

FINANCE COMMITTEE MEETING

The Finance Committee of the City of Norfolk, Nebraska met in the City's Conference Room, 309 Madison Avenue, Norfolk, Nebraska, on Monday, February 28, 2005, beginning at 7:00 a.m.

Mayor Gordon D. Adams called the meeting to order.

Roll call found the following Committee members present: Mayor Gordon Adams and Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Leshovsky, Saunders, Van Dyke, and Wisnieski. Absent: None.

Staff members present were City Administrator Mike Nolan, Public Works Director Dennis Smith, City Attorney Clint Schukei, City Clerk Beth Deck, Police Chief Bill Mizner, Property/Operations Manager Gary Miller, and Finance Officer Randy Gates.

The media was represented by Gregg Wees, Norfolk Daily News, and Jim Curry, WJAG/KEXL.

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.

Randy Nelson, Paul Cazabon, Clark Froehlich, Brad Krivohlavek, Alfredo Ramirez, Julee Pfeil, and Bob Waite gave a presentation to the Mayor and City Council on the upcoming Norfolk Public Schools facilities plan bond election. The **School** Board, administrators, staff and Community Facilities Committee have been working on the facilities plan for almost two years. The School Board wanted an independent group to examine the current facilities and determine what needed to be done to allow them to function for another 15-20 years. The Community Facilities Committee, comprised of approximately 25 community members (did not include board members, administrators or teachers), spent time visiting all buildings to determine the best usage for the future. The major item in the bond issue is adding a 27,000 square foot addition to the Middle School and moving the 6th grade students to that building. This also opens up classrooms to provide program space in the elementary schools. Another large expenditure in the facilities plan is the addition of sprinkler systems for the Grant, Bel-Air, Junior High and Senior High buildings. Approximately \$10 million of the project will be used to upgrade electrical, mechanical, heating, air conditioning and required safety codes in all of the buildings. The breakdown in estimated costs for each building is as follows:

Bel Air, \$1,417,663
Grant, \$1,413,982
Jefferson, \$804,919
Lincoln Elementary, \$679,557
Montessori Program, \$564,492
Northern Hills, \$943,925
Washington, \$731,488
Westside, \$1,119,989
Woodland Park, \$515,402
Middle School, \$3,263,268
Junior High, \$4,652,180
Senior High, \$4,683,570

Nelson explained the nine affiliate schools in the Norfolk Public School District will also be voting in the bond election. Nelson asked the Mayor and City Council to consider expressing support for the project and the bond issue.

Councilwoman Saunders stated safety and concern for children is very important.

Councilwoman Kaspar-Beckman questioned whether parking issues will be addressed during the project.

Nelson stated the money is specifically designated for building renovation. However, if more funding is available, additional parking will be addressed; however, parking is not a priority.

Councilman Wisnieski questioned whether plans are far enough along to begin construction this summer if the bond issues passes.

Nelson stated plans are ready for construction to begin this summer (2005). The first building to be addressed will be the Middle School.

Councilman Van Dyke stated private schools in Norfolk have recently updated facilities and the public schools need to do the same.

Councilman Brenneman feels good, adequate schools are economic development tools for the City of Norfolk as well as the surrounding region.

Councilwoman Saunders moved, seconded by Councilwoman Kaspar-Beckman that the City of Norfolk elected officials endorse and support the Norfolk Public Schools facility changes bond issue. Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Leshovsky, Saunders, Van Dyke, Wisnieski, and Mayor. Nays: None. Absent: None. Motion carried.

At the request of Councilman Wisnieski for a complete update regarding **BSB**, the One Stop project and **SNARE**, staff prepared a timeline and a listing of payments made relating to the **One Stop** project.

Police Officer Steve Mills gave a presentation on drug enforcement efforts of the SNARE Task Force. Mills stated the SNARE office in Norfolk services Norfolk, Madison County, Stanton County, Columbus, Platte County, Schuyler, Polk County, Nance County, Pierce and Wayne.

Police Chief Bill Mizner explained there are seven other task forces across Nebraska similar to the SNARE office located in Norfolk. The task forces are federally funded with a 25% local match to 75% federal dollars. The Nebraska Crime Commission is the pass-through agency for the federal dollars. Mizner stated one of the big issues now is the fact that federal funds are being significantly cut. Mizner stated the funding will be approximately 50% of what was received in the past and the projected 2006 federal budget that has been presented to Congress totally eliminates all of the federal funding for SNARE. This program is viewed as a failure by the Administration because the money spent has not solved the problem. Mizner stated whether there is federal funding or not doesn't negate the fact that there is still a very serious drug problem. It will be necessary to fund SNARE from other sources because of the many problems caused by methamphetamine usage, including health risks and increased crime.

City Administrator Mike Nolan appreciates the efforts being made by Senator Flood to get the meth treatment developed in Norfolk. However, it must also involve law enforcement.

Mizner stated three areas are involved: (1) law enforcement (to keep the honest people honest and keep those that are going to use meth as cautious as possible); (2) treatment for drug abuse (once a person gets involved they will continue being involved with the drugs); and (3) education (people, particularly young people, need to understand that when they start using meth there are significant health risks and penalties involved). Mizner said not any one of the three components can be left out.

Councilman Wisnieski questioned what the end product looks like and how it is used.

Mills stated the presentation addresses Wisnieski's questions. Mills also brought some meth along to show the Mayor and City Council.

After the presentation, Councilwoman Saunders questioned whether Wisnieski's questions were answered ok.

Wisnieski felt the presentation "was impressive".

Mills asked whether anyone had any questions. Mills invited the Mayor and City Council members to visit the SNARE Task Force anytime.

Mizner explained the SNARE Task Force has been in existence since 1990; this is the 15th year of operation. The City of Norfolk initially contracted with the Nebraska State Patrol for three drug investigators which didn't accomplish a lot. The State Patrol kept saying the City needed to

develop intelligence and contacts and provide the information to the State Patrol to work the cases. Mizner stated after several years, the Norfolk Police Department felt it was best to do the work itself. The City of Norfolk began using its own drug investigators in 1997. Mills was one of the initial investigators along with Mike Brown. The local SNARE task force has evolved to the point where there are no paid investigators from federal dollars. Mills and Brown are both paid by the City of Norfolk. The State Patrol has two investigators working for SNARE plus the State Patrol provides the supervisor who oversees the task force. The State Patrol pays that out of their own budget. Every agency that provides either a full-time or part-time investigator pays for it themselves. The City of Norfolk only uses the SNARE Task Force for operational costs and to pay for equipment or buy money. Mizner stated the SNARE Task Force is one of the most, if not the most, efficient task force in the State especially now that federal funding is being eliminated. Mizner stated Omaha and Lincoln have 20-30 investigators being paid by task force dollars. The task force in the Kearney/Grand Island area and the local SNARE task force have taken out the investigative costs and are strictly using the federal funding for operations. The other task forces still have approximately 40-50 investigators being paid with federal dollars. Mizner stated SNARE is probably in one of the best situations as far as making the transition when the federal funding is eliminated. Some of the other agencies will probably have a tough time. It is expected that 3-4 task forces may fold because of the lack of funding; however, SNARE fully expects to continue operations.

Mills said the other task forces don't do any more work than SNARE. In fact, three years ago, no one in the state submitted more cases to the State Patrol crime lab in Lincoln than Mills.

Saunders questioned whether the press has ever published information about meth labs.

Nolan stated the newspaper has published more articles on meth in the last couple of years than probably any other issue except the bond issue.

Mills invited anyone interested to visit the SNARE off site office located in the southeast corner of the old HyVee East building.

Nolan explained the enclosures in the agenda packet are the sources and uses of funds and the timeline of various meetings at which the Mayor and City Council have dealt with issues regarding the One Stop building and SNARE. Nolan stated the timeline shows the Finance Committee has discussed the issue six times (including today's meeting) and seven times at City Council meetings.

Wisnieski questioned how the City's payments "are broken out?" Wisnieski questioned whether the City's \$2,100 payment to BSB is monthly or bi-monthly.

Mizner explained SNARE began rental in the One Stop building on May 15, 2002 when Columbus was the grantee. The City of Norfolk is the current SNARE grantee. The site is shared by SNARE, the City of Norfolk and Nebraska State Patrol criminal investigators. Norfolk started making payments in November 2003 and has made 15 payments through January 2005. The SNARE federal grant pays for a portion of the off-site costs for SNARE. The City pays \$2,100 out of the SNARE budget for rental space but the Nebraska State Patrol reimburses for half of that cost. Therefore, SNARE's net cost is \$1,050 per month for rent. The City of Norfolk only pays a portion of the 25% match to the federal dollars. The City of Norfolk's share for rent is \$4.84 per month. The lease continues with annual renewal options.

Bob Stech, owner of the One Stop building, stated SNARE has approximately 3,100 total square feet of office space and the rent per month is \$2,100 which comes to approximately \$6.774 per square foot. The State Patrol was involved with negotiating the lease. It is the least expensive lease at the One Stop and "a good deal".

Mayor Adams questioned whether anyone had any other comments on SNARE or the One Stop.

No further comments were received and no action was taken on this item.

The next item on the agenda was a proposal for completion of an **aerial photograph** of the City. Through a multi-city and State of Nebraska Health and Human Services (HHS) joint aerial project, Cornerstone Mapping is proposing to provide high-quality aerial photography for the cities of Norfolk, Grand Island, Hastings, Kearney, Lincoln and Scottsbluff and the counties of Lancaster and Scottsbluff at a cost of \$303,000. HHS agreed to provide approximately 48% of

the project cost. However, the State's commitment is only good if the cities and counties involved agree to commit to pay their share of the cost by June 30, 2005. The City of Norfolk's cost commitment is \$12,000.

Councilman Van Dyke moved, seconded by Councilman Leshovsky to approve the joint aerial project for Cornerstone Mapping to provide an aerial photograph of the City of Norfolk at a cost to Norfolk of \$12,000.

Councilman Wisnieski questioned why another aerial photography needs to be taken since one was completed in the last several years.

Public Works Director Dennis Smith explained the City's aerial photograph is two years old. The multi-city aerial project maximizes project resources while keeping the cost down. In 2003, Promap provided aerial maps of the City of Norfolk at a cost of \$38,300. The multi-city aerial project will provide the City of Norfolk with new aerial maps as well as GIS software to assist in image projection at a cost reduction of \$26,300 compared to the cost in 2003. Smith recommended the cost of the photography be shared equally between the General Fund, the Water Fund and the Sewer Fund as was done in the past. The General Fund portion of the cost will come from the Engineering Division line item for GIS.

Councilman Van Dyke feels the City of Norfolk "needs to get on board" and keep the aerial photography as current as possible.

City Administrator Mike Nolan stated the maps are used by staff for a wide variety of issues including annexations, storm sewers, and well head protection.

Smith explained the Department of Health needs to spend the funds by June 30, 2005. Smith stated the City of Norfolk's aerial will include its two mile zoning jurisdiction.

Councilman Wisnieski questioned whether the aerial photography will be available to the general public.

Smith stated the map is only available to City staff via the Intranet.

Wisnieski questioned when the study to review the feasibility of extending water south across the river will be completed since these funds are being spent out of the General Fund, and Water and Sewer Funds.

Smith explained no funding is available for a study to extend water to the south because the Council did not make a motion to that effect.

Mayor Adams stated the discussion regarding a study on the feasibility of extending water south across the river will probably appear in the City's next fiscal year budget.

City Administrator Mike Nolan was approached by an owner of property south of the river who questioned whether the City would be interested in purchasing the land. Nolan didn't know if the City Council would be interested in the property once the study is completed. Assuming the study would explore all options, Nolan stated one of the options available would be to develop a new aquifer across the river. Developing a new aquifer may be the best solution instead of impacting the current distribution system which has incurred enormous costs.

Roll call on the motion to approve the aerial photography: Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Leshovsky, Saunders, Van Dyke, Wisnieski, and Mayor. Nays: None. Absent: None. Motion carried.

The last item discussed was payment to Northeast Community College for the oversized water main to the **Ag Complex**. The original bid submitted by Medallion Construction identified Johnson, Inc. as its mechanical contractor. Public Works Director Dennis Smith noticed in the attachments submitted to the City with an invoice from Northeast Community College that Medallion was allowed to substitute Merit for Johnson, Inc. as the mechanical contractor. Smith reviewed the bid tab for the Ag Complex and identified a wide difference in costs for the oversized pipe between the contractors who identified Johnson, Inc. as the mechanical contractor and those who identified Merit as the mechanical contractor. The bids for the oversized pipe of the two contractors identifying Johnson, Inc. as the mechanical contractor were \$44,929 and

\$41,820. The five contractors identifying Merit as the mechanical contractor ranged from \$25,500 to \$28,500.

On January 29, 2005, a subcommittee of Mayor Adams and Councilpersons Saunders, Wisnieski, Brenneman and Lange discussed the billing for the oversized piping to the Ag Complex. Smith was authorized to send a letter to Steve Schram at Northeast Community College explaining the City's cost for the oversized pipe should be determined by identifying the markup Medallion applied to Johnson, Inc.'s quote for the oversized pipe and apply the same markup to the Merit's quote for the oversized pipe. The engineering fee would also need to be adjusted.

In a letter dated January 25, 2005, Steve Schram, Vice President of Administrative Services for Northeast Community College, responded to Smith's letter as follows:

"I have reviewed your letter of January 20 disputing the charges for the oversized water main to the Agriculture Complex. Medallion Construction's bid listed the cost for alternate 7 (the oversizing of the water line) at \$41,820.00. The contract was awarded to Medallion Construction and alternate 7 was included in the contract. The City of Norfolk asked us to oversize the pipe and we did. Northeast Community College paid Medallion \$41,820.00 plus change order for the oversizing of the pipe. We are now asking you to honor your commitment and reimburse the College for our costs. The amount of the invoice is correct at \$46,954.08. We would ask that you expedite the payment as it has been several months since the work was done."

On February 1, 2005, Mayor Adams, City Administrator Mike Nolan and Dennis Smith met with Dr. Path and Steve Schram of Northeast Community College to discuss the ongoing correspondence related to the oversized water main to the Ag Complex. The highlights of the meeting were that the Community College paid Medallion \$41,820 for the oversized piping. At this late date, the Community College does not wish to approach the contractor for a modification to the contract amount. General consensus of the group is that on future projects of a similar nature the College and City need to work closer together during the bid evaluation process to flush out any apparent irregularities prior to award of any contract.

Councilman Lange feels the City made the commitment and the bill should be paid.

Smith stated to have an impact on these types of projects, the City needs to be involved more on the front end.

Nolan stated City staff often times deal with situations when a contractor relationship isn't as optimal as it should be and Smith felt it was best to disclose the information to the City Council.

Councilman Van Dyke credits Smith with catching the discrepancy.

Councilman Leshovsky questioned whether the college was notified that the mechanical contractor was changed.

Nolan explained the College just looked at the low bid and whatever the primary contractor wanted to do in selecting subcontractors was up to the general contractor. Nolan stated City staff explained to Path and Schram that the bid should probably have been looked at closer, as happens with City projects.

Mayor Adams stated the College gracefully accepted the input from City staff.

Smith feels the College knew the mechanical contractor was changed because the bid form named one contractor and the contract named a different one.

Nolan explained the overall cost of the project didn't change. The City was stuck with higher oversize piping costs because of the change in mechanical contractor. Nolan stated the contractor made additional profit and the City subsidized that profit.

Councilman Wisnieski called it "good business".

Councilman Wisnieski moved, seconded by Councilman Lange to approve paying \$46,954.08 to Northeast Community College for the oversized pipe costs for the Ag Complex. Roll call:

Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Leshovsky, Saunders, Van Dyke, Wisnieski, and Mayor. Nays: None. Absent: None. Motion carried.

Councilman Wisnieski moved, seconded by Councilman Fauss to adjourn the meeting at 8:29 a.m. Roll call: Ayes: Council members Kaspar-Beckman, Brenneman, Fauss, Lange, Leshovsky, Saunders, Van Dyke, Wisnieski and Mayor Adams. Nays: None. Absent: None. Motion carried.

Elizabeth A. Deck
City Clerk