

WORK SESSION
BUDGET REVIEW

The Mayor and City Council of the City of Norfolk, Nebraska, held a budget review work session in the Training Room, 309 North 5th Street, Norfolk, Nebraska, on Tuesday, July 18, 2017, beginning at 1:00 p.m. to review proposed FY 2017-2018 budgets.

In the absence of Mayor Moenning, the Council President Jim Lange called the meeting to order.

Roll call found the following present: Councilmembers Dave Fauss (1:30 p.m.), Corey Granquist, Gary L. Jackson, Jim Lange, Rob Merrill, Dick Pfeil and Josh Moenning (1:07 p.m.) Absent: Shane Clausen and Thad Murren,

Staff members present were City Administrator Andy Colvin, Public Works Director Dennis Smith, City Clerk Beth Deck, Water & Sewer Director Dennis Watts, Wastewater Plant Superintendent Todd Boling, Risk Manager Lyle Lutt, Senior Accountant Sheila Rios, Communications Director Liz Wallace and Finance Officer Randy Gates.

Others present were: Airport Authority representatives Terry Wachter, Dan Geary, Bill Jepson and Amy Sisson and Vehicle Parking District representative Connie Geary.

The media was represented by Mike Buhler, Norfolk Daily News.

Notice of the meeting was given in advance by publication in the Norfolk Daily News, and notice of the meeting was given to the Mayor and all members of the Council prior to the meeting.

The Mayor presided and the City Clerk recorded the proceedings.

The Mayor informed the public about the location of the current copy of the Open Meetings Act posted in the meeting room and accessible to members of the public.

Airport Authority

Dan Geary, Bill Jepson, Terri Wachter and Amy Sisson provided information to elected officials. The Airport submitted the following tax requests: General fund operations and capital, \$532,724; general fund Department of Aeronautic loan payment, \$43,008; and general fund bond & interest, \$64,460 for a total of \$640,460. After collection fees, it will be necessary to levy a property tax request of \$627,651. Sisson said the property tax number is different by an additional \$251 from what was submitted to balance with state budget forms. Expenditures include \$2,705,660 for a storm sewer rehabilitation project approved by the federal government. The federal government will pay 90% of the storm sewer project and the Airport must provide a 10% match for the project.

Councilmember Lange questioned the \$41,150 for hangar door in the 82 (building & improvements) account.

Wachter explained that Liberty Aviation (an aircraft maintenance and repair business) occupies the building with old sliding doors, which are starting to have problems and replacement parts are difficult to purchase. The door is also being upgraded to be wider to accommodate larger farm tractors and equipment.

Merrill questioned whether the expenditure will be recovered from increased rent.

Wachter said the expenditure will be recovered partially from rent. Wachter provided an update on hangar rental and said six of the eight hangars rented. Fuel sales were down but part of that is from the decrease in the price of fuel. Wachter doesn't have an estimate on the gallons of fuel sold.

Merrill requested a report on the amount of gallons of fuel sold.

Wachter will provide a report on the amount of gallons of fuel sold and an "activity report" on hangar rentals.

Geary said the Airport is working on other projects as well, including a runway safety area improvement project which will shorten one runway by 300' and require the purchase of additional property north of the runway.

Granquist questioned whether the hangar rent continues to increase at 2% each year and the \$82,000 expenditure in Line Item #82 for the terminal roof.

Wachter explained hangar rents increased 10% in 2015 and an additional 2% each year after for five years with two more years remaining. Wachter said the north of the roof on the old terminal building needs to be replaced.

Lange said the Airport Authority balance brought forward is \$325,815, which is about one-half of the budgeted tax increase, which does, however, allow for some items that "may be popping up" such as the sewer assessment.

Sisson said the Airport does need some cash reserves pay upfront for federal projects until reimbursements are received from the federal government.

Merrill questioned whether the Airport has any plans to increase revenue?

Wachter said the biggest revenue source is fuel sales.

Mayor Moenning requested the Airport provide elected officials with a mid-year update on fuel sales, hangar rents, etc.

Merrill moved, seconded by Lange to accept the proposed FY 2017-2018 Airport Authority budget as presented. All Ayes: Nays: None. Absent: Clausen and Murren. Motion carried.

Vehicle Parking District (VPD)

Connie Geary provided information to elected officials. The VPD is requesting a \$95,514 levy allocation for FY 2017-2018. The VPD is reviewing options to increase revenue and considering increasing parking lot rental rates from \$55 to \$70 annually and is decreasing the DNA management fee from \$24,000 to \$18,000. However, the Board wants to maintain a \$100,000 balance reserve. The sign rental rate is being reduced to try to increase sales. Geary said the VPD Board is considering removing the planters/flowers on side streets and replacing with permanent plants to save money to be able to do more parking lot repairs next fiscal year.

Granquist said the Downtown aesthetics is a draw for people

Mayor Moenning feels removing the planters may affect the downtown environment and suggested the VPD not skimp on landscaping and flowers.

Merrill suggested the VPD board work with the Chamber on marketing the downtown area.

Moenning understands the VPD has a long term goal of hiring a marketing coordinator and also looking at increased opportunities for more revenue.

Geary said the VPD Board approved requesting the annexation of additional property and that should be coming before the City Council in the future.

Pfeil moved, seconded by Merrill to accept Vehicle Parking District proposed FY 2017-2018 budget as presented. All Ayes: Nays: None. Absent: Clausen and Murren. Motion carried.

Water Revenues

Public Works Director Dennis Smith stated there are no changes in proposed water rates for FY 2017-2018 since most projects have not developed and/or moved forward as fast as anticipated.

Water Maintenance

Water & Sewer Director Dennis Watts provided information to elected officials. Staff request approval of the Level II budget with a 2.5% cost of living increase in personnel.

Merrill moved, seconded by Fauss to approve Level II with a 2.5% cost of living increase in personnel. All Ayes: Nays: None. Absent: Clausen and Murren. Motion carried.

Sewer Revenues

Public Works Director Dennis Smith stated the City Council approved a 6% sewer rate increase effective September 1, 2017, and the budget reflects those numbers. There are enough funds available at this time for current projects but not for the OCT project and collector line going north. Once OCT lays a foundation, the City Council will need to consider additional rate increases. The SW Interceptor Phase II is currently under construction and a large debt service (bond issuance costs) of \$2,035,000 is necessary from Level IV for the Highway 35 interceptor project for a total amount of \$10,045,000 in Capital Outlay.

Sewer Maintenance

Dennis Watts provided information on the Sewer Maintenance budget. Staff requests approval of Level IV with Level II personnel costs plus a 2.5% cost of living increase.

Merrill moved, seconded by Granquist to approve Level IV with Level II personnel costs plus a 2.5% cost of living increase. Roll call: All Ayes. Nays: None. Absent: Clausen and Murren. Motion carried.

Water Pollution Control (WPC)

Wastewater Plant Superintendent Todd Boling provided information to elected officials on the proposed WPC budget with all budget levels the same. Staff request approval of the Level II budget plus a 2.5% cost of living increase in personnel.

Granquist moved, seconded Lange to approve the Level II budget plus a 2.5% cost of living increase in personnel. Roll call: All Ayes. Nays: None. Absent: Clausen and Murren. Motion carried.

Solid Waste Revenue and Operations

Public Works Director Dennis Smith and Wastewater Supervisor Rob Mercer provided information to elected officials on the proposed Solid Waste Revenue budget. Use fees remain the same in all budget levels. No rate increases are proposed at this time; however, rates may need to increase next fiscal year for debt service on the proposed maintenance facility budgeted in the Level IV budget. Staff request approval of Level IV with Level II personnel costs plus a 2.5% cost of living increase.

Fauss moved, seconded by Corey to approve Level IV with Level II personnel costs plus a 2.5% cost of living increase. Roll call: All Ayes. Nays: None. Absent: Clausen and Murren. Motion carried.

Debt Service

Senior Accountant Sheila Rios provided information to elected officials on the proposed Debt Service budget. All budgeted levels are the same. The property tax levy rate decreased in debt service because two large bond issues were paid off. However, the property tax levy increased in the General Fund by the same amount. The Nebraska Legislature approved LB 432 which eliminated the 4% delinquency rate, or about \$35,000, which was moved to the General Fund. The budget anticipates a 4% valuation increase, which will keep the property tax rate constant in the General Fund.

Merrill moved, seconded by Fauss to approve the budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen and Murren. Motion carried.

Special Assessments

Senior Accountant Sheila Rios provided information to elected officials on the proposed Special Assessments budget. All levels are the same.

Fauss moved, seconded by Granquist to approve the budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen and Murren. Motion carried.

There being no further discussion, the Mayor declared the meeting adjourned at 3:18 p.m.

Josh Moenning
Mayor

ATTEST:

Elizabeth A. Deck
City Clerk

(S E A L)