

Kimball City Council
Budget Workshop
August 25, 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 25, 2016 at the City Council Chambers. Mayor Prunty and Council members Warner, Morrison, and Schnell were present. Council member Shields 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 Assistant Terrill, Power Plant Superintendent Terrill, Library Director Sears, Landfill Superintendent Schulte, 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 5:02 p.m. and acknowledged the posted Open Meetings Act poster.

The current business was to continue the 2016-2017 fiscal year budget review. Prunty thanked the public for attending and reminded them that all questions and concerns should pertain to the budget only.

Ortiz reviewed the total taxable valuation and indicated it declined by approximately \$2 million. The Mill Levy for the general fund will be 0.449580.

Nothing has changed on the general fund budget. The Library Board worked hard to adjust the Library budget with an overall loss of \$1,291.28. This does not include \$5,000 for capital projects to use for the heaters in the bookmobile room. The quote to replace two units was \$5,500 to \$6,600. Ortiz suggested the City Council consider using Keno funds for this.

The overall budget for the Police Department is \$512,000 total revenue and \$523,859.50 total expenses. This is assuming that the SRO grants come through.

The Street Department total expense is \$580,023 and the revenue is \$580,185. Some items from the operating expense were cut as well as some fuel expenses. The traffic service amount of \$170,000 is budgeted for the underpass. It is planned to use part of Keno funds to pay the City's matching portion for the underpass.

Ortiz reviewed the Parks budget. \$7,500 will be allocated from Keno funds for the City's matching share for the tree grant program. The occupation and sales tax revenue remained the same. It is planned to replace playground equipment for approximately \$1,100.

Ortiz reviewed the Cemetery budget. The capital expenditures is dependent on memorial and trust funds and salaries and benefits expense has not been budgeted as the position is moving to the utilities side.

Ortiz reviewed the Park and Recreation budget. The Park and Recreation Executive Committee directed Ortiz and Williams to work on reducing the deficit in this budget. There has been a reduction in area maintenance and operating expenses as well as salaries and benefits. Ortiz informed Council members that Williams has proposed taking a pay cut.

Ortiz reviewed the Swimming Pool budget. The suggested rate increases have been incorporated resulting in a projected profit of \$121.00.

Ortiz reviewed the Fire Maintenance and Fire Equipment budgets. Six fire hydrants totaling \$13,000 will be purchased and Ortiz commented on purchasing fire hydrants on an annual basis.

Ortiz reviewed the Economic Development budget. This budget is covered by the Economic Development Plan and accounts for the .04% sales tax for economic development and the property tax for the rail spur. Ortiz explained the sales tax receipts and property tax. He explained the state funds line item and indicated that it was originally anticipated for the industrial park/rail spur. Budgeted expenses total nearly \$1.4 million which is how much sources of funding are available for economic development grants and loans. Ortiz explained the grants and loans process through the Economic Development Committee. He also commented on the bad debts and indicated that in recent months the City has tried to work with the loan participants to modify their loans if they were having difficulty. The advertising and promotions line item increased to \$7,500.00 in order to assist in developing more marketing materials to market Kimball to businesses and developers outside of Kimball as well as developing a booklet to market businesses in the area.

Ortiz reviewed the Library budget. Discussion was held on the heaters for the Library and Sears indicated they could budget for one each year. Ortiz commented on using Keno funds from the City and Trust portions. Warner commented that Sears and the Library Board worked very hard to get their budget down and feels that Keno funds should be used to assist in purchasing the heaters.

Wesley Mietus, 611 E. 3rd Street, inquired how many people actually use the Library and the amount of people using the Library versus the money spent for the Library. He doesn't see there is a need to keep the Library open. Schnell commented that Mietus could go to the Library to get that information and Prunty commented that the Library has cut their

budget by at least one-third.

Kim Baliman, 704 Marian Street, inquired if the Library could get by with portable heaters temporarily. Morrison said there is plenty of money in the Keno trust fund. Sears said A & L Sales and Service told her it would be about \$1,200 per unit and Ortiz said he was told it would be \$5,600 for two. Rosa Ellen Williams, Library Board President, indicated that barring anything happening on the County's budget, they have allocated the full \$15,000 for the Library. Schnell agreed with Morrison that it could be managed with Keno funds.

Discussion was held on the Event Center and Fitness Center. Morrison commented on the events that have been booked at the Event Center and that the City is committed to those events and to try to come up with some way to honor the commitments. Warner agreed that the commitments have to be kept. Prunty indicated that Griffith said she would be willing to work to cover the commitments that have been made.

Mietus said he and his wife used to own the Event Center before it was given to the City. They spent half of their time at the Event Center and half at their hotel. He commented on the activities that were held there in the past and that he doesn't see any of those anymore. Mietus said that the Windbreak owners have spoken to him about utilizing the Event Center for banquet facilities for Christmas parties.

Meitus suggested consolidating the Police Department with the Sheriff's Department and run it more efficiently.

Prunty commented that the City Council is trying to cut down on things that the City should not be involved in. Schnell commented that the tax dollars have been reallocated for the services that the City has to provide.

Mietus said there are a number of people that are willing to step in to lend a hand and help the Event Center become profitable. He and his wife have volunteered to help with the cooking aspect.

Prunty indicated that it sounds like the City Council wishes to honor the commitments through December and commented on Mietus offering to help. Further discussion was held and comments were made with regard to the oil industry.

After further discussion, Schnell indicated he would agree to allocate \$20,000 for three months for the Event Center and suggested that Mietus back it up. Mietus said that the Windbreak owners would like to use it for bigger parties. Discussion was held on a formed committee and the liquor license. Ortiz informed the City Council that the insurance is paid on the Event Center until the end of the calendar year. Warner agreed with allocating \$20,000. Warner volunteered to sit on a committee for the Event Center.

Prunty commented on eliminating the \$100 a month for the parking area and Mietus offered his parking lot for use. Ortiz commented on increasing the room rents and discussion was held on the commitments already made.

Ortiz reviewed the Electric Department and Power Plant budgets. The electric side has historically been the revenue generator and sustained the other utilities. The weather has resulted in higher electricity usage than was previously indicated. Ortiz commented on power costs and depreciation. The Electric Department has been operating with a three man crew and has now filled the fourth position. It takes approximately two years for the lineman to be trained. Ortiz commented on boiler fuel and the two underground tanks. Ortiz reviewed the continuing education, donated services, dues and subscriptions, legal and professional, and repairs and maintenance. He commented on maintaining the Power Plant because Kimball only has a single feed into the City and the Power Plant can function as a back up if necessary. Mietus inquired if the Christmas lights around the City are really necessary.

Ortiz reviewed the Water Department budget. The revenue side will be approximately 120 percent overall for the Water Department and this will help to narrow the deficit. Ortiz commented on the rate studies on the water and sewer side. He reviewed the depreciation, salaries and benefits, and repairs and maintenance. Discussion was held on the aging infrastructure and when the water tank would have to be inspected again. Ortiz explained the rate increases approved by the Board of Public Works will be in effect in staggered tiers, September 1st and April 1st.

Ortiz reviewed the Wastewater Treatment Plant budget. This is an expensive department to maintain. Ortiz reviewed the communication, continuing education, fuel and oil, legal and professional, office expense, and repairs and maintenance. Fencing needs to be addressed as well as replacing the control panel and purchasing a muffin monster. There have been issues with the diode probe that controls the oxygenation into the plant. The almost \$5,000 part has been ordered. Ortiz explained that maintenance at the plant is not something that can be neglected and the City needs to make investments in it.

Ortiz reviewed the Trash Collection budget. Rate increases have also been made for trash collection but are not effective until January 1st because they are done in conjunction with the Landfill rates and the City is required to give notice to the County. Yard waste will increase from \$1.00 to \$2.50 a month. Ortiz reviewed depreciation and indicated that approximately \$60,000 has been spent over the past two or three years to purchase dumpsters. Many dumpsters have been in operation since the City first took over collection and having the surplus will help.

Ortiz reviewed the Landfill budget. He reviewed the gate fees and continuing education. Ortiz said the landfill operators are required to take an 8-hour training and be certified annually. Ortiz commented on the recent NDEQ inspection and their comments on the grass pile. He informed the inspectors that the City has contracted to get a trommel screen to sort through the grass. Ortiz reviewed legal and professional and indicated the quarterly water sampling at the Landfill is included in this line item. The City will also have to start considering the expansion of the solid waste cell. Ortiz reviewed the repairs and maintenance and indicated that the baler was down for six weeks and the replacement of the conveyor belt has been budgeted. The Recycle Center component has been broken out into a new line item as well as the Recycle Center utilities. Discussion was held on the

closure/post-closure CD's and the debt service.

Morrison indicated that the City cannot continue to have the Electric Department subsidize the other departments and commended the Board of Public Works for trying to balance this. Morrison commented on privately run entities and that people would have had to pay more. Baliman said that the City can't just keep raising the rates on people and they have to believe this will pass. She said people need to stay positive and try to keep coming up with solutions. Morrison said the City has undercharged for many years. Ortiz indicated that another part of that is that rates have been kept low at a sacrifice to the infrastructure. The City's infrastructure is aging.

Ortiz said the City has does a lot to try to help people and commented on the bashing taking place on social media.

Jim Cederburg, Board of Public Works Chair, indicated that when he was first appointed to the Board of Public Works, they were bragging that the Landfill rates had not increased in seven years. The attitude at that time was to keep rates as low as possible and put off maintenance as long as possible. The infrastructure has not been maintained as it should have been for many years. Cederburg said Ortiz has been wonderful to work with and he has understood that maintenance pays in the long run. This year the City has reserves to cover costs; however, the City cannot continue to keep doing that. Water increases were based on last year's budget and the increase was delayed until September 1st and April 1st. Cederburg said the City is doing everything they can for their citizens.

Baliman inquired about a long-term plan to replace the WWTP with grants through the state. Ortiz commented on the City of Mitchell's issue and said grants require matching funds. Just the control panel alone would cost \$40,000 to \$50,000 to upgrade on top of what has been budgeted.

Warner indicated that the last two years, the City Council has tried to come up with a way to save money. The next step is to incorporate what has been discussed.

There being no further discussion, Warner moved and Morrison seconded to adjourn the meeting at 6:54 p.m. On roll call vote, the following votes were recorded. Aye: Warner, Morrison, and Schnell. Nay: None. Absent: Shields. Motion carried.

Keith Prunty, Mayor

Rosemarie D. Russell, City Clerk