

## **FINANCE COMMITTEE MEETING BUDGET REVIEW SESSION**

The Finance Committee of the City of Norfolk, Nebraska met in the Council Chambers, 309 West Madison Avenue, Norfolk, Nebraska, on Thursday, July 13, 2006, beginning at 1:30 p.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 (3:05 p.m.), Brenneman, Lange, Saunders, Stauffer, and Wilson. Absent: Fauss and Van Dyke.

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, Human Resources Director Sheila Schukei, Library Director Ted Smith, Housing Development Manager Gary Hilkemann, and Property/Operations Manager Gary Miller.

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.

### **BUDGET REVIEW SESSION**

#### Library

Library Director Ted Smith provided information to elected officials on the proposed FY 2006-2007 Library Division budget. Proposed Level III expenditures include: Personnel costs, \$753,041; Operating Supplies & Materials, \$179,243; Other Operating Costs, \$600; Utilities and Maintenance, \$76,478; Legislative Affairs, \$16,729; Administration & Overhead, \$50,403; and Capital Outlay, \$27,905 for total expenditures of \$1,104,399. Smith explained Line Item 23, Materials and Book Repairs, was increased by \$8,085 to purchase licenses and provide access to patrons to download information to MP3 players and iPod's. Capital expenditures include \$15,305 to update the fire alarm system and \$12,600 to purchase/replace seven computers based on a 4-year rotation cycle.

Mayor Adams questioned the number of annual Library patrons.

Smith stated patronage remains steady over the years and runs from 100,000 to 189,000 people annually.

#### Recreation

Human Resources Director Sheila Schukei provided information to elected officials on the proposed FY 2006-2007 Recreation budget. Level III expenditures include: Personnel costs, \$284,610; Operating Supplies & Materials, \$2,850; Other Operating Costs, \$21,192; Utilities & Maintenance, \$150; Legislative Affairs, \$2,691; and Administration & Overhead, \$38,475 for total expenditures of \$349,968. Schukei stated the Recreation budget contains two full-time employees and approximately 50-60 part-time and summer employees.

City Administrator Mike Nolan stated the Recreation budget is low compared to other first class cities because the YMCA “makes up the difference.”

### Group Insurance

Human Resources Director Sheila Schukei provided information to elected officials on the proposed FY 2006-2007 Group Insurance budget. Estimated balance brought forward is \$1,598,054 with revenue of \$1,886,584 from Internal Service Fund Billing and \$80,120 from Other Interest Income for a total of \$1,966,704 and total funds available of \$3,564,758. Level III estimated expenditures are: Personnel costs, \$1,896,000 and Other Administration & Overhead, \$62,000 for a total of \$1,958,000 and an estimated ending balance of \$1,606,758. Schukei stated the Group Insurance was increased by 8% for FY 2006-2007. The budget estimates monthly expenditures of \$142,000.

### Housing Development

Human Resources Director Sheila Schukei and Housing Development Manager Gary Hilkemann provided information to elected officials on the proposed FY 2006-2007 Housing Development budget. Level III proposed expenditures are: Personnel costs, \$342,913; Operating Supplies & Materials, \$1,466; Utilities & Maintenance, \$4,534; Legislative Affairs, \$8,445; Administration & Overhead, \$9,450; and Capital Outlay, \$11,451 for a total of \$378,259. Capital outlay includes: used copier, \$6,251; two computers, \$3,600; computer desk, \$350; digital camera, \$300; refrigerator, \$350; and two chairs, \$600.

Mayor Adams has concerns with the Housing Division purchasing a used copier instead of a new one.

Property/Operations Manager Gary Miller said the Housing Division may not purchase a used copier but it will depend on the needs of the staff at that time.

Councilpersons Brenneman and Lange questioned whether the City has considered leasing a copier.

Miller said leasing a copier is an option; however, it has been better for the City to purchase copiers and use them throughout the life of the machine. This also includes use of the machine by several divisions.

Mayor Adams doesn't feel leasing is a good option for a copier.

### General Fund Revenues

City Administrator Mike Nolan feels that a discussion about additional revenue sources should occur when all elected officials are present at a meeting. However, Nolan briefly discussed the three additional revenue sources—Airport Authority levy authority, Keno and cell phone company occupation taxes.

Nolan stated the entire General Fund budget assumes the City needs attrition to reduce a substantial number of employees which will generate about \$350,000 of available cash to reallocate throughout the budget.

Mayor Adams, Councilperson Lange, Mike Nolan, Dennis Smith, Randy Gates and Gary Miller met with **Airport Authority** Board members on Monday, July 10, 2006, to discuss the Airport's request for levy authority. According to State Statutes, the Airport Authority must go to the local municipality and request levy authority, which in turn comes out of the 45 cents allowed to municipalities by State

Statutes. There have been meetings initiated by Roger Bristol or Guy Ellsworth talking about the future of capital improvements at the Airport and Nolan said there seems to be some disagreement about priorities established by the Airport Authority Board. Nolan stated the Airport Authority has about \$800,000 cash and is requesting an approximately \$430,000 of additional property tax in FY 2006-2007. A lot of the Airport funding comes from Federal reimbursement programs but all of the local funding comes from the municipality. Historically, the City hasn't been involved in the Airport budgeting. However, staff feels it would be good for the City to offer assistance with the Airport Authority's capital improvement planning, accounting services, insurance and budgeting. Nolan stated the Airport Authority's budget will be redone into the City's format for better readability. Staff will also take a look at staffing and the capital improvement program. Nolan stated the Airport Authority is planning to let bids for a new maintenance building costing approximately \$350,000 and City staff question whether the building is necessary. City staff is meeting with Airport Authority officials for a tour of the buildings on airport property. Nolan met ahead of time with Dan Geary to let him know about the other meetings with Ellsworth to make the process user-friendly. Nolan also discussed the issue with Jerry Adams the beginning of July 2006. One of Ellsworth's main concerns is that the terminal is not being used. There is, however, a proposal from the State Patrol to rent the building. Nolan stated Mayor Adams summed up the meeting by saying the Airport Authority has requested levy authority from the City every year and it has been granted by the City each time. The City is in a position now where staff reductions are being made because of funding problems and "it's not business as usual."

Mayor Adams said that, "If there's going to be pain, it needs to be shared."

Councilperson Lange stated the Airport Authority Board is independent but "Jerry Adams, Chuck Balsiger and Jerome Bahm run the meetings". Lange feels there is a lot of duplication of services. Lange stated the Airport Board may not be opposed to the City's assistance but has concerns with receiving the federal refunds, which typically can be up to 95% of the project cost. Lange stated the Board needs the engineering done, in place and paid for so the Airport can receive federal payment. The Board needs some carryover funds to pay for the engineering costs.

Public Works Director Dennis Smith stated staff is only going to recommend the City use \$200,000 out of the approximate \$430,000 generated by the levy authority requested by the Airport for FY 2006-2007.

Nolan discussed handouts related to **Keno**. Staff feels the City of Norfolk would receive approximately \$300,000 to \$400,000 annually in Keno revenue. However, elected officials must approve placing a Keno issue on the ballot for a vote of the people. Out of the 17 largest cities in Nebraska, Norfolk is the only city without Keno. Nolan isn't requesting the Keno issue be on the November 2006 ballot. Nolan just wanted elected officials to be aware of this revenue option.

The last new revenue source Nolan discussed with elected officials was an occupation tax on **cell phone** companies. Nolan talked with Lynn Rex of the League of Nebraska Municipalities who said the occupation tax is legal.

Finance Officer Randy Gates stated that revenue from telecommunications companies has steadily decreased over the years. However, municipalities collecting occupation taxes from cell phone companies have seen an increase in revenues. Gates feels a tax on cell phone companies would at least stabilize the City's revenue.

Nolan stated staff conducted a survey of cities levying an occupation tax and found several are receiving revenue from cell phone companies. Staff also met with Mike Drahota of CableOne who

feels the City should also collect a tax from satellite TV companies. Nolan stated citizens may also appreciate additional options for phone service.

Gates stated the survey showed cities aren't collecting an occupation tax on satellite TV companies. Gates called the State Department of Revenue which indicates that, according to the Federal Telecommunications Act of 1996, taxing satellite TV companies is not allowed.

Councilperson Stauffer feels a tax on cell phone companies "would level the playing field."

Councilpersons Brenneman, Saunders and Wilson feel a tax on cell phone companies can make up for lost revenue.

Councilperson Lange feels a tax on cell phone companies is "the fair way for businesses to operate."

Finance Officer Randy Gates provided information to elected officials regarding the proposed FY 2006-2007 **General Fund** Revenues. Estimated balance brought forward is \$2,320,288 with revenues from taxes \$7,464,741; Licenses & Permits, \$296,200; Intergovernmental Revenues, \$513,027; Charges for Service, \$1,198,703; Rent & Other Revenue, \$3,090,806; Other interest income, \$86,600; and Non-Revenue Receipts, \$981,947 for a total of \$13,632,024 and total funds available of \$15,952,312. Estimated expenditures are: Administration, \$2,473,456; Engineering, \$447,983; Street Maintenance, \$1,967,533; Park Maintenance, \$823,111; Housing, \$378,259; Recreation, \$349,968; Library, \$1,104,399; Auditorium, \$113,932; Fire, \$2,871,925 and Police, \$4,276,503 for total expenditures of \$14,807,069 and an estimated ending balance of \$1,145,243.

Staff recommends additions to the General Fund of \$200,000 in property taxes (as previously discussed from Airport Authority levy request) and \$193,107 for the NPPD lease payment to Power of Partnership entities. Staff also recommends the deletion of \$2,000 for interest adjustment from General Fund Revenues.

#### Community Character Development Coalition (CCDC)

Project Director Sybil Spahn provided information to elected officials on the CCDC proposed FY 2006-2007 budget. CCDC received a three-year grant of \$438,000 per year. This is the second year of the grant. Spahn stated CCDC works with schools in a 70-mile radius of Norfolk. Estimated balance brought forward is \$87,926 with grant funds of \$438,198 for total funds available of \$526,124. Estimated expenditures are: Personnel costs, \$218,183; Other Operating Costs, \$18,000; Utilities & Maintenance, \$2,800; Legislative Affairs, \$22,085; Administration & Overhead, \$175,222; and Capital Outlay, \$1,800 for a total of \$438,090.

#### Community Development Block Grant (CDBG)

Finance Officer Randy Gates provided information to elected officials regarding the proposed FY 2006-2007 Community Development Block Grant fund. Estimated balance brought forward is \$229,186 with revenue from Intergovernmental Revenues, \$661,200; Interest Income, \$954; Other Interest Income, \$5,700; and Non-Revenue Receipts, \$46,350 for a total of \$714,204. Gates estimates grant income for economic development of \$79,000; rental rehab, \$20,000; HOME funds, \$40,186; and CDBG funds, \$90,000. Expenditures are estimated as: Other Operating Costs, \$923,079; Legislative Affairs, \$1,511; and Other Administration & Overhead, \$18,800 for a zero ending balance.

### Administration

Finance Officer Randy Gates provided information to elected officials regarding the proposed FY 2006-2007 Administration fund. Level III estimated expenditures are: Personnel costs, \$1,159,878; Operating Supplies & Materials, \$3,360; Utilities & Maintenance, \$28,421; Legislative Affairs, \$151,533; Administration & Overhead, \$912,528; Governmental Subsidies & Transfer, \$107,036; and Capital Outlay, \$110,700 for a total of \$2,473,456. Capital outlay includes: copier replacement, \$25,000; council laptops & printers (2), \$4,400; Dot Matrix Printer, \$3,000; Firewall PC, \$2,000; Laptop computer (Beth), \$2,200; Miscellaneous hardware, \$4,000; Miscellaneous Software, \$4,000; NAV Server, \$2,000; OTDR Fiber Tester, \$10,000; PCs (Admin-5), \$9,000; PCs (IS-2) \$3,600; printer, \$2,500; signs (entrance to City), \$20,000; Tape drive, \$8,000; Van (used), \$9,000; and WSUS Server, \$2,000 for a total of \$110,700.

Nolan requests the addition of \$10,000 to the Administration budget to help fund placement of an intern to enhance interest in UNOs Public Administration graduate program. The Nebraska City Managers Association is contributing \$5,000 to the project. Norfolk will have an intern do an in-depth study that will benefit the community. The primary purpose of the project is to provide an opportunity for interns to experience local government. This request is for FY 2006-2007. As an aside, Nolan stated Tom Dover feels the City of Norfolk and Faith Regional Health Services, as well as some industries, should purchase a facility for interns interested in Information Systems to be able to complete an internship.

Gates explained adjustments to the Administration budget include moving the \$20,000 for the entrance signs out of the Administration budget into the Parks Division budget and the additions of \$193,107 for Power of Partnership funding and \$10,000 for the UNO Public Administration Intern.

There being no further business, the Mayor adjourned the meeting at 4:12 p.m.

---

Elizabeth A. Deck  
City Clerk