

Kearney, Nebraska
September 13, 2021
5:30 p.m.

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 5:30 p.m. on September 13, 2021 in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Lauren Brandt, City Clerk; Council Members Randy Buschkoetter, Tami James Moore and Jonathan Nikkila. Absent: Bruce Lear. Michael Morgan, City Manager; Michael Tye, City Attorney; Wendell Wessels, Director of Finance; Eric Hellriegel, Assistant City Manager; Jena Bice, Assistant Finance 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.

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.

CONDUCT A PUBLIC HEARING ON THE CITY OF KEARNEY BUDGET FOR THE 2021-2022 FISCAL YEAR

Mayor Clouse opened the public hearing on the City of Kearney Budget for the 2021-2022 Fiscal Year.

Wendell Wessels, Finance Director, presented the 2021-2022 budget that addressed Expenditures, Personnel, Capital Outlay, Debt Service, Revenues, Property Taxes, Sales Tax Revenues, Fund balance and Miscellaneous items.

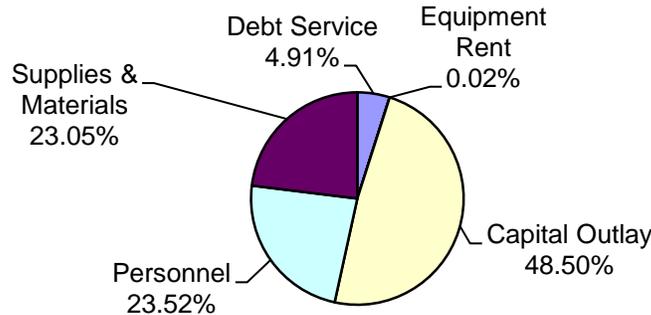
Mr. Wessels stated the increase in Special Revenue Funds is due to receiving the first payment of American Rescue Plan Act (ARPA) funding, which will be used for water and sewer projects next year. Enterprise Funds had the biggest increase at approximately \$22,000,000 due to three (3) major projects: the new Water Tower and all thing included with the Water Tower project on Avenue N; Waste Water Treatment Plant Phase II and the Airport Terminal project. The overall budget total is \$129,039,797, of that approximately \$60,000,000 is for Operating and the remaining approximate \$69,000,000 is for Capital and Debt.

City of Kearney Proposed Expenditures:

Expenditures:	<u>FY21</u>	<u>FY22</u>
▪ General Fund	\$26,437,510	\$29,881,385
▪ Special Revenue Funds	\$5,702,221	\$8,624,198
▪ Capital Project Funds	\$20,597,628	\$21,895,543
▪ Debt Service Funds	\$1,957,266	\$1,766,098
▪ Enterprise Funds	\$35,935,634	\$57,894,315
▪ Internal Service Funds	\$8,196,152	\$8,265,869
▪ Fiduciary Funds	\$716,237	\$712,389
Total	\$99,542,648	\$129,039,797

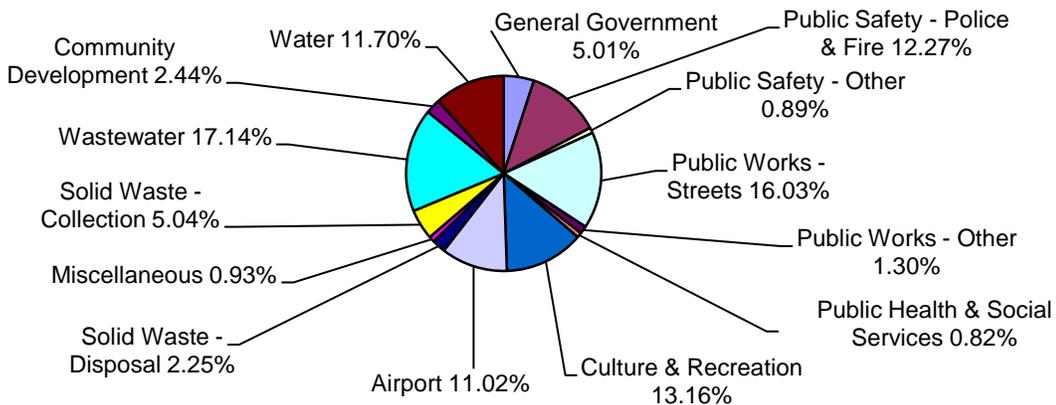
Mr. Wessels noted approximately 47% of the Budget is for Operating and 53% is for Capital and Debt.

City of Kearney All Funds by Object



Mr. Wessels reviewed the largest categories for Budget by Function which included: Waste Water due to the Treatment Plant upgrade; Public Works for streets; Culture and Recreation; and Police. The top four (4) categories are approximately 58% of the overall budget.

City of Kearney Budget by Function



Mr. Wessels stated there will be a 4% Pay Plan Adjustment and reviewed the position additions in the upcoming year. Health insurance premiums will decrease 10% on January 1, 2022 saving the City approximately \$310,000. He noted there will be 27 pay periods next year which will add approximately \$1,000,000 to the budget.

City of Kearney Personnel

▪ 4% Pay Plan Adjustment – Governmental Funds	\$557,398
▪ 4% Pay Plan Adjustment – Proprietary Funds	<u>\$234,866</u>
Total 4% Pay Plan Adjustment	\$792,264
▪ Position additions/removals:	
Added two Police Officers – Police Services	
Added Recreation Leader – Tennis Center	
Added two Recreation Monitors (PT) – Tennis Center	
Added Facilities Maintenance Worker – Park	
Added Equipment Operator – Sanitation	
Added Utilities Maintenance Worker - Water	

City of Kearney Capital Outlay

• General Fund	\$1,908,443
• Special Revenue Funds	\$577,500
• Capital Project Funds	\$18,419,529
• Enterprise Funds	\$38,252,142
• Internal Service Funds	<u>\$15,000</u>
Total	\$59,172,614

Mr. Wessels reviewed the Top Ten Projects in depth: the amount included for the Waste Water Treatment Plant Phase II is the amount paid out next year, the total project cost is approximately \$21,500,000 and will be paid over several years. Phase II is funded through an SRF loan with a ½% interest rate. The new Airport Terminal will be paid entirely with CARES Act funds; Northeast Kearney 2MG Water Tower total project cost is \$8,000,000 and will also be spread out several years. This project is being funded by a 0% SRF loan. The Tennis Recreation Facility has a total project cost of \$9,000,000 and is being paid for by donations and a Civic and Community Center Financing Fund Grant.

Council Member Jonathan Nikkila had a question regarding the amount shown for the Northeast Kearney 2MG Water Tower and if \$6,100,000 was going to be spent in the 2021-2022 Budget followed by \$2,000,000 spent in the 2022-2023 Budget? Mr. Wessels agreed and explained the new water tower is approximately \$6,000,000; the remaining amount pertains to the cost of painting the other water towers along with booster pumps and piping.

Mr. Wessels stated the amount noted for Talmadge Street to Yanney Avenue has changed and is now lower due to the receipt of a lower bid; therefore, the overall cost, including engineering services, will be approximately \$1,800,000 and will be split 50/50 between the City and the County.

Council Member Nikkila questioned if the total project cost is \$1,800,000 or if that is just the City's share? Mr. Wessels stated that it is the total project cost. He stated the amount for Talmadge Street to Yanney Avenue for the sewer main will be lower as the bid came in at approximately \$1,200,000. Council Member Nikkila questioned if the sewer main was being paid with Federal funding? Mr. Wessels stated it would be paid for with ARPA funds. He further noted the water main, inadvertently not shown on the Top Ten Projects list, will be approximately \$1,300,000 and will also be paid for with ARPA funds. Mayor Clouse stated that the approximate \$2,700,000 for sewer and water will be paid for with ARPA funds and paving costs will be split with the County; Mr. Wessels agreed. Council Member Nikkila questioned if the Talmadge Street extension was approximately $\frac{3}{4}$ of a mile? Michael Morgan, City Manager agreed and stated that it will also include the Yanney Avenue extension which is 37-feet with curb and gutter. He stated water and sewer costs are high due to the dewatering that will need to occur in the area.

Mr. Morgan stated the money for the 2nd Avenue Overpass Improvement project remains in a fund. A prior bid for the project came in at \$2,700,000; the City will most likely request a new bid before moving forward.

City of Kearney Capital Outlay – Top Ten Projects (in value)

1. WWTP Phase II	\$14,473,188
2. New Airport Terminal (FAA)	\$8,250,000
3. Northeast Kearney 2mg Water Tower	\$6,100,000
4. Tennis Recreation Facility	\$4,000,000
5. Talmadge Street to Yanney Avenue	\$2,446,040
6. 2 nd Avenue Overpass Improvements	\$1,982,086
7. 11 th Street, Avenue A to Avenue F	\$1,500,000
8. Avenue N, 28 th Street to 39 th Street	\$1,500,000
9. Talmadge Street to Yanney Ave Sewer Main	\$1,466,072
10. 31 st Street, Avenue G to Avenue L	\$870,000

Mr. Wessels stated the City will begin the fiscal year with approximately \$50,000,000 in debt; approximately \$5,400,000 will be paid off between the three (3) bond types. The Various Purpose new debt amount will decrease to approximately \$900,000 because of the lower bid for Talmadge Street and the County paying cash for their share of the project; the ending balance will therefore be approximately \$2,000,000 less.

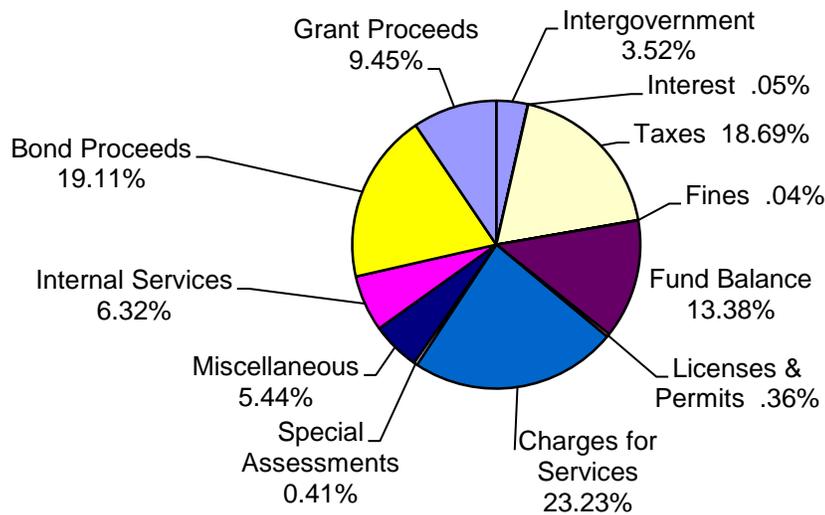
City of Kearney Debt Service (Principal Only)

	<u>Public Safety</u>	<u>Various Purpose</u>	<u>Revenue</u>	<u>Total</u>
Beginning	\$3,685,000	\$24,698,777	\$21,420,393	\$49,804,170
Paid off	(\$305,000)	(\$3,303,600)	(\$1,812,087)	(\$5,420,687)
New debt	\$0	\$2,867,395	\$21,774,698	\$24,642,093
Ending	\$3,380,000	\$24,262,572	\$41,383,004	\$69,025,576
Net change	(\$305,000)	(\$436,205)	\$19,962,611	\$19,221,406

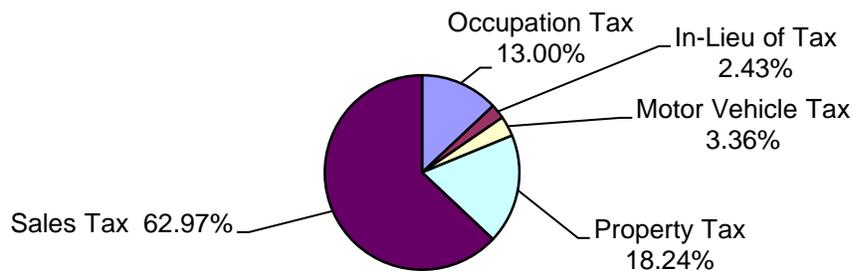
City of Kearney Proposed Revenues

Revenues:	<u>FY 21</u>	<u>FY 22</u>
▪ Taxes	\$20,371,222	\$24,097,286
▪ Licenses & permits	\$480,200	\$460,055
▪ Charges for services	\$27,637,397	\$29,951,912
▪ Fines	\$55,400	\$55,750
▪ Special assessments	\$1,036,770	\$522,800
▪ Interest	\$373,861	\$67,533
▪ Bond proceeds	\$4,803,803	\$24,642,093
▪ Grants	\$14,208,467	\$12,180,345
▪ Internal services	\$8,278,148	\$8,148,467
▪ Miscellaneous	\$10,787,019	\$7,020,932
▪ <u>Intergovernmental – State</u>	<u>\$4,198,868</u>	<u>\$4,544,356</u>
Total	\$92,231,155	\$111,691,529

City of Kearney All Funds by Source



City of Kearney Tax Revenues by Source



Mr. Wessels noted when the Budget was initially reviewed in July, the estimated growth in valuation was 4%; actual growth came in at 0.85%. He stated the tax levy will remain the same at \$0.14887 and noted 30 years ago it was \$0.51; the drop occurred because of the 1¢ Sales Tax. The City of Kearney remains the lowest in the State.

Mr. Morgan discussed the 3% growth number that the Legislature and Governor have been recently discussing. Should these discussions occurring at the State level become approved through a bill limiting 3% growth for municipalities, this could be troublesome for the City of Kearney. Especially if there should be a flat sales tax year or a reduction in sales taxes. Mr. Morgan urged that at some point there has to be a change in the structure of State property taxes to reflect communities that have a low property tax. This is very concerning for Kearney. He noted the City of Kearney does not receive any municipal equalization money.

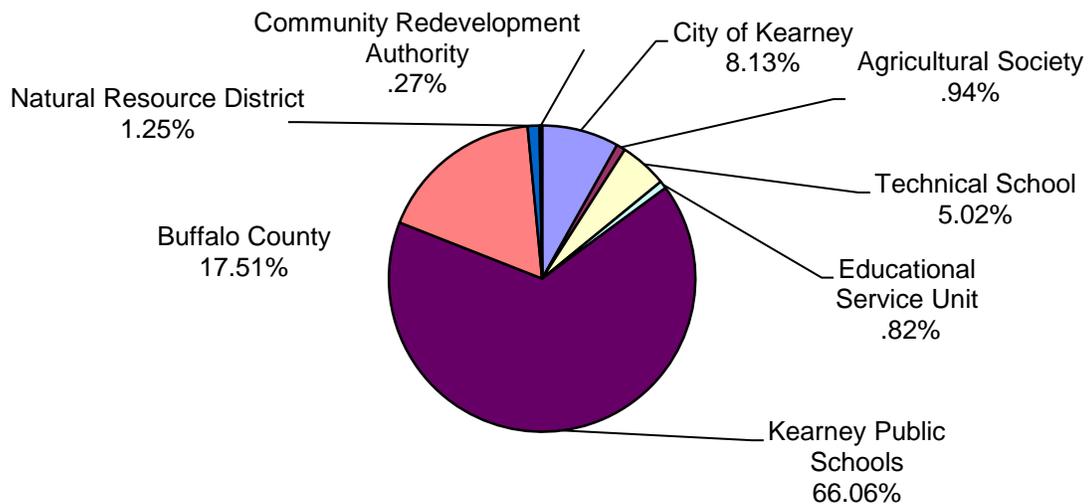
Through the passage of the half cent sales tax nearly 17 years ago, the City was able to take pressure off of the General fund and fund several others projects with this use of this tax. The City is in a tremendous financial position going forward, property taxes are lowest in the State and the levels of City service are high. Mr. Morgan noted that taxes were barely raised once in the past 17 years and then lowered back down a few years ago. He stated the only real concern with the budget is the potential Legislative impact with respect to property taxes and limiting 3% growth. If sales taxes were down and property taxes could only be raised 3%, it would result in a tough situation. Mr. Wessels stated other cities with higher levies that increase taxes by 3% would see an increase, but cities with low levies would barely see any increase. The 0.85% is not alarming to the City because our property tax is so low, but this percentage was shocking to the school district and impacted them significantly. Mr. Morgan stated overall that the City is in great shape and he is very appreciative of Mr. Wessels and his staff.

Council Member Tami Moore commented that she attended meetings last week on the two (2) proposals for property tax relief and neither of these proposals are good for Kearney.

City of Kearney Proposed Property Tax Request

City of Kearney valuation (actual 0.85% growth)	\$2,943,772,625
General Fund property tax requirement	\$4,022,212
Public Safety TAB Fund property tax requirement	<u>\$360,182</u>
Total property tax requirement	\$4,382,394
Total property tax levy (per \$100)	\$0.14887
 <u>Change over FY21:</u>	
Total property tax requirement (0.85% increase)	\$36,726
Total property tax levy (per \$100) (0.00% increase)	\$0.0000
Taxes on a \$200,000 home	\$297.74

City of Kearney Property Tax Distribution – 2020

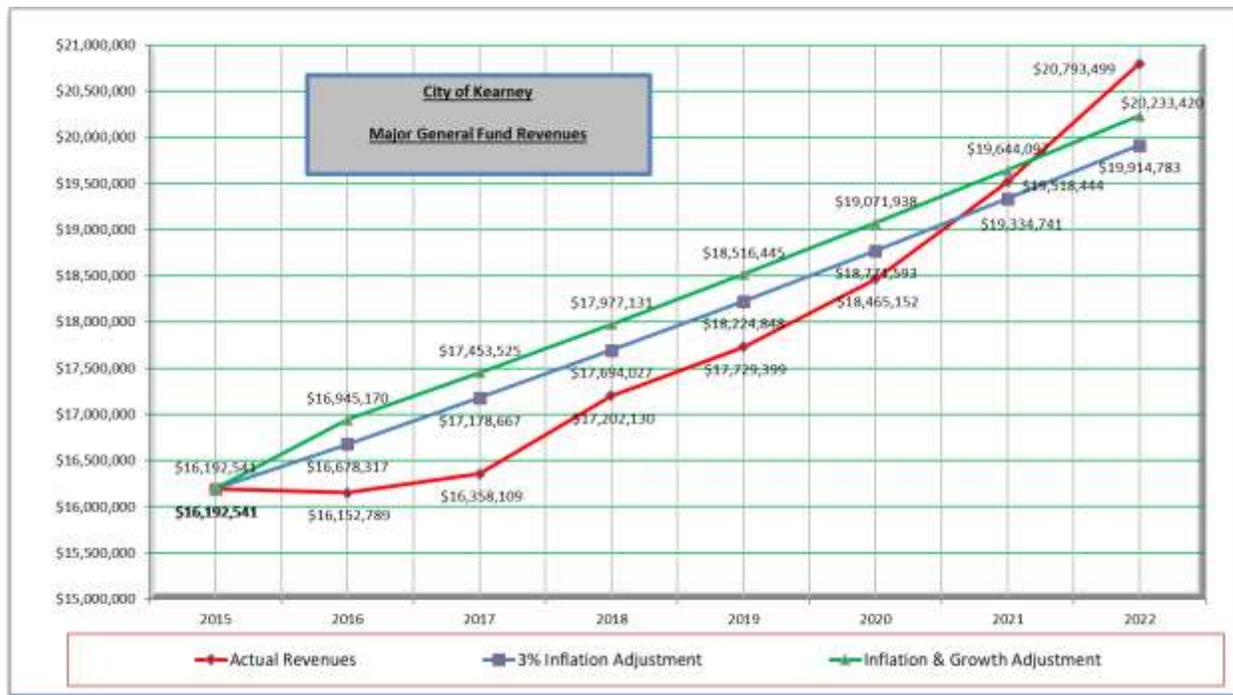


City of Kearney Sales Tax Revenues

	<u>Actual FY 20</u>	<u>Est. Actual FY 21</u>	<u>Proposed FY 22</u>
One cent sales tax			
General Fund	\$6,946,448	\$7,919,849	\$9,104,216
Street Improvement Fund	\$1,280,751	\$828,545	\$815,767
Various Purpose Bond Fund	\$455,861	\$1,151,419	\$195,812
Subtotal	\$8,683,060	\$9,899,813	\$10,115,795
One-half cent sales tax	\$4,341,530	\$4,949,906	\$5,057,898
Total (after NE Adv. Act)	\$13,024,590	\$14,849,719	\$15,173,693
Nebraska Advantage Act	\$278,126	\$36,087	\$9,829
Total (before NE Adv. Act)	\$13,302,716	\$14,885,806	\$15,183,522

Mr. Wessels discussed the chart that Mr. Morgan created and stated it contains the four (4) major revenues: Property Tax; Sales Tax; NPPD lease and Occupation Taxes. Council Member Nikkila questioned if the chart includes the Hotel Occupation tax? Mr. Wessels stated it did not.

City of Kearney Major General Fund Revenues



City of Kearney Comprehensive Fee Schedule Changes

- **Administration**
Added “stormwater ditch and retention cell mowing fee” of \$100/hour
- **Cemetery**
Changed overtime fees for after hour funerals
- **Development Services**
Adjusted various fees
- **Recreation**
Added tennis facility fees
- **Solid Waste – Collection**
Utility rates increased 3%
- **Wastewater**
Utility rates increased 3%
- **Water**
Utility rates increased 3%
- **Airport**
Agriculture land cash rents adjusted
Added new hanger rental fees for hanger T-913

City of Kearney Fund Balance

The following Funds do not meet the current Fund Balance Policy for FY22 which is 25% of operating expenses:

	<u>Required</u>	<u>Estimated</u>	<u>Shortfall</u>
Golf Fund	\$277,077	\$178,428	\$98,649

Mr. Wessels noted this will be the last big payment for the Veterans Home as payments will drop to \$50,000 per year through fiscal year 2034, which is the final year for the City's payment.

City of Kearney Other Notable Items

- Project Honor funding source/use for FY22:
 Economic Development Fund - \$250,000
 (Community Services - \$100,000)
 (Workforce Factors - \$150,000)

Mr. Wessels stated the City is in compliance with the two (2) lids it has being the Lid on Restricted funds and the Levy Lid that is 45¢ per one hundred.

Moved by Nikkila seconded by Moore to close the public hearing on the City of Kearney Budget for the 2021-2022 Fiscal Year. Roll call resulted as follows: Aye: Clouse, Nikkila, Moore, Buschkoetter. Nay: None. Lear absent. Motion carried.

CONDUCT A PUBLIC HEARING ON THE SETTING THE 2021 CITY OF KEARNEY PROPERTY TAX LEVY AT A DIFFERENT AMOUNT THAN THE PRELIMINARY PROPERTY TAX LEVY

Mayor Clouse opened the public hearing on setting the 2021 City of Kearney property tax levy at a different amount than the preliminary property tax levy set for the City of Kearney by the Buffalo County Clerk.

Wendell Wessels, Finance Director, presented this matter to the Council. He stated there is a State Statute that requires the City to have a public hearing to set the actual property tax requirement if it will be different than the current year. The total for next year will be \$4,382,394 and the current year is \$4,345,668 so this hearing is to set the tax rate at \$4,382,394.

There was no one present in opposition to this hearing.

Moved by Moore seconded by Buschkoetter to close the public hearing on setting the 2021 City of Kearney property tax levy at a different amount than the preliminary property tax levy set for the City of Kearney by the Buffalo County Clerk. Roll call resulted as follows: Aye: Clouse, Nikkila, Moore, Buschkoetter. Nay: None. Lear absent. Motion carried.

CONDUCT A PUBLIC HEARING ON THE CITY OF KEARNEY OFFSTREET PARKING DISTRICT NO. 1 BUDGET FOR THE 2021-2022 FISCAL YEAR

Mayor Clouse opened the public hearing on the City of Kearney Offstreet Parking District No. 1 Budget for the 2021-2022 Fiscal Year.

Wendell Wessels, Finance Director, presented this matter to the Council. He stated the Offstreet Parking District No. 1 Budget is very similar to previous years. Total budget expenditures are \$108,901 with total revenues for next year of \$57,000. The year will begin with \$57,781 and the ending fund balance for next year will be \$10,000. Total revenues from property taxes are \$55,870, up \$1,363 or 2 ½% which is the maximum allowable each year. Expenditures of \$108,901 are used for marketing; the City takes care of all Capital requirements for Downtown.

There was no one present in opposition to this hearing.

Moved by Buschkoetter seconded by Clouse to close the public hearing on the City of Kearney Offstreet Parking District No. 1 Budget for the 2021-2022 Fiscal Year. Roll call resulted as follows: Aye: Clouse, Moore, Buschkoetter, Nikkila. Nay: None. Lear absent. Motion carried.

City Manager Report

Mr. Morgan provided the following project updates:

- October 5th is the meeting with the Governor's committee regarding the Turnback Tax. Mayor Clouse will present an overview, Mr. Wessels will present the financial portion and Roger Jasnoch, Paul Younes and Scott Hayden will also be available for questions from the committee.
- Mr. Morgan along with other City staff have met with several Downtown property owners and toured their buildings. Mr. Morgan and City staff are looking into potential engineering support and architectural assistance for Downtown property owners.
- He thanked Buffalo County for their partnership on the extension of Talmadge Street project.
 - There is a lot of strong interest on Patriot Boulevard near Patriot Park and the City is looking into extending the water line, making this area shovel ready.
 - Construction on the Tennis Facility is now occurring on the interior areas.
 - Phase I of Yanney Gardens is near completion; awaiting to hear on grants for additional funding.
 - The Soldier Monument currently located near the MONA parking lot will be moved to Patriot Park.
 - The Veterans' Memorial at the Central Nebraska Veterans' Home is nearly complete.
- Essential Air Service is doing very good. There were 2,500 enplanements last month. The taxi-way project is going well and the addition to the parking lot is concluding.
 - Mr. Morgan will continue holding listening sessions with various user groups;
 - Law Enforcement has changed COVID protocols for their building and weekly meetings have restarted with the medical community, superintendent of KPS, the Mayor as well as other community members. Information from the State is received weekly and

is hard to decipher.

- Pedestrian Hybrid Beacons are installed and operational on 11th and 30th Streets.

VIII. ADJOURN

Moved by Clouse seconded by Nikkila that Council adjourn at 6:31 p.m. Roll call resulted as follows: Aye: Clouse, Buschkoetter, Nikkila, Moore. Nay: None. Lear absent. Motion carried.

ATTEST:

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

**LAUREN BRANDT
CITY CLERK**