

WORK SESSION Retreat

The Mayor, City Council and City staff of the City of Norfolk, Nebraska met on Monday, March 28, 2022, beginning at 4:00 p.m. in the Administration Training Room, 309 N 5th Street, Norfolk, Nebraska.

The following elected officials were present: Mayor Josh Moenning and Councilmembers Frank Arens, Shane Clausen, Corey Granquist, Kory Hildebrand, Gary Jackson, Andrew McCarthy, Rob Merrill, Thad Murren. Absent: None.

Staff members present were City Administrator Andy Colvin, City Attorney Danielle Myers-Noelle, City Planner Val Grimes, City Clerk Brianna Duerst, Finance Officer Randy Gates, Assistant City Administrator Scott Cordes, Public Works Director Steve Rames, Parks and Recreation Director Nathan Powell and Director of Administrative Services Lyle Lutt.

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 accessible to members of the public.

Colvin said the work session will be dedicated to planning and discussion on a variety of topics. Colvin said we are not looking for action, this session is more about discussion and giving staff direction.

Financial Discussion – Gates said broader assumptions are driven by inflation. Last 12 months as of February 2022, inflation rate is over 7%. Federal funds rate will likely be up 2% over the next year or so, which has an effect on assumptions. Gates discussed assumptions on assessed valuation increases, sales tax increase, investment rates and levy rate. We have seen steady increase of sales tax the last 10 years, and we are past the point we should be seeing an impact due to internet sales. Steady decreases in property tax, biggest driver being sales tax increases. Did not increase general fund for increased inflation or sales tax as these will likely offset each other somewhat. Year to date sales tax is up more than double in model. Model is still fairly conservative.

Compared to other first class cities in Nebraska, Norfolk remains third lowest in property tax rates. Keno Funds are primarily used to fund park and recreation expenditures, which are based on last year's CIP. Staff has not had time to go in and look at current year CIP. Expect to see an increase in equipment purchases.

Clausen discussed the impact of increased inflation and interest rates might have on the construction market.

Colvin said community development law permits the Community Development Agency to levy up to 2.6 cents to be used for any purpose allowed in community development law – redevelopment projects. Downtown development – parking structure discussed. If it is something

that would benefit businesses in the area, can use those funds. Clausen asked if 2.6 cents could be absorbed without levy increase. Gates said we would come close. If things flowed through, looks like part of it could be absorbed. Using the current valuation of 1.9 billion, annual impact would be about half million dollars per year, or could use bond funds to do larger projects. 2.6 cents is the maximum, can go lower than that, up to elected officials.

Clausen said the current financials says a lot about the hard work and growth of the city. Years ago, the financial situation was a lot different with zero growth and low valuations. Focus on what economic development efforts have done. Moenning stressed it is important to keep an open mind on all growth opportunities.

Council Priority Dollars - There are currently \$363,777 of unallocated council priority dollars. Colvin said, in preparing for the next budget year, have discussed option of council priority dollars being set aside to be spent in each ward for particular projects within that ward as a way to have direct proceeds go back. Is this something elected officials want put into place and, if so, what dollar amount? This would be another way to incentivize and move forward with using council priority dollars. Merrill – opens different door to special projects and would serve as a catalyst for more conversation. Granquist – if separating, don't want to risk diluting to the point where those funds are not as effective as they could be. Arens – someone will compare what one ward got versus another. Moenning – whole idea to get council more directly engaged.

Hildebrand asked if any of the newly annexed areas need anything. What can we do to invite them into the City? Merrill – consider a pilot program to lay out parameters and see where it takes us. Moenning said there are \$363,000 of unallocated funds right now, with another \$400,000 that comes in year to year. Perhaps \$200,000 per year, \$50,000 to each ward. Will go fast but significant enough you can do something with it. Ultimately, projects have to come back before council. Process could start this budget year. Write parameters though policies and procedure subcommittee and have ward project ideas due by July 1 to build into next year's budget.

Public Works/Engineering

Rames gave a review of major projects going on in the city. Rames said staff is starting to turn some attention to levee recertification. This is a significant project estimated at \$7.5 million, with construction planned for 2023.

Water Pollution Control Grit Removal System – Rames said the grit removal system is significantly old, approximately 50 years old. It is a pinch point in system that limits firm capacity. The new grit removal system will double firm capacity and provide for a lot of room for growth. Current system is an odor point and requires a lot of maintenance and will have an impact on longevity of pipes and overall system. By making the system more efficient, it reduces product going downstream. Also planning pump upgrades and flood wall around plant. Projects estimated at \$3 million.

Water – Rames said we are working on new production well and one half to one million gallon storage tank. Looking to put new well one quarter mile west from 37th Street & Omaha Avenue. Coming in with full design in next 3-4 weeks and anticipate it going out for bids this fall. Project estimated at \$7 million.

Benjamin Avenue – Rames said construction is expected to start April 4. Contractor has indicated they expect to get three quarters of the way done this year with a fairly short season next year, but will be based on weather patterns. All utility work is expected to wrap up in the next three to four weeks. Hildebrand asked about the effect of flipping the project starting point had on utilities. Rames said there was not a significant impact, everyone was supposed to be cleared at this point. Black Hills Energy is finishing up on the north side, but all others done. Project all in, estimated at \$18 million.

1st Street, Bridge and Instream Improvements – Rames said notice to proceed has been issued. Will be getting started on gathering product. Bridge will have a concrete girder, bridge deck system. A 2023 construction season will work together well with Benjamin Avenue project. All in, estimated at \$10.5 million.

Water and Sewer Master Plan – Rames said staff is in the process of updating the water and sewer master plan to look at a couple key areas, generally areas of east Benjamin Avenue and northwest of Eisenhower & 25th Street; west of 37th Street out to 49th Street, near the Pines Subdivision as there is interest in rural residential in those areas. Plan for new development, or properties on existing well & septic systems, as those start aging out, plan to be ready to move water and sewer to those areas when needed.

Benjamin Avenue Trail - Rames discussed trail extensions on Victory Road, 37th Street, Hwy 275 and 7th Street. Projects estimated at \$750,000.

Highway Landscape Project – Rames discussed the master landscape project with Clark Anderson. Next meeting will include subcommittee and trail committee around the 3rd or 4th week of April.

Transit – Rames said soft launch of ForkLift will be April 4. Expect to see 95-100 bus stop signs put up. Since Council approved funding, amount has almost been matched through other agencies coming to the table. In range to \$200,000 in annual operation funding on top of what city put toward. Murren asked if there was an increase in businesses wanting a bus stop at their area. Rames said there has been some conversation like that but there is a lot that goes into the process of where the stops are and how far apart they are as the established route needs to ensure each stop can be hit in 30-minute intervals. Know there will have to be changes. Will communicate with riders and can tweak where stops are. Merrill discussed possibility of satellite locations for people coming from out of town, a Park and Ride concept. Hildebrand asked if there was enough personnel to drive buses. Rames said that issue has not come up at this point.

Solar Project - Moenning asked about the solar project and solar share process. Rames said there was a glitch in NPPD's system with signing up for shares. Roughly 420 people have signed up so far. Once three quarters of the way sold, the city can consume the rest until remaining shares are sold. If we have to, we can consume those to meet agreement. Will keep selling until goal met.

Transfer Station/Solid Waste Facility – Transfer Station improvements estimated at \$5 million. Discussed movement on recycling and concept of a study that would provide business plan for recycling or option to do RFP for operating recycle facility. There is a benefit of getting an

industry in town to be an end user to use that recycle product. Norfolk has some end users for paper.

Change Orders - Colvin discussed the change order process. Important to note, when you have more projects, will see more change orders, it is a natural part of the process. Will likely see several on Benjamin and on 1st Street projects. Want to get on same the page - what are the expectations on change orders? Make decisions to just keep going? What can we do more or less of? Dollar amounts that raise red flags? Looking for direction, want to keep elected officials informed but not waste time. Rames said that some changes need a decision almost immediately and we can't hold the process up waiting for a change order. Clausen asked about contingencies being built in. Rames said that most do, so we have something to pull the trigger against when changes come up. Either staff or consultant engineer estimates project costs.

Clausen said there is a need for lateral movement to make decisions on fly. Once hit 15% mark, bring to subcommittee? Rames said if there is a change in scope, we want it in front of subcommittee. Clausen said change orders not necessarily a bad thing. It shows there are a lot of things going on. In years past, City had maybe \$5 million in projects going on. Now we're looking at current and planning of over \$50 million in projects. Elected officials don't want to micromanage, important to find a reasonable percentage all feel comfortable with. Rames said, generally want to bring a project within bid price plus or minus 2%. If going too much above 1%, need to know why. Dollar value better way to look at? Give Rames or Colvin a certain amount of authority, another way to do it. Arens discussed dollar amount vs percentage – per project or line item. Colvin – change in scope and in design modifications, probably biggest things elected officials would want to know sooner than later.

Engineering Department Staffing - Colvin discussed the current staffing and future needs of the Engineering Department. In last 90 days, have hired an assistant engineer and two part time staff, Pat Boyle as the City Construction Engineer and Dennis Watts to oversee some projects. Engineering Department has had a lot going on, hopefully things will get a lot smoother with these additions. Boyle will be working with consultants, on city code and standards edits and working with subdivisions. Watts' focus will be on utility side. For the future, depending on what comes in, might look at hiring a new engineering grad to mentor and train while Boyle and Watts are still on board.

Airport Authority – Cordes said a steering committee met with consultants, and a SWOT analysis was done. Discussed interactions with airport and compiled report to outline market overview of airport, what airport has to offer community. Next phase is strategic planning. Airport is upset with City, since we do not want change code for them to keep their tanks above ground. Made it clear we would not make an exception for another political subdivision. Cordes said when Zwiebel went out to deliver the message, it was not received well. Airport had just ordered a new, above ground tank. In the midst of the tank conversation prior to annexation, Zwiebel did tell them he may not be able permit the above ground tank. Assuming under the logic of being away from town, perhaps an ability to allow something like that out there, proposed an amendment to consider that as a choice. Subcommittee was clear, once you let another political subdivision do something different than everyone else, it creates an issue.

Merrill said he was not aware of the tension until recently, and he looks at the airport as a good economic development opportunity and feels the picture is a lot bigger than what they're looking at right now.

Hildebrand asked about the downside of having city run the airport. Gates discussed financial considerations. The airport can issue property tax supported bonds without a vote. If the city took over and wanted tax supported bonds, would have to be voter approved. Hildebrand asked about the airport's operational costs. Gates said operational costs are around \$500,000 per year, excluding fuel. Capital outlay varies with grants and projects.

Arens asked about federal dollars that might be available to help cover the cost of burying the tanks. Moenning said the airport is not thinking as broadly about opportunities they have and the tank issue is small example of not planning strategically. Moenning asked about ways to structure oversight of the airport as the underlying budget authority. Colvin said it could operate similar to housing agency, where we have city employees but they have their own board.

Granquist asked staff to look at similar sized cities to see what they do for tanks to compare. Cordes said we would probably be a minority in requiring tanks to be buried. The state allows tanks to be above ground if separation distance is met. Council made decision decades ago to limit potential hazards. Granquist asked about a possible compromise. Cordes said hospital wants an above ground tank; Medelmans Lake will likely request one as well. A lot of businesses that have wanted above ground tanks have been told no, so there are consequences on both sides. Moenning suggested giving the airport the one year discussed at subcommittee level to allow airport to do some long term planning, can give another extension if still in planning stage a year from now.

Downtown – Colvin said there are two routes that can be taken regarding downtown - a Riverfront District or a Downtown Business Improvement District. Both are very similar in the way they function. A little more flexibility with Riverfront District. Want to get a consultant, Progressive Urban Management Associates, to come in, set parameters, talk to business owners, and do a strategic plan to give future direction. With this approach, can do occupation tax or special assessment, no limit on how much money that can be generated. Several business owners downtown that are excited about this.

Elected officials and staff took a dinner break from 6:24 p.m. to 6:40 p.m.

Police Station Expansion – There are current plans of adding offices, adding onto existing spaces, and building a new two-story addition at the Police Station. Will be seeing a plan coming to speed up final architecture. Regardless, something has to be done and we want to be ready to go. Looking like we can squeeze the architectural work into existing public safety tax anticipation. Regarding annexation plan, Police and Fire were part of that conversation. Cordes discussed future potential for additional stations and the need to look at where responses are and potential growth areas. Potential satellite station to consider would be the northeast corner of town. Possibly a Fire Station/Police Station combo to service that area. Cordes explained total calls for service are going through the roof and that is not expected to change anytime soon. The main demographic of service calls are baby boomers, which accounts for about 50% of calls. The day will come where they will have to ask for additional staff. Response times to get to those areas are important. Fire side – National Standard is 5 minutes, we have been able to meet that but will push it with extended boundaries. Prudent to be thinking about that potential, consider some kind of placeholder in CIP for third station - a Public Safety facility. Discussed challenges in staffing of police officers. Murren asked about facilitating growth for mental health with more facilities with ability to have short and long-term treatment.

Emergency Sirens – Cordes discussed the location of existing sirens, potential future sirens and sound parameter. A majority of the ten sirens in Norfolk were replaced in 1993. Due to annexation, looking at additional siren in Eastern Heights and one on Bonita Drive and S Hwy 81. Siren in Eastern Heights was purchased by the SID, so now belongs to City. Both the siren in Eastern Heights and on Bonita Drive are very old and the sound parameter is questionable. As city boundaries have grown, we also want to add a siren on the west side of town, on 49th Street at West Water facility. On city property so would be easy to control and assure west coverage is taken care of. NEMA approached Region 11 about pursuing a grant with them at a 75/25 split. We would apply for three sirens per year, add new and replace all existing, and would be paid for, in large part, by State. Staff is actively working on grant application. Conversation with FEMA was very favorable, based on a plan where we can continue to make applications annually, and receive awards until system fully replaced. Would ensure good coverage for existing community and recently annexed areas. Sirens determined most likely to fail first have been identified. Murren asked about putting out a public service announcement on how the sirens work. Cordes said the sirens are not designed to work inside, they are supposed to act as an outdoor warning.

Planning & Zoning Updates – Grimes reviewed previous subcommittee discussion on a tiny house code addition. Grimes is close to having code ready to go before Commission and Council. Several options are available and Grimes is working off direction from subcommittee. Tiny homes, by building code, are a maximum of 400 square feet. Would have to adopt Appendix Q from Building code. City code currently says you can have a 650 square foot house on a lot. Subcommittee direction was to have dwellings up to 649 square feet be considered a tiny house. Working on a new zoning district for tiny houses so can have a tiny house. Direction was to not have tiny houses placed on individual lots by themselves throughout town in other residential zoning districts. Tiny houses would have to be laid on a foundation of slab and permanently hooked up to city utilities.

Grimes discussed accessory dwelling units (ADUs) that would be a detached accessory dwelling on a single family lot that has a primary dwelling on it. Accessory dwelling units are part of this conversation. An ADU in back yard would not have its own address as it would be on one lot with the primary dwelling. Would not be able to be split off as separate lot and looking to require utilities come off the primary dwelling and not have their own service.

Affordable Housing – Beginning in 2024, cities under 50,000 people have to have an affordable housing plan in place. Moenning said tiny houses and accessory dwelling units address the gap that exists in affordable housing.

Hildebrand noted the difficulty in getting adequate insulation on a tiny house. Grimes said that would have to be worked in the building code, Appendix Q. A tiny home development could go one of two ways. Could be like mobile home park where one person owns all land and individuals own the houses or, if platted, could have individual, very narrow lots. Discussion on attaching an HOA for maintenance.

Hildebrand asked about code for tiny apartments. Grimes explained we do not have a platting function for condominiumization. Code for tiny houses and accessory dwelling units should be ready within next month or so and staff will be bringing that forward to commission and council. Clausen suggested doing shouse district as well.

Corridor Overlays – Grimes said discussion regarding our highway corridors has been ongoing. Considered involuntary zoning changes and changing code. That is more difficult as it changes zoning regulations for everyone in Norfolk and its extraterritorial zoning jurisdiction. Subcommittee has discussed the option of a highway corridor overlay district. Grimes started a draft based on overlays in Hickman, Gretna, and one from Georgia. These were combined into what Grimes has been drafting into a Highway Corridor Overlay District in Norfolk. With an overlay, the underlying zoning district stands, but there would be restrictions specific to the overlay. Grimes discussed applicability and exemptions for existing buildings and residences. A lot of the overlay is based on aesthetics, prohibited uses, outright permitted uses and conditional uses. Similar to Riverfront Overlay but the Riverfront Overlay doesn't limit uses, which the Highway Corridor Overlay would do. Grimes noted, if the code change does go through, it would make quite a few people non-conforming, so if one of these businesses wanted to expand, they would have to come in for CUP.

Parking in Yards- Grimes said the parking in yards ordinance was last discussed in August of 2019, when we had an ordinance before Council that showed max percentage for parking in front, side and year yards. The ordinance was tabled and sent back to subcommittee. Direction of subcommittee was removal of all max percentages. Ordinance states that any parking spaces on the front, side and street side shall be paved and, if the areas are graveled areas in place prior to date of ordinance approval, can remain gravel. If someone wanted to pave entire front yard, could potentially do that. Have tried to discourage that and maintain some level of green space. Have said no to some people wanting to pave front yard. Clausen said the yard parking is primarily an issue in older neighborhoods where lots are smaller. Discussed low income housing that would be directly affected, as paving would be additional required upgrade. Moenning said to focus on corridors. Draft a corridor beautification plan on specific corridors.

Street Maintenance – Rames discussed new management and leadership in street department and purchases of safety equipment including an attenuator. Training of crews on proper asphalt maintenance will be occurring soon. Two used plow trucks were purchased this winter, although not a lot of opportunity to use them this year, training on the snow plows will be occurring soon as well.

Safety – LARM is going to do an audit, have already done a walkthrough for a couple divisions. Will come up with suggested changes/modifications. Looking to see if there is a way to have a consultant come through and do an audit to come up with deficiencies and ways we can do things better. Going to the next step is something being considered amongst staff. Hildebrand said he appreciates the increased safety efforts and work on improving the safety culture at the City.

Streets

18th Street - Work on 18th Street, in front of Bel Air School will begin right after school is out in May. Work will include several panel repairs. Curb will not be taken out.

8th Street and Michigan Avenue reconstruction and drainage – should have 90% plans any day. Rames wants to get project bid this year, is sure it will be 2023 construction. There are substantial drainage issues so staff is looking at doing drainage work another block west to get into corporation gulch.

Building Projects – Colvin discussed the main components we have for an upcoming bond issue. Looking at long-term investments that would appeal to several different demographics. The more you can offer for someone to support, the more likely it is to have something pass. Potential concern if one thing could bring down another.

Powell discussed the perspective on preliminary meetings in regard to sports complex improvements. Stakeholder meetings with several sports organizations have been held and we are gathering input on what the public wants to see. Master planning design will begin April 12-13. From that, can bring more information forward to Council. Council will ultimately approve anything. Will bring concept to Council, schematics and everything that will be included. Work on getting ideas down to have something to show the public in a town hall meeting, articles, etc.

Moenning discussed the potential culminating of sports improvements, street improvements and Police Station Improvements with a local option sales tax. If sales tax grows at a 3% rate, with various interest rates on the bond, would generate \$78 million.

Aquatic Center location – Embrace Park is first place being considered as the space is about 90,000 square feet. There are currently restrictions on the property due to a Land and Water Conservation Grant, but staff is looking at options. Discussed parking issues and potential areas for the city to partner with YMCA on parking.

Colvin said the largest chunk of the bond issue would go toward street improvements. Merrill wanted confirmation these projects would not fall on the back of citizens through property tax. This bond would not be paid with increases in property tax, but with a sales tax that would apply to purchases in the city.

Moenning said a food and beverage occupation tax was considered, but would have to go back to those businesses to ask again. Local option sales tax applies to everything. Local option sales taxes are widely utilized by a lot of our peer cities as it is a good way to generate revenue and tie that revenue to specific projects. Council would have to vote to put on ballot. Deadline to get on the November ballot is September 1.

American Rescue Plan Funds – Total funds available are \$4.3 million. Have dedicated \$1.25 million for the grit removal system in order to keep wastewater rates low, which leaves roughly \$3 million left. Will discuss in further detail at a 4:00 work session on Monday, April 4, 2022.

Meeting and subcommittee structure – Colvin discussed an alternative to the subcommittee structure. There are a lot of things happening that we want the full council to be involved with. Discussed potential of holding regular noon work sessions every Monday there is a council meeting.

Staffing Changes – Colvin and Gates discussed staffing issues in the Parks and Finance Departments. Additional help is needed in the departments and staff is working within existing budget to get issues resolved.

There being no further discussion, the Mayor declared the meeting adjourned at 9:03 p.m.

Josh Moenning
Mayor

ATTEST:

Brianna Duerst
City Clerk

(S E A L)