

WORK SESSION
BUDGET REVIEW

The Mayor and City Council of the City of Norfolk, Nebraska, held a budget review work session in the Training Room, 309 North 5th Street, Norfolk, Nebraska, on Monday, July 27, 2015, beginning at 5:30 p.m. to review the proposed FY 2015-2016 budgets.

Mayor Sue Fuchtman called the meeting to order.

Roll call found the following present: Councilmembers Fauss (6:25 p.m.), Granquist, Lange, Merrill, Moenning (5:35 p.m.), Murren, Pfeil and Fuchtman. Absent: Clausen.

Staff members present were City Administrator Shane Weidner, Public Works Director Dennis Smith, City Clerk Beth Deck, Finance Officer Randy Gates, Risk Manager Lyle Lutt, Senior Accountant Sheila Rios, Information Systems Manager Jim McKenzie and Fire Chief Scott Cordes.

Also present were Jerome Bahm, Terri Wachter and Dan Geary with the Airport Authority. The media was represented by Susan Risinger, 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.

Councilmember Lange excused himself from the meeting “because of a contract received that may be viewed as a conflict of interest” regarding the Airport Authority budget.

Norfolk Airport Authority

Jerome Bahm, Dan Geary and Terri Wachter provided information to elected officials regarding the Airport Authority budget. The property tax request for 2015-2016 is \$448,064.

Expenditures include 8-bay hangar, \$603,509; hangar taxiway, \$367,630; and electrical rework, \$35,000. Anticipated fuel sales are estimated at 10% more than actuals from the previous year. Bahm said electricity increased 72.84% because Nebraska Public Power District (NPPD) is changing the rate from municipal to commercial until different meters and electrical transformers are installed.

Smith said the NPPD rate increase is probably correct since commercial rates are about 70% higher outside the city limits and about 80% higher inside the city limits than the municipal rate.

Weidner questioned if the Airport Authority plans to separate the meters or charge a fixed fee.

Wachter suggests hangars be charged a flat fee when leases renew January 2016.

Geary said the airport electrical system needs a lot of work and the \$35,000 budgeted will start the rework project. Geary said the main line running to the airport is owned by the City and if a separate meter is necessary, another line needs to run to Highway 81 to get power. Geary received a total estimate of \$150,000 from NPPD for electrical rework on the airport property and the "\$35,000 in the budget is to get started." Geary would like to work with NPPD to put the line underground at the same time NPPD is doing work on the new hangar. Geary also stated "if the commercial rate isn't much different, why spend the money on infrastructure to separate it, why not just stay on the municipal rate?" Geary doesn't know how far the line can be laid for \$35,000, how long it will take or how much money it will cost.

Geary said NPPD told the Airport Authority that renting hangars should be charged the commercial rate and not the municipal rate. The electrical work may need to be accelerated if the NPPD rates do increase as projected in the budget.

Granquist requested the basis for the \$35,000 expenditure.

Wachter said NPPD estimated a cost of \$40,000 to put in the new service to the east hangar.

Weidner and Merrill questioned whether the \$35,000 will allow for separation of Barnstormers Restaurant. Merrill understood the lease with Barnstormers required the separation of electricity for the restaurant.

Geary said none of the \$35,000 allows for separation of Barnstormers Restaurant and "I would hate to spend the money to do it." Geary said that neither Barnstormers nor Geary knew that, in order to separate the electric, a power line needs to go all the way to Highway 81. Barnstormers were one-half to three-quarters of the way done with construction when "they came to us and said we don't have money in our budget to build a power line" all the way to Highway 81 and so "we worked out what we did" and had a separate meter installed. No one worried about it and "we thought it was fine." Geary said, "we thought it was legal if you didn't mark up the cost."

Wachter said there is a separate meter for Barnstormers and the amount gets billed to them.

Weidner asked whether the electrical rework plan is going to fix the problems for Barnstormers or the entire airport property.

Geary said the \$35,000 is a start and then another \$35,000 over the next three to five years until the problem is fixed for the entire airport property. Geary and Wachter don't know for sure how much money is needed and how long the electrical rework project will take.

Geary said that hangars don't qualify for a municipal electric rate and, therefore, the hangars need to be put on a separate meter, but not eight (8) separate meters, to pay the commercial rate.

Granquist said something still needs to be done with Barnstormers to get back to the municipal rate and questioned when and how that will occur. The lease required Barnstormers to pay for the line. Separating Barnstormers is in the airport's best interest.

Merrill questioned how elected officials can explain to taxpayers the \$35,000 expenditure when the Airport Authority staff doesn't know where the money is going and questioned whether "it has been delineated what needs to happen over the next 3-5 years."

Geary said the \$35,000 in this year's budget is going to "extend from the new hangar as far as I can go towards the airport to get rid of these overhead poles and get this into an underground line." Geary wants to do the first part of the project in conjunction with the new hangar project to reduce costs.

Merrill questioned whether the new electrical line will allow the airport to sell power at the proper rate to all of the hangars.

Geary said the \$150,000 is to take care of everything and refeeds the old terminal building as well.

Weidner said that once the decision is made to refeed the old terminal building on taxpayer's dollars, then more questions arise, especially when there is a lease that says that Barnstormers was supposed to run the electrical line.

Geary is "not sure how long the current tenant is going to be there" and, therefore, Geary doesn't "feel like spending \$35,000 to get a separate meter and a month later we don't have a tenant." However, it needs to be done to be able to rent out the building. Geary feels the money "is better spent down here when we are working rather than go and build a line for the terminal building."

Moening is comfortable with the project since NPPD provided the \$150,000 estimate.

Merrill questioned the airport hangar rate study and feels the hangar rents are about 50% less than they should be.

Geary said that if the elected officials "feel hangar rates should be raised then it needs to be done." Geary feels increasing hangar rates may reduce airport revenue. Geary suggested reviewing the hangar rent study with Merrill.

Merrill feels Norfolk taxpayers are subsidizing hangar rents and would like to review the study with Geary.

Moening suggesting a subcommittee meeting to discuss hangar rents.

Councilmember Moening moved, seconded by Councilmember Merrill to approve the Airport Authority budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen, Fauss and Lange. Motion carried.

Councilmember Fauss arrived at the meeting at 6:25 p.m. and Councilmember Lange came back into the meeting at 6:25 p.m.

General Fund Revenues

Finance Officer Randy Gates provided information to elected officials on the proposed General fund Revenues for FY 2015-2016. The property tax rate remains at 24.67 cents per \$100 valuation but property taxes increase 4.76% due to an estimated 3.5% increase in assessed valuations. Staff requests approval of the Level IV General Fund budget.

Councilmember Merrill moved, seconded by Councilmember Fauss to approve Level IV of the General Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Administration

City Clerk Beth Deck, Finance Officer Randy Gates and Senior Accountant Sheila Rios provided information to elected officials on the proposed Administration budget and requested approval of the Level III budget with the additions of Level IV items as follows: Norfolk 150th Celebration, \$40,000; Pictometry Aerial Photography, \$15,000; and Workforce Collaboration, \$20,000 from Line Item 68; and Property Tax to Capital Projects Fund, additional \$31,000 (to be used for street patching).

Councilmember Fauss moved, seconded by Councilmember Lange to approve the Level III Administration budget with the additions of Level IV items as follows: Norfolk 150th Celebration, \$40,000; Pictometry Aerial Photography, \$15,000; and Workforce Collaboration, \$20,000 from Line Item 68; and Property Tax to Capital Projects Fund, additional \$31,000 (to be used for street patching). Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Fire Division

Fire Chief Scott Cordes provided information to elected officials on the proposed Fire Division budget and requested approval of the Level III budget. Cordes addressed some concern with emergency response staffing levels and explained the Level IV budget contains funding for three additional staff. Cordes has concerns with the amount of time the fire station sits empty because of back-to-back calls and said staffing levels may need to increase in the future to manage that risk.

Councilmember Fauss moved, seconded by Councilmember Merrill to approve Level III of the Fire Division budget. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Region 11

Fire Chief Scott Cordes provided information to elected officials on the proposed Region 11 budget and requested approval of the budget with the following updated funding levels for Other Intergovernmental Funding: Antelope County, \$18,795; Madison County, \$21,614; and Pierce County, \$15,975.

Councilmember Fauss moved, seconded by Councilmember Merrill to approve the Region 11 budget as presented with the updated funding levels for Other Intergovernmental Funding: Antelope County, \$18,795; Madison County, \$21,614; and Pierce County, \$15,975. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Debt Service

Senior Accountant Sheila Rios provided information to elected officials on the proposed Debt Service budget.

Councilmember Fauss moved, seconded by Councilmember Merrill to approve the Debt Service budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Special Assessments

Senior Accountant Sheila Rios provided information to elected officials on the proposed Special Assessments budget.

Councilmember Fauss moved, seconded by Councilmember Granquist to approve the Special Assessments budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Capital Projects

Senior Accountant Sheila Rios provided information to elected officials on the proposed Capital Projects budget and reviewed items in the capital improvement program.

Councilmember Lange moved, seconded by Councilmember Moenning to approve the Capital Projects budget as presented. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Councilmember Merrill moved, seconded by Councilmember Moenning to adjourn the meeting at 7:45 p.m. Roll call: All Ayes. Nays: None. Absent: Clausen. Motion carried.

Sue Fuchtman
Mayor

ATTEST:

Elizabeth A. Deck
City Clerk

(S E A L)