

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 21, 2006, 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, Saunders, Stauffer, and Van Dyke. Absent: Wilson.

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, Prevention Manager Scott Cordes, Fire Chief Shane Weidner, and Information Systems Manager Jim McKenzie.

The media was represented by Greg 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.

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 the proposed ordinance on telecommunications **occupation tax**. At the August 7, 2006 Finance Committee meeting, the elected officials voted to proceed with formulation of an ordinance to initiate an occupation tax on additional telecommunication services which would keep the City's occupation tax rate at 3% on telecommunication services; however, it expands the revenue subject to the occupation tax beyond the current basic local exchange service revenue. The ordinance would tax revenue from cell phones, radio pagers, mobile radio services and intrastate long distance charges. In general, the types of telecommunication services subject to the City's sales tax would also be subject to the City's occupation tax. Included in the agenda packets was a spreadsheet showing changes in the City's revenue from telephone occupation tax and 911 surcharges since the fiscal year ended September 30, 2000. The occupation tax peaked at \$153,002 in 2001 compared to \$50,000 budgeted for 2007 based on our current occupation tax ordinance. The 911 surcharge decreased from \$191,579 in 2000 to a budgeted \$150,000 in 2007. This is a combined decrease in phone tax revenue of \$144,581 annually. City staff surveyed Omaha, Lincoln and other Nebraska first class cities regarding telecommunications occupation tax. Of those cities responding to the survey, Omaha, Lincoln, Bellevue, Columbus, and Elkhorn have an expanded definition telecommunication services subject to occupation tax similar to what staff proposes. The rates are 6.25% in Omaha, 5.5% in Lincoln, 5% in Bellevue and Elkhorn, and 3% in Columbus. Staff estimates expanding revenue subject to the telecommunication tax will result in approximately \$283,000 total annual telecommunication occupation tax for Norfolk.

City Administrator Mike Nolan stated revenue from an E911 telecommunication occupation tax goes towards paying for E911 operations. Any shortfall in revenue must come from the General Fund. Nolan stated that expanding the revenue beyond the current basic local exchange service will localize the revenue impact on those using the service.

Finance Officer Randy Gates stated the estimated cost per capita for Norfolk residents is \$12.00 annually.

Councilperson Van Dyke has heard some criticism that the issue is only raising more taxes.

Nolan explained that currently approximately one-half of the calls answered by the E911 Dispatch Center come from cell phones.

Councilperson Fauss has “received a lot of calls” and most of the people say they already pay an E911 charge on their cell phone bill.

Information Systems Manager Jim McKenzie explained the State of Nebraska collects 6.95% for the Universal Service Fund but the City doesn’t receive any of the money.

Councilperson Fauss feels the City Council needs more information before proceeding and that citizens should receive more information.

Mayor Adams has received a number of calls regarding the proposed ordinance. However, when told the revenue is needed to operate the E911 Dispatch Center, citizens aren’t opposed to the charge.

Councilperson Stauffer supports the ordinance. Stauffer stated the telecommunications occupation tax proposal is a user tax. Property taxes may need to be increased to cover the revenue shortfall if the telecommunications occupation tax isn’t approved.

Councilperson Van Dyke feels the cell phone tax is “only fair” since the City is collecting a fee from landline customers.

Councilperson Brenneman said the cell phone tax should be considered a “replacement for those who abandoned landlines.”

This item will appear on the August 21, 2006 City Council meeting for formal consideration.

The Finance Committee discussed a proposed amendment to Section 12-18 of City Code regarding **condemned structures**. Prevention Manager Scott Cordes explained the amendment will include the owner of a condemned structure, as well as the owner of the property upon which a condemned structure is located, as a responsible party for removal of the structure. The amendment also establishes a fee for filing an appeal to the Property Maintenance Code Board of Appeals. Cordes stated the proposed fee is intended to cover the costs of the appeal hearing and is refundable if the Board modifies or reverses the decision of the code official. Establishing a fee to file an appeal may deter citizens from filing frivolous appeals.

City Attorney Clint Schukei stated the fee will help cover actual out-of-pocket expenses for publication of a hearing, hiring a court reporter, and related expenses associated with filing an appeal.

This item will appear on the August 21, 2006 City Council meeting for formal consideration.

BUDGET REVIEW SESSION

Vehicle Parking District

Public Works Director Dennis Smith provided information to elected officials on the proposed FY 2006-2007 **Vehicle Parking** District budget. Estimated balance brought forward is \$279,935 with revenue from Taxes, \$78,010; Rent & other revenue, \$13,900; Interest income, \$2,000; Other interest income, \$7,400; and Non-revenue receipts, \$310,000 for a total of \$411,310 and total funds available of \$691,245. Property taxes increase \$5,760 primarily due to additional properties annexed into the District. Estimated expenses include: Operating supplies & materials, \$200; Other Operating Costs, \$85,500; Utilities & Maintenance, \$24,168; Legislative Affairs, \$34,100; Administration & Overhead, \$4,725; and Capital Outlay, \$525,000 for a total of \$673,693. The Vehicle Parking District will begin replacing sidewalks in Downtown Norfolk to address safety issues, for aesthetics and to comply with ADA requirements.

Councilperson Van Dyke received a call from a person with concerns that handicap parking in Downtown Norfolk isn't wheelchair accessible. Van Dyke will have the person call City staff to take a look at the situation.

Councilperson Van Dyke questioned the purpose of the "Advertising Campaign" listed under Line Item 51.

Smith stated the Vehicle Parking District is trying to get more focused as a group in addition to individual businesses advertising.

Councilperson Stauffer moved, seconded by Councilperson Kaspar-Beckman to approve the proposed FY 2006-2007 Vehicle Parking District budget as presented. Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke and Mayor. Nays: None. Absent: Wilson. Motion carried.

City Highway Allocation Fund (CHAF)

Public Works Director Dennis Smith provided information to elected officials on the proposed FY 2006-2007 CHAF budget. The estimated balance brought forward is \$1,540,140 with Intergovernmental Revenue, \$2,040,000, and Interest Income, \$51,800 for total revenue of \$2,091,800 and total funds available of \$3,631,940. Estimated expenditures include: Other Operating Costs, \$10,000; Other admin & overhead, \$60,000; Government subsidies, \$415,000; and Capital outlay, \$2,615,500 for a total of \$3,100,500. Projects included in the Capital Outlay account include:

Street Maintenance Contract Work, \$550,000
 M(146) Contribution to Nucor Road Relocation, \$400,000
 M(154) Traffic signal at Highway 81 & Monroe, \$282,000
 M(159) 25th Street, Benjamin to US 275 (engineering), \$350,000
 m(163) Contribution to improvement of Old Highway 8, \$58,500
 M(168) Curb & Sidewalk improvements on Norfolk Avenue, \$500,000
 M(169) Oak and Spruce Avenue street improvements, \$250,000
 Access Road for Industrial Expansion, \$225,000

Councilperson Van Dyke moved, seconded by Councilperson Kaspar-Beckman to approve the proposed FY 2006-2007 CHAF budget as presented. Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke and Mayor. Nays: None. Absent: Wilson. Motion carried.

Budget Cuts & Adds Sheet dated 8-17-2006

Finance Officer Randy Gates provided information to elected officials on the Cuts & Adds Sheet changes to the proposed FY 2006-2007 budget. Staff recommend the following cuts & adds:

General Fund

Property Tax, decrease \$8,560

Interest Adjustment, decrease \$200

Transfers

CHAF, increase \$50,000

Engineering

GIS Mapping, increase \$35,000

Police

In-Car Video Maintenance (increase), decrease \$1,998

Digital In-car cameras, increase \$6,000

Digital In-car camera storage device, increase \$10,145

CHAF

Interest Adjustment, decrease \$1,300

Transfer to General Fund, increase \$50,000

CDBG

MP Global, increase \$35,714

Debt Service, increase \$35,714

Staff request approval of the Cuts & Adds Sheet to complete and prepare the FY 2006-2007 budget for a hearing in September.

Councilperson Van Dyke moved, seconded by Councilperson Kaspar-Beckman to approve the Cuts & Adds Sheet as presented and move forward with preparing the FY 2006-2007 budget. Roll call: Ayes: Councilpersons Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke and Mayor. Nays: None. Absent: Wilson. Motion carried.

Councilperson Brenneman moved, seconded by Councilperson Fauss to adjourn the meeting at 7:40 a.m. Roll call: Ayes: Council members Kaspar-Beckman, Brenneman, Fauss, Lange, Saunders, Stauffer, Van Dyke and Mayor Adams. Nays: None. Absent: Wilson. Motion carried.

Elizabeth A. Deck
City Clerk