5,000 gal use):	Per Month		
	Current	Proposed	Increase
Wastewater	\$ -	\$13.95	\$13.95
Water	\$ -	\$8.55	\$8.55
<b>Total Estimated Monthly</b>	<b>\$ -</b>	<b>\$22.50</b>	<b>\$22.50</b>

Proposed Monthly Gallonage Charges (10,000 gal use):	Per Month		
	Current	Proposed	Increase
Wastewater	\$10.77	\$27.90	\$17.13
Water	\$17.95	\$17.10	(\$0.85)
<b>Total Estimated Monthly</b>	<b>\$28.72</b>	<b>\$45.00</b>	<b>\$16.28</b>

Council took a nine-minute break at 9:15 a.m. reconvening at 9:24 a.m.

City Manager Spencer then presented the FY 2024 Budget Information. He started with proposed cost of living increases for employees, explaining that union employees need to fall under the parameters of 98-102% of array cities in comparison to Scottsbluff. The following Cost of Living increases are as follows:

- General non-union employees 5.0%
- Fire Captains 2.0%, Fire Lieutenant 4.0% and Firefighter 6.0%
- Police union employees 5.0%
- IBEW union employees 5.0%

Also, anticipated increase in premiums/claims exposure for employee health insurance is 8.0% with no change to employee's premiums deducted as the City will absorb the cost.

In addition, there will be four new FTE positions added to this FY 2024 budget, two in the Police Department, one Parks Director and one Recreation Director.

He then continued with more information concerning the FY 2024 Budget as listed below:

LARM Insurance renewal quote (city-wide)

- 26.5% increase to property and vehicle insurance
- 7.5% increase to liability insurance
- 5.0% increase to workers comp insurance

Capital Improvement Budget Information

FY 2024

- Infrastructure, buildings & structures: \$10,637,869
- Equipment & vehicles \$3,426,872

Debt Service Budget Information

FY 2024

- 2023 GO Hwy Bonds (20<sup>th</sup> Mill and Overlay): \$2,720,000
- 2020 GO Hwy Bonds (chip seal): \$1,355,000
- 2018 GO Hwy Bonds (42<sup>nd</sup> Street): \$870,000

Budgeted tax revenues for FY2024, were briefly examined with Mr. Spencer commenting that the NPPD Lease Revenues are maxed out at 14%, showing an anticipated revenue of \$3,435,000.

Capital Projects of each department, were looked at next, with major expenditures being explained. Some of those expenditures included City Hall lobby and Council upgrades for Administration; refuse trucks, compost facility equipment and transfer station for the Environmental Services Department; 23 Club Lighting for the Parks Department; HVAC Replacement for the Library; 20<sup>th</sup> Street Mill & Overlay (asphalt), air sweeper, and plow truck for Transportation; Booster Pump installation for the Water Department; and Backup Generator/Switch gear and compost facility turner for the Wastewater Department.

In addition, the Police Department is budgeting for two marked patrol cars and Data Master Alcohol Analysis equipment, whereas the Fire Department has line items for a Rescue truck and apparatus replacement. Both departments will share the expense of HVAC replacement for the Public Safety Building.

Mr. Spencer also shared information regarding the ARPA funds, stating we need to earmark the money by the end of 2024 and have it spent by the end of 2026. Conversations for the funds include: updating the Comprehensive Plan by utilizing an RFP, and as part of the process identifying community needs such as an aquatic center. He also stated he would like to do some updates at Cleveland Field, as well as Landers Soccer Complex. Also mentioned were implementing bathrooms for the downtown area, updating and opening the bathrooms at Veteran's Park, sprucing up the dog parks and constructing pickleball courts. He added the funds were initially going to be used for infrastructure, but then decided all those funds are in great shape, commenting that would not be the best use for the funds.

At the end of the work session, Mr. Spencer thanked Finance Director Loutzenhiser, Deputy Finance Director Burbach and Human Resources Director Kite for their hard work on the budget. He feels we are really moving forward and are in a great position for development. He feels very comfortable with the budget and going forward next year.

Council Member Scanlan moved, seconded by Council Member Vidlak to adjourn the meeting at 10:45 a.m.”YEAS,” Salomon, Vidlak, Scanlan, and McKerrigan. “NAYS,” None. Absent: Colwell

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Mayor

Attest:

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City Clerk

“SEAL”