

WORK SESSION
BUDGET REVIEW

The Mayor and City Council of the City of Norfolk, Nebraska, held a budget review work session in Meeting Rooms A, B and C at the Norfolk Public Library, 308 W Prospect Ave, Norfolk, Nebraska, on Monday, July 24, 2023, beginning at 8:30 a.m. to review the proposed Fiscal Year 2023-2024 budgets.

Mayor Moenning called the meeting to order.

Roll call found the following present: Mayor Josh Moenning and Councilmembers Frank Arens, Shane Clausen, Corey Granquist, Kory Hildebrand, Andrew McCarthy, Thad Murren, Justin Snorton and Justin Webb. Absent: None.

Staff members present were City Administrator Andy Colvin, City Attorney Danielle Myers-Noelle, City Clerk Brianna Duerst, Finance Officer Randy Gates, Senior Accountant Sheila Rios, Public Works Director Steve Rames, Director of Administrative Services Lyle Lutt, Information Systems Manager Brad Andersen, Information Network Security Analyst Dwight Brabec, Assistant City Engineer Anna Allen, Streets Manager Will Elwell, Street Shop Supervisor Matt Ernesti, Communications Manager Nick Stevenson, Park and Recreation Director Nathan Powell, Housing Director Gary Bretschneider, Planning and Development Director Val Grimes, Library Director Jessica Chamberlain, Fire Chief Tim Wragge, Assistant Fire Chief Trevor O'Brien, Region 11 Emergency Manager Bobbi Risor, Police Chief Don Miller, Water and Sewer Director Chad Roberts, Wastewater Superintendent Rob Huntley, Solid Waste Supervisor Rob Mercer, Administrative Assistant Kylee Soderberg, and Economic Development Director Candice Alder.

Also present were representatives of the Norfolk Airport Authority, Senior Citizens Center, Vehicle Parking District, Jonathan Humphries with Norfolk Daily News and a few citizens.

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.

City Administrator Andy Colvin provided an overview of the Fiscal Year 2023-2024 budget. The City's budget runs from October 1st to September 30th of each year. The required hearings are held in September as the budget needs to be submitted to the State of Nebraska prior to October 1st. Today is an opportunity to go through each budget, ask questions, discuss priorities and, if necessary, adjust. Staff then takes the feedback and makes the recommended changes to bring the final budget back in September for final approval in accordance with Nebraska Law. Key highlights of the FY 2023-2024 budget:

- The FY2023-2024 total City-wide budget increases 12.36%, or \$14.6 million, primarily due to debt issuance. Debt proceeds include:
 - \$5 million for street improvements

- \$6.1 million for Water improvements including a 2-million-gallon water storage tank at the west plant and a new collector well
- \$3.2 million increase debt issuance in the Sewer Fund primarily for WPC grit removal building and plant upgrades.
- The proposed budget includes a one cent levy reduction (.304 to .294). The Madison County Assessor is estimating a 6% increase in assessed valuation, which would result in a \$395,807 increase in property tax allocation to the City. A one cent levy decrease reduces the property tax allocation by \$229,786, netting to a \$166,021 increase in property tax.
- City Sales tax increases are budgeted at \$514,258 or 4.64%. Sales tax is budgeted at actual sales tax receipts from June 2022 to May 2023. This is approximately keeping up with inflation. Actual year-to-date sales tax is \$687,592 or 7.63% more than the same period last year.
- NPPD lease revenue is budgeted to increase \$65,585, or 1.4%, due to increased usage.
- The budget includes a 5% cost-of-living adjustment for City employees.
- Total General Fund expenditures increase 2.93%.
- The budget includes a \$5 million bond issue for street projects utilizing existing revenue sources with no tax increase proposed. To fund the \$450,000 annual debt service on the bond issue, there is an annual transfer of \$200,000 of Council Priority dollars to CHAF, and the transfer from CHAF to the General Fund is reduced \$250,000.
- The budget makes progress toward restoring the 16% fund balance, as recommended by the Government Finance Officers Association. Fund balance is budgeted to increase by \$554,490, which brings the City to 13.3% at the end of FY2024.
- Water rates and industrial sewer rates increase 6%. Residential and commercial sewer rates increase 8%. There is no increase in stormwater rates or transfer station tipping fees.

Key changes to individual budgets in comparison to last year:

- Administration: Added a Human Resources Director and removed both the Assistant City Administrator and Management Analyst positions. North Fork Area Transit (NFAT) allocation of \$100,000. NFAT's request was \$120,500. Prior to any funds being given to NFAT, a new agreement would need to be drafted and approved by City Council.
- Engineering: Removed a part-time employee, which has never been filled.
- Fire: The base budget was reduced, and capital expenditures were moved to ARPA for an ADA restroom in the front office and locker room upgrades. New kitchen cabinets stayed in the general fund capital budget.
- Police: Chief Miller proposed the addition of new CSO positions to help alleviate workload for sworn officers. The overall personnel budget was not reduced due to overtime costs.
- Parks: Capital expenditures in the general fund were reduced and some projects are being funded with keno instead of general revenues.
- Sewer Fund: The proposed Omaha Avenue lift station is included in the budget. Part will be for 2023-2024 with the rest in 2024-2025. A sewer rate increase is proposed over a three-year period. About 5% each year for the lift station over and above the regular increase. The 2023-2024 budget includes an 8% residential and commercial sewer increase and a 6% industrial in total, including the 5% additional for the proposed lift station.

General Fund Revenues

Senior Accountant Sheila Rios provided information to elected officials. Beginning fund balance is \$8,102,990. Property taxes include a .01 levy decrease going from 0.304303 last year to 0.294303 this year. Preliminary information from the County Assessor shows a 6% increase in valuations. The increase in valuations combined with the levy decrease results in a \$166,021, or 2.97% increase in property tax. Sales tax increases \$514,258, or 4.64% and is based on actual sales tax receipts from June 2022 to May 2023. NPPD lease revenues increase \$65,585, or 1.41% due to increased usage. Total revenue is \$28.6 million, which is a 3.01% increase from the prior year. Staff is requesting a Level III budget.

Councilmember Murren moved, seconded by Councilmember Hildebrand to approve the General Fund Level III budget as presented. All Ayes. Nays: None. Absent: None. Motion carried.

ARPA Budget

Kay Francavilla, 1006 Verges. On behalf of Senior Citizens Center, thanked elected officials and staff for adding funding toward a much needed new HVAC system for the Senior Citizens Center into the budget and said she hopes this is the beginning of a relationship with the City.

Margo Chenowith-Pospisil said she was pleased to hear the City is designating funds for the Senior Center and noted Norfolk's senior citizens contributions to the community.

Senior Accountant Sheila Rios reviewed the ARPA fund budget. Expenditures include Park Master Plan, \$14,062; Downtown Master Plan, \$46,490; Senior Center, \$80,000; Land Bank, \$50,000; Grit Removal, \$1,035,000; Administration Building Security and ADA accessibility upgrades, \$100,000; pool heater for Aquaventure, \$180,000; Fire Station restroom remodel, \$89,000; network battery backup replacement, \$50,000; Johnson Park Improvements, \$354,508; and Street Improvements, which projects have not been identified, \$419,435.

McCarthy moved, seconded by Councilmember Murren to approve the ARPA budget as presented. All Ayes. Nays: None. Motion approved (8-0).

Administration

City Clerk Brianna Duerst presented the Administration budget. Staff is requesting a Level III budget. This budget includes the elimination of the Assistant City Administrator/Public Safety Director and Management Analyst positions, and addition of a Human Resources Director.

Discussion on the 5% cost of living adjustment (COLA) across all budgets. Colvin said, when looking at cost of living adjustment, we try to keep up with inflation. We also try to stay in the middle on salaries when comparing to sister cities. Granquist said he is more comfortable with an increase of 3-4%. Webb said he is at 3%. Gates calculated the effect on the budget for a 4%

COLA and 5% COLA, there is a \$207,072 difference city wide, with \$164,259 being in the General Fund.

Discussion on what to do with the \$164,259 savings if reducing the COLA from 5% to 4% - add to fund balance or reduce debt issuance on street projects.

Councilmember Hildebrand moved, seconded by Councilmember McCarthy to approve the Administration Level III with a 4% cost of living adjustment.

Jim McKenzie, 1412 Longhorn Drive, recommended applying any savings to reducing debt issuance. McKenzie noted that when looking at budgets, there is nothing related to individual staff salaries, but said his overall concern is the debt issuance for the city.

Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Engineering

City Engineer Steven Rames presented the Engineering budget. Staff is requesting a Level III budget. The budget includes the removal of seasonal/part-time staff member position that has never been filled. Total expenditures are budgeted at \$1,059,062, which is 2.3% above the prior year.

Councilmember Arens moved, seconded by Councilmember Murren to approve the Engineering Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Street

Streets Manager Will Elwell presented the Street Division budget. Staff is requesting a Level III budget. The budget includes the addition of an Equipment Operator position. Total expenditures are budgeted at \$3,565,163, which is 5.18% above the prior year.

Councilmember Murren moved, seconded by Councilmember Hildebrand to approve the Street Division Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Fleet

Streets Manager Will Elwell presented the Fleet Services budget. Staff is requesting a Level III budget. The budget includes replacing the Electronic Specialist with an Equipment Mechanic II position. Total budgeted expenditures are \$739,815, which is 6.03% above the prior year.

Councilmember Granquist moved, seconded by Councilmember Snorton to approve the Fleet Services Level III budget with a 4% cost of living adjustment.

Roll Call: Ayes: Granquist, Arens, McCarthy, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: Murren. Motion approved (6-1).

Parks & Recreation

Parks and Recreation Director Nathan Powell presented the Parks and Recreation budget. Staff is requesting a Level III budget. Total budgeted expenditures are \$3,738,194, which is 1.74% above the prior year.

Discussion on Keno funds of \$80,000. Keno funds will be used for a replacement mower, replacement pickup, mower trailer, partial funding for ice skating equipment and concessions trailer, Ta Ha Fountain Replacement, and Elkhorn Shop improvements for rehab and addition of office space. Webb expressed concern with using Keno dollars to make improvements to the Elkhorn Shop and said he feels that Keno dollars should be used to serve the community. Powell noted the Keno funds are just part of the Parks operating budget this fiscal year, and not something you'll be seeing year to year.

Jim McKenzie, 1412 Longhorn Drive, spoke of increases in the personnel budget. Other concerns include signs and electrical costs for decorations. Powell said, regarding electrical supplies, city staff maintains a lot of decorations, and have been purchasing better quality, more expensive products to replace lighting.

Councilmember Murren moved, seconded by Councilmember Snorton to approve the Parks & Recreation Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Housing

Housing Director Gary Bretschneider presented the Housing Division budget. Staff is requesting a Level III budget. There are changes to Utilities and Maintenance and Other Operating Expenses to include garbage and snow removal fees due to moving the department from the Kensington building. Total budgeted expenditures are \$655,758, which is 3.30% above the prior year.

Councilmember McCarthy moved, seconded by Councilmember Hildebrand to approve the Housing Division Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Community Development Block Grant (CDBG)

Senior Accountant Sheila Rios provided information to elected officials. Beginning fund balance is \$137,299 which is an increase of \$47,827 of program income waiting to be spent. Total budgeted expenditures are \$1,802,777. We budget everything so, ending balance is \$0.00.

Councilmember Murren moved, seconded by Councilmember Hildebrand to approve the CDBG budget as presented. All Ayes. Nays: None. Absent: None. Motion approved (8-0).

Planning and Development

Planning and Development Director Valerie Grimes presented the Planning and Development budget. Staff is requesting a Level III budget. Total budgeted expenditures are \$839,865, which is 6.70% above the prior year.

Councilmember Arens moved, seconded by Councilmember Hildebrand to approve the Planning and Development Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Library

Library Director Jessica Chamberlain presented the Library Division budget to elected officials. Staff is requesting a Level III budget. Total budgeted expenditures are \$2,080,679, which is 5.74% above the prior year.

Councilmember McCarthy moved, seconded by Councilmember Granquist to approve the Library Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Staff and elected officials took a brief lunch break from 12:19 p.m. to 12:42 p.m.

Fire

Fire Chief Tim Wragge presented the Fire Division budget to elected officials. Staff is requesting a Level III budget. Total budgeted expenditures are \$5,625,606, which is 3.70% above the prior year.

Councilmember Arens moved, seconded by Councilmember Granquist to approve the Fire Division Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Region 11 Emergency Management Fund

Emergency Manager Bobbi Risor presented the Region 11 Emergency Management budget. Staff is requesting a Level III budget. Region 11 consists of Antelope, Pierce and Madison Counties and the budgets are based off population. Total budgeted expenditures are \$272,129, which is 64.30% above the prior year, primarily due to the addition of mini grant expenses.

Councilmember McCarthy moved, seconded by Councilmember Snorton to approve the Region 11 Emergency Management Fund Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Police

Police Chief Don Miller presented the Police Department budget. Staff is requesting a Level III budget. Total budgeted expenditures are \$8,309,380, which is 5.64% above the prior year.

Councilmember McCarthy moved, seconded by Councilmember Granquist to approve the Police Department Level III budget as presented with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

SNARE

Police Chief Don Miller presented the SNARE budget. SNARE is a drug task force consisting of 11 participating agencies. Contributions from the participating agencies are based on population.

Councilmember Arens moved, seconded by Councilmember McCarthy to approve the SNARE budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Wireless 911 Fund

Police Chief Don Miller presented the Wireless 911 Fund budget. This is a surcharge on cellular phones designed to pay for the equipment and services needed to answer 911 calls. There are allocated expenses this money can be used for.

Councilmember Arens moved, seconded by Councilmember Granquist to approve the Wireless 911 Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: None. Motion approved (8-0).

Norfolk/Madison Dispatch

Police Chief Don Miller presented the Norfolk/Madison Dispatch budget. Staff is requesting a Level III budget. Total budgeted expenditures are \$1,669,437, which is 5.55% above the prior year.

Councilmember Murren moved, seconded by Councilmember Hildebrand to approve the Norfolk/Madison Dispatch Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Vehicle Parking District No. 1

Vehicle Parking District Vice President Stephanie Bates provided information on revenues and expenses of the Vehicle Parking District to elected officials. Expenditures are approximately \$217,000, which is 18.06% above the prior year and include an increase in contract snow removal and \$85,000 for parking lot improvements/festoon lighting. There was discussion on establishing a Business Improvement District.

Councilmember Snorton moved, seconded by Councilmember Murren to approve the Vehicle Parking Fund budget as presented. All Ayes. Nays: None. Absent: None. Motion approved (8-0).

Airport Authority

Dan Geary and Amy Sisson presented the Airport budget. The FY23-24 tax request is \$857,269, an increase of \$102,000. Bond issuance for a the new FBO was removed, but design costs are included in the budget. Budget includes \$42,000 for roof replacement/building improvements; \$7,300 for security cameras; \$371,576 for building planning and design; and \$600,000 for pavement rehabilitation design phase.

Hildebrand asked about gallons of fuel sold and if there has been consideration on moving the Airport board meetings to the City Council Chambers. Dan Geary said, regarding fuel sales, the airport is not trying to make money, but cover costs. Not looking for a real profit, so keep fuel costs low to keep people coming in. Regarding meetings at Council Chambers, Geary noted they have outside attendees at meetings, and have all past records available on site during the meetings, which is convenient. City Attorney Danielle Myers-Noelle requested that Board Member information be listed on the Airport Authority's website, as they are a taxing entity.

Geary said the Airport is looking at a program to rebuild both runways, which have previously been overlaid and are now nearing end of life. Total cost for FY23-24 is \$600,000, as depicted in the budget. \$540,000, or 90% of that, will be reimbursed from the FAA, so \$60,000 is Airport's portion of the project.

Geary discussed a proposed new airport terminal. Building would be funded from selling bonds, and the project would be put out for bids in January/February 2024. Sisson said they will be coming with an amended budget request in February. Gates said the Airport will need to come to Council to get their blessing to allow a levy increase to cover debt service, but noted they will not be paying for any construction prior to next fiscal year budget. Rames noted that will require the Airport to award a contract without having financing/bonding secured.

Discussion on rental incomes – 63% of hanger renters are non-Norfolk residents. Norfolk residents also pay an airport tax. Councilmember Arens questioned if non-Norfolk renters should pay an additional fee to be more in line with what Norfolk residents pay overall.

Councilmember Arens moved, seconded by Councilmember Snorton to approve the Airport budget and tax levy request of \$857,269 as presented. Ayes: None. Nays: Granquist, Arens, Webb, McCarthy, Murren, Snorton, Clausen and Hildebrand. Absent: None. Motion failed (0-8).

Staff and elected officials took a break from 2:45 p.m. to 2:56 p.m.

Capital Projects Fund/Capital Improvement Program

Senior Accountant Sheila Rios and Director of Administrative Services Lyle Lutt provided information to elected officials. Beginning fund balance decreases about \$400,000. Items in the capital construction fund are large capital purchases depicted in the Capital Improvement Program (CIP). The CIP includes purchases contemplated over the next 10-years and are purchases over \$50,000 generally. Total expenditures are \$9,473,781, a 10.18% increase from the prior year.

Rames noted the Capital Improvement Program is a very important tool for the city's enterprise funds as we prepare 20-year master plans on those funds and try to have everything in here as it all ties into that master plan.

Councilmember Clausen moved, seconded by Councilmember Arens to approve the Capital Projects Fund budget with the following changes to the Police Division: reduce In-car Video Replacement/Body Camera from \$240,000 to \$200,000; increase Police Division Roof from \$85,000 to \$215,000; and adjust the public safety bonds accordingly.

Jim McKenzie, 1412 Longhorn Drive, discussed concerns with current and future debt issuance of the city.

Roll call: All Ayes. Nays: None. Absent: None. Motion approved (8-0).

City Highway Allocation Fund (CHAF)

Public Works Director Steven Rames provided information to elected officials. CHAF money comes from the State of Nebraska gasoline tax and motor vehicle fees based on estimates from the Nebraska Department of Transportation. Beginning fund balance is \$7,381,710. Budgeting \$3.7 million of highway allocation in an attempt to be conservative. Other revenue sources include interest income, council priority dollars and a bond issue. Expenditures are \$11,045,581 and ending fund balance is \$5,640,429.

Rames reviewed capital projects including street maintenance contract work, micro seal and armor coat, 8th St from Michigan Ave to Omaha Ave, widening of Benajamin Ave, 1st St Bridge replacement, Michigan Avenue from 7th St to 10th St project, 1st St and Braasch Avenue roundabout and stormsewer improvements, Prospect and Oak St street improvements, Benjamin & Victory and 7th & Michigan intersection studies, design for 25th St from Benjamin Ave to

Eisenhower Ave, traffic signal head and pedestrian actuated system improvements, community dedicated street repair projects, Industrial Rd extension west of Hwy 81, safe streets for all Phase I, and gap paving at Northwestern and Jefferson.

Rames explained that the amount of CHAF we receive is calculated based off 50% population, 30% vehicle registrations, 20% lane miles. Rames also discussed the local match requirement. The first half of our allocation has no match, the second half of our allocation requires we match \$1.00 for every \$2.00 we receive, so roughly \$250,000 per \$1,000,000, we must match.

Discussion on CHAF bonds and addition of \$200,000 of Council Priority Dollars to fund debt service on the bonds. Discussion on using available funds from reducing the COLA toward the bonds.

Jim McKenzie, 1412 Longhorn Drive, questioned if the gap paving on Northwestern and Jefferson is a good expenditure of money and said there are more pressing needs in the community.

Councilmember Murren moved, seconded by Councilmember Hildebrand to accept the CHAF budget as presented. Roll call: Ayes: All Nays: None. Absent: None. Motion approved (8-0).

Water Fund

Water and Sewer Director Chad Roberts provided information to elected officials. Staff is requesting a Level III budget. Beginning balance is \$3,494,767. User fees increase \$453,477 due to an increase in usage and a 6% rate increase. The budget anticipates \$6,052,160 proceeds of debt to fund capital projects. Total budgeted revenues are \$9,797,960, and total budgeted expenditures are \$10,301,804.

Councilmember Arens moved, seconded by Councilmember McCarthy to approve the Water Fund Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Sewer Revenues

Water and Sewer Director Chad Roberts provided information to elected officials. Beginning fund balance is \$6,033,130. User fees increase \$573,809, related to two proposed rate increases - 6% on industrial loading rates and an 8% increase on residential and commercial sewer rates. Non-revenue receipts increase \$3,220,000 due to an increase in proceeds of debt. Total revenues are \$15,066,497.

Sewer Maintenance

Water and Sewer Director Chad Roberts provided information to elected officials. Staff is requesting a Level III budget. Total budgeted expenditures are \$6,699,299, which is 22.63% above the prior year.

Costs of the Omaha Avenue lift station project is split over the next two years. Staff is currently looking at options for solutions in the Master Plan for the Omaha Avenue lift station, or possible alternatives for the area and entire system. If the full lift station doesn't go forward, those funds would not be spent, and the bonds not issued. The budget preserves the option but does not initiate the process. Councilmembers express concern with approving a rate increase on citizens when we're unsure if we're moving forward with the lift station. Public Works Director Steven Rames noted there are other improvements that are needed, and a rate increase would allow us to start planning for those needed future improvements. Rames said a community that is positioned with the right infrastructure that doesn't have to make upgrades can be more competitive for economic development.

Jim McKenzie, 1412 Longhorn Drive, expressed concern with the Omaha Avenue Lift Station project and urged elected officials to find a solution that doesn't cost the community \$15 million. McKenzie said the master plan does not show we need this unless there is a new large industrial user and noted it will have to be retrofitted because it is too big for current needs. McKenzie asked that elected officials use common sense to solve the current problem without charging everyone in community a large amount of money.

Rames noted we will be bringing Olsson in to review Master Plan and look at any potential options to fix the current problem. Rames also noted we need to consider cost inflation if we push a needed project down the road.

Councilmember McCarthy moved, seconded by Councilmember Snorton to approve the Sewer Maintenance Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Water Pollution Control

Wastewater Superintendent Rob Huntley presented the Water Pollution Control budget. Staff is requesting a Level III budget. Total budgeted expenditures are \$9,807,109, due to significant increases capital outlay. Debt service payments were also added to the budget in anticipation of a bond issue for the grit removal building improvements and the flood wall/effluent pump system capital projects.

Councilmember Granquist moved, seconded by Councilmember Arens to approve the Water Pollution Control Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Solid Waste Management

Wastewater Superintendent Rob Huntley presented the Solid Waste Management budget. Staff is requesting a Level III budget. No increase in tipping fees contemplated in this budget. Charges for Service decrease due to a reduction in tonnage. Total budgeted expenditures are \$2,827,233, which is 30.93% below the prior year.

Discussion on recycling services now with Green Fiber closing. Rames said when Green Fiber shut down their operations, it created some conversation with the recycling community regarding potential hub and spoke recycling centers across the state. Rames doesn't see Norfolk operating hub and spoke system but could potentially see looking at a partnership in this effort. Have been looking into a variety of options for recycling. We need to grow into recycling, so we don't take a hit on our tonnage.

Councilmember Clausen moved, seconded by Councilmember Murren to approve the Solid Waste Management Level III budget with a 4% cost of living adjustment. Roll call: Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Stormwater Utility Fund

Public Works Director Steven Rames presented the Stormwater Utility budget. Staff is requesting a Level III budget. Beginning fund balance is \$250,585. Holding use fees at \$2.00 per month for residential customers and \$6.00 per month for commercial and industrial customers. Total budgeted expenditures are \$461,133, which is 5.22% above the prior year.

Councilmember Clausen moved, seconded by Councilmember Snorton to approve the Stormwater Utility Fund Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Debt Service

Senior Accountant Sheila Rios provided information to elected officials. Property tax of \$1,011,062 is the same as the prior year. All revenue line items are the same with the exception of interest income, which is due to an increase in interest rates. Expenditures are \$737,952, a 3.40% increase from the prior year. Ending fund balance increased \$620,312 to \$4,802,325, which can be used on future debt service.

Councilmember McCarthy moved, seconded by Councilmember Hildebrand to approve the Debt Service Fund budget as presented. Roll call: All Ayes: Nays: None. Absent: None. Motion approved (8-0).

Special Assessment Fund

Senior Accountant Sheila Rios provided information to elected officials. The Special Assessment Fund is a summary of six individual special assessment funds, which are a mechanism to finance infrastructure in new subdivisions or major utility extensions. Beginning fund balance increases to \$1,638,884. Total budgeted expenditures are \$3,175,569, which is 20.70% below the prior year.

Councilmember Clausen moved, seconded by Councilmember Murren to approve the Special Assessment Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: None. Motion approved (8-0).

LB840 Fund Budget

Economic Development Director Candice Alder provided information to elected officials. Taxes were eliminated in FY 2020-2021 and all funds have been expended. This fund will not close until projects funded meet the funding requirements.

Councilmember Clausen moved, seconded by Councilmember Murren to approve the LB840 Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: None. Motion approved (8-0).

Economic Development Operating Budget

Economic Developer Director Candice Alder presented the Economic Development budget. Staff is requesting a Level III budget. Beginning fund balance is \$333,046. Madison County would like to review the interlocal agreement, so we don't know what revenue is going to be for the next fiscal year. County has asked over last several years to spend down fund balance, so we have been trying to budget expenditures over revenues for the last couple of years. Total budgeted expenditures are \$525,878.

Discussion on long term funding agreement with Madison County and County's desire to reduce the beginning fund balance.

Councilmember Clausen moved, seconded by Councilmember Murren to approve the Economic Development Fund Level III budget with a 4% cost of living adjustment. Roll Call: Ayes: Granquist, Arens, McCarthy, Murren, Snorton, Clausen and Hildebrand. Nays: Webb. Absent: None. Motion approved (7-1).

Group Insurance Fund

Director of Administrative Services Lyle Lutt provided information to elected officials. There is a 5% increase from last year on health insurance costs on both the City's share and employee cost. We typically look back six months to come up with projections. By having city staff manage the group insurance plan, we continue to keep costs down. As of now, still money ahead verses doing some sort of private sector plan.

Councilmember Clausen moved, seconded by Councilmember Snorton to approve the Group Insurance Fund budget as presented. Roll call: All Ayes. Nays: None. Absent: None. Motion approved (8-0).

Brad Brooks, 2204 Highland Drive, thanked staff and elected officials for their work on the budget preparations and presentations.

There being no further business, the Mayor adjourned the meeting at 6:43 p.m.

Josh Moenning
Mayor

ATTEST:

Brianna Duerst
City Clerk

(S E A L)