

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 Wednesday, July 20, 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: Mayor Sue Fuchtman and Councilmembers Clausen (1:15 p.m.), Granquist, Lange, Merrill, Moenning and Pfeil. Absent: Fauss and Murren.

Staff members present were City Administrator Shane Weidner, Public Works Director Dennis Smith, City Attorney Clint Schukei, City Clerk Beth Deck, Finance Officer Randy Gates, Senior Accountant Sheila Rios, Housing Director Gary Hilkemann, Police Chief Bill Mizner, Recreation Coordinator Pat VonGlan, Water & Sewer Director Dennis Watts, Risk Manager Lyle Lutt, Human Resources Director Sheila Schukei, Library Director Jessica Chamberlain, Information Systems Manager Jim McKenzie Park Superintendent Pat Mrsny, Operations Manager Jim Dooley, Fire Captain Tim Wragge and Prevention Manager Trent Howard, City Planner Val Grimes, Police Captain Mike Bauer and Economic Development staff Candice Alder and Candace Bossard.

Media was presented 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.

Wishrock Housing (Skyline Apartments)

Merrill moved, seconded by Granquist to approve the Mayor signing and forwarding a letter to Tyson O'Connell, Wishrock Housing Partners & Investment Group, of Missoula, MT supporting a request for tax increment financing (TIF) for rehabilitation of Skyline Apartments (formerly known as Odd Fellow Manor Apartments) at 1204 West Norfolk Avenue.

Weidner explained Skyline Apartments serves low income elderly and special needs residents. This will be a major rehabilitation project estimated to cost over \$6 million and will increase assessed value by about \$2 million, which will, in turn, support approximately \$400,000 of TIF financing. Weidner stated the City's past practice has been to utilize TIF for site preparation and infrastructure, but site work for this project is only estimated to be \$75,000. There are, however, significant project costs that will benefit the health and safety of the tenants including: Fire suppression and alarm systems; Emergency lighting; Asbestos remediation; Elevator renovation based on deficiencies identified by the Nebraska Office of Elevator Safety, which is a critical element of the project considering the elderly and special needs residents. There are 93

apartments in the building and it appears the rehabilitation meets criteria for community support to be a serviceable facility for the long term.

Weidner said Wishrock Investment requests City Council support for the project to apply for NIFA funding and possibly TIF. A support letter is needed for the NIFA application. If the City Council moves forward with consideration of TIF, the City will work with the Northeast Nebraska Economic Development District (NENEDD) to complete a blight and substandard study.

Gates said Wiskrock Investment is also requesting a waiver of a portion of any required permit fees, up to \$500.00, to get more points for NIFA funding. Gates said O'Connell indicates the project will need every funding source available to do the rehabilitation of the building.

Mayor Fuchtman supports the project and questioned the total rehabilitation cost per unit.

Gates said the estimated total cost per unit is \$70,000.

Merrill amended the motion and Granquist amended the second to include a waiver of up to \$500.00 of permit fees for the project so the motion is to approve the Mayor signing and forwarding a letter to Tyson O'Connell, Wishrock Housing Partners & Investment Group, of Missoula, MT supporting a request for tax increment financing (TIF) for rehabilitation of Skyline Apartments (formerly known as Odd Fellow Manor Apartments) at 1204 West Norfolk Avenue and waiving up to \$500.00 of permit fees for the project. Roll call: All Ayes. Nays: None. Motion carried.

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Weidner stated all budgets are at Level II.

Recreation

City Administrator Shane Weidner, Recreation Coordinator Pat VonGlan and Human Resources Director Sheila Schukei provided information to elected officials on the Recreation budget. Weidner said the City is now managing the concession stands and revenues to date have increased from the previous year.

Clausen questioned whether any carryover funds could be used for the \$55,000 AquaVenture pool re-painting. Clausen does not want capital expenditures used for maintenance and would like to keep maintenance of the pool in the budget every year going forward

Granquist sees the need to spend \$55,000 on the pool painting but questions whether the funds should come from a carry forward balance or an increase in property taxes.

Weidner said reserves could be used for the project but the GFOA (Government Finance and Accounting Association) recommends a minimum of 16% reserves and the City of Norfolk only has about 12%, which is much less than similar sized municipalities in Nebraska, with some at 50% reserves. The reserves will be used up quickly in the case of a catastrophic disaster. The only real areas to cut back are capital items or personnel.

Councilmember Moenning moved, seconded by Councilmember Clausen to approve the Recreation budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Group Insurance

Human Resources Director Sheila Schukei provided information to elected officials on the proposed Group Insurance budget.

Councilmember Lange moved, seconded by Councilmember Clausen to accept the Group Insurance budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

General Fund Revenues

Senior Accountant Sheila Rios provided information to elected officials on the proposed General fund Revenues for FY 2016-2017. The Madison County Assessor estimates only a .22% increase in assessed valuations. The City's tax levy remains at 24.67 cents per \$100 valuation. At the request of Councilmember Moenning, Rios reviewed several budget charts and graphs with elected officials – Budget Changes from Level III to Council Review Budgets –Budget cuts by Division; General Fund Expenditures FY 2015-2016 and FY 2016-2017, Distribution by Division or Function; Total Budgets by Fund for FY 2015-2016 and FY 2016-2017.

Gates explained that staff found an error while preparing the charts in that three of the Police Division cuts weren't included in the formula; therefore, the budget is \$14,433 short of the targeted ending fund balance.

Clausen requested a discussion on the flat sales tax revenues and said a property tax increase won't fix the shortfall because it is only a small portion of the City's revenues

Gates reviewed the General Fund sales tax trend and said for 7-10 years there has been approximately a 2.1% growth in sales tax receipts each year; however, FY 2016-2017 shows less than a 1/2 of 1% growth, which is much lower than the 2.1% projected growth in the City's Long Range Finance Plan. Gates feels the real problem is Internet sales with most people not paying sales or use tax on their purchases. The City's Long Range Finance Plan shows the need for a 30+% increase in property tax asking in a few years because of stagnant revenues.

Lange said the City may need to take a hard look at implementing user fees to help offset revenue decreases.

Weidner said a property tax increase will be necessary or services will need to be cut in the future.

Councilmember Merrill moved, seconded by Councilmember Lange to approve the General Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

LB 840 Fund

Senior Accountant Sheila Rios provided information to elected officials on the LB 840 Fund. Property tax budgeted the same.

Councilmember Pfeil moved, seconded by Councilmember Merrill to accept the LB 840 Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Economic Development Operating Fund

City Administrator Shane Weidner provided information to elected officials on the Economic Development Fund.

Councilmember Merrill moved, seconded by Councilmember Pfeil to accept the Economic Development Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

911 Fund

Police Chief Bill Mizner provided information to elected officials on the 911 Fund budget.

Councilmember Clausen moved, seconded by Councilmember Merrill to approve the 911 Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Wireless 911 Fund

Police Chief Bill Mizner provided information to elected officials on the Wireless 911 Fund budget. Mizner stated that 81% of emergency calls are now wireless and only 19% are landlines.

Councilmember Merrill moved, seconded by Councilmember Granquist to approve the 911 Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Police Division

City Administrator Shane Weidner and Police Chief Bill Mizner provided information to elected officials on the Police Division budget. Level II includes a grade change for all police officers for comparability and also includes three replacement cruisers.

Mizner would like additional staff to the future for better effectiveness in the Police Division. Mizner identified the three proposed additional positions: (1) a second School Resource Officer (one is currently assigned to the high school, which is a partnership with the Norfolk Public Schools that pays for 50% of the costs); (2) Crime Analyst Position (use data collected by the Police Division and identify trends/provide information to investigators and patrol officers to better allocate resources); and (3) a full-time Training Officer to devote more time to training and documentation of what training has been covered--this person would also be responsible for developing a training program.

Councilmember Granquist moved, seconded by Councilmember Merrill to accept the Police Division budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Specialized Narcotics Abuse Reduction Effort Fund (SNARE)

Police Chief Bill Mizner provided information to elected officials on the SNARE budget. The federal government no longer provides funding for the program and future decisions will need to be made about future funding the task force. Mizner would like to keep the Task Force in place particularly when looking across jurisdictional lines. The currently funding is only enough to continue operations for a few more years.

Councilmember Granquist moved, seconded by Councilmember Lange to approve the SNARE budget as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Capital Projects

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

Capital Improvement Program (CIP)

Risk Manager Lyle Lutt provided information to elected officials on the Capital Improvement Program.

Council Priority Dollars

Gates reviewed the use of Council Priority dollars with elected officials, which gains about \$107,000 per year if not funds aren't spent.

Weidner said the City has an opportunity to partner with the YMCA on their proposed expansion project by developing parking lots, soccer fields and a splash pad on City-owned property located west of the YMCA.

Merrill feels Keno funds should not be spent this year depending on the YMCA expansion project capital campaign.

Weidner said the YMCA has great potential to start their expansion project next year with a successful capital campaign. Weidner recommends having the Keno dollars available for developing the City's property west of the YMCA and doing the entire project all at once.

Clausen wants to make sure the City isn't inhibiting the overall YMCA project with the development of the property west of the YMCA. Clausen heard from one YMCA board member who indicated the City's project isn't the sentiment of the YMCA.

Weidner feels the City's project will enhance the YMCA and allow them to start their construction project sooner. Weidner stated the property west of the YMCA is City-owned.

Fuchtmann feels a discussion with YMCA board members may be beneficial because the YMCA board “was on board” when Embrace Park moved forward.

Weidner explained the YMCA has been involved with the City’s plan for the property west of the YMCA and the design of the parking lots and soccer fields came from YMCA board members. However, the property is City owned and the improvements will enhance the community as another park. The proposed City development of the property is a perfect use for the land since it was purchased with federal dollars and can only be used for outdoor recreational uses.

Merrill agrees with Weidner but feels it may be best to have another conversation with YMCA members about the project.

Smith suggested putting a commitment in the budget and then have a conversation with the YMCA so the City project isn’t detrimental to the YMCA project.

General consensus of elected officials is to have a meeting with YMCA board members regarding their project and the City’s use of land west of the YMCA.

Clausen questioned whether the City could issue debt for development of the property west of the YMCA.

Gates said park improvements bonding requires a vote of the people.

Granquist is in favor of the Victory Road trail but questions the trail under Omaha Avenue. Granquist doesn’t feel the trail under Omaha Avenue is necessary, especially in this tight budget year.

Weidner said the City is seeking some grant funding for the project and it was the #1 project named by the Trails Committee. If the grant is submitted for \$50,000, then the City would not proceed with the project if the grant is not received.

Moenning feels the City should do both trails.

Councilmember Merrill moved, seconded by Councilmember Lange to accept the Capital Projects as presented. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Possible Additions to Budget

Weidner reviewed the list of Possible Additions to the Budget, as follows:

- Improvements to park west of the YMCA;
- North Victory Road Trail project;
- transfer to capital projects fund for the trail under Omaha Avenue;
- property condemnation;
- AquaVenture pool repainting
- Levee certification; and
- Intoxilizer.

Improvements to Park west of the YMCA

Weidner stated the project is estimated to cost \$500,000 and would be funded with \$400,000 of Council priority dollars and \$100,000 of Keno funds deferred from the Ta-Ha-Zouka III soccer field improvements.

Fuchtman said the City is committed to Embrace Park but elected officials need to be sure the YMCA is on board with the project. Fuchtman recommends moving forward with development of the park west of the YMCA but wants to present the design to the YMCA as well. The City Council needs to be aware of what the YMCA is requesting for their expansion project.

Lange agrees with having a subcommittee meeting with YMCA representatives but feels the funding for the project should be left in the budget.

Moenning agreed with Lange.

Lange moved, seconded by Moenning to keep the improvements to the park west of the YMCA in the budget as presented and fund the project with \$400,000 of Council priority dollars and \$100,000 of Keno funds deferred from the Ta-Ha-Zouka III soccer field improvements. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Sue Fuchtman left the meeting at 4:00 p.m.

North Victory Road Trail

This project is estimated to cost \$170,000 and will be funded with special assessments debt to be paid with a transfer from the Debt Service Fund.

Lange wants to remain property tax neutral on this project.

Granquist moved, seconded by Pfeil to approve the North Victory Road Trail by funding with special assessments debt. Roll call: All Ayes. Nays: None. Absent: Fauss and Murren. Motion carried.

Transfer to Capital Project Fund for trail under Omaha Avenue

Weidner said the project could be funded with a \$50,000 increase in property taxes. Weidner has not yet discussed the trail with the Natural Resources District for possible funding.

Moenning moved, seconded by Merrill to approve a transfer to the Capital Projects Fund for the trail under Omaha Avenue.

Granquist would like to know if the NRD is helping with project first before approving this project because the grant funding is unknown at this time. Granquist doesn't want to increase property taxes for this project if it isn't going forward.

Lange said without a commitment from the City, the grant application can't be submitted.

Pfeil suggested a property tax increase for one year with a sunset provision.

Clausen said the levy won't go away because of the City's revenue shortfalls. Clausen questions the logic behind doing these projects when the budget is so tight. Clausen said it doesn't make sense for staff to cut expenditures and also increase property taxes in a lien year.

Moening feels the City needs to provide amenities and quality of life issues for citizens and elected officials need to make a decision about growing the community or not because projects will not get any cheaper.

Roll Call: Ayes: Merrill, Lange and Moening. Nays: Pfeil, Clausen and Granquist. Absent: Fauss, Murren and Fuchtman. Motion failed.

Moening moved to reconsider this issue at a later date to have more elected officials present for discussion and to provide better direction to staff, seconded by Merrill. Roll call: All Ayes. Nays: None. Motion carried.

Moening moved, seconded by Clausen to table consideration of the additional items on the list of possible additions to the budget until another work session. Roll call: All Ayes. Nays None. Motion carried.

There being no further business, the Council President adjourned the meeting at 4:20 p.m.

Sue Fuchtman
Mayor

ATTEST:

Elizabeth A. Deck
City Clerk

(S E A L)