

FINANCE COMMITTEE MEETING

The Finance Committee of the City of Norfolk, Nebraska met in the City's Conference Room, 309 West Madison Avenue, Norfolk, Nebraska, on Monday, August 7, 2006, beginning at approximately 7:05 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, Saunders, Stauffer, Van Dyke and Wilson. Absent: None.

Staff members present were City Administrator Mike Nolan, Public Works Director Dennis Smith, City Attorney Clint Schukei, City Clerk Beth Deck, Finance Officer Randy Gates, Street Supervisor Mark Miller, Information Systems Manager Jim McKenzie, Transportation, Building & Grounds Director Jim Koch and Property/Operations Manager Gary Miller.

The media was represented by Jim Curry, WJAG/KEXL; Greg Wees, Norfolk Daily News; and Brian Masters, US92.

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.

The first item discussed was a proposed Building Entrepreneurial Communities Act grant application. In conjunction with Visioning 2026, a grant application is being submitted to the State of Nebraska to help fund the project. Visioning 2026 was formed for Norfolk area communities to promote citizen awareness and collaboration to develop innovative alternatives to addressing the future. The Project will identify future challenges and strategies beyond immediate needs and prepare the Norfolk area for the ever-changing environment. The City of Norfolk, Madison County, Norfolk Public Schools, Northeast Community College, Norfolk Area Chamber of Commerce, Elkhorn Valley Economic Development Council, and the Greater Norfolk Economic Development Foundation have expressed support for the Visioning 2026 Project. The City of Norfolk, Madison County, Norfolk Public Schools and Northeast Community College are providing \$5,000 each and the Elkhorn Valley Economic Development Council is providing a \$1,000 cash match to Visioning 2026 to expand upon current efforts and increase awareness of the mission. Jennifer Adams, Norfolk Area Chamber of Commerce, stated the grant application is in the amount of \$31,350. In addition, another \$11,350 of private funds will be used for the Project.

City Administrator Mike Nolan stated the grant application doesn't have any impact on the City budget. However, since the City of Norfolk is the applicant, the City Council needs to approve the grant application.

Councilperson Stauffer moved, seconded by Councilperson Fauss to approve submitting the Building Entrepreneurial Communities Act grant application for the Visioning 2026 Project. Roll Call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke, Wilson and Mayor. Nays: None. Absent: None. Motion carried.

Jay Knobbe, Ryan Mead, and Chris Anderson gave a 20-minutes presentation on the **Norfolk Area Recruiters (NAR)** successes during the past year. NAR was founded on October 1, 2004 and its mission statement is “To bring talented young professionals back to Northeast Nebraska.” NAR represents the Norfolk, Battle Creek, Madison, Stanton, Pierce and Tilden areas. Knobbe stated the NAR is a strong volunteer organization of over 55 young professionals that meets to discuss strategies to bring people back to live in Northeast Nebraska. Knobbe stated NAR recently founded the “500 Club” wherein 100 businesses are going to be asked to donate \$500 each to the organization. The commitment will be for three years. Knobbe stated Governor Dave Heineman is very supportive of the Norfolk Area Recruiters. The NARs web site is www.norfolkarea.org.

The next item discussed was a possible occupation tax on cell phones. City Administrator Mike Nolan explained the City continues to lose revenue from landline phone companies and costs to operate the E911 Center are impacting the General Fund. Nolan stated the *Nation's Cities Weekly* July 7, 2006 issue says the Senate committee version of telecom legislation includes a three-year ban on any new state and local tax assessments on cell phones. An occupation tax on cell phones will create an additional revenue stream. Communities that already have an occupation tax on cell phones are Bellevue, Columbus, Lincoln, and Omaha. Staff estimates revenue of approximately \$250,000 annually from a cell phone occupation tax.

Mayor Adams questioned whether city staff has received comments from cell phone companies.

Finance Officer Randy Gates has not contacted cell phone companies. From talking with other cities, it sounds like it is not a problem for cell phone companies because the cost is passed along to customers. Gates stated Norfolk's proposed ordinance will impose the occupation tax based on “what is subject to sales tax.” Therefore, if a company pays City of Norfolk sales tax on services they will pay the occupation tax on the service, which will also include intrastate long distance calls.

Councilperson Stauffer feels the cell phone occupation tax will “level the playing field” with landline companies.

Councilperson Van Dyke moved, seconded by Councilperson Stauffer to proceed with formulating an ordinance to initiate an occupation tax on cell phones and forward to a City Council meeting for formal consideration. Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke, Wilson and Mayor. Nays: None. Absent: None. Motion carried.

The Finance Committee discussed the **Airport** Authority budget. After discussions between City staff and Airport Authority Board members, the Airport Authority's tax request for the 2006-2007 fiscal year is \$248,022 or \$202,927 less than the prior year. After adjusting for delinquencies and County Treasurer's commission, the Authority's property tax budget is \$195,504 less than the prior year.

The proposed Airport Authority budget shows an estimated balance brought forward of \$711,957 with revenue from taxes, \$238,101; miscellaneous federal grants, \$290,890; charges for service, \$41,473; rent & other revenue, \$56,071; and other interest income, \$14,000 for total revenue of \$1,000,535 and total funds available of \$1,712,492. Estimated expenditures include: personnel costs, \$202,684; operating supplies & materials, \$5,600; other operating costs, \$303,105; utilities & maintenance, \$107,900; administration & overhead, \$97,420; capital outlay, \$569,609; and debt service, \$84,951 for total expenditures of \$1,384,719 and an estimated ending balance of \$327,773.

Jerome Bahm, Airport Authority Accountant, stated the budget decreased 45% from FY 2005-2006.

Councilperson Van Dyke appreciates the Airport being cooperative with the tax request because the City is "in a bind" and needs additional revenue.

Councilperson Fauss questioned whether the Airport "wants this to happen?"

Jerry Adams, Airport Authority, stated the Authority discussed the issue with City staff members. The Airport can handle the reduction in tax request for FY 2006-2007; however, a storm sewer needs to be fixed in the next few years. Adams stated City staff indicated the City may be willing to help with the storm sewer project, if necessary. The Authority is trying to keep enough money in reserve for the project. Although federal funding now pays 95% of the cost of projects, engineering costs and the first phase of projects need to be paid up front before the project is reimbursed by the Federal government. Adams feels the Airport Authority can "work this out."

Fauss questioned whether the Airport Authority will have the money for the storm sewer project.

Adams said the Airport won't have the money for the storm sewer project but hopes to come to the City for assistance.

Fauss asked whether the City would be giving the money back to the Airport Authority.

City Administrator Nolan explained that, by State Statute, the levy to operate the Airport Authority comes from the City.

Councilperson Wilson stated either the Airport Authority needs to reduce their tax request or the City needs to raise taxes.

Councilperson Fauss said, "Our budget better be lower so our taxes go down or we are going to have problems."

Mayor Adams stated costs don't go down and that is part of the problem. Adams stated the City is very appreciative of the Airport Authority's cooperation.

Councilperson Brenneman questioned whether the reduction in tax request will harm the Airport Authority's future grant applications.

Adams stated it might on the storm sewer drainage because "you have to certify that you have enough money to pay the engineering and get the project started." Two years ago the storm sewer projected cost was approximately \$2 million.

Finance Officer Randy Gates stated the Airport Authority will still have a substantial cash balance, approximately \$327,000, projected at the end of next year so it's not like the City "is taking them down to nothing."

Councilperson Wilson understands the funding needs to be in up front to receive Federal funding but is "it a loan then and going to be paid back" since 95% of the project will be paid for by the Federal government.

Jerry Adams stated "that's the hope if it works out."

Mayor Adams said the City and Airport Authority can work together on finding a solution.

The next item discussed was a proposed letter to U.S. Senators Hagel and Nelson regarding cable franchising. The letter requests the Senators oppose the Senate bill which would nationalize **cable franchising** and preempt state and local taxing authority in certain areas. The bill is H.R. 5252, the Communications, Opportunity, Promotion and Enhancement Act of 2006. As approved by the Committee on Energy and Commerce, the bill "federalizes" local government video/cable franchising; limits benefits of broadband-video competition to a few well-to-do neighborhoods and undermines the ability of local governments to protect consumes and manage public rights-of-way.

Councilperson Van Dyke moved, seconded by Councilperson Saunders to approve, sign and forward letters to Senators Chuck Hagel and Ben Nelson requesting they oppose the Senate bill which would nationalize cable franchising and preempt state and local taxing authority in certain areas. Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke, Wilson and Mayor. Nays: None. Absent: None. Motion carried.

At the request of Councilperson Fauss, a discussion was held regarding **curb grinding**. Fauss questioned how the City was coming on replacing the sidewalks in Downtown Norfolk and completing the ADA compliance.

Property/Operations Manager Gary Miller gave a power point presentation on the private curb grind the City completed at 1610 Alaska.

Fauss questioned how long it took the City to complete the curb grind at 1610 Alaska.

Mark Miller, Street Supervisor, stated it took approximately 45 minutes for the Street Division to complete the project which included driving from the shop to the job site, completing the grind and moving on to the next project.

Don Wisnieski said the project at 1610 Alaska wasn't a curb grind.

Gary Miller stated part of the driveway curb was broken off in the corner so staff ground it out.

Mark Miller explained the property owner called the Street Division in December 2005 and April 2006 and was placed on a curb repair list for both sides of the driveway. Engineering reviewed the broken curb in March 2006 and found the gutter line was also deteriorating. The Street Division replaced the curb. The owner's contractor sawed and removed the curb on the side of the driveway. The City has also sawed, removed and replaced three handicapped ramps on Blue Stem and two at 12th & Nebraska.

Councilperson Saunders left the meeting at 7:51 a.m.

Gary Miller showed pictures of how the City's skid steer attachment ground out some graffiti by a bridge adjacent to Benjamin Avenue.

Wisnieski questioned who paid for the curb repair by 1610 Alaska.

Transportation, Building & Grounds Director Jim Koch said the City paid for the repair.

Wisnieski questioned whether the City will pay for other curb repairs throughout the City.

Koch stated the City will fix and pay for curb repairs necessary throughout the City. Koch stated the City's Engineering staff is putting together a list of broken curbs throughout the City and the Street Division will make those repairs.

Wisnieski is receiving a number of phone calls from contractors and citizens who say the Permits & Codes staff is promoting the City doing curb grinds. Wisnieski understood the City wasn't going to compete with private businesses for curb grinding. Wisnieski feels the City should charge the same as Wisnieski if promoting curb grinding for the City. Wisnieski is the only private business in Norfolk that does curb grinding, and Wisnieski would like the permit to reflect that.

City Administrator Mike Nolan stated the City is not going to bill Wisnieski Construction and is not aggressively marketing curb grinding.

Wisnieski questioned when the City stopped billing curb grinds. Wisnieski was never informed that the City would no longer be doing the billing for curb grinds.

Public Works Director Dennis Smith stated the billing was part of the discussions held about the curb grind ordinance.

Nolan stated the Mayor and City Council's policy is that City staff be heavily involved in the ADA compliance issues and it is at the discretion of property owners as to who does their curb grind. However, the City would not aggressively market doing curb grinds.

Fauss questioned how many ADA handicapped accessible cuts have been completed by City staff.

Koch stated the Street Division hasn't started the ADA program but staff has completed five grinds.

Fauss has concerns the City hasn't started on the ADA compliance Transition Plan and that the City has done a curb grind when City staff said it may take up to three years to get into doing curb grinds.

Smith stated the five grinds are for sidewalks and are related to ADA compliance.

Nolan explained the City has a cost involved to do billing for Wisnieski.

City Attorney Clint Schukei explained the ordinance change was clear. The City previously contracted with Don Wisnieski for curb grinds and the City paid the contractor (Wisnieski).

What changed with the ordinance is that citizens now have a choice as to who does a curb grind. The City no longer contracts with Wisnieski for curb grinds. However, citizens continue to pay a \$15 permit fee to the City which is for marking the area for the curb grind.

Gary Miller stated the City's relationship with Wisnieski now is the same as with any other contractor. The City will finish up with all of the permits that were in place prior to the ordinance. However, going forward, Wisnieski needs to bill for doing curb grinds.

Wisnieski stated "this is not a good system." Wisnieski questioned why the City is charging a \$15.00 permit fee.

Gary Miller stated the fee covers the cost to fill out the permit and for Engineering to mark the curb for the cut.

Wisnieski stated City staff has never, in twelve years, marked a curb. Wisnieski is going to have City Engineering staff start marking curbs in the future, which will be a big cost to the City. Wisnieski questioned who will provide the information for curb grinds.

Miller stated the permit should be going to Wisnieski from the private citizen who obtained the permit.

Van Dyke stated most contractors obtain the required permits for a job.

Councilperson Lange stated this isn't "any different than any other contractor getting a permit."

Wisnieski questioned whether the City is competing with any other contractors in Norfolk.

Councilperson Van Dyke stated Wisnieski may be forced to "promote his business more."

Miller stated the majority of contractors are still using Wisnieski to do curb grinds.

Schukei stated the difference is that most contractors, such as plumbers and electricians, are doing business on private property. Curb grinds are done on City property.

Wisnieski stated the City should then be doing all of the paperwork.

Schukei stated the City can do its curb grinds cheaper than a contractor which will save money in lieu of tax increases. However, Wisnieski can continue to do work as an independent contractor. As an example, Schukei stated the City doesn't bill out and collect for a contractor building a garage. Schukei stated the City is simply allowing qualified contractors to do work (curb grinds) on City property (curbs).

Councilperson Wilson understands Wisnieski's discord with not being informed about the billing change. Wilson feels if the City purchased the grinding equipment to complete the Transition Plan to meet ADA requirements, then City staff needs to focus on that project and not promote doing curb grinds. If City staff complete ADA required grinds, then private curb grinds can be put on a list to do in the future. Wilson said the City's main focus when purchasing the curb grind equipment was not to put anyone out of business and it wasn't trying to promote the City doing curb grinds. Staff needs to be sure the City is "doing things in order" and if the City is promoting doing curb grinding "it isn't a fair act."

Nolan stated citizens probably know about the curb grind issue mainly because of the public discussions held.

Fauss stated the City Council was told the curb grind equipment was purchased to complete the Transition Plan for ADA compliance.

Koch stated the Street Division is behind on the Transition Plan project but is waiting on Engineering staff to provide information on where to start doing the ADA compliance curb grinds.

The conversation became redundant and heated and the Mayor ended the curb grind discussion.

Councilperson Van Dyke moved, seconded by Councilperson Wilson to adjourn the meeting at 8:17 a.m. Roll call: Ayes: Council members Kaspar-Beckman, Brenneman, Fauss, Lange, Stauffer, Van Dyke, Wilson and Mayor Adams. Nays: None. Absent: Saunders. Motion carried.

Elizabeth A. Deck
City Clerk