

Kimball City Council  
Budget Workshop  
August 4, 2016

A budget workshop meeting of the Mayor and City Council was convened in open and public session at 5:00 p.m. on August 4, 2016 at the City Council Chambers. Mayor Prunty and Council members Warner, Shields, and Schnell were present. Council member Morrison was absent.

Notice of the meeting was given in advance by publication in the Western Nebraska Observer. Notice of the meeting was given to the members and a copy of their acknowledgement of receipt of notice and the agenda is on record at the office of the City Clerk. Availability of the agenda was communicated in advance notice and in the notice to the members. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public except as otherwise indicated.

Also present were Park and Recreation and Cemetery Superintendent Williams, Police Captain Bremer, Library Director Sears, Street Superintendent Shoup, Landfill Superintendent Schulte, Water Superintendent Sisk, Event Center Director Griffith, Special Projects Coordinator Sapp, City Administrator Ortiz, City Clerk Russell, and City Treasurer Sisk. The public was represented.

Mayor Prunty called the meeting to order at 5:31 p.m. and acknowledged the posted Open Meetings Act poster.

The current business was to continue the 2016-2017 fiscal year budget review.

Ortiz commented that sales tax revenue a few years ago was close to \$700,000. This year, the City is on track to bring in just shy of \$500,000. The City has been challenged in trying to figure out how to continue operations. Ortiz said the consensus from the budget workshop on July 5<sup>th</sup> was to look at discontinuing Event Center operations.

Ortiz reviewed the Cemetery budget. The Cemetery is the area where there is the biggest change. The assistant cemetery custodian position was frozen earlier in the year and in order to make things work, Ortiz had the idea to reallocate the cemetery custodian position and move him over to the utilities side in the Water Department. The utility crews will be assisting with maintaining the Cemetery during the next year. Ortiz has spoken with the supervisors and the Chair of the Cemetery Board. This is an idea and if it doesn't work, there will need to be some sales tax funds re-budgeted to the Cemetery. The three utility supervisors will track the hours worked for the Cemetery projects. Ortiz still wants Williams involved as Cemetery Superintendent and Wilson will still be involved as well. One of the water operators is being reassigned to the Power Plant to assist Terrill. This is a drastic change and there will be more load put on the utility crews. The City will try to do the best they can at the Cemetery. Ortiz commented on capital expenditures and indicated an amount was not budgeted because this will be dependent on memorial and

trust funds. Ortiz explained some of the challenges with the Cemetery including weeds/thistles, weedeating, settling of markers and headstones. Ortiz commented on markers to identify the current sections and Williams has been working with Herstead Monuments on ordering those. The Cemetery Board had approved using memorial funds to pay for the markers.

Discussion was held on the gazebo and kiosk. Aleta Pearson, Western Nebraska Observer, inquired if the City had looked at re-seeding the Cemetery to a type of grass that requires less water. Ortiz indicated it has not been considered in recent years. Williams said buffalo grass is easily established and does use less water; however, it doesn't look as good. During dry, hot months, it would not be green and he is not sure this is something the City wants to try to do.

Susan Braden, 812 S. Nadine Street, indicated that if buffalo grass is put in the Cemetery, there may be fewer people wanting to put their loved ones out there. Ortiz commented that the north end of the Cemetery is tied into the City's water distribution system and the south end is on a water well.

Kim Baliman, 704 Marian Street, inquired about dumping the snow on the Cemetery during the winter and Schnell indicated that the snow would have gravel, dirt and stones in it and could damage the headstones. Ortiz also commented on the Cemetery road and indicated the Cemetery Board has discussed long term solutions for the road. There is no good solution other than repaving and putting in a drainage system. Plowing the roads is a challenge as well.

Ortiz reviewed the Park and Recreation budget. The Park and Recreation Operating Board will review this budget at their next meeting. This is a joint operation between the City and the County and both entities contribute \$85,500. The remaining portion of revenue comes from membership and fees. The Park and Recreation revenue in the past few years has been a bit of a struggle and the City has had to absorb the shortfall. The City doesn't have the luxury to cover the golf course shortfall again this year and a different funding mechanism needs to be determined. Last year the Park and Recreation Executive Board approved acquiring new equipment, four mowers and one utility vehicle, and the loan payment is due in December. Ortiz commented on the interlocal agreement between the City and the County and indicated the City deals with all the administrative aspects and the county provides an extra \$3,250 for that. Discussion was held on the legal and professional line item and it was indicated that the management fees for the golf course are included in this line item. A new line item will be created for the next fiscal year specifically for the management fees.

Kim Baliman commented on a grant for walking trails and Ortiz indicated that usually a grant requires matching funds and Schnell indicated this has been researched.

Ortiz reviewed the General Fund budget. He explained the franchise fees and licenses and permits. He also indicated that the City's share of the golf course funding comes from the General Fund.

Ortiz reviewed the Street Department budget. Last fiscal year's capital expenditures of \$500,000 factored in the turning lanes at Castronic and Shopko. Those turning lanes are no longer being considered and there are no major projects in the Street Department other than the chip seal and the Underpass Renovation projects. The City's share of the Underpass project is 20%, approximately \$120,000; \$170,000 has been budgeted and this will come from Keno funds. A large portion of the revenue for the Street Department comes from the State. The City supplements the Street Department with sales tax receipts and Ortiz explained carline tax. Ortiz explained the nuisance abatements, chemicals, concrete, continuing education, and engineering line items. With regard to group insurance and health insurance, a 13% increase has been budgeted. Discussion has been held with the City's insurance carrier with regard to doing an assessment of the current coverage. The new street sweeper was acquired last September and there is a monthly loan payment for that. Discussion was held on the street signs and the Federal law with regard to the size and reflection of the street signs. The City has been on a rotating program for the past several years in replacing the street signs.

Ortiz reviewed the Parks budget. The funding for the Parks budget is primarily sales tax and supplemented with occupation tax for a projected revenue of \$53,200. This provides for the maintenance of Gotte and City Parks. Discussion was held on the Tree City expense and Ortiz commented on the City share of the Tree Grant Program. After discussion, it was indicated to include \$7,500 for the City's share for the Tree Grant match for FY 16/17.

Ortiz reviewed the Police Department budget. The property taxes are primarily being used to fund the public safety areas of police and fire with the Police Department receiving the majority of the property tax, \$455,000, or 94.99%. Last year, a police officer position was frozen, which brought the Police Department from 7 to 6 officers. This year, the Police Department staffing will go from 6 to 5 which includes retaining the School Resource Officer. The City still has the ability to continue with the SRO Program and could potentially receive up to \$24,000 in grant funding. There is still a three year commitment left on that grant. The communication line item is the fee paid to the County for dispatching. With regard to continuing education, police officers are required to receive 20 hours of training to keep up with their certifications. The Police Department has no plans for new equipment at this time. Ortiz commented on repairs to the building, building maintenance and the HVAC services. Discussion was held on overtime and Bremer indicated the police officers are on 12-hour shifts but they can cut down to 10-hour shifts. Ortiz commented on reallocating the administrative assistant and sharing her time with the Administrative and Utility Offices.

Susan Braden commented on the benefits/health care and inquired if there is any way of combining the City and the County and Hospital into a group plan to cut down on the insurance expenses. Cederburg indicated other entities utilize NACO and the City is not eligible because they are not County. Ortiz commented on issues other communities have had when switching. Part of the benefit with being with the current health plan is that some of the terms and benefits are grandfathered in.

Larissa Binod, 235 Kearney Street, inquired if the SRO grant would put more hardship on the Police Department. Prunty indicated the SRO's main goal will be to help with the school as well as the Police Department. Ortiz commented on the terms of the agreement and based on the needs of the department.

Ortiz reviewed the Library budget. This budget was the most difficult because trying to come up with revenues to continue operating was very difficult. The Library is projected to receive \$77,605 in sales tax revenue, \$15,000 from the County and various donations. \$25,000 has been budgeted to be received from occupation tax. There will need to be discussion on reducing the Library deficit of \$48,000. Discussion was held on book purchases, capital expenditures, salaries and benefits. Sears informed the City Council that the Library is open 37 ½ hours a week and that compared to other Libraries, they are below what other peer Libraries are open. Warner inquired if the Kimball Library is comparable to the peer Libraries on patrons and Sears indicated the Kimball Library is pretty average. There has been a gradual increase in online book usage. Sears indicated she can cut the number of books ordered and commented on a lease agreement with the suppliers. Discussion was held on the CD. Warner inquired if the hours the Library is open are the best hours and if there is any variation in hours that would allow for good usage. Sears indicated the Library Board is willing to cut hours if it makes sense to do so. Warner expressed her appreciation to Sears for what she does. Sears indicated that August is probably the slowest month and occasionally January; however, the remaining months are busy. The Nebraska Library Commission suggested doing an hourly study and Sears is willing to work on things and promised to watch expenses as much as she could. The Library is an asset to the community. Prunty indicated Sears has a wonderful Library Board and commented on utilizing more volunteers in order to reduce salaries.

Rose-Ellen Williams, Library Board President, indicated that the budget does look scary. The Library is accredited through the Library Commission and they are able to get grants. If things are cut, there is a possibility they would not receive the grants. The Library is providing a big service to the community. Further discussion was held on the grant funds and Sears indicated there needs to be a special project/purpose to get a grant. Sears commented on the Friends group putting on the mystery dinner theater again. Aleta Pearson inquired about looking into quality of life to keep the Library grants. Sears reminded her that every grant that is applied for has to have a match. Larissa Binod inquired about combining the Library with the school library and Schnell indicated that this had been discussed with the school district; however, there was an accessibility issue. Sears said that would be something that would have to be planned for way down the road. Schnell said it is going to take some hard work to figure out where the cuts are coming from.

Susan Braden commented on charging rent for the community/meeting room as a way to bring in revenue. Sears indicated that is one of the things that can be considered and commented on raising fees and charging for the room for businesses. Aleta Pearson commented on charging for joining the Library and Sears indicated that is another possibility but also commented on having a free, public Library.

Warner suggested Sears meet with Ortiz to determine the grants and donations. Prunty commented on assistance from the Kimball Area Foundation. Aleta Pearson commented on combining the Police Department and the Library into the Event Center. Schnell indicated that has been discussed but also commented on vacating the downtown.

Jerry Robbins, 704 S. Maple Street, commented that the Library is essential to the community and the City Council needs to make sure the Library continues to be open. Very seldom does he go in the Library and there isn't someone on the computer. He reiterated that the Library is a benefit to Kimball. When people talk about Kimball, they talk about things like the Library, the golf course and Kimball's school system. Robbins wanted to make sure that everyone knows that the Library is a necessity.

Tom O'Brien, 405 Adams Street, commented on the hours and the issue of cutting them even more. Shields inquired if there was a minimum number of hours needed to keep the Library accreditation and Sears indicated there was not, it is based on points. O'Brien commented that if the Library is open less hours, they are paying less in salaries and utilities. Further discussion was held on the operating hours.

Ortiz reviewed the Swimming Pool budget. The swimming pool is also one of the quality of life items with the major revenue from sales tax receipts. The swimming pool is regulated by the Department of Health and the City was informed this year of a change affecting the chlorine in the pool. C. Sisk provided information on the chlorine requirements. Kim Baliman said the pool is another quality of life thing for the kids. She commented that a swimming pool is highly regulated. Baliman commented on the purchase of concessions from Schwans and the possibility of purchasing those items locally. Discussion was held on the salaries and benefits. Carla Goranson manages and is responsible for everything pertaining to the daily operation of the pool. She starts recruiting efforts early. Last year she struggled with the number of lifeguards available and this year she has a large pool of lifeguards.

Discussion was held on rates and Ortiz indicated the rates were last increased in 2009. Aleta Pearson commented on the lifeguards paying for their uniforms. Prunty indicated this is something that could be looked at. Discussion was held on the lift and C. Sisk said it is not required unless there are major improvements done. Schnell suggested a 12 ½% increase across the board.

Ortiz reviewed the Fire Maintenance budget. It is currently under budget but the amounts usually even themselves out at the end of the fiscal year. Last year, \$15,000 for hydrants was budgeted to be received from property tax. The Fire Department purchases a separate coverage for insurance and group insurance which covers the volunteer firefighters. Ortiz reviewed the Fire Equipment budget.

Ortiz indicated the mill levy is towards the top end and inquired of the City Council if they want him to adjust the amounts if the valuations come in higher. Prunty recommended keeping the mill levy amount the same.

Ortiz indicated another budget workshop will be held to finish all the remaining items. It is planned to hold the next budget workshop on August 25<sup>th</sup> or 30<sup>th</sup>.

Ortiz inquired of the City Council if they want him to prepare expenses for the Event Center and what the figures are without the subsidies. Discussion was held on the Event Center expenses listed on the transaction listing and Ortiz indicated that no sales tax or occupation tax revenue has been budgeted and the renovation plans are not moving forward. The \$125,000 received in grant funds will be refunded. Warner inquired about leasing out the Event Center and making a profit or breaking even and Griffith indicated it would probably break even. Griffith commented on profit and loss statements for each individual event. She does believe that someone could break even.

Jim Cederburg, 800 S. Nadine Street, indicated that the Event Center is an asset for the community but when looking at the budget, if something has to go, it is probably the least favorable asset compared to the swimming pool, and the Library and he is leaning towards selling it. Warner commented on leasing it out like the pro shop which will give the opportunity for it to stay open without the City bearing the cost. Discussion was held on the Event Center Director position and Ortiz indicated there are no other positions available in the city. It is possible that she will lose her job. Aleta Pearson inquired if the City owns any other buildings that could be used similarly. Schnell commented on the Community Center idea with the hospital. He said that this doesn't just affect Griffith and commented on the terminations and not filling vacant positions.

Griffith commented on her letter to the City Council containing some ideas to increase revenue. Schnell commented that it is one of those things that if the City has to let go of the building, they have to let go. He added that the City probably should have never gotten themselves in that position in the first place. Discussion was held on the Fitness Center and the equipment.

Spud Rowley inquired when the Event Center will be closed and it was indicated that the City Council will have the discussion at the next City Council meeting on August 16<sup>th</sup>. Schnell added most likely when the fiscal year ends and the new fiscal year begins.

There being no further discussion, Schnell moved and Shields seconded to adjourn the meeting at 8:22 p.m. On roll call vote, the following votes were recorded. Aye: Warner, Shields, and Schnell. Nay: None. Absent: Morrison. Motion carried.

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Keith Prunty, Mayor

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Rosemarie D. Russell, City Clerk