

Kimball City Council
Budget Workshop
August 27, 2013

A continued budget workshop meeting of the Mayor and City Council was convened in open and public session at 5:00 p.m. on August 27, 2013 at the City Council Chambers. Mayor Schell and Council members Warner, Shields, Christensen and Morrison were present.

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 Electric Utilities Superintendent Hinton, Water Superintendent Ford, Wastewater Treatment Plant Supervisor Quicke, Landfill/Collection Supervisor Schulte, City Administrator Ortiz, City Clerk Russell, and City Treasurer Strauch. The public was represented.

Schnell called the meeting to order at 5:02 p.m. and the Pledge of Allegiance was recited.

Schnell acknowledged the posted Open Meetings Act poster.

Council members had no further comments on the general budget reviewed at a prior workshop so Schnell asked for comments from council members and review of the utility budget from supervisors that were present.

Electric Department. Discussion was held on the increase in repairs and maintenance and Hinton explained the repairs and maintenance consists of anything on the electrical system, repairs to the lines, etc. He has spent \$5,000 for material for the recloser so far. There is a mercury switch inside of it and the mercury has possibly dissipated. Hinton commented on the testing for the recloser, the east sub and the south sub. Discussion was held on the capacity sales on the revenue side. Hinton explained that is the allocation from MEAN to generate and that was lowered this year. Discussion was held on the increase in the residential sales figure and an inquiry was made if there will be a rate increase. Strauch explained the Board of Public Works approved a two year increase last year of 6% each year. In October, the second 6% will go into effect and this figure takes into consideration the extra rate increase. Hinton believes that increases will be occurring on a regular basis. Warner inquired about the salaries and benefits and Hinton said they are down some employees. Ortiz explained the group insurance and said a 15% increase was budgeted and there may be further changes next year.

Water Department. Warner inquired about the shortfall and Strauch said the budget figures include a 5% increase in residential sales. Ortiz said this is a double edged sword. People should conserve water, but then the water sales are down. Ford said the City has pumped 20 million gallons of water less than last year. People are conserving. Ford reported efficiency tests were done on the wells. Everything has come back as normal but he has seen some drops in the wells and he reminded council that the City may have to drill a deeper well in the future. Ortiz informed council that the wells are on High West Energy power not the City's. Ford commented on the water tank. He did include a re-dive in the capital items. Schnell said that the tank is within five years of having to re-epoxy and sandblast and the City may want to have that money set aside. Ford reported lines underground have been good this summer; however, several service lines have failed so he did ask for a little extra in repairs and maintenance. Ortiz said a number of things have affected the Water Department budget; two new employees and the need for training and certification; also federal guidelines have changed and the Water Department has had to move away from brass fittings. It is a big expense due to the replacement of current inventory. Ford said it will cost approximately \$18,000 to replace what is currently in inventory and the new items will be about 18% higher. The fittings currently in stock have to be taken out of inventory by January 4, 2014. Warner believes there may be some parts that can be sold if the City would give her an inventory list. Discussion was held on the different sizes of the fittings.

Sewer Department. Ortiz reported one of the big expenses is that there are some changes to the testing and the electrical control box will need some updating. He also commented they are trying to move forward with fencing that area. Warner inquired about salaries and Ortiz commented on the vacancy and the attempt to get quality applicants that will fill that vacancy. Strauch reminded council that salaries and benefits includes all the PTO and EIB that is paid out if the employee doesn't use it.

Collection Department. Strauch indicated a 10% increase has been budgeted. Morrison said the collection fees are minimal. Discussion was held on the capital items and Ortiz said the Landfill is trying to get caught up on the dumpsters and commented on repairing them as well. Also, the collection truck is showing its age and will have to be replaced eventually.

Landfill Department. Ortiz commented on the closure costs and said that is what is set aside for the closure of the landfill cells. The auditors typically provide a "ballpark" estimate for the amount; however, this year an estimate has not been received from them. Ortiz said the new cell is being built in phases (thirds). Warner inquired about salaries and benefits and Ortiz commented on the warning from NDEQ. The landfill hours of operation have been changed to close at 3:00 p.m. and the one and a half hour from 3:00 p.m. to 4:30 p.m. is dedicated to clean up the landfill. Additionally, when dumping at the landfill, it is a requirement that it be monitored by an employee. Therefore, a full time employee is being added at the landfill. The landfill will go from two to three full time employees. Warner complimented Schulte on how good the landfill looks, but asked if they really need a third person. She also inquired how people are going to get stuff to the landfill if they close at 3:00 p.m. She wondered if the landfill is increasing staff, are the hours going to change. Ortiz said it is a "wait and see"

situation right now. The new hours have really made a difference on being able to maintain it and keep up on issues. Morrison suggested opening to the public later in the morning and remaining open until 5:00 or 5:30 p.m. Christensen asked about the feasibility of closing one day a week and having it open five days a week for the public. Schulte said they did that years ago and closed on Thursdays. They received so many complaints and it just didn't work. Warner would like to see the landfill open later in the day. Ortiz asked if she would prefer to open later and then close at 4:30 p.m. and Warner said yes. Schulte indicated this would be a problem for the contractors. Schnell said that is something that needs to be figured out. Ortiz said when starting in the afternoon, they have the opportunity to stay later and finish the project.

Morrison inquired about the increase in the gate fees and Ortiz explained a change in procedure. Payments are no longer being taken at the landfill, people have to come to the City office to pay their bills. Also, the landfill billing has been built into the accounting software and this has enabled the City to be more diligent in collecting what is due. Discussion was held on the yard waste and Ortiz commented there are pieces of equipment that will need to be replaced.

Discussion was held on the capital items proposed. Ortiz explained the Automated Meter Reading (AMR) premise. Hinton said it has been in the budget since 2002 but there are some issues with the water side. Discussion was held on the number of items under the capital items list and Strauch indicated it would be difficult to remove items from the list because there is no way to determine what is going to be needed in the fiscal year. It doesn't affect the levy but it could affect the rates. Warner questioned the dollar amount of items on the capital items list and Strauch indicated the auditors have recommended anything over \$2,000 should be on the list.

Schnell thanked everyone for their input.

There being no further discussion, Morrison moved and Christensen seconded to adjourn the meeting at 6:25 p.m. On roll call vote, the following votes were recorded. Aye: Warner, Shields, Morrison, and Christensen. Nay: None. Absent: None. Motion carried.

James Schnell, Mayor

Rosemarie Russell, City Clerk