

Kearney, Nebraska
July 5, 2023
7:00 a.m.

A meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 7:00 a.m. on July 5, 2023, in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Peggy Eynetich, City Clerk; Council Members Randy Buschkoetter, Tami James Moore and Jonathan Nikkila. Absent: Bruce Lear. Michael Morgan, City Manager; Brenda Jensen, Assistant City Manager; Kayla James, Director of Finance; Tony Jelinek, Director of Utilities; Andy Harter, Director of Public Works; Bryan Waugh, Chief of Police; Jason Whalen, Fire Administrator; Scott Hayden, Director of Recreational Services; Eric Hellriegel, Director of Parks; Nate Mollring, Director of Information Technology; Shawna Erbsen, Administrative Services Director; Matt Williams, Library Director, and Jim Lynaugh, Airport Manager, were also present.

Notice of the meeting was given in advance thereof by publication in the Kearney Hub, the designated method for giving notice, a copy of the proof of publication being attached to these minutes. Advance notice of the meeting was also given to the City Council and a copy of their acknowledgment or receipt of such notice is attached to these minutes. Availability of the Agenda was communicated in the advance notice and in the notice to the Mayor and City Council. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

I. ROUTINE BUSINESS

ANNOUNCEMENT

Mayor Clouse announced that in accordance with Section 84-1412 of the Nebraska Revised Statutes, a current copy of the Open Meetings Act is available for review and is posted on the wall of the Council Chambers.

PRESENTATION OF THE 2023-2024 BUDGET

Finance Director, Kayla James, presented an overview of the 2023-2024 budget that addressed Expenditures, Personnel, Capital Outlay, Debt Service, Revenues, Property Taxes, Sales Tax Revenues, Fund balance, and Miscellaneous items. The following information was included in the presentation. Ms. James stated the proposed expenditures for Fiscal Year 2024 in the General Fund increased approximately \$1,700,000 over last year, including an approximate \$1,300,000 increase in personnel services, a \$1,000,000 increase in supplies and materials, and a \$669,000 decrease in Capital Outlay. Other funds, including Special Revenue, Capital Projects, Debt Service, Enterprise, Internal Service, and Fiduciary, decreased by 5.3%. Overall, the total budget decreased by \$5,428,799, or 3.2%.

Proposed Expenditures By Fund

	<u>FY 23</u>	<u>FY24</u>
General Fund		
Personal Services	\$20,244,411	\$21,620,337
Supplies & Materials	11,263,973	12,273,411
Capital Outlay	1,941,072	1,271,888
Debt Service	<u>0</u>	<u>0</u>
	\$33,449,456	\$35,165,636
Other Funds	<u>\$134,081,091</u>	<u>\$126,936,112</u>
Total	\$167,530,547	\$162,101,748

Ms. James reviewed Personnel Services for Fiscal Year 2024 which includes 346 employees; and noted an estimated 6% increase in employee and employer health and dental premiums.

Personnel Services

3.0% Pay Plan Adjustment – Governmental Funds	\$495,672
3.0% Pay Plan Adjustment – Proprietary Funds	<u>\$201,477</u>
Total	\$697,149

<u># of Employees</u>	<u>FY23</u>	<u>Mid-Year Add/Del</u>	<u>New</u>	<u>FY24</u>
Full-Time	297	5	1	303
Part-Time	<u>44</u>	<u>-1</u>	<u>0</u>	<u>43</u>
Total	341	4	1	346

FY24 Position additions/reductions:

Added 1 Maintenance Worker - Water

6% Increase in Employee and Employer Health/Dental Premiums

Ms. James reviewed the Capital Outlay by Fund noting Capital Project Funds increased by approximately \$8,000,000 due in part to the Sports Complex, street improvement projects, and a donation for 20 police vehicles. Enterprise funds went down by approximately \$15,000,000 due to Fiscal Year 2023’s expenditures on the Waste Water Treatment Plant, Water Tower, and Booster Pump Station projects. In total, Capital Outlay funds decreased approximately 8%.

Capital Outlay by Fund

	<u>FY23</u>	<u>FY24</u>
General Fund	\$1,941,072	\$1,271,888
Special Revenue Funds	\$593,500	\$823,000
Capital Project Funds	\$37,947,741	\$46,161,489
Enterprise Funds	\$44,723,313	\$29,575,077
<u>Internal Service Funds</u>	<u>\$44,500</u>	<u>\$31,000</u>
Total	\$85,250,126	\$77,862,454

Ms. James detailed planned expenditures for the top 10 Capital Improvement Projects, including the funding source and the total cost of the project. The projects account for 72% of the total capital expenditures for all funds.

Top 10 Capital Improvement Projects

	<u>Project / Funding Source</u>	<u>Cost</u>	<u>FY25 Expenditures</u>
1.	Kearney SportsPlex Voter approved GO Bonds/Other Funds	(\$46,500,000)	\$36,065,991
2.	WWTP Phase II 1% Clean Water SRF Loan / Revenue Bond	(\$34,000,000)	\$19,000,000
3.	Younes Drive City Funds	(\$1,596,870)	\$1,435,530
4.	Airport Box Hangar CARES / Bipartisan Infrastructure Law	(\$6,000,756)	\$1,050,000
5.	Fire Station #4 (Sinking) Special Sales Tax	(\$3,000,000)	\$1,000,000
6.	28 th Street, I Ave to L Ave Special Sales Tax	(\$797,000)	\$797,000
7.	Cemetery North Addition Special Sales Tax	(\$1,124,024)	\$611,000
8.	Younes Drive Stormwater Drainage Storm Water Utility Fund	(\$550,000)	\$550,000
9.	Airport Terminal Renov CARES	(\$4,797,907)	\$550,000
10.	Yanney Park Pavilion Donation	(\$3,704,500)	<u>\$505,000</u>
	Total		\$61,564,521

Ms. James stated the City will end the year with approximately \$115,500,000 of debt between Public Safety, General Obligation, Various Purpose, and Revenue Bonds (water and sewer). The City will pay off approximately \$5,300,000 in Fiscal Year 2024 and noted Patriot Park's Facilities Corporation Bond was paid in full in June 2023.

Council Member Jonathan Nikkila questioned if Restaurant Tax would now be applied to the Kearney SportsPlex project since Patriot Park has been paid in full; Ms. James confirmed that Restaurant Tax would now be directed to the Kearney SportsPlex project.

Debt Service (Principal Only)

	Public Safety	Various Purpose	Revenue	Total
Beginning	\$3,060,000	\$53,931,003	\$58,778,920	\$115,769,923
Payments	(\$240,000)	(\$2,003,600)	(\$3,045,845)	(\$5,289,445)
New Debt	\$0	\$0	\$5,020,000	\$5,020,000
Ending	\$2,820,000	\$51,927,403	\$60,753,075	\$115,500,478
Net Change	(\$240,000)	(\$2,003,600)	\$1,974,155	(\$269,445)

\$7.5M Patriot Park Facilities Corp Bond Paid off June 2023

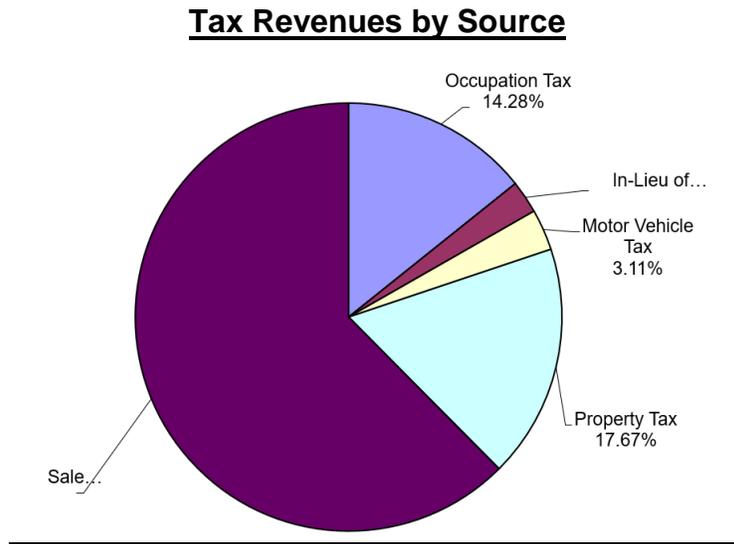
Ms. James stated that out of the approximate \$28,000,000 in taxes, the City receives about \$17,000,000 from Sales Tax, \$4,900,000 from Property Tax, and \$4,000,000 from Occupation Taxes. Charges for services are projected to grow by approximately \$2,800,000 due to rate increases. Grant revenues are down from roughly \$9,000,000 to \$3,000,000 due to the Airport improvement projects from Fiscal Year 2023.

City Manager, Michael Morgan noted increased costs will potentially make Fiscal Year 2024 one of the City’s toughest.

Projected Revenues by Source

	FY23	FY24
Taxes	\$27,211,452	\$27,795,322
Licenses & Permits	\$434,555	\$508,955
Charges for Services	\$34,849,974	\$37,672,656
Fines	\$12,000	\$12,200
Special Assessments	\$516,900	\$522,100
Interest	\$249,545	\$2,525,775
Internal Services	\$8,445,146	\$9,355,304
Miscellaneous	\$6,322,953	\$9,164,872
Intergovernmental – State	\$5,444,440	\$5,636,374
Subtotal	\$83,486,965	\$93,193,558
Bond Proceeds	\$34,307,362	\$19,000,000
Grants	\$9,080,345	\$3,609,821
Total	\$126,874,672	\$115,803,379

Ms. James reviewed a graph detailing the individual representation of tax revenues by source.



Ms. James stated Property taxes have an estimated growth of 6%; however, that number won't be established until August 20th and further reviewed Property Tax Distribution in 2022.

2024 Proposed Property Tax Request

City of Kearney Valuation

New Construction / Existing (est. 6% growth) \$3,292,283,464

Property Tax Request

General Fund property tax	\$4,612,694
Public Safety TAB property tax	<u>288,529</u>
Total Property Tax Request	\$4,901,223

Property Tax Levy

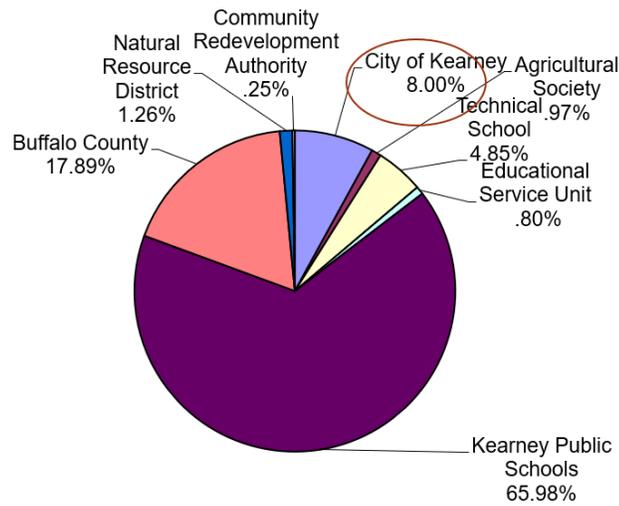
Total property tax levy (per \$100) .14887

City of Kearney is still the lowest levy in the State

Next Highest – Scottsbluff @ .22137 48.70% higher

Seward @ .29900 100.85% higher

Buffalo County Property Tax Distribution 2022



Ms. James stated the one-cent sale tax revenue has remained mostly flat. Mr. Morgan noted several cities now have a 2% sales tax.

Sales Tax Revenue

	Actual FY22	Est. Actual FY23	Proposed FY24
<u>One Cent Sales Tax:</u> (Property Tax Relief)	\$10,933,370	\$11,351,830	\$11,572,543
<u>½ Cent Sales Tax:</u> (Capital Impr/Equip)	\$5,466,685	\$5,675,914	\$5,786,272
Total	\$16,400,055	\$17,027,744	\$17,358,815

Ms. James stated there will be an increase in tipping fees at the Landfill and Sanitary Sewer fees will be increased to help fund the Waste Water Treatment Plant upgrades.

Council member Nikkila asked if surrounding towns pay tipping fees. Ms. James explained that private companies typically pick up trash in surrounding communities and rural areas to dispose of at the landfill.

Comprehensive Fee Schedule Changes

Landfill

Tipping Fee (uncompacted waste)

Increased from \$35.00 to \$42.00 per ton 15.0% Increase

Tipping Fee (compacted waste)

Increased from \$27.50 to \$35.00 per ton 27.3% Increase

Last Increase was in 2006

Sanitation – Collection

Increased from \$15.00/month to \$16.00/month

Sanitary Sewer

7.5% Increase

For 5 years to pay for Wastewater Treatment Plant Upgrade

Water

No rate Increase

Stormwater Utility

Residential Increased from \$2.00 to \$3.00

Non-residential Increased from \$6.00 to \$8.00

Fund Balance

Ms. James explained the City's policy of maintaining the fund balance at no less than 25% of the proposed operating budgeted expenses and further noted the levy limit has remained the same for the past 6 years, operating without state aid or municipal equalization funding, and outstanding community support in the form of donations and grants.

Some challenges the City will face in the upcoming year include marginal increases in sales tax and revenue trends while the costs of both goods and services continue to escalate, increased health and dental costs, and NPPD rates remaining flat.

Mayor Clouse and Council Members thanked staff for their work on the budget.

VIII. ADJOURN

Moved by Clouse seconded by Nikkila that Council adjourn at 7:50 a.m. Roll call resulted as follows: Aye: Clouse, Nikkila, Moore, Buschkoetter. Nay: None. Lear absent. Motion carried.

ATTEST:

**STANLEY A. CLOUSE
PRESIDENT OF THE COUNCIL
AND EX-OFFICIO MAYOR**

**PEGGY EYNETICH
CITY CLERK**