

Kearney, Nebraska
June 11, 2013 Special Meeting
10:00 a.m.

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 10:00 a.m. on June 13, 2013 in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Michaelle Trembly, City Clerk; Council Members Randy Buschkoetter, Bruce Lear, Bob Lammers and Jonathan Nikkila. Absent: None. Michael Morgan, City Manager; Michael Tye, City Attorney; Wendell Wessels, Director of Finance; Suzanne Brodine, Assistant City Manager/Development Services Director; Kirk Stocker, Director of Utilities; Shawna Erbsen, Director of Administrative Services; Kelly Korgel, City Clerk Administrative Assistant; Julie Steffensmeier, Executive Assistant; and Lauren Brandt, Human Resources Administrative Assistant were also present. Some of the citizens present in the audience included: Mark Sutko, Barry Sherman, Bob Harpst, Chuck Ogle, Darren Robinson, Steve Altmaier from KGFW Radio, Adam Konruff from Kearney Hub.

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.

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.

CENTRAL NEBRASKA VETERANS' HOME

Mayor Clouse opened for discussion Resolution No. 2013-100 authorizing proposed funding to support the construction of a new Central Nebraska Veterans' Home in Kearney, Nebraska.

City Manager Michael Morgan presented this matter to the Council. He wanted to provide an executive summary of the project. The proposal is due today at 3:00 p.m. Four cities are competing: Grand Island, Kearney, North Platte and Hastings. There will be site visits June 13 and 14 for the communities that do submit. The site selection will be based on 1,200 points within an evaluation system. The selection committee is made up of three individuals from the Department of Administrative Services, Department of Economic Development and Division of Veterans Homes. The project description is approximately 330,000 square foot new facility on a single level. It would include 225 bedrooms and the minimum amount of land needed is 45 acres. Total estimated project cost is approximately \$121 million excluding land and site access. Expected employment is 400 full-time employees. Project financing at this stage is approximately \$74 million from the Federal Government, \$47 million from the State of Nebraska. A decision has to be made by August 1st which is the date for the federal government to

evaluate the projects. A minimum \$1.4725 has to be provided for program enhancements as specified in the proposal. The Kearney site is located on the north side of 56th Street west of Airport Road and the Armory. The site is approximately 75 acres.

Darren Robinson and others have been involved in this project for well over a year talking about the need of a new Veterans Home and what that would consist of and what it would take and what the process would be. So initially there was due diligence done, an individual was selected to do a cost benefit analysis. In that analysis, approximately \$38.5 million economic impact is forecasted and is over \$17 million in direct payroll annually. The economic impact did not include the impact of the construction of the facility; it was more of an ongoing economic impact. With the jobs, semi-skilled labor jobs, the majority of those being in the nursing field, pharmacy field and other health related fields would assist at the Veterans Home. Kearney believed it was a significant project that it should pursue it.

This project is referred to as Project Honor to recognize our Veterans. Numerous Veterans organizations have been involved for months talking with Darren Robinson, the Chamber of Commerce has been involved as well. An environmental assessment on the site was performed as well as testing on the soils, all which were good. A work force study was done to make sure Kearney can employ the individuals there as well. In the end, this project was a perfect fit for our community; that combined with a strong military history. Where the Veteran's Home would be located was previously barracks and residential areas for Veterans when the base was here.

The proposal for consideration would consist of a total of \$10.1 million from a variety of sources. The City funds would be \$8.5 million; the direct City contribution of \$6.7 million with many of the funds being distributed over a 20-year period of time which no funds would be even allocated for another three years. Some of the funds will need to be utilized right away for the project enhancements and the construction. The City's contribution of \$6.7 million, Buffalo County allocated \$1 million in cash contributions over 20 years, the Development Council, another \$100,000, and the Veterans Committee will be approximately \$500,000 contribution. So it is about \$8.3 million in direct cash contribution and that excludes the land. The difference between \$8.7 million, \$10.1 million would be a 50 percent rate reduction for water/sewer and refuse. And there is also included a contribution over a 10-year period for a total of \$200,000 for rate reduction.

If you look at the factors that are being rated, the highest factor is workforce factors of \$2.5 million. This proposal includes those funds for retention, recruitment, training, scholarships, and incentive for re-location so it makes sense based on the criteria that has been established. So the intent was to take these funds and put them in the criteria that make most sense for the project. Now the next question is, where does Kearney come up with \$6.7 million. First and foremost, the first couple years there would be \$1.5 or \$1.6 million out of the special sales tax. Also, the City acquired at no cost a few years ago during the bankruptcy the Pramac facility. Fifty percent of that is owned by the Development Council. The City is proposing to sell, at assessed valuation, that portion of the building back to the Development Council for \$1.5 million when those funds are needed which brings us over \$3 million in the first two or three years which is

important for the infrastructure. The remaining funds are out of water/sewer fund surpluses. He affirmed that they are adhering to the targeted goal of 25 percent on all fund balances including general fund balance, water/sewer, and refuse.

Kearney budgets very conservatively and this is an opportunity when people refer to a rainy day fund or a rainy day project, this is the project that is deserving of these funds. Kearney will still meet all the obligations that it has talked about in the annual budget, meet all the special sales tax projects that are proposed. Kearney will issue a little more debt, not significantly in the first few years to free up some funds.

So these are really targeted fund categories based on the criteria that the State has mentioned. They also left discretion with the State to say that if you want to move any of these funds in another category, that is certainly your discretion. Kearney has a proposal that takes care of workforce, takes care of the necessary land and any enhancements they requested. It provides for a Veterans home in a very safe community, combined with our low violent crime rate and combined with the new fire station being built a few blocks away. And finally, Kearney is bringing them an operation plan that is going to reduce their operation costs meeting all the major points across the board. Darren Robinson has worked tirelessly on this project and has done a great job and all involved are very proud of this project. It reflects a great economic development project.

Council Member Lammers congratulated the staff on such a fine job of putting this proposal together. There has been a lot of work put in by a lot of different people to try and come up with this proposal and appreciate all their efforts.

Economic Development Director Darren Robinson stated he wanted to go back over the economic impact. Nebraska Public Power economist Ken Lempke put together the economic impact which reflected \$38 million a year for their Veterans Home project. That did not account for the \$120 million in construction jobs and cost so within ten years you are looking at a half billion dollar impact, within 20 years you are looking at close to a billion dollars of economic impact. The 400 jobs that are going to be created are primarily medical so you could not find a better synergy then the Allied Health programs that are going on at the University plus those programs are being expanded and a tremendous fit with UNMC with the new campus there.

Council Member Buschkoetter asked if there was an area that staff believed Kearney lacked in compare to the other proposals. City Manager stated they know of some of the amounts but do not know how the categories are funded. The idea was to provide a reasonable amount for the different categories. They do not reflect things that are above and beyond, they just did not determine a number and say we will give them "X". Kearney looked at what the project criteria was, how it was established, and what the needs were based on visiting the other sites. They learned a lot about some of the things they wanted and Mayor Clouse was involved in that along with Dick Pierce, Darren Robinson and others. This is a rare opportunity to find a project that fits so well within this community that is consistent with the economic development that Kearney already has, the quality jobs, how it recruits jobs and then the nursing program. More importantly, the number that is surprising is ten percent of the students at UNK are enrolled an Allied Health fields.

City Manager stated on a general basis during the budget, Kearney has established a minimum fund balance and the Finance Director evaluates that each year and staff looks at those fund balances based on capital needs and other things and make certain it meets those targeted funds balances. They are generally a little higher than what other cities even have at the 25 percent. One of the reasons in the general fund is the property taxes are low in Kearney and with this project has the second lowest property tax in the State of Nebraska for first class cities and above. The funds balances are in great shape. The fund balance in the special sales tax is also met. They are only able to do that because it is over a longer period of time and they had some ability to gain some revenue with the sale of the Pramac facility early on, that made a huge difference of \$1.5 million. Citizens could trust in the fact that Kearney continues to maintain and be conservative. There is still the flexibility that there is nothing in the proposal that says, for example, if Kearney has a great year in sales tax, it could move more money out of special sales tax and leave reserves even where they need to be or actually higher than they need to be. There is that flexibility and the State is not really interested in that. The Finance Director ran the usually tests over 23 years, evaluated it and determined that the fund balances do they make sense and are able to accomplish that. Some of the revenues are in the form of reductions and utilities fees.

Mayor Clouse asked to share a little bit about the site and the infrastructure that is in place and how Kearney has gotten there over time; the work done with Project Edge, etc. City Manager stated with regard to Project Edge they investigated the entire 56th Street corridor, they looked at power, water, sewer and paving. Fortunately, the water and sewer was already completed, the paving is going to be completed in the next few months. Cherry Avenue will be completed by December 2015 so the entire road infrastructure has been completed but it was already planned to be completed. The same thing with Project Edge, Kearney had a great site and a great area and it was fortunate the federal government basically gave Kearney the land. The site is in excellent shape. The airbase was an important part of this community and this project fits well; it is next to the Armory. Kearney is fortunate to have this site it is not in 100-year floodplain and ready to be developed.

Council Member Nikkila asked about the federal government's role. What if the federal government decides not to make the appropriation this year. Does the bidding process restart in following years. City Manager stated he was not sure but the proposal asked to include language that the bid is good for one year. Kearney included language that its proposal was good for five years. This is a \$121 million project and Kearney proposes less than \$10 million in real cash; \$8.7 million is less than eight percent. The airport projects are ten percent contribution so in fairness to the State of Nebraska they had to raise all of their money at once.

Council Member Nikkila stated he has talked to a lot of people about this in the community and people are really excited for the chance to serve the Veterans, have them here in Kearney and we will honor them and make them part of the community.

Mayor Clouse stated that one of the items in the presentation is the pictures shown in the 40's and 50's at that particular site having the barracks as well as the historical significance.

City Manager thanked the City staff that has been working very hard on this, as well as Darren Robinson, the Chamber and Buffalo County.

Council Member Lear stated that he has never seen the City make the financial commitment that is being made to the State Veterans Home. It is a lot of pushing and pulling that has to be done to carve out these funds and make them work.

Mayor Clouse wanted to emphasis no new taxes, no tax increases.

Council Member Lammers stated it is a tremendous fit for the community too with the medical community and the educational community that it has to continue long term. There will continue to me more nurses and staff to be able to keep the place up and going. It is a tremendous fit.

Bob Harpst stated he was on this committee to help draft this proposal and it was an honor to be there. He wanted to thank Darren Robinson for all of his help. On behalf of all the veterans in Buffalo County, the whole area, and the whole state he wanted to thank the City of Kearney for drafting this proposal. In an era where many of our elected officials are not really high on lists, he has never been more proud of a group of elected officials in my life.

Moved by Lammers seconded by Nikkila to adopt **Resolution No. 2013-100** authorizing proposed funding to support the construction of a new Central Nebraska Veterans' Home in Kearney, Nebraska. Roll call resulted as follows: Aye: Clouse, Lear, Nikkila, Lammers, Buschkoetter. Nay: None. Motion carried.

RESOLUTION NO. 2013-100

WHEREAS, Nebraska currently has four Veterans' Homes located in Grand Island, Bellevue, Norfolk and Scottsbluff; and

WHEREAS, in 2013 the State of Nebraska announced it would construct a new Central Nebraska Veterans' Home and has solicited proposals from cities in central Nebraska for its location; and

WHEREAS, the City of Kearney will be submitting a proposal that Kearney be selected as the best site for the construction of the new Veterans' Home in central Nebraska; and

WHEREAS, as a requirement of the proposal, the City of Kearney will include a statement of financial support for the Central Nebraska Veterans' Home and to designate the City Manager as the authorized official.

NOW, THEREFORE, BE IT RESOLVED by the President and Council of the City of Kearney, Nebraska, that the City of Kearney commits itself to providing financial support for the site for the construction of the Central Nebraska Veterans' Home not to exceed \$6,700,000 plus additional services including utility rate reductions, free burial for residents, and site snow removal.

BE IT FURTHER RESOLVED that the City Manager be and is hereby designated as the authorized official.

BE IT FURTHER RESOLVED that this proposal is valid for a period of five years from the date of submission, June 11, 2013.

PASSED AND APPROVED THIS 11TH DAY OF JUNE, 2013.

ATTEST:
MICHAELLE E. TREMBLY
CITY CLERK

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

ADJOURN

Moved by Nikkila seconded by Lear that Council adjourn at 10:28 a.m. Roll call resulted as follows: Aye: Clouse, Nikkila, Lammers, Buschkoetter, Lear. Nay: None. Motion carried.

ATTEST:

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

MICHAELLE E. TREMBLY
CITY CLERK