

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 Friday, July 15, 2016, beginning at 1:00 p.m. to review the proposed FY 2016-2017 budgets.

Mayor Sue Fuchtman called the meeting to order.

Roll call found the following present: Councilmember Shane Clausen (1:10 p.m.), Corey Granquist, Jim Lange, Rob Merrill, Josh Moenning, Thad Murren, Dick Pfeil and Sue Fuchtman. Absent: Dave Fauss.

Staff members present were City Administrator Shane Weidner, Public Works Director Dennis Smith, City Clerk Beth Deck, Finance Officer Randy Gates, Water & Sewer Director Dennis Watts, Wastewater Superintendent Todd Boling, Senior Accountant Sheila Rios and Solid Waste Supervisor Rob Mercer.

The media was represented by Mike Buhler, 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.

Vehicle Parking District (VPD)

Connie Geary, Vehicle Parking District, provided information to elected officials on the proposed Vehicle Parking District budget with a levy allocation request of \$85,285.

Geary talked about the downtown rental parking lots and said the Vehicle Parking District (VPD) received a letter from Jared Faltys that projects the need for 103 total parking stalls within two years because the old DeLay First National Bank building located on the corner of 3rd Street and Norfolk Avenue is being developed into seven (7) housing units. Therefore, the VPD is considering paving the lot located east of the old City Council Chambers (2nd Street and Madison Avenue) in 2018. The VPD does have parking spaces available, however, in various other lots in downtown Norfolk.

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

Public Works Director Dennis Smith explained all utility budgets are at the same level with the only difference being in capital outlay. Level III allows for ongoing daily operations and Level IV of the Solid Waste Division includes a maintenance building for trucks and trailers.

### Solid Waste Revenue and Operations

Public Works Director Dennis Smith provided information to elected officials on the proposed Solid Waste Revenue budget. Use fees remain the same in each level.

Solid Waste Manager Rob Mercer said all levels contain an additional employee and requested permission to start the hiring process early if elected officials approve the additional employee. Level IV capital outlay contains an additional trailer for a total of \$149,000 for two trailers; OTR truck, \$110,000; and \$1,000,000 for a truck maintenance facility. The facility will be used by both solid waste and sewer divisions and allow for better upkeep/maintenance of vehicles. Mercer explained three OTR trucks are needed at all times and it is best to purchase a new truck every three years. Levels III and IV both contain \$25,000 for a master site plan.

Merrill questioned whether one centrally located maintenance facility would be beneficial for all city divisions.

Mercer feels it would be difficult to have one centrally located maintenance facility with current staffing and because the divisions are located miles apart.

Smith stated Level II indicates enough savings (about \$100,000 per year) from the City hauling waste by itself to pay for debt service and operations on a new facility.

Councilmember Merrill moved, seconded by Councilmember Moenning to approve Level III of the FY 2016-2017 Solid Waste Revenues budget as presented and directed staff to start the hiring process early for the new employee. Roll call: All Ayes. Nays: None. Absent: Fauss. Motion carried.

### Water Revenue

Public Works Director Dennis Smith provided information to elected officials on the proposed Water Revenue for FY 2016-2017.

### Water Maintenance

Public Works Director Dennis Smith explained Level I is operating; Level II contains some capital items to keep the system operational; Level III contains some extensions for expansion of the system; and Level IV contains some economic development capital for extensions throughout the City. Smith explained that balancing the Administration budget includes an additional 1% increase each in the Administration fee from the Water Division and from the Sewer Division (total of 6% each) and an additional ½ % increase (total 2.5%) in the Solid Waste Division. The 1% increase in the Water Division will impact revenues as well. The fee helps pay the cost for Administration employees who do billing, etc. for the enterprise funds.

Water & Sewer Director Dennis Watts provided information to elected officials on the proposed Water Maintenance budget with all levels the same except for Capital items in each level as follows: Level I, oversize piping larger than 8", \$40,000; Level II, oversize piping larger than 8", \$40,000; Replace water main 21st Drive, \$35,000; Trunking system for communications tower, \$250,000; Erect communications tower, \$230,000; and Replace 12" water main, 1st & Madison to 7th & Madison, \$247,000; Level III, oversize piping larger than 8", \$40,000;

Replace water main 21st Drive, \$35,000; Trunking system for communications tower, \$250,000; Erect communications tower, \$230,000; replace 12" water main, 1st & Madison to 7th & Madison, \$247,000; water line on Victory Road, Magnet Drive to Eisenhower, \$130,000; and Industrial tank at Victory Road and Benjamin Avenue, \$2,300,000; and Level IV, oversize piping larger than 8", \$40,000; Water main improvements Omaha Avenue and Victory Road, \$705,000; replace water main 21st Drive, \$35,000; Trunking system for communications tower, \$250,000; Erect communications tower, \$230,000; replace 12" water main, 1st & Madison to 7th & Madison, \$247,000; water line on Victory Road, Magnet Drive to Eisenhower, \$130,000; Industrial tank at Victory Road and Benjamin Avenue, \$2,300,000; Water extension on 1st Street and 13th Street to south side of Elkhorn River, \$1,150,000; and connect 1st Street connection to 13th Street connection, \$620,000.

Smith said the City of Norfolk has never done a connection fee-type ordinance but it can be considered for development of infrastructure. Smith said Levels I, II and III can be funded with existing revenues. However, Level IV items will have a budgetary impact and will require a 3.25% rate increase for the Omaha Avenue/Victory Road project (east of the flood control); a 7.95% rate increase for the Water Extension on 1st Street and 13th Street to south side of the Elkhorn River and a 8.95% rate increase for both the extension south of the Elkhorn and the connection of 1st Street and 13th Street. Smith explained that funding Level IV would require a debt issuance of \$2.5 million with a 20 year amortization.

Watts said the last water rate increase was in 2009 at about 4%.

Councilmember Moenning moved, seconded by Councilmember Lange to approve the Water Revenues budget and Level IV of the Water Maintenance budget.

Smith requested the motion include the additional 1% rate increase in the administration fee from the Water Division (which includes a 1% increase in water rates).

Moenning amended the motion and Lange amended the second so the motion is to approve the Water Revenues budget and Level IV of the Water Maintenance budget including the additional 1% rate increase in the administration fee from the Water Division (which includes a 1% increase in water rates). Roll call: All Ayes. Nays: None. Absent: Fauss. Motion carried.

Lange moved, seconded by Murren to approve an additional 1/2% increase the Solid Waste Division administration fee as discussed. All Ayes Nays None. Absent: Fauss. Motion carried.

### Sewer Maintenance

Water & Sewer Director Dennis Watts provided information to elected officials on the proposed Sewer Maintenance budget.

Watts stated the budget includes the NE Industrial sewer with Level III including all four phases of the project. Each level includes the following capital items: Level I, sewer main extension larger than 8", \$20,000; Level II, sewer main extension larger than 8", \$20,000 and 1st Street and Monroe Avenue sewer main replacement, \$530,000; Level III, sewer main extension larger than 8", \$20,000; NE Industrial Sewer Phase I, \$490,000, Phase II, \$245,000 and Phase III, \$705,000; and 1st Street and Monroe Avenue sewer main replacement, \$530,000; and Level IV, sewer main extension larger than 8", \$20,000; NE Industrial Sewer Phase I, \$490,000, Phase II,

\$245,000 and Phase III, \$705,000; 1st Street and Monroe Avenue sewer main replacement, \$530,000; Highway 35 interceptor, \$1,065,000; Omaha Avenue Lift Station and force main, \$2,750,000; extend sanitary sewer from 13th Street and Monroe to 25th and Omaha, \$2,450,000; and 25th Street and Eisenhower Avenue from 13th Street, \$475,000.

Watts said the City has invested heavily in its water and sewer system which also provides fire protection. Watts feels citizens need to connect to the City's system when it is available. Watts also feels the extension from 13th Street and Monroe is a good use of funds.

Smith said that, because of the investment and development of the City's corridors, residents should be required to connect to the City's water and sewer system that are available.

Watts said the estimated cost to get sewer to the Desai property at 25th Street and Eisenhower Avenue is approximately \$475,000.

Weidner suggested elected officials make a decision going forward to encourage more densely populated developments so City growth isn't hindered. Weidner feels homeowners should be required to connect to Norfolk water and sewer when it available because of the investments made by the City.

Merrill questioned the amount of a connection fee.

Smith doesn't know but said it will be pricey for 10-acre lots and probably about \$100/foot.

#### Sewer Revenue

Public Works Director Dennis Smith provided information to elected officials on the proposed Sewer Revenues for FY 2016-2017.

#### Water Pollution Control (WPC)

Wastewater Plant Superintendent Todd Boling provided information to elected officials on the proposed WPC budget and requested approval of the Level III budget.

Smith explained the impact on budget revenues will be an increase of 1% in the administration fee for a total rate increase of 3.25% in Level I; a total rate increase of 3.25% in Level II with using some reserves; a total rate increase of 6.5% and additional debt of \$1.45 million in Level III. Level IV additions would require a 14.9% increase for the 1st Street and Monroe Avenue sewer main replacement; a 20.4% rate increase for the 1st Street and the Monroe Avenue sewer main replacement and the Southwest Norfolk Interceptor; or a 21.4% increase for the 1st Street and Monroe Avenue sewer main replacement, Southwest Norfolk Interceptor and extension of sanitary sewers. Smith said that if estimated flows from OCT Pipe are accurate, it will service debt on the line.

Clausen questioned whether the City should get OCT connected before doing all the projects.

Smith explained a rate adjustment is necessary for the Southwest interceptor and the City's budgets need to reflect a commitment to OCT since it has the potential to be a good revenue source. Smith requested approval of Level IV, including an increase in the Administration fee of an additional 1% and a revenue increase to cover everything except for the Hwy 35 interceptor and the Omaha Avenue force main.

Merrill moved, seconded by Moenning to approve Level IV of the Sewer Maintenance and Water Pollution Control budgets, including an increase of an additional 1% for the Administration fee and a rate increase (approximately 8% to 10%), to cover everything except the Hwy 35 interceptor and the Omaha Avenue force main projects, with an effective date in either September or October 2016. Roll call: All Ayes. Nays: None. Absent: Fauss. Motion carried.

#### Debt Service

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

Merrill moved, seconded by Murren to accept the Debt Service Fund budget as presented. All Ayes. Nays: None. Absent: Fauss. Motion carried.

#### Special Assessments

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

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

There being no further discussion, the Mayor declared the meeting adjourned at 3:17 p.m.

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Sue Fuchtman  
Mayor

ATTEST:

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Elizabeth A. Deck  
City Clerk

( S E A L )