

*Kearney, Nebraska
July 7, 2020
7:00 a.m.*

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 7:00 a.m. on July 7, 2020 in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Lauren Brandt, City Clerk; Council Members Randy Buschkoetter, Bruce Lear, Tami James Moore and Jonathan Nikkila. Absent: None. Michael Morgan, City Manager; Wendell Wessels, Director of Finance; Jena Bice, Assistant Director of Finance; Tony Jelinek, Director of Utilities; Rod Wiederspan, Director of Public Works; Bryan Waugh, Chief of Police; Jason Whalen, Fire Administrator; Shawna Erbsen, Administrative Services Director; Brenda Jensen, Development Services Director; Matt Williams, Library Director; Jim Lynaugh, Airport Manager; and Scott Hayden, Park and Recreation Director 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.

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 2020-2021 BUDGET

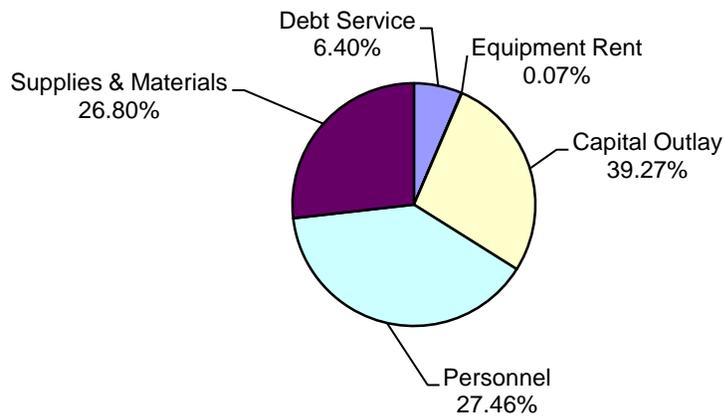
Finance Director Wendell Wessels and City Manager Michael Morgan presented an overview of the 2020-2021 budget that addressed expenditures, personnel, capital outlay, debt service, revenues, property taxes, sales taxes, fund balance and miscellaneous items. The following was the presentation:

Finance Director stated there is an approximate \$1,000,000 increase over last year's General Fund; approximately \$550,000 of that increase is related to Capital items that are included in the budget. There is roughly \$2,000,000 in the General Fund Capital Budget for next year. The Special Revenue Fund is down 12% due to a lower dollar amount budgeted for Transportation next year. Debt Service Funds are down slightly due to Bond Anticipation Notes being paid off for the road constructed at Patriot Park and Enterprise Funds have increased approximately 69% over last year. Approximately 54% of next year's budget will be for operating costs and 46% will be for Capital in debt. The overall budget will increase 16% over last year.

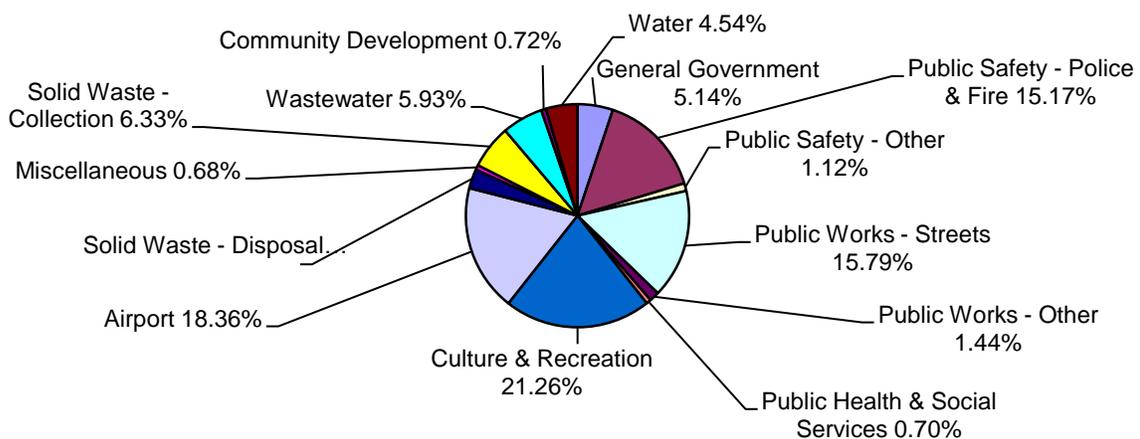
Proposed Expenditures

Expenditures:	<u>FY20</u>	<u>FY21</u>
▪ General Fund	\$25,269,124	\$26,346,067
▪ Special Revenue Funds	\$6,634,183	\$5,837,221
▪ Capital Project Funds	\$20,321,899	\$20,607,422
▪ Debt Service Funds	\$3,022,243	\$1,957,266
▪ Enterprise Funds	\$21,308,616	\$36,039,744
▪ Internal Service Funds	\$8,141,046	\$8,196,152
▪ <u>Fiduciary Funds</u>	<u>\$716,237</u>	<u>\$716,237</u>
Total	\$85,413,348	\$99,700,109

All Funds by Object



Budget by Function



Finance Director explained there will not be a proposed pay increase for personnel this year and noted the additional positions at the Airport will be filled as needed.

Personnel

- 0% Pay Plan Adjustment – Governmental Funds \$0
- 0% Pay Plan Adjustment – Proprietary Funds \$0
- Total 0% Pay Plan Adjustment \$0
- Position additions/removals:
 - Added full-time FBO Administrative Clerk – Airport
 - Added three part-time Aviation Services Technicians – Airport

Capital Outlay

- General Fund \$1,961,506
- Special Revenue Funds \$697,015
- Capital Project Funds \$17,684,462
- Enterprise Funds \$17,950,462
- Internal Service Funds \$110,000

Total \$38,403,445

Finance Director stated the following projects are the top ten capital outlay projects. Mr. Morgan explained the budget for the upcoming projects, is overall, considerably less than it appears as some projects will be funded through other agencies, the CARE'S Act and/or donations; only items 4, 6 and 9 will come solely from the City's budget. Council Member Jonathan Nikkila questioned if stormwater improvements come solely from the City's budget? Mr. Morgan stated the money for that item has already been saved and is not for any one specific project.

Capital Outlay – Top Ten Projects (in value)

1. Tennis Recreation Facility \$8,800,000
2. Taxiway A & Connecting Taxiways (FAA) \$7,080,785
3. Airport Terminal Addition (FAA) \$4,500,000
4. Avenue N, 28th Street to 39th Street \$2,732,876
5. 2nd Avenue Overpass Improvements \$1,643,864
6. WWTP Phase II \$1,421,363
7. Western NE Property Development 3rd Add \$1,202,881
8. Two Airport T-Hangers (FAA) \$800,000
9. 31st Street, Avenue D to Avenue G \$589,630
10. Stormwater Improvements \$580,000

Debt Service (principal only)

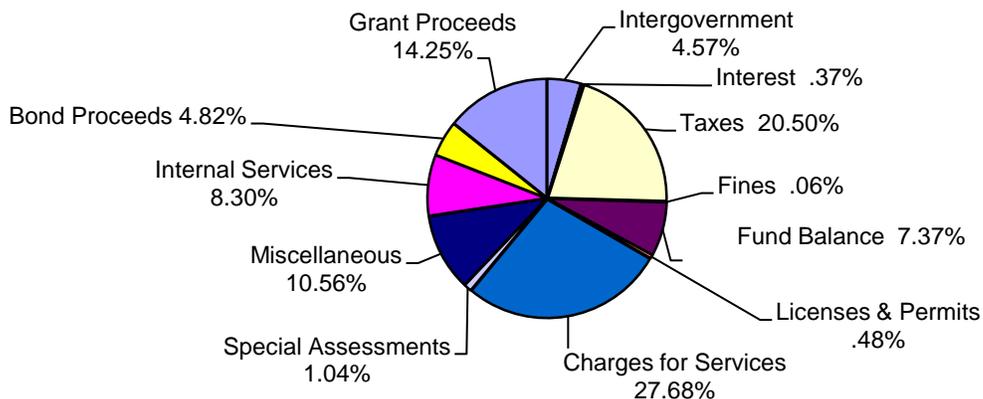
	<u>Public Safety</u>	<u>Various Purpose</u>	<u>Revenue</u>	<u>Total</u>
Beginning	\$3,990,000	\$25,015,000	\$22,266,629	\$51,271,629
Paid off	(\$305,000)	(\$3,170,000)	(\$1,690,940)	(\$5,165,940)
New debt	\$0	\$2,853,777	\$1,950,026	\$4,803,803
Ending	\$3,685,000	\$24,698,777	\$22,525,715	\$50,909,492
Net change	(\$305,000)	(\$316,223)	\$259,086	(\$362,137)

Finance Director explained tax income will drop 2.59%. Approximately \$11,500,000 of grants will be received from the FAA and Miscellaneous includes the donation received for the Tennis Recreation Facility. The Intergovernmental – State amount will change once the City receives the amount set by the State for gas tax.

Proposed Revenues

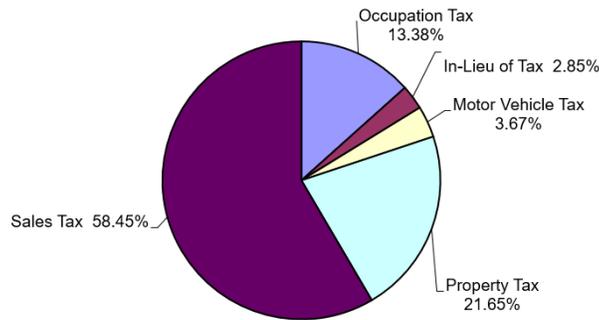
Revenues:	<u>FY 20</u>	<u>FY 21</u>
▪ Taxes	\$20,962,379	\$20,438,944
▪ Licenses & permits	\$565,800	\$480,200
▪ Charges for services	\$25,007,909	\$27,596,001
▪ Fines	\$62,750	\$55,400
▪ Special assessments	\$1,606,990	\$1,036,770
▪ Interest	\$628,145	\$373,861
▪ Bond proceeds	\$1,705,000	\$4,803,803
▪ Grants	\$2,723,500	\$14,208,467
▪ Internal services	\$8,283,288	\$8,278,148
▪ Miscellaneous	\$9,623,812	\$10,527,019
▪ <u>Intergovernmental – State</u>	<u>\$4,628,799</u>	<u>\$4,554,429</u>
Total	\$75,798,372	\$92,353,042

All Funds by Source



Mr. Morgan questioned what total revenues are for the Occupation Tax? Finance Director stated \$2,735,000. Mr. Morgan stated the State cut approximately 6% of the City's revenue that came from State aid.

Tax Revenues by Source



Finance Director stated the total property tax levy will be the same as the current fiscal year which continues to be the lowest in the State; Scottsbluff is the next lowest at 21.6 cents.

Proposed Property Tax Request

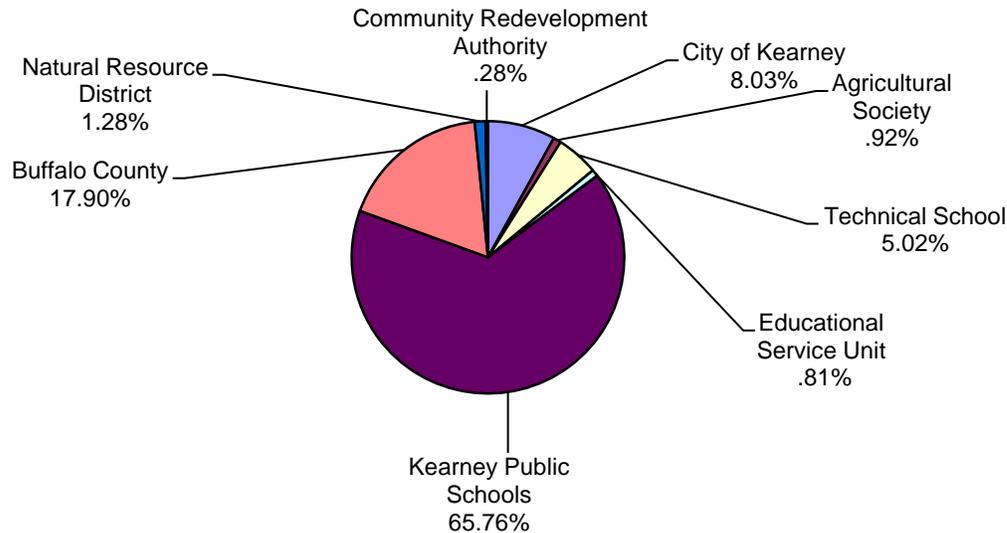
City of Kearney valuation (est. 4.00% growth)	\$2,965,048,947
General Fund property tax requirement	\$4,053,795
Public Safety TAB Fund property tax requirement	\$360,273
Total property tax requirement	\$4,414,068
Total property tax levy (per \$100)	\$0.14887

Change over FY20:

Total property tax requirement (4.00% increase)	\$169,772
Total property tax levy (per \$100) (0.00% increase)	\$0.0000
Taxes on a \$200,000 home	\$297.74

Finance Director stated for every \$1,000 paid in property taxes to the County Treasurer, the City receives \$80.30.

Property Tax Distribution – 2019

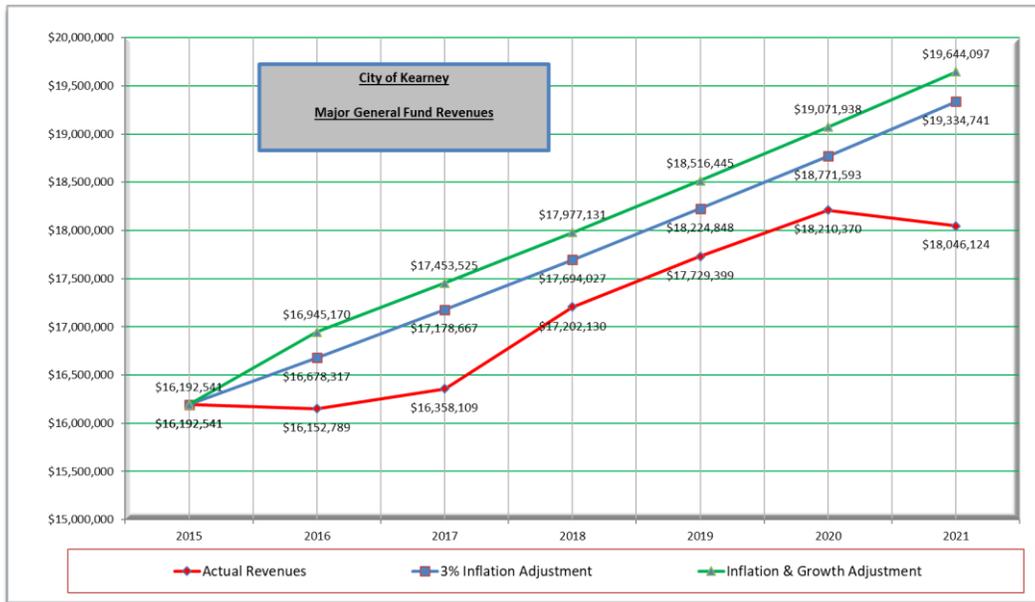


Finance Director stated that sales tax revenue collections were coming in good through February, the City was up about 12% over the year before which is helping to offset the losses that are expected for the remainder of the year as sales taxes in March were down around 9% and April was down about 22%. Mayor Stanley Clouse stated the CARES Act funding will help offset some of the loss. Mr. Wessels stated he included the Nebraska Advantage Act reimbursements that came out of the City’s sales tax and noted next year the payment will be substantially less than this year. Mayor Clouse questioned if the City knows what dollar amount will be paid for the Nebraska Advantage Act? Mr. Morgan stated that the City does know in advance and further stated the Act is a moving target at this point as it is set to expire this year; however, Senators are reevaluating it as it is the best economic development the State of Nebraska has.

Sales Tax Revenues

	<u>Actual FY 19</u>	<u>Est. Actual FY 20</u>	<u>Proposed FY 21</u>
One cent sales tax			
General Fund	\$6,660,834	\$6,661,978	\$6,371,995
Street Improvement Fund	\$1,387,951	\$1,228,159	\$666,614
Various Purpose Bond Fund	\$277,257	\$437,336	\$926,386
Subtotal	\$8,326,042	\$8,327,473	\$7,964,995
One-half cent sales tax	\$4,163,021	\$4,163,736	\$3,982,497
Total sales tax	\$12,489,063	\$12,491,209	\$11,947,492
Nebraska Advantage Act	\$25,362	\$278,126	\$36,087

Major General Fund Revenues



Comprehensive Fee Schedule Changes

- **Police**
Adjusted various fees
- **Development Services**
Adjusted various fees
- **Park & Recreation**
Adjusted various fees
- **Solid Waste – Collection**
Utility rates increased 3%
- **Wastewater**
Utility rates increased 3%
- **Water**
Utility rates increased 3%
- **Airport**
Agriculture land cash rents adjusted

Fund Balance

The following Funds do not meet the current Fund Balance Policy:

- Golf Fund deficit – \$259,246 (target is 25% of operating expenses)
- Water Fund deficit - \$96,827 (target is 25% of operating expenses)

Other Notable Items

- Project Honor funding source/use for FY21:
 - Economic Development Fund - \$250,000
 - (Community Services - \$100,000)
 - (Workforce Factors - \$150,000)

Finance Director stated the City is not planning on spending anything from the General Fund until after January 1, 2021. Mr. Wessels stated the City will examine where we are at, at the end of the year and adjust the General Fund if needed.

Mr. Morgan, in review, stated the City has been very conservative with the budget and are in a good place; including health insurance funds so there will not be an increase this year. Additionally, the City still has the lowest property tax. The City has good indicators from the GBOT funds as to how hard the City has been affected by COVID and sales tax receipts are expected to show a decrease in May and June. Mr. Morgan stated the Airport has been subsidized by the General Fund; however, this year, the CARES Act will assist with this funding. The City will likely be receiving \$75,000 to \$80,000 in funding from the State for COVID expenses. Additionally, the City will be investing in Airport improvements to assist in bringing in more revenue. The second Denver flight began July 6th and enplanements are starting to increase. Compute North will be increasing to 70 megawatts which will generate a \$1,100,000 payment to the City; that payment is not included in the budget that was presented today except for approximately \$500,000 set aside for Transportation.

Council Member Jonathan Nikkila questioned if anyone knew what is forecasted for State revenues? Mr. Morgan stated Nebraska is not as bad as other states.

Mr. Morgan stated overall, the City of Kearney is in a good place and the future looks promising as the new hotel as well as all the other businesses in Kearney get back to normal.

Mayor Clouse thanked Staff for all the work that has been done on the budget.

ADJOURN

Moved by Clouse seconded by Nikkila that Council adjourn at 7:49 a.m. Roll call resulted as follows: Aye: Clouse, Lear, Nikkila, Moore, Buschkoetter. Nay: None. Motion carried.

ATTEST:

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

**LAUREN BRANDT
CITY CLERK**