

Kearney, Nebraska
September 12, 2022
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 12, 2022 in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Peggy Eynetich, Deputy City Clerk; Council Members Randy Buschkoetter, Tami James Moore, Bruce Lear and Jonathan Nikkila. Absent: None. Michael Morgan, City Manager; Michael Tye, City Attorney; Lauren Brandt, City Clerk; Wendell Wessels, Director of Finance; Kayla James, Director of Finance; Brenda Jensen, Assistant City Manager; Scott Hayden, Director of Recreational Services; Eric Hellriegel, Director of Parks; Andy Harter, Director of Public Works and Nate Mollring, Director of Information Tech 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 2022-2023 FISCAL YEAR

Mayor Clouse opened the public hearing on the City of Kearney Budget for the 2022-2023 Fiscal Year.

Wendell Wessels, Finance Director, presented the 2022-2023 budget that addressed Expenditures, Personnel, Capital Outlay, Debt Service, Revenues, Property Taxes, Sales Tax Revenues, Fund balance and Miscellaneous items.

Mr. Wessels stated the decrease in Special Revenue Funds is due to the American Rescue Plan Act (ARPA) funding, which was used for water and sewer projects last year. Capital Project Funds had the biggest increase at approximately \$22,000,000 due to the Kearney Indoor Sports Complex. Enterprise Funds increased by approximately \$10,800,000 in part because of three (3) major projects: the new Water Tower and all things included with the Water Tower project on Avenue N; Wastewater Treatment Plant Phase II and the Airport Terminal project. The overall budget total is \$167,530,547, of that approximately \$66,000,000 is for Operating costs and the remaining approximate \$101,000,000 is for Capital and Debt.

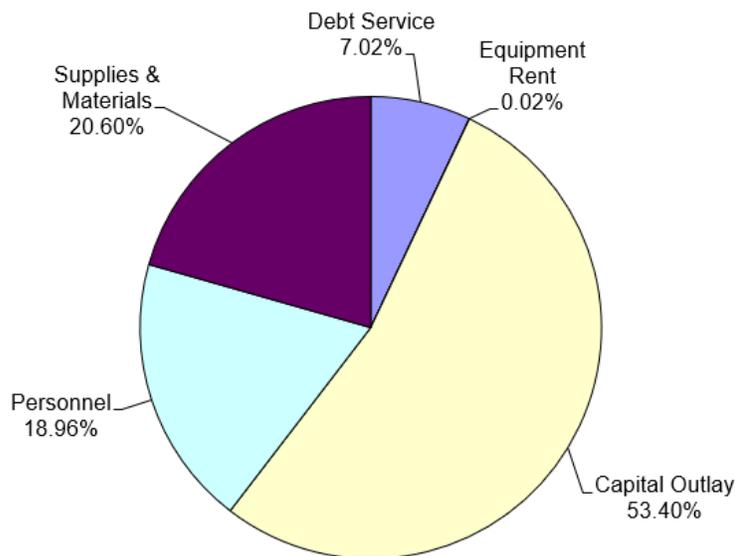
Council Member Jonathon Nikkila had a question regarding the General Fund increase of approximately \$3,500,000. Mr. Wessels explained the increase is primarily due to personnel and operating costs, noting that capital costs remained close to the same as last year.

City of Kearney Proposed Expenditures:

Expenditures:	<u>FY22</u>	<u>FY23</u>
▪ General Fund	\$29,881,385	\$33,449,456
▪ Special Revenue Funds	\$8,624,198	\$6,806,899
▪ Capital Project Funds	\$21,895,543	\$44,131,550
▪ Debt Service Funds	\$1,766,098	\$4,575,407
▪ Enterprise Funds	\$57,894,315	\$68,782,768
▪ Internal Service Funds	\$8,265,869	\$9,072,078
▪ <u>Fiduciary Funds</u>	<u>\$712,389</u>	<u>\$712,389</u>
Total	\$129,039,797	\$167,530,547

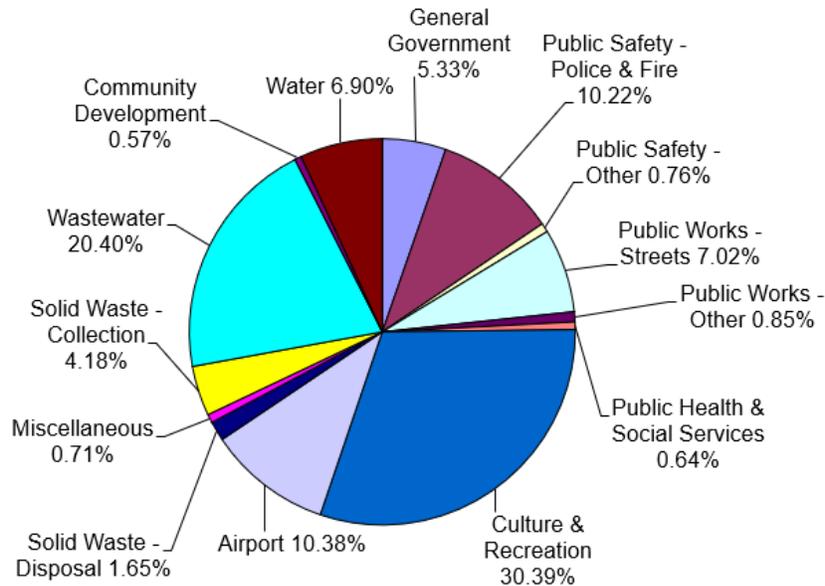
Mr. Wessels reviewed the graph below.

City of Kearney All Funds by Object



The largest categories for Budget by Function which included: Culture & Recreation; Waste Water; Airport; All three of which include large capital projects this year; and Police. The top four (4) categories are approximately 71% of the overall budget.

City of Kearney Budget by Function



There will be a 3.3% Pay Plan Adjustment and Mr. Wessels reviewed the position additions in the upcoming year. He noted there will be no increases in health and dental insurance this year.

City of Kearney Personnel

- 3.3% Pay Plan Adjustment – Governmental Funds \$505,636
- 3.3% Pay Plan Adjustment – Proprietary Funds \$211,106
- Total 3.3% Pay Plan Adjustment \$716,742
- Position additions/removals:
 - Added Facilities Maintenance Worker - Park
 - Removed SCADA Technician – Sanitary Sewer
 - Added Utilities Maintenance Worker, Lead – Water
 - Added Water System Operator, Lead

City of Kearney Capital Outlay

- General Fund \$1,941,072
- Special Revenue Funds \$593,500
- Capital Project Funds \$37,947,741
- Enterprise Funds \$44,723,313
- Internal Service Funds \$44,500
- Total \$85,250,126

Mr. Wessels reviewed the Top Ten Projects in depth: the amount included for the Indoor Sports Complex is the amount paid out next year, the total project cost will be paid over

several years. The new Airport Terminal will be paid entirely with CARES Act funds; Northeast Kearney 2MG Water Tower project will cost \$4,073,000 this year. This project is being funded by a 0% interest State Revolving Fund (SRF) loan. City Manager Michael Morgan noted the increase in construction costs in the past 3 years.

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

1. Indoor Sports Complex (voter approved GO Bonds - \$34,000,000)	\$30,000,000
2. WWTP Phase II (1% CWSRF/Revenue Bond – \$38,655,143)	\$26,174,362
3. New Airport terminal (CARES Act - \$9,049,400)	\$8,000,000
4. NE Kearney 2mg water tower (0% DWSRF - \$5,363,860)	\$4,073,000
5. Yanney Pavilion (grants/donations - \$4,274,133)	\$3,100,000
6. Booster pumps 1 & 2 upgrades (0% DWSRF – \$1,100,000)	\$1,100,000
7. 56 th St & Ave N left turn lanes (SST Fund/Street Impr. Fund)	\$1,100,000
8. 28 th Street, I Ave to L Avenue (SST Fund - \$797,000)	\$797,000
9. Southeast drainage project (Storm Water Utility Fund - \$500,000)	\$500,000
10. Asphalt replacement projects (SST Fund - \$360,000)	\$360,000

The City will begin the fiscal year with approximately \$89,800,000 in debt; approximately \$9,500,000 will be paid off between the three (3) bond types. He explained the new revenue debt of \$31,000,000 is for the Wastewater Treatment Plant upgrades and 2MG Water Tower project.

City of Kearney Debt Service (Principal Only)

	Public <u>Safety</u>	Various <u>Purpose</u>	<u>Revenue</u>	<u>Total</u>
Beginning	\$3,380,000	\$57,094,603	\$29,358,928	\$89,833,531
Paid off	(\$320,000)	(\$6,173,600)	(\$2,980,554)	(\$9,474,154)
New debt	\$0	\$2,960,000	\$31,347,362	\$34,307,362
Ending	\$3,060,000	\$53,881,003	\$57,725,736	\$114,666,739
Net change	(\$320,000)	(\$3,213,600)	\$28,366,808	\$24,833,208

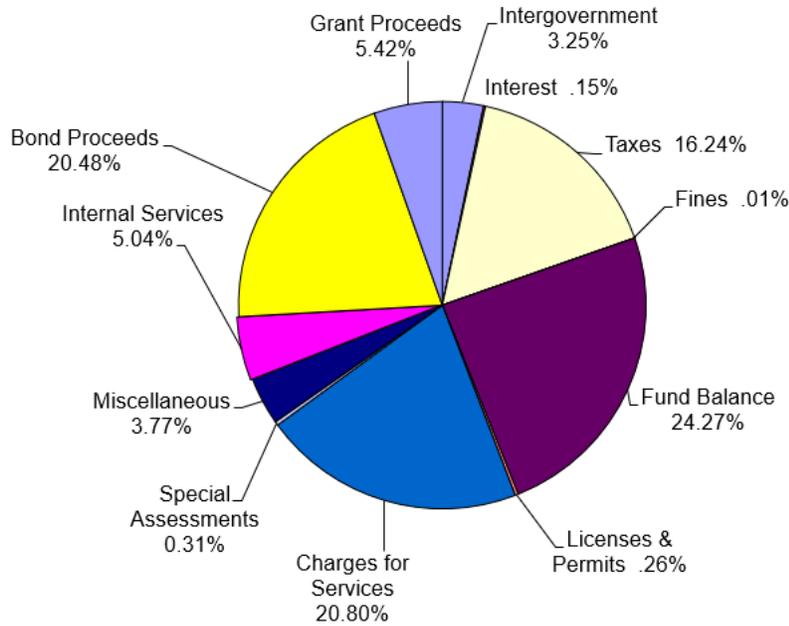
Tax revenues have increased by approximately 12% with the largest portion of tax revenue being sales tax at approximately 65%. The decrease in Fine Revenue was due in part to eliminating fines at the Kearney Public Library.

City of Kearney Proposed Revenues

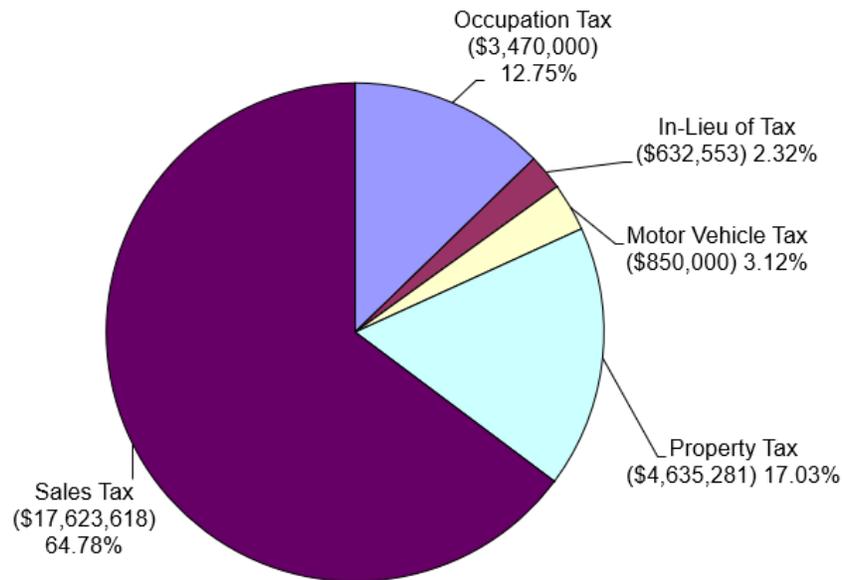
Revenues:	<u>FY 22</u>	<u>FY 23</u>
▪ Taxes	\$24,097,286	\$27,211,452
▪ Licenses & permits	\$460,055	\$434,555
▪ Charges for services	\$29,951,912	\$34,849,974
▪ Fines	\$55,750	\$12,000
▪ Special assessments	\$522,800	\$516,900
▪ Interest	\$67,533	\$249,545
▪ Bond proceeds	\$24,642,093	\$34,307,362
▪ Grants	\$12,180,345	\$9,080,345
▪ Internal services	\$8,148,467	\$8,445,146

▪ Miscellaneous	\$7,020,932	\$6,322,953
▪ Intergovernmental – State	\$4,544,356	\$5,444,440
Total	\$111,691,529	\$126,874,672

City of Kearney All Funds by Source



City of Kearney Tax Revenues by Source

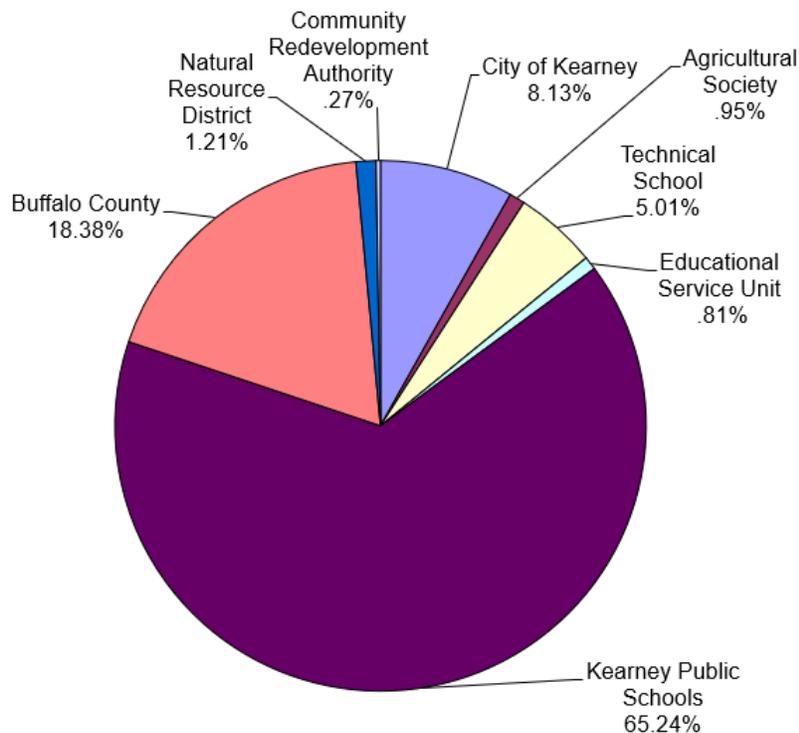


Mr. Wessels detailed the increase in property tax value by approximately 5.5%, clarifying 4.06% is attributable to existing property growth and 1.45% is a result of new construction and annexation growth. He stated the property tax levy would remain the same as the previous fiscal year, noting the next lowest property tax levy for Class A cities in Nebraska is Scottsbluff at approximately 150% the rate of the City of Kearney.

City of Kearney Proposed Property Tax Request

City of Kearney valuation (actual 5.51% growth)	\$3,105,927,796
General Fund property tax requirement	\$4,251,328
Public Safety TAB Fund property tax requirement	<u>\$372,467</u>
Total property tax requirement	\$4,623,795
Total property tax levy (per \$100)	\$0.14887
<u>Change over FY22:</u>	
Total property tax requirement (5.51% increase)	\$241,401
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 – 2021



City of Kearney Sales Tax Revenues

	<u>Actual FY 21</u>	<u>Est. Actual FY 22</u>	<u>Proposed FY 23</u>
One cent sales tax			
General Fund	\$7,964,040	\$9,998,049	\$10,574,171
Street Improvement Fund	\$833,238	\$895,857	\$316,734
Various Purpose Bond Fund	\$1,157,772	\$215,036	\$858,174
Subtotal	\$9,955,050	\$11,108,942	\$11,749,079
One-half cent sales tax	\$4,977,525	\$5,554,472	\$5,874,539
Total (after NE Adv. Act)	\$14,932,575	\$16,663,414	\$17,623,618
Nebraska Advantage Act	\$36,087	\$9,829	\$0
Total (before NE Adv. Act)	\$14,968,662	\$16,673,243	\$17,623,618

The various changes could be found in the comprehensive fee schedule, highlighted in yellow.

City of Kearney Comprehensive Fee Schedule Changes

- **Landfill**
 - Tipping fee (uncompacted waste) from \$32.50 to \$35.00 per ton
 - Various changes to other fees (see fee schedule)
- **Solid Waste – Collection**
 - Utility rates increased 3%
- **Wastewater**
 - Utility rates increased 7.5%
- **Water**
 - Utility rates increased 2%
- **Airport**
 - Agriculture land cash rents adjusted
 - Various changes to facility fees (see fee schedule)
- **Various other Departments**
 - Various changes to fees (see fee schedule)

The General Fund is the only fund to not meet the current Fund Balance Policy of 25%, but Mr. Wessels anticipates meeting the Fund Balance Policy requirements by the end of the fiscal year.

City of Kearney Fund Balance

The following Funds do not meet the current Fund Balance Policy for FY23 which is 25% of operating expenses:

	<u>Required</u>	<u>Estimated</u>	<u>Shortfall</u>
General Fund	\$6,952,812	\$6,875,973	\$76,839

City of Kearney Other Notable Items

- Levy limit
- Lid on Restricted Funds
- Joint Public Hearing (LB644)

Mr. Wessels stated the joint public hearing pertaining to LB644 is scheduled for Monday, September 26th at 6:30 p.m. in the board room at the Buffalo County Courthouse. The City Manager and Mayor plan to attend and Mr. Wessels will present on behalf of the City.

Moved by Nikkila seconded by Moore to close the public hearing on the City of Kearney Budget for the 2022-2023 Fiscal Year. Roll call resulted as follows: Aye: Clouse, Lear, Nikkila, Moore, Buschkoetter. Nay: None. Absent: None. Motion carried.

CONDUCT A PUBLIC HEARING ON THE SETTING THE 2022 CITY OF KEARNEY PROPERTY TAX REQUEST AT A DIFFERENT AMOUNT THAN THE PRELIMINARY PROPERTY TAX REQUEST

Mayor Clouse opened the public hearing on setting the 2022 City of Kearney property tax request at a different amount than the preliminary property tax request set for the City of Kearney by the Buffalo County Clerk.

Wendell Wessels, Finance Director, presented this matter to the Council. 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 \$4,623,795 and the current year is \$4,382,394 so this hearing is to set the tax rate at \$4,623,795.

There was no one present in opposition to this hearing.

Moved by Moore seconded by Lear to close the public hearing on setting the 2022 City of Kearney property tax request at a different amount than the preliminary property tax request set for the City of Kearney by the Buffalo County Clerk. Roll call resulted as follows: Aye: Clouse, Nikkila, Moore, Buschkoetter, Lear. Nay: None. Absent: None. Motion carried.

CONDUCT A PUBLIC HEARING ON THE CITY OF KEARNEY OFFSTREET PARKING DISTRICT NO. 1 BUDGET FOR THE 2022-2023 FISCAL YEAR

Mayor Clouse opened the public hearing on the City of Kearney Offstreet Parking District No. 1 Budget for the 2022-2023 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 approximately \$161,000 with total revenues for next year of approximately \$58,000. The year will begin with \$112,416 and the ending fund balance \$10,000. Total revenues from property taxes are up approximately \$1,400 or 2 ½% which is the maximum allowable each year. Expenditures of \$161,082.40 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 Lear seconded by Buschkoetter to close the public hearing on the City of Kearney Offstreet Parking District No. 1 Budget for the 2022-2023 Fiscal Year. Roll call resulted as follows: Aye: Clouse, Moore, Buschkoetter, Lear, Nikkila. Nay: None. Absent: None. Motion carried.

VII. REPORTS

City Manager, Michael Morgan provided an update on the air service. Denver Air Connection (DAC) will begin providing services on November 1st, offering a fare sale for the first 60 days of service to encourage the community to become familiar with their amenities. DAC is working alongside United Airlines to solve any cancellations of previously booked flights that occurred during the transition period from Sky West to DAC. An Open House is scheduled for October 5th for all community members to experience the changes at the airport including, Denver Air Connection; Kearney Flight Services (Fixed-Base Operator (FBO)); and the proposed plans for a terminal expansion at the Kearney Regional Airport.

Mayor Clouse gave a brief overview of the NPPD presentation scheduled to be held on September 13th.

VIII. ADJOURN

Moved by Clouse seconded by Nikkila that Council adjourn at 6:08 p.m. Roll call resulted as follows: Aye: Clouse, Buschkoetter, Lear, Nikkila, Moore. Nay: None. Absent: None. Motion carried.

ATTEST:

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

PEGGY EYNETICH
DEPUTY CITY CLERK