

Kearney, Nebraska
July 8, 2024
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 8, 2024, 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. Brenda Jensen, City Manager; Michael Tye, City Attorney; Kayla James, Director of Finance; Andy Harter, Director of Public Works; Bryan Waugh, Chief of Police; Jason Whalen, Fire Administrator; Sarah Sawin, Director of Utilities; Scott Hayden, Director of Recreational Services; Eric Hellriegel, Director of Parks; Lauren Brandt, SportsPlex Manager; Nate Mollring, Director of Information Technology; Matt Williams, Library Director; Jim Lynaugh, Airport Manager; Shawna Erbsen, Administrative Services Director and Brad Demers, Assistant to the City 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 2024-2025 BUDGET

Kayla James, Finance Director, presented an overview of the 2024-2025 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 2025 in the General fund increased by approximately 7% or approximately \$1,500,000 for personnel services, supplies, and materials increased by 5.3% or approximately \$600,000, and Capital Outlay decreased by approximately \$700,000. In total, the General Fund increased approximately \$1,500,000 or 4.1%. Other funds, which are comprised of: Special Revenue, Capital Projects, Debt Service, Enterprise, Internal Service, and Fiduciary, decreased by approximately \$28,000,000, mostly due to Capital Project expenditures that the City will not have next year. Overall, the total budget decreased by approximately 17%.

Proposed Expenditures By Fund

	<u>FY 24</u>	<u>FY25</u>
General Fund		
Personal Services	\$21,254,525	\$22,741,787
Supplies & Materials	12,447,628	13,110,158
Capital Outlay	2,076,152	1,386,208
Debt Service	<u>0</u>	<u>0</u>
	\$35,778,305	\$37,238,153
Other Funds	<u>\$123,662,857</u>	<u>\$94,998,556</u>
Total	\$159,441,162	\$132,236,709

Personnel Services

Ms. James reviewed Personnel Services, including a planned 3% pay plan adjustment, and noted there will be an estimated 10% increase in employee and employer health and dental premiums.

HIGHLIGHTS

3.0% Pay Plan Adjustment – Governmental Funds	\$517,503
3.0% Pay Plan Adjustment – Proprietary Funds	<u>\$215,133</u>
Total	\$732,636

<u>Number of Employees</u>	<u>FY24</u>	<u>Mid-Year Add/Del</u>	<u>New</u>	<u>FY25</u>
Full-Time	303	8.67	5.33	317.00
Part-Time	<u>43</u>	<u>0.00</u>	<u>3.00</u>	<u>46.00</u>
Total	346	8.67	8.33	363.00

FY24 Position Additions/Reductions:

Additions

Assistant to City Manager (1)
 Police Officer (1) – 1 over complement
 Fire Engineer (1)
 Assistant Facilities Supervisor - Public Works Fac Maintenance (1)
 Facilities Maintenance Worker (Horticulture) – Park (1)
 Equipment Operator – Sanitation (1)
 Landfill Assistant (1)
 Wastewater Treatment Plant Operator (1)
 Water Utilities Maintenance Workers – (5)

Reductions

Deputy City Manager (1)
 Assistant Director of Development Services (1)
 Park Supervisor (.33)
 Water - Inventory Control Clerk (1)
 Water – Maintenance Worker (1)

FY25 Position Additions/Reductions:

Director of Development Services (1)
 SportsPlex – Coordinator, Admin Asst, Fac Maint Workers (2) – Total (4)
 Facilities Maintenance Worker – Park (1)

Reductions

Assistant Park Supervisor/Forester (.67)

10% Increase in Employee and Employer Health/Dental Premiums

Capital Outlay by Fund

Ms. James explained that Capital Expenditures by Fund will decrease overall by approximately \$35,000,000, or 46.3%, due in part to the near completion of large projects, including the Sportsplex and Waste Water Treatment Plant.

	<u>FY24</u>	<u>FY25</u>
General Fund	\$1,736,888	\$1,386,208
Special Revenue Funds	\$2,984,500	\$807,000
Capital Project Funds	\$42,279,558	\$19,682,354
Enterprise Funds	\$30,023,755	\$19,418,929
<u>Internal Service Funds</u>	<u>\$31,000</u>	<u>\$50,000</u>
Total	\$77,055,701	\$41,344,491

Top 9 Capital Improvement Projects

Ms. James reviewed the top nine Capital Improvement Projects, including their funding source, and noted the City’s share of funding for those projects that are shared with other entities. The projects will account for 67.5% of the total capital expenditures for all funds.

	<u>Project / Funding Source</u>	<u>Cost</u>	<u>FY25 Expenditures</u>
1.	Kearney SportsPlex Voter approved GO Bonds/Other Funds	(\$46,500,000)	\$10,183,888
2.	Airport Reconstruct Apron Federal CDF Funds / BIL Funds	(\$8,750,000)	\$5,947,002
3.	WWTP Upgrade 1% Clean Water SRF Loan / Combined Utilities Revenue Bond	(\$39,000,000)	\$5,000,000
4.	Highway 30 & University Drive UNK Funds / NDOT Funds / Special Sales Tax City's Share is \$301,316	(\$3,256,580)	\$3,256,580
5.	30 th Avenue Overpass Repairs Special Sales Tax	(\$1,770,000)	\$1,770,000
6.	Cottonmill Road Replacement County Funds / General / Special Sales Tax County's share \$275,000	(\$552,792)	\$552,792
7.	Lead Service Line Replacement 0% Drinking Water SRF Loan / NDEE Grant	(\$4,066,550)	\$495,000
8.	Centennial Park Playground Upgrade Donation	(\$400,000)	\$400,000
9.	Memorial Field Turf Replacement Special Sales Tax	(\$307,158)	\$307,158
	Total		27,912,420

Debt Service (Principal Only)

Ms. James described the various Bonds and stated new debt is not anticipated in the coming year.

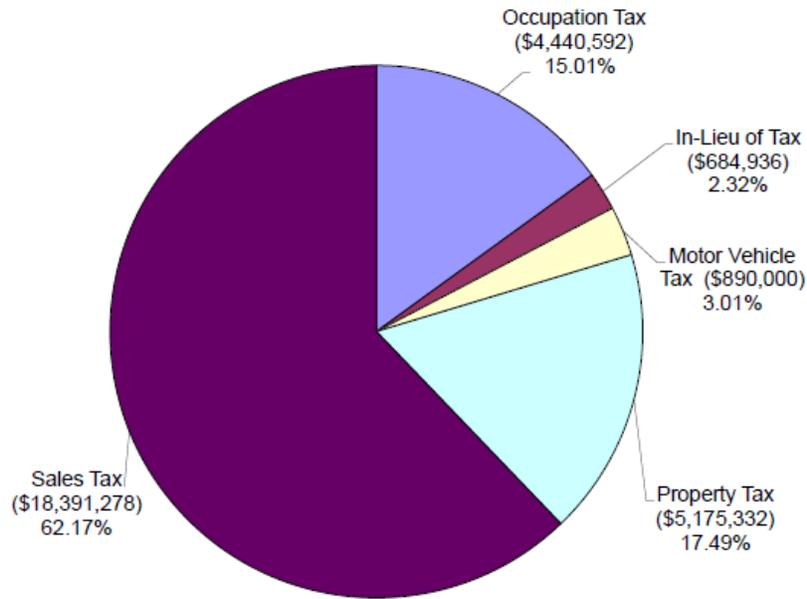
	<u>Public Safety Bonds</u>	<u>Various Purpose Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
Beginning	\$2,820,000	\$51,927,403	\$62,291,624	\$117,039,027
Payments	(\$240,000)	(\$1,806,083)	(\$3,081,466)	(\$5,127,549)
New Debt	\$0	\$0	\$0	\$0
Ending	\$2,580,000	\$50,121,320	\$59,210,158	\$111,911,478
Net Change	(\$240,000)	(\$1,806,083)	(\$3,081,466)	(\$5,127,549)

Projected Revenues by Source

Ms. James reviewed the Projected Revenues for the upcoming fiscal year and stated they are estimated to decrease by 8% or \$9,000,000.

	<u>FY24</u>	<u>FY25</u>
Taxes	\$27,795,322	\$29,582,138
Licenses & Permits	\$508,955	\$540,550
Charges for Services	\$37,672,656	\$39,534,623
Fines	\$12,200	\$12,200
Special Assessments	\$522,100	\$510,160
Interest	\$2,525,775	\$2,256,493
Internal Services	\$9,355,304	\$10,473,990
Miscellaneous	\$9,164,872	\$5,476,758
<u>Intergovernmental – State</u>	<u>\$5,636,374</u>	<u>\$8,350,912</u>
Subtotal	\$93,193,558	\$96,737,824
Bond Proceeds	\$19,000,000	\$1,174,400
<u>Grants</u>	<u>\$3,609,821</u>	<u>\$8,702,243</u>
Total	\$115,803,379	\$106,614,467

City of Kearney Tax Revenues by Source
2024-2025



2024 Proposed Property Tax Request

Ms. James noted final property tax valuations are received in August from the County. The City is estimating a 4% growth in property taxes, which equates to the City receiving \$198,000 in property taxes in the upcoming fiscal year based on our levy; there will be no change in the property tax levy, keeping Kearney’s levy the lowest of any First-Class City in the State.

City of Kearney Valuation

New Construction / Existing (est. 4% growth) \$3,470,356,733

Property Tax Request

General Fund property tax	\$4,876,990
Public Safety TAB property tax	<u>289,330</u>
Total Property Tax Request	\$5,166,320

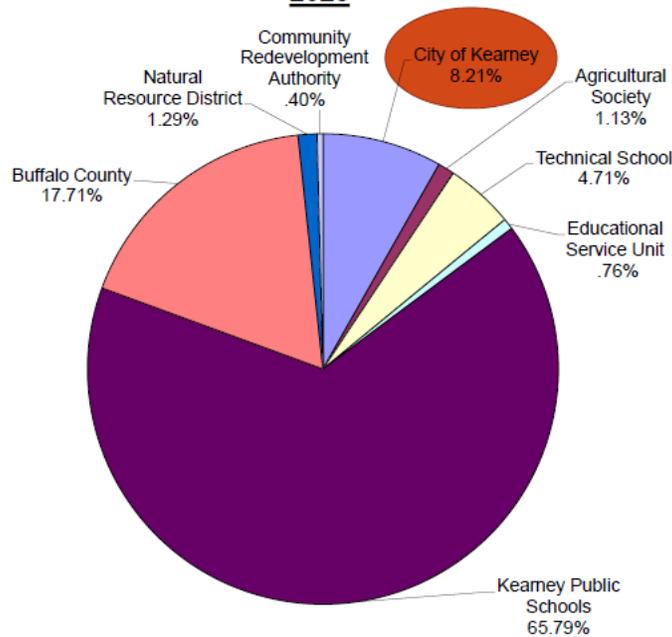
Property Tax Levy

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

City of Kearney is still the lowest levy for First Class Cities in the State

Next Highest – Scottsbluff @ .209562	40.77% higher
Fremont @ .278497	87.07% higher

Kearney City Property Tax Distribution
2023



Sales Tax Revenue

Ms. James stated the one-cent sales tax revenue is estimated to be approximately \$12,000,000 next fiscal year. The ½-cent sales tax, which is used for Capital Improvement Projects, is estimated at approximately \$6,000,000. Total estimated sales tax for the next fiscal year is project to increase 3%.

	<u>Actual</u>	<u>Est. Actual</u>	<u>Proposed</u>
	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
<u>One Cent Sales Tax:</u>	\$11,325,170	\$11,894,072	\$12,260,852
(Property Tax Relief)			
 <u>½ Cent Sales Tax:</u>	 \$5,662,585	 \$5,947,036	 \$6,130,426
(Capital Impr/Equip)			
 Total	 \$16,987,755	 \$17,841,108	 \$18,391,278

Fund Balance

Ms. James explained the City’s policy on the percentage of the fund balance maintained yearly and its importance, as it affects many things, including the City’s bond rating.

Council Member Randy Buschkoetter asked if adjusting the Fund Balance Policy would increase the City’s bond rating. Ms. James explained the last bond rating the City received was an A+ rating, noting the other variables in how a rating is achieved and stating an adjustment to the policy would most likely not make a difference in raising the City’s rating.

Comprehensive Fee Schedule Changes

Ms. James noted the Comprehensive Fee Schedule was not included in the packet as changes were still being made when the packet was sent. Ms. James reviewed the Comprehensive Fee Schedule, noting the fees that will not increase in the upcoming fiscal year and those that will.

City Manager Brenda Jensen noted an increase in Other Commercial Hauler's fees last fiscal year. Therefore, the City’s fees will increase in the upcoming fiscal year as part of the Utility Department's effort to create equal fees for all landfill users.

Landfill

<u>Tipping Fee (uncompacted waste)</u>	
\$42.00 per ton	No Increase
<u>Tipping Fee (compacted waste)</u>	
Increased City from \$27.50 to \$35.00 per ton	27.3% Increase
Other Commercial Haulers \$35.00 per ton	No Increase

Sanitation – Collection

Increased from \$16.00/month to \$17.00/month	6.0% Increase
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Sanitary Sewer

Year 3 of 5 to pay for Wastewater Treatment Plant Upgrade	7.5% Increase
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Water

7.5% Increase

Stormwater Utility

No Increase

Other Notable Items

Ms. James discussed other notable items that make Kearney different including operating with the same levy limit for the past seven years in addition to continuing to operate without state aid or municipal equalization funding.

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

Update on the SportsPlex

Mayor Clouse opened Agenda Item 2 to receive a Staff update on the SportsPlex. This presentation was for informational purposes only.

Lauren Brandt, SportsPlex Manager, reviewed the proposed revenues and expenses for Fiscal Year 2024-2025, noting that the City is projecting first-year revenues of \$590,000 and projected expenses of \$1,125,996. Ms. Brandt noted that KENO funds will be used to help offset the difference in revenues and expenses.

Ms. Jensen explained that KENO funds have been used in the past to help offset losses at Meadowlark Hills Golf Course and the Airport and noted that property tax and sales tax funds will not be used to help offset the difference. Council Member Jonathan Nikkila asked for the annual revenue for KENO funds. Ms. James stated they are approximately \$900,000.

Ms. Brandt stated that the Sportsplex's projected opening is in March 2025, with the first events being held in April 2025. The opening will be at the end of the peak indoor event season, which will allow the facility to become fully operational and well-experienced before the start of the 2025 peak season.

Mayor Clouse asked if the proposed budget for the SportsPlex was in line with similar facilities. Ms. Brandt confirmed that it is, further explaining that fully autonomous maintenance and janitorial equipment purchased for the facility will likely help reduce these expenditures. Ms. Brandt reviewed hourly rates, noting that they have not changed since the initial presentation.

Mayor Clouse and Council Members thanked Ms. Brandt for the presentation.

VIII. ADJOURN

Moved by Clouse seconded by Nikkila that Council adjourn at 8:11 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**