

**Kearney, Nebraska**  
**July 9, 2015**  
**7:00 a.m.**

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 7:00 a.m. on July 9, 2015, in the 2nd Floor Conference Room at City Hall. Present were: Stanley A. Clouse, President of the Council; Michaelle Trembly, City Clerk; Council Members Randy Buschkoetter and Jonathan Nikkila. Absent: Bruce Lear and Bob Lammers. Michael Morgan, City Manager; Wendell Wessels, Director of Finance; Paul Briseno, Assistant City Manager; Michael Tye, City Attorney; Shawna Erbsen, Administrative Services Director; Kirk Stocker, Director of Utilities; Rod Wiederspan, Director of Public Works; Dan Lynch, Chief of Police; Matt Williams, Library Director; and Julie Steffensmeier, Executive Assistant were also present. Ashley White from Kearney Hub was 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.

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 Conference Room.

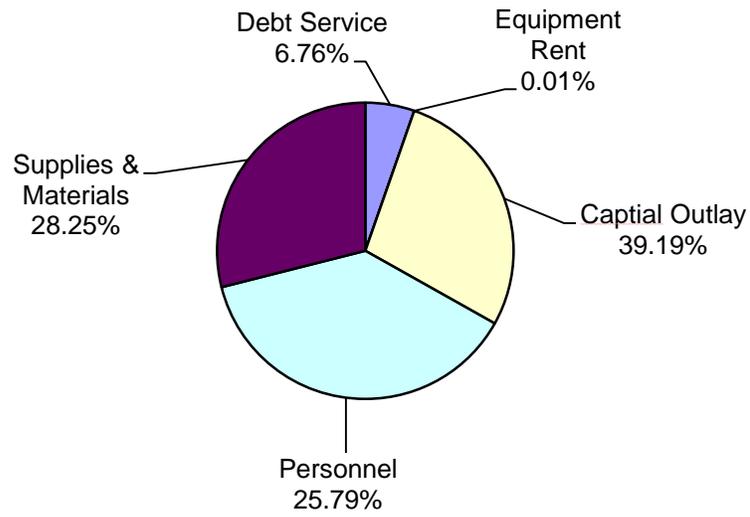
### **BUDGET INTRODUCTION**

Wendell Wessels, Director of Finance presented the proposed budget to the Council that addressed expenditures, personnel, capital outlay, debt service, revenues, property taxes, and sales taxes.

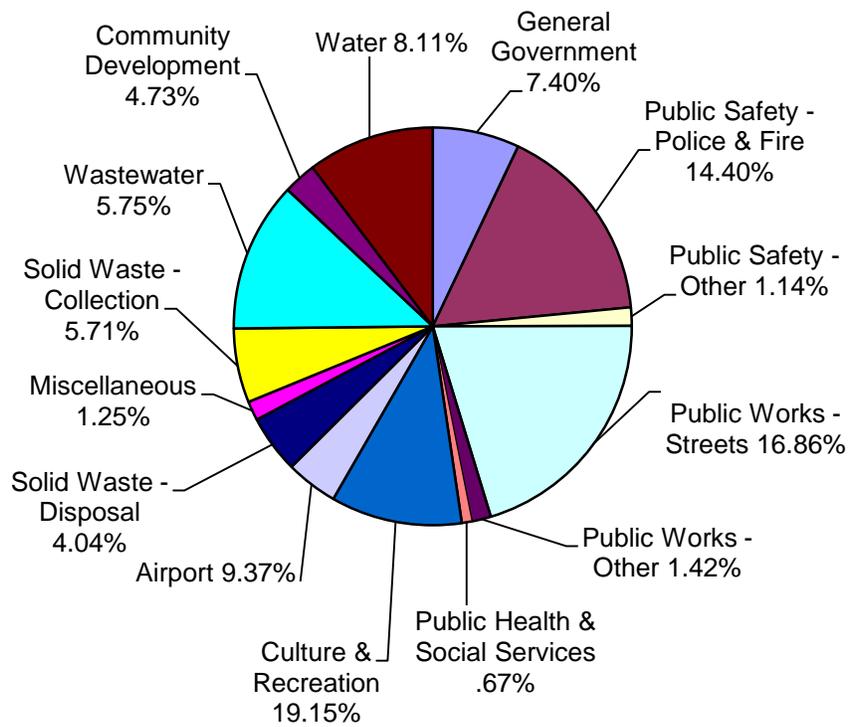
#### **Expenditures**

<b>Expenditures</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2016</b>
General Fund	\$21,510,717	\$22,330,443
Special Revenue Funds	\$6,116,271	\$8,083,198
Capital Project Funds	\$14,862,044	\$19,488,501
Debt Service Funds	\$1,776,601	\$3,314,057
Enterprise Funds	\$26,880,635	\$28,069,322
Internal Service Funds	\$6,928,293	\$7,039,664
Fiduciary Funds	\$566,237	\$804,705
Total	\$78,640,798	\$89,129,890

### All Funds by Object Graph



### Budget by Function Graph



### Personnel

3% COLA – Governmental Funds	\$313,000
3% COLA – Proprietary Funds	<u>\$137,000</u>
Total 3% COLA	\$450,000

#### Position additions/removals:

- Remove full-time Administrative Assistant – Development Services
- Add one full-time Facilities Maintenance Worker – Park
- Add two full-time Recycling Processors – Sanitation Collection
- Add one full-time Utilities Maintenance Worker – Sanitary Sewer Collection
- Add part-time Criminal Justice Advocate – Police Services

### Capital Outlay

General Fund	\$1,476,650
Special Revenue Funds	\$567,000
Capital Project Funds	\$18,574,368
Enterprise Funds	\$13,878,823
Internal Service Funds	<u>\$75,500</u>
Total	\$34,572,341

The following are the top ten capital outlay projects:

1. Youth baseball/softball complex (bond)	\$7,095,000
2. Primary runway 18/36 reconstruction (FAA)	\$6,000,000
3. Central Avenue from 12th Street to 16th Street (bond)	\$3,743,250
4. Landon St (paving, sewer, water)	\$1,196,103
5. Fox Creek Addition (paving, sewer, water)	\$1,046,199
6. Fixed base meter reading upgrade (SRF)	\$750,000
7. 29th Street from 6th Avenue to 9th Avenue (paving, water) (bond)	\$601,682
8. Project Kickstart (paving, sewer, water) (bond)	\$590,630
9. Parkview Estates 7th Addition (paving, sewer, water)	\$551,312
10. Utilities Department vehicle storage building	\$500,000

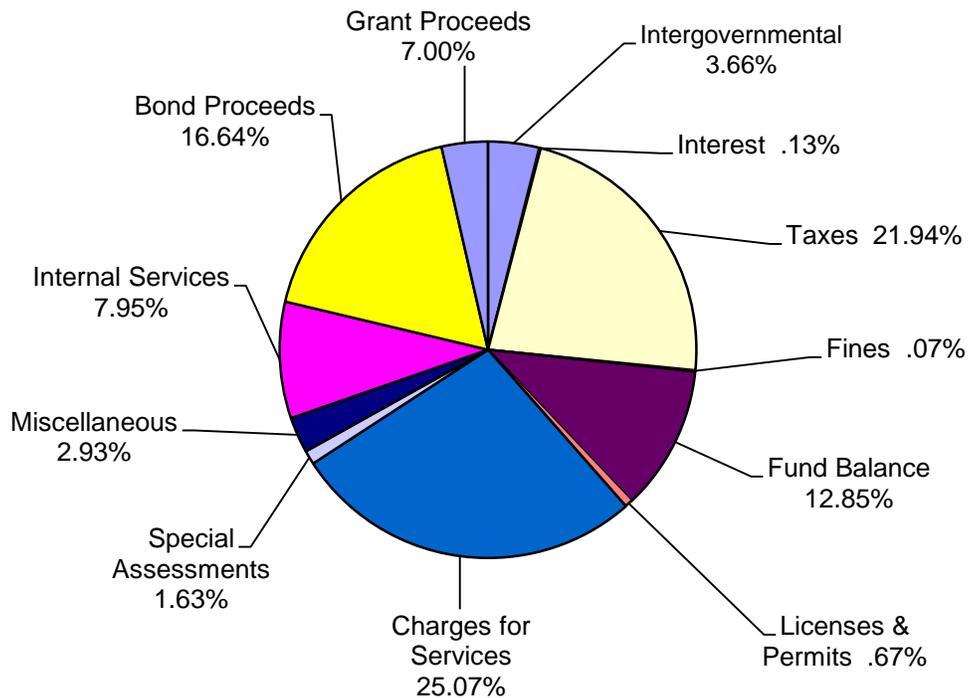
### Debt Service (Principal Only)

	Public Safety	Various Purpose	Revenue	Total
Beginning	\$2,925,000	\$22,355,000	\$23,474,984	\$48,754,984
Paid Off	(\$310,000)	(\$2,970,000)	(\$1,480,514)	(\$4,760,514)
New Debt	\$0.00	\$13,484,281	\$1,350,000	\$14,834,281
Ending	\$2,615,000	\$32,869,281	\$23,344,470	\$58,828,751
Net Change	(\$310,000)	\$10,514,281	(\$130,514)	\$10,073,767

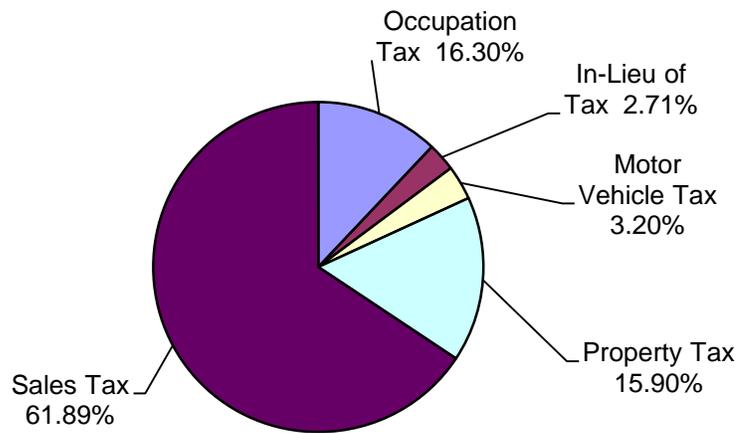
### Proposed Revenues

Revenues:	Fiscal Year 2015	Fiscal Year 2016
Taxes	\$17,765,773	\$19,552,028
Licenses & permits	\$460,150	\$595,450
Charges for services	\$21,417,088	\$22,342,626
Fines	\$77,600	\$66,500
Special Assessments	\$845,500	\$1,454,396
Interest	\$94,948	\$115,344
Bond proceeds	\$15,029,302	\$14,834,281
Grants	\$2,072,642	\$6,242,184
Internal services	\$7,096,503	\$7,083,200
Miscellaneous	\$2,358,072	\$2,128,882
Intergovernmental – State	\$3,191,664	\$3,264,061
<b>Total</b>	<b>\$70,409,242</b>	<b>\$77,678,952</b>

**All Funds by Source Graph**



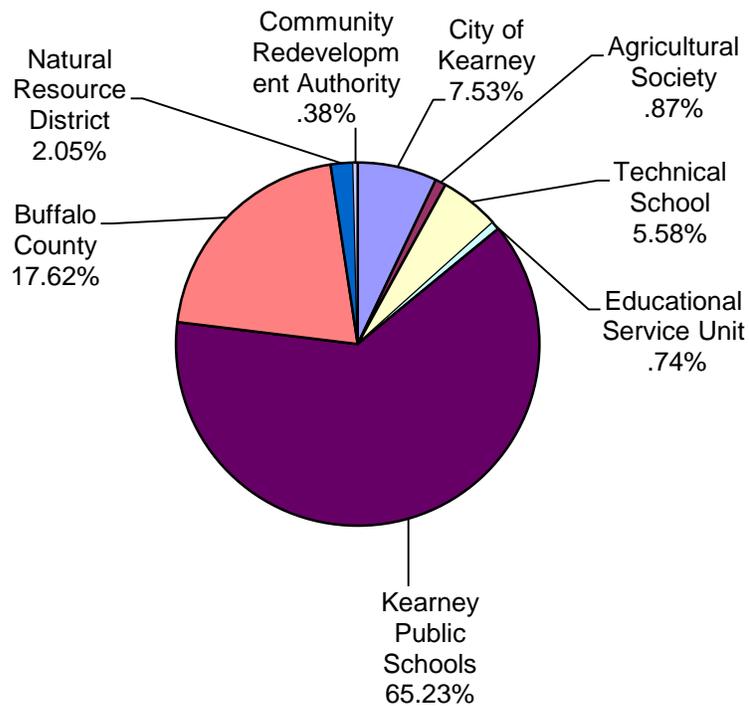
### Tax Revenues by Source Graph



### Proposed Property Tax Request

City of Kearney valuation (est. 13.0% growth)	\$2,235,160,161
General Fund property tax requirements	\$ 2,722,863
General Fund property tax levy (per \$100)	\$0.12182
Public Safety TAB Fund property tax requirement	\$368,999
Public Safety TAB Fund property tax levy (per \$100)	\$0.01651
Total property tax requirement	\$3,091,862
Total property tax levy (per \$100)	\$0.13833
Taxes on a \$169,500 home	\$234.50

### Property Tax Distribution – 2014



### Sales Tax Revenues

	Actual Fiscal Year 2014	Estimated Actual Fiscal Year 2015	Proposed Fiscal Year 2016
<b>One Cent Sales Tax</b>			
General Fund	\$6,266,096	\$6,453,334	\$6,453,334
Street Improvement Fund	\$1,161,578	\$1,195,480	\$1,195,480
Various Purpose Bond Fund	\$404,947	\$417,853	\$417,853
<b>Subtotal</b>	<b>\$7,832,621</b>	<b>\$8,066,667</b>	<b>\$7,733,333</b>
<b>One-half Cent Sales Tax</b>	<b>\$3,916,310</b>	<b>\$4,033,333</b>	<b>\$4,033,333</b>
<b>Total Sales Tax</b>	<b>\$11,748,931</b>	<b>\$12,100,000</b>	<b>\$12,100,000</b>

### Comprehensive Fee Schedule Changes

- Park – field rental rates added
- Solid Waste-Collection – rates increased five percent
- Wastewater – rates increased three percent
- Water – rates increased three percent
- Airport – agricultural land cash rents decreased

## **Fund Balance**

The following funds do not meet the current Fund Balance Policy:

- Golf Fund deficit - \$225,381 (target is 25% of operating expenses)
- Health Insurance Fund deficit - \$77,573 (target is 35-45% of operating expenses)

## **Other Notable Items**

- Restaurant Occupation Tax Fund
- Project Honor funding source/use for FY16:
  - General Fund - \$150,000
    - (Physical Factors - \$300,000)
    - (Program Enhancements - \$1,200,000)
  - KASWA Fund - \$100,000
    - (Environmental Factors - \$100,000)
  - Water Fund - \$200,000
    - (Community Support - \$200,000)
  - Northwestern Energy Fund - \$100,000
    - (Environmental Factors - \$100,000)

Mayor Clouse state with the Capital Funds going up that percent with revenue coming in would be neutral. This is important financially. Director of Finance stated the \$7.5 million will be going out but they will have bond proceeds of \$7.5 million coming in used to pay for it. The following year, fiscal year 2017 will be the actual first payment on the bonds because it is always a year later from the date the bonds are issued.

City Manager stated with respect to Project Honor everything is funded ahead of schedule with the project and construction a little ways out. The other good news is the State has not asked the City to pay anything.

The restaurant tax on the revenue side is in excess of what they predicted which means your sports complex would be paid off sooner and they put a cap on it of \$7.5 million.

City Manager stated the revenues continue to drop at the Airport. Director of Finance stated for fiscal year 2016 it will be three consecutive years where they have not had to transfer funds from the General Funds to the Airport.

City Manager stated when he looks at the overall budget things that still concern him is streets. Within the next few years they will be able to start working on them. The other issue with regard to the new sports complex, there will be 2-3 full time staff that will be added to maintain the complex and there will be a significant increase in trail development within the next year.

They do anticipate by the end of 2016, Cherry Avenue should be complete. It is on schedule. What will happen at some point they will get a letter from the State saying that they no longer have any responsibility for anything on 2nd Avenue. The City will be making a trip to NDOR and talking to them about projects that need to be funded before the "relinquishment" which means at some point in 2017 that all becomes the property

of the City of Kearney. If you drive down 2nd Avenue, there are some significant failures in the concrete and cracking.

Director of Finance stated the public hearing for the adoption of the budget is September 8. The Joint City/County meeting is scheduled for July 29 at 4:00 p.m. at the Peterson Senior Center.

**CLOSED SESSION**

Moved by Clouse seconded by Nikkila that Council adjourn into closed session at 8:15 a.m. for the protection of the public interest to conduct the City Manager's annual evaluation. Roll call resulted as follows: Aye: Clouse, Nikkila, Buschkoetter. Nay: None. Lear and Lammers absent. Motion carried.

Mayor Clouse restated the purpose for the closed session is for the protection of the public interest to conduct the City Manager's annual evaluation. According to law, the Council has the option to reconvene back into open session and may take any formal action it deems appropriate.

Moved by Clouse seconded by Nikkila that Council reconvene in regular session at 9:19 a.m. Roll call resulted as follows: Aye: Clouse, Buschkoetter, Nikkila. Nay: None. Lear and Lammers absent. Motion carried.

**ADJOURN**

Moved by Buschkoetter seconded by Nikkila that Council adjourn at 9:19 a.m. Roll call resulted as follows: Aye: Clouse, Nikkila, Buschkoetter. Nay: None. Lear and Lammers absent. Motion carried.

**ATTEST:**

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

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**MICHAELLE E. TREMBLY  
CITY CLERK**