

## WORK SESSION

A work session was held by the Mayor and City Council of the City of Norfolk, Nebraska on Monday, June 22, 2009 beginning at 4:00 p.m. in the City Council Chambers, 309 West Madison Avenue, Norfolk, Nebraska.

Mayor Sue Fuchtman called the meeting to order.

Roll call found the following members present: Mayor Sue Fuchtman and Councilpersons Brenneman, Coy, Fauss, Lange (5:25 p.m.), Reeder, Saunders, Van Dyke and Wilson. Absent: None.

Staff members present were City Administrator Al Roder, Public Works Director Dennis Smith, City Attorney Clint Schukei, City Clerk Beth Deck, Wastewater Plant Manager Todd Boling, Transportation, Building & Grounds Director Jim Koch, Park Superintendent Pat Mrsny, Fire Chief Shane Weidner, Housing Director Sheila Miller, Solid Waste Manager Gary Lund, Library Reference/Systems Assistant Judy Hilkeman, Property/Operations Manager Gary Miller, Police Chief Bill Mizner, Finance Officer Randy Gates, Human Resources Director Sheila Schukei, Water & Sewer Director Dennis Watts, and Information Systems Manager Jim McKenzie.

The media was represented by Jim Curry, WJAG/KEXL, and Greg Wees, 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 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.

### **Airport Authority Budget**

Dan Geary, Chairman of the Norfolk Airport Authority, discussed the upcoming FY 2009-2010 Airport budget with elected officials. The base budget is anticipated to be from \$230,000 to \$250,000 for FY 2009-2010 which includes funding for some maintenance and for personnel costs. Geary said the Airport Authority may need to hire additional personnel to help manage the airport. Geary explained the Airport Authority would like to include funds in the FY 2009-2010 budget for the following:

- \* 2 overlay projects (one of which is held over from FY 2008-2009), estimated 11,000 total square yards of asphalt, for a total of approximately \$3 million of which 90-95% will be paid for with federal funds.
- \* Purchase 12.75 acres of land adjoining the airport for \$50,000
- \* Replacement payloader

Geary stated the airport does not work on a profit except for the fixed base operator (FBO) that generates money from the sale of fuel. Geary stated the Airport can generate economic development for Norfolk by selling aviation fuel. The Airport Authority is planning to market the airport as an economical refueling stop for airplanes.

City Administrator Roder requested the Airport start using the City's budget forms.

Geary said the Airport could start using the City's budget forms.

### **City Budget**

City Administrator Al Roder discussed the City's FY 2009-2010 budget forecast with elected officials. Roder reviewed the following with elected officials:

- Municipal property tax levied and sales tax budgeted by fiscal years (2000 - 2009)
- Non-property tax revenue and expenditures growth (2009-2010 to 2014-2015)
- Property tax allocation by division for the General Fund
- City of Norfolk Property Tax Summary
- Property tax on \$100,000 home and valuations (FY 2003-2004 to 2014-2015)
- Property tax revenues and Property tax levy rate (FY 2003-2004 to 2014-2015)
- City of Norfolk combined general obligation tax supported debt service cash flow showing the elected officials top four projects in specific years (Administration building, 2010; TaHaZouka improvements, 2011; Memorial Field improvements, 2012; and Aquatic center, 2013)
- Capital Improvement Program (FY 2009-2010 to 2018-2019)
- General Fund Revenue and Expenditures Summary (FY 2003-2004 to 2014-2015)

Roder explained that revenue from sales tax and property tax has been stagnant since 2004 and is not keeping pace with expenditures. Roder feels the City can't avoid making decisions indefinitely and those decisions (expenditures) are only pushed back one to two years. Roder stated 75% of General Fund expenditure is for personnel costs. Personnel costs continue to rise at 2% to 3% per year and if the City doesn't remain competitive with wages and retain good employees, the Commission on Industrial Relations (CIR) will step in and say what wages need to be paid. Personnel costs in 2009-2010 will increase approximately 4.55% to catch up with some positions that are currently underpaid.

Roder explained current tax on a \$100,000 is \$133.03. By funding the Council's goals over a period of time, property taxes will need to increase. The projected property tax rate changes are as follows:

FY 2009-2010, .088161 (66.269%)  
 FY 2010-2011, .062951 (28.460%)  
 FY 2011-2012, .069576 (24.286%)  
 FY 2012-2013, .085373 (24.136%)  
 FY 2013-2014, .010159 (2.314%)  
 FY 2014-2015, .011990 (2.669%)

The projected property tax change on a \$100,000 home will increase as follows:

\$88.16 to \$221.20 in FY 2009-2010  
 \$62.95 to \$284.15 in FY 2010-2011  
 \$69.58 to \$353.72 in FY 2011-2012  
 \$85.37 to \$439.10 in FY 2012-2013

\$10.16 to \$449.26 in FY 2013-2014  
\$11.99 to \$461.25 in FY 2014-2015.

The increases in property tax will phase in completion of the Council's goals over the next four years. Roder said the City's only flexibility for revenue is with property tax.

Roder stated for every decision made there is a consequence and the long range financial plan will show the impact on revenues. Roder feels the issue is how to invest in the future of Norfolk. There is a lot of deferred maintenance within the City that needs to be addressed as well as addressing the Council's goals.

Councilperson Van Dyke questioned whether the projections include an increase in valuations.

Finance Officer Randy Gates stated the projections include a 2% valuation increase in the first two years and then 4.25% increases in the remaining years.

Roder explained Norfolk has had the lowest property tax levy of any first class in Nebraska for many years, which can be both good and bad. Roder emphasized the City is fiscally very sound. Roder said staff does not intend to move away from the conservative approach that has been used in the past. The tax levy proposal will place Norfolk in the middle of other Nebraska first class cities.

Gates explained that in 2014-2015 the City's proposed levy rate will be about 46 cents compared to the current 13 cents. However, there would still be six other first class cities higher than Norfolk if their rates remain the same.

Councilperson Reeder feels deferring maintenance isn't good and it is time to move forward.

Councilperson Coy stated Memorial Field has a lot of activity and isn't a good first impression for Norfolk. Coy feels the City needs to start making improvements. Coy has concerns with the CIR requirements for wages paid and questioned whether the City needs to raise wages in this economy. Coy feels the City needs to work on retention of police personnel.

Roder stated proposed cost of living increases are based on comparables with other Nebraska municipalities.

Councilperson Fauss would like to see what other cities are doing about personnel costs.

Human Resources Director Sheila Schukei does an annual comparison of wages and the increases range from 2.7% to 4.75% with the average increase between 3.2% and 3.3%.

Roder reviewed the proposed budget process with elected officials. Roder does not intend to do a line-by-line budget review with the Council as has been done in the past. Instead, department heads will put together three options based on no increase, a 4% increase and a no limit increase. The Council will be asked to look at the big picture and minimize time spent going through the budget line-by-line. The budget will be presented based on the Council's priorities established in January. In July, elected officials and staff will meet with civic groups asking for funding. That process will include a set of performance based questions for each entity and any funding requests approved by elected officials will need to tie into the City's budget. Roder stated that a

draft budget will be presented to elected officials in August with the required budget hearing in September. However, staff is willing to review the budget with elected officials at any time.

Public Works Director Dennis Smith explained the budget will be put together using all of the 12% NPPD lease payment but includes the final Power of Partnership payment and the commitment to the Nursing College over the next five years. The rest of the NPPD money will be placed in the General Fund and used to replace money now budgeted for parks and recreation. Any specific use of the NPPD money will have an impact on the budget and will affect property taxes.

Councilperson Fauss feels only maintaining parks and recreation isn't acceptable.

Roder explained that part of staff's goal is to address the Council's priorities. However, staff recognizes the goals can't all be done at one time.

Councilperson Fauss moved, seconded by Councilperson Wilson to adjourn the meeting at 5:30 p.m. Roll call: Ayes: Councilpersons Brenneman, Coy, Fauss, Lange, Reeder, Saunders, Van Dyke, Wilson and Mayor Fuchtman. Nays: None. Absent: None. Motion carried.

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Sue Fuchtman  
Mayor

ATTEST:

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Elizabeth A. Deck  
City Clerk

( S E A L )