

## **WORK SESSION Budget Review**

The Mayor and City Council of the City of Norfolk, Nebraska, held a budget review session in the Training Room, 309 North 5th Street, Norfolk, Nebraska, on Tuesday, July 25, 2017, beginning at 8:15 a.m. to discuss the FY 2017-2018 budget.

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

Roll call found the following Councilmembers present: Councilmembers Gary L. Jackson, Jim Lange, Rob Merrill, Thad Murren, Dick Pfeil and Mayor Moenning (8:19 a.m.). Absent: Shane Clausen, Dave Fauss and Corey Granquist.

Staff members present were City Administrator Andy Colvin, Public Works Director Dennis Smith, Public Safety Director Shane Weidner, City Clerk Beth Deck, Finance Officer Randy Gates, Risk Manager Lyle Lutt, Human Resources Director Sheila Schukei, Fire Chief Scott Cordes, Library Director Jessica Chamberlain, Communications Director Liz Wallace, Staff Engineer John Cahill, Housing Director Gary Hilkemann, Operations Manager Jim Dooley, Senior Accountant Sheila Rios, Park Superintendent Pat Mrsny, Prevention Manager Trent Howard and Fire Captain Tim Wragge.

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 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.

### Library

Library Director Jessica Chamberlain provided information to elected officials. Staff request approval of a Level II budget with a 2.5% cost of living increase and the deletion of \$8,000 for a copier.

Councilmember Lange moved, seconded by Councilmember Merrill to approve the Level II budget with a 2.5% cost of living increase and the deletion of \$8,000 for a copier. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

### Housing Development

Housing Director Gary Hilkemann provided information to elected officials. Staff request approval of Level II budget with a 2.5% cost of living increase; and decreasing Item No. 64, office desks and chairs, \$1,500, and pencils, pens, etc. \$1,500.

Councilmember Lange moved, seconded by Councilmember Murren to approve the Level II budget with a 2.5% cost of living increase; and decreasing Item No. 64, office desks and chairs, \$1,500, and pencils, pens, etc. \$1,500. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

### Community Development Block Grant

Senior Accountant Sheila Rios provided information for elected officials. All levels of the budget are the same.

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

### Park Maintenance

Park Superintendent Pat Mrsny provided information to elected officials. Staff request approval of a Level II budget with a 2.5% cost of living increase and the addition of \$10,000 in Line Item No. 46 for the Tree Board. Central Park tennis court resurfacing is included in the budget as well as funding for armor coating.

Mayor Moenning questioned whether hiring an arborist would be helpful for the Park Division.

Mrsny said an arborist would be helpful but it would be expensive to hire a licensed arborist and purchase the necessary equipment. Current staff are being trained to do the work--Mrsny is trained in pruning and uses Street Division equipment for the work. Mrsny said various City divisions do cooperative borrowing of equipment and feels training current staff would be effective and less expensive than hiring a licensed arborist.

Lange questioned whether hiring a contracted labor would be helpful and less expensive than hiring a professional service contractor for the work since they are only needed for several months out of the year. A contractor would be using their own equipment, providing insurance, etc.

Mrsny said the City does use some contracted work and feels it makes sense to contract the work when necessary.

Lange questioned the football field turf at Memorial Field.

Mrsny said the City is in year 7 of turf usage and the field is holding up very well. Mrsny estimates the turf should exceed the estimated 10 year replacement cycle.

When questioned about the skate park, Mrsny said the skate park group is struggling to raise funds for new equipment and the old equipment will need to be removed in the near future because it has reached its useful life cycle. Mrsny said elected officials will need to make a decision in the future regarding a skate park.

Elected officials briefly discussed Johnson Park improvements as well as the small brick building by the bridge on North First Street. Moenning said "some people have a lot of unrealistic plans and elected officials need to decide what is important."

Jackson questioned whether a dome could be installed, at an estimated cost of \$750,000, over Liberty Bell Pool to allow the public schools to use for their swim team. Jackson said the public schools would then need to maintain the facility.

Mrsny said elected officials have discussed installing a splash pad at Liberty Bell Park but it would be located very near the Embrace Park splash pad to be built west of the YMCA. Mrsny would like to keep the Liberty Bell parking lot and restrooms because the softball field gets a lot of use.

Weidner feels elected officials will need to consider usage of Liberty Bell Park/Swimming Pool in the near future but there may be push back on a dome project. Weidner said the City's investment, however, is in AquaVenture but Liberty Bell swimming pool would be a good asset for the public schools and/or YMCA. There may be potential for good partnerships for use of Liberty Bell Park/Swimming Pool.

Councilmember Lange moved, seconded by Councilmember Jackson to approve the Level II Park Division budget with a 2.5% cost of living increase and the addition of \$10,000 in Line Item No. 46 for the Tree Board. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

### Street Division

Operations Manager Jim Dooley provided information to elected officials. Staff request approval of a Level II budget with a 2.5% cost of living increase and the deletion of \$30,000 from Line Item No. 84 for an alley drag.

Councilmember Lange moved, seconded by Councilmember Murren to approve the Level II budget with a 2.5% cost of living increase and the deletion of \$30,000 from Line Item No. 84, Alley Drag. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

### Engineering Division

Public Works Director Dennis Smith provided information to elected officials. Staff request approval of a Level II budget with a 2.5% cost of living increase; the addition of \$13,606 (upgrade City Engineer position) and \$71,672 (additional Engineering Aide III) in Line Item No. 10, personnel; and deletions of \$19,099 and \$4,179 in Line Item No. 10, personnel; \$50,000 in for GIS mapping in Line Item No. 68; and \$12,000 for survey vehicle in Line Item No. 84.

Smith stated that City Administrator Andy Colvin requested the city engineer position be upgraded to Grade 30/Step D which is \$7,300/month. The \$71,672 for an additional Engineering Aide III is necessary to help train the new person under Engineering Aide Larry Cloeter, who will be retiring.

Councilmember Pfeil moved, seconded by Councilmember Lange to approve the Level II budget with a 2.5% cost of living increase; the addition of \$13,606 (upgrade City Engineer position) and \$71,672 (additional Engineering Aide III) in Line Item No. 10, personnel; and deletions of \$19,099 and \$4,179 in Line Item No. 10, personnel; \$50,000 in for GIS mapping in Line Item No. 68; and \$12,000 for survey vehicle in Line Item No. 84. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

### Storm Water Management

Staff Engineer John Cahill provided information to elected officials. All levels are the same. The largest expense is Other Professional Fees for staff time to monitor and comply with storm water regulations.

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

### City Highway Allocation Fund (CHAF)

Public Works Director Dennis Smith provided information to elected officials. All levels are the same. Smith explained CHAF funds is gas tax money received from the State of Nebraska.

Mayor Moenning said unpaved streets have been identified by staff but elected officials need to address the issue again. Moenning feels “it makes sense to leverage money because of the low interest rates and use the money we get from the state year-to-year in considering options to be more aggressive on repair and maintenance on some of these problem streets.” Moenning feels public input is necessary to help make decisions on these types of improvements. Moenning said there are a lot of streets in Norfolk that need repair/work but the timeline is slow and “would like some internal discussions about financing to get at some of these projects more quickly.”

Colvin said staff have been discussing unpaved streets and want to include sidewalk installation as well before presenting a plan to elected officials. Colvin would like to meet again this summer to identify key locations for improvements. Colvin said staff have discussed issuing debt for these types of improvements. Colvin said “transportation in general in Norfolk, whether trails, sidewalks, and streets are being reviewed to make sure everything is connected and paved.” Colvin said staff has discussed “bonding out” for these types of projects. Staff will review the pros and cons, as well as past practice, for opportunities to pave streets and install sidewalks.

Councilman Lange said the City of Norfolk put a sales tax increase before citizens about 20 years ago to pay for street improvements and “it was not received very well” and got voted down.

Moenning feels it “depends a lot on how you package it” to citizens and elected officials need “to be creative with financing.”

Colvin “researched using CHAF to pay bonds and it is legal” and does not require a vote of the people.” Colvin feels elected officials and citizens need to be educated more on this issue.

Smith questioned whether there are any specific streets elected officials are hearing about.

Moenning has heard from citizens with concerns about 15th Street, Braasch Avenue, Square Turn Boulevard, Riverside Boulevard, Michigan Avenue, 4th Street & Braasch Avenue in particular.

Smith said if elected officials want to treat all of the citizens the same they have the ability to use GAP paving for 15th Street and Square Turn Boulevard because everyone else has already paid an assessment for paving and the cost is included as part of the lot.

Moenning said “but it just hasn’t gotten done and we need to make a decision as to whether it gets done or not.”

Colvin said it is really two different discussions: where there aren’t any paved streets and then the reconstruction of streets.

Smith explained the One & Six Year Street Plan includes Riverside Boulevard and Benjamin Avenue as well as Braasch Avenue and will work into the budget to not fiscally constrain the City.

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

### Fire

Public Safety Director Shane Weidner and Fire Chief Scott Cordes provided information to elected officials. Staff is requesting Level II budget with a 2.5% cost of living increase; an increase of \$21,505 in Line Item No. 46 for property maintenance; and the following decreases: Line Item No. 26, \$1,200 for a drone; Line Item No. 46, \$9,640 for kitchen cabinets; and Line Item No. 84, \$20,000, Jon boat and \$37,000 for a fire marshal pickup. Personnel costs increase with the addition of the public safety director which split between the Fire Division and Police Division.

Weidner said, in conjunction with personnel costs and liability issues, elected officials need to make a decision about extending the City’s participation in LARM for another year. Norfolk is a founding member of LARM and has had good experience with LARM. LARM also provides training to its members. The workers comp modifier changed 6-7 years ago which allowed insurance bids to decrease. Elected officials need to decide whether or not to extend LARM coverage for another three years which will allow for a 5% premium reduction. The last time insurance was bid, the City hired a consultant and Weidner would recommend doing the same again because insurance it is very complicated and complex to bid for insurance coverage. Weidner said the City of Norfolk has loyalty to LARM because the pool was formed back in the 1980s due to the hard market when law enforcement coverage wasn’t available. Weidner said 90 counties participate in NIRMA and school systems use pooled insurance as well. The City’s experience with LARM has been very good.

Gates estimates 160 entities participate in LARM with Columbus, Fremont and Norfolk as several of the larger communities.

Merrill questioned whether it would be beneficial to talk to the other bidders as to whether they would bid or not. Merrill was told that it costs an insurance company between \$20,000 and \$25,000 to submit a bid. Merrill feel the private market will not have any motivation to bid because of the costs involved to prepare a bid.

Lange questioned what the City’s modifier currently is and whether or not it remains the same. Lange said that when the workers comp modifier “doesn’t jump around a lot, there isn’t a big opportunity” and private insurance companies hesitate spend the money to submit a bid.

Smith said workers comp modifiers are based on a 3-year history with the City’s modifiers as follows: FY 2016-2017, .616; FY 2015-2016, .66; FY 2014-2015, .75; and FY 2013-2014, .7, FY 2012-2013, .79; and FY 2011-2012, 1.02.

Lutt explained that, if Norfolk continues with LARM for another 3 years, the 5% discount will be approximately \$40,000.

Gates said that if the City of Norfolk does not extend with LARM the City's insurance cost will increase approximately \$10,000.

Moenning said insurance costs are driven by the workers comp modifier and there probably won't be a lot of difference in bids. Moenning feels "specialized insurance is the best bang for your buck."

Gates said LARM indicated the City of Norfolk's workers comp modifier will decrease slightly for FY 2017-2018.

Councilmember Merrill, seconded by Councilmember Lange, to renew with LARM for another 3 year extension to take advantage of the 5% discount with LARM and to direct staff to prepare a resolution to place on a City Council agenda for formal consideration. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

Councilmember Merrill moved, seconded by Councilmember Murren to approve Level II of the Fire Division budget with a 2.5% cost of living increase; an increase of \$21,505 in Line Item No. 46 for property maintenance; and the following decreases: Line Item No. 26, \$1,200 for a drone; Line Item No. 46, \$9,640 for kitchen cabinets; and Line Item No. 84, \$20,000, Jon boat and \$37,000 for a fire marshal pickup. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

#### Region 11 – Emergency Management Fund

Fire Chief Scott Cordes provided information to elected officials. All levels are the same and staff request a 2.5% increase in cost of living increase.

Councilmember Merrill moved, seconded by Councilmember Pfeil to approve the budget as presented with a 2.5% cost of living increase. Roll Call: All Ayes. Nays: None. Absent: Clausen, Fauss and Granquist. Motion carried.

#### Capital Construction

Senior Accountant Sheila Rios and Risk Manager Lyle Lutt provided information to elected officials. All levels are the same.

Lutt stated an entrance sign is scheduled to be placed on property on East Omaha Avenue but electricity needs to be extended to the site. Options for the electricity are: (1) bore to the property located on the east side of Omaha Avenue for about \$5,000; (2) trench in from the North at a cost of about \$10,000; or (3) use solar panels. Lutt questioned whether elected officials would want staff to pursue the use of solar panels.

Moenning, Merrill and Pfeil like to idea of a visible solar panel for lighting the sign.

Murren doesn't feel the solar panel will need to be very large.

Elected officials encouraged staff should explore solar power for lighting the entrance sign.

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

Capital Improvement Program (CIP)

Risk Manager Lyle Lutt reviewed the capital improvement program projects with elected officials. The FY 2017-2018 CIP includes Tymco Sweeper, \$130,000; flood control renovation, \$100,000; landscape master plan, \$282,452; Ta-Ha-Zouka Phase III, soccer fields, \$100,000; Library Addition, \$3,343,997; 100' platform to replace 1974 snorkel, \$650,000; in-car video camera upgrade, \$75,000; CAD/Records/Jail MDC upgrade, \$175,000; 1st Street & Monroe Avenue sewer main replacement, \$530,000; Southwest Interceptor from 25th & Omaha to 27th and Hwy 275, \$1,300,000; sewer line to serve Fountain Point, \$900,000; WPC #1 primary drive overhaul, \$60,000; WPC #1 sludge thickener driver overhaul, \$80,000; Paint for #1 primary and #1 thick mechanisms, \$200,000; holding tank wall repair, \$120,000; overland receiving station, \$200,000; Solid waste Management trailer, \$74,500 and maintenance building, \$1,858,000.

There being no further discussion, the Mayor declared the meeting adjourned at 11:24 a.m.

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Josh Moenning  
Mayor

ATTEST:

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Elizabeth A. Deck  
City Clerk

( S E A L )