

Kearney, Nebraska
November 5, 2014
8:00 a.m.

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 8:00 a.m. on November 5, 2014, 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 were also present. Some of the citizens present in the audience included: Julie Steffensmeier, Jim McKenzie, 3 Great Lakes employees, Ashley White, Jon Jankowski from NTV, Kim Cung from KOLN/KGIN TV.

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.

ORDINANCE NO. 7938 – SALARY ORDINANCE REVISED

City Administration consistently completes comparable pay studies throughout the year especially for positions that have been difficult to fill. A recent study conducted on Police salaries showed Kearney competitive but falling behind Grand Island and Omaha area cities. In an effort to remain competitive, I recommend increasing Police Officer and Police Sergeant hourly rates by \$.50. Salaries for other law enforcements are in more line with comparable cities. The pay plan adjustment would result in an approximate \$52,000 increase, covered by vacancy savings of 4 current openings due to the next academy start date of June, 2015.

City Manager Michael Morgan stated as the City evaluates pay classifications to determine comparability throughout the budget year. The City makes minor adjustments usually during the annual budget document. This year they needed to wait for finalization of several other communities that they evaluate for law enforcement and those just occurred so they were not able to complete that work during the budget. This item is a follow up to the budget; it is a minimal adjustment but that is generally their preference is to adjust ever few years rather than wait a lengthier period of time to do that. This is a position the City has the most difficult to fill. Throughout his career he remembers 150 applicants for law enforcement; he believes four individuals passed the test. It is very difficult to recruit for these positions and it gets harder every year so the

City needs to be very competitive. The upper level positions in the department are fine and very comparable. The City's Police Sergeant positions perform broader duties than any comparable departments as well. Every department has some different titles for the positions but the responsibility is stiffer. He is fairly conservative in this but is comfortable and it is within budget as the City currently has some vacancies as well. The Police Department does not have a fully authorized staff throughout the year they are always behind.

Council Member Lammers asked if the \$.50 hourly increase would be absorbed mainly through the four openings that the City is not filling. City Manager stated they will be filled but others will come open. Overall in the general fund they turn back over a million dollars. The City's reserves are more than sufficient as they frequently turn back at the end of the year including in the Police Department more than enough to cover this difference.

Mayor Clouse stated he knows public safety is one of the City Council's main priorities and is certainly something that Kearney is very proud of. He believes it is well earned.

Council Member Lammers introduced Ordinance No. 7938 repealing Ordinance No. 7932 amending the Salary Ordinance to reflect changes to the Police Officer and Police Sergeant hourly rates, and moved that the statutory rules requiring ordinances to be read by title on three different days be suspended and said ordinances be considered for passage on the same day upon reading by number only, and then placed on final passage and that the City Clerk be permitted to call out the number of the ordinance on its first reading and then upon its final passage. Council Member Nikkila seconded the motion to suspend the rules. President of the Council asked for discussion or if anyone in the audience was interested in the ordinance. No one responded. Clerk called the roll which resulted as follows: Aye: Clouse, Lear, Nikkila, Lammers, Buschkoetter. Nay: None. Motion to suspend the rules having been concurred in by three-fourths of the City Council, said motion was declared passed and adopted. City Clerk read Ordinance No. 7938 by number. Roll call of those in favor of the passage of said ordinance on the first reading resulted as follows: Aye: Clouse, Lear, Nikkila, Lammers, Buschkoetter. Nay: None. Motion carried. Ordinance was read by number.

Moved by Nikkila seconded by Lear that Ordinance No. 7938 be passed, approved and published as required by law. Roll call resulted as follows: Aye: Clouse, Nikkila, Lammers, Buschkoetter, Lear. Nay: None. Motion carried.

By reason of the roll call voted on the first reading and final passage of the ordinance, Ordinance No. 7938 is declared to be lawfully passed and adopted upon publication in pamphlet form and made available to the public at the Office of the City Clerk, the Kearney Police Department and the Kearney Public Library.

ESSENTIAL AIR SERVICE

Mayor Clouse opened for discussion on essential air service for the City of Kearney and to authorize the Mayor to submit a letter to the Department of Transportation regarding said service.

City Manager Michael Morgan presented this matter to the Council. The City needs to meet the deadline of November 7th with the Department of Transportation (DOT) for their recommendation regarding Essential Air Service (EAS) for the community. Staff's recommendation to Council will be the selection of Aerodynamics Inc.; it is a regional jet carrier 50-passenger aircraft. The aircraft would be positioned in Kearney overnight and would fly generally two flights outbound and two flights inbound from Denver to Kearney and back and forth five days a week and on weekends there would be two inbound and two outbound per day. There are a lot of factors that go into this evaluation and Council is very familiar with this. The Mayor had an advisory committee that looked at several of the options. There are some factors that they have to consider, including maximum cap per passenger. That impacted two of the four bids with Great Lakes and Boutique Air which allowed the City to consider ADI and Via Air. Via Air is a non-traditional EAS carrier and the City would have to enter into a grant program and would have been a Brazilian aircraft. The company does a good job but probably would not meet the City's needs do to the concerns about potentially leaving the EAS program and getting back into the program at some future time. Also at the end of the day the ADI bid which has the jet aircraft would provide a service that the cost per passenger is actually the lowest of all four bids that the City received due to the number of passengers that can be enplaned.

The enplanement numbers are really important; the City generally hits the 10,000 minimum enplanements and has for several years. This year they will not hit that number which is a loss of \$1 million for the airport so it is important that the City has the 10,000 enplanements. The ADI bid reflects even in a very conservative load factor approximately 17,800 enplanements a year plus they think that will grow considerably. They have a very hard considerable due diligence with respect to the company as they have not be an EAS provider in the past, including financial reviews, communication with the carriers, and current references where they do work as a charter provider. What they expect to happen if the Council approves this and communication goes out today, they as well as Scottsbluff and North Platte will all be recommending ADI. Each would have its own aircraft and will not be sharing with any other community.

Once the economic fitness is obtained the DOT would be evaluating the cost of that service and making their decision and the Council's recommendation is very important to them. There are a lot of items that need to be completed that ADI is working on: ticketing and baggage agreements, gate agreements at the Denver Airport and reservation services as well as coach air agreements. It is the City's expectation that the majority of those will be complete before service will be provided. It would take approximately 90-100 days for service to begin so they would look for a March 1st opportunity for them to begin service in the community. The standard today for the DOT puts forth with regards to the current carriers generally Great Lakes would continue service until the new carrier assumes service. That happens frequently, it may or may not happen in Kearney, they cannot speak to Great Lakes but DOT would provide them financial assistance to continue those routes until that time.

Mayor Clouse stated this has been talked and discussed over the last several months and obviously is one of the highest priorities for the Council. He thinks they all recognize it is not without risk.

City Manager stated over the last five years the community of Kearney has put forth over \$10 million in improvements at the airport in order to obtain and secure regional jet service. From the new airport fire station, the commercial hangar, the terminal parking and parking lots and a variety of other improvements out at the airport. Also other items completed; an air leakage study to assist airlines in their evaluation. Designation of the airport is a Class 2 from a Class 3, increase fire department staffing full-time at the airport and more recently the required Environmental Assessment. So frankly they have done everything they can as a community to put their best foot forward in order to support jet service. Also, they believe that obtaining jet service and increasing enplanements down the road will secure their position for some time. Essential Air Service is always discussed at the federal level to be reduced or eliminated so they want to be in a position that a carrier could come in and reach those enplanements that may not require subsidy in the future so this is more than just about the aircraft there are a lot of other items that go along with that.

Council Member Nikkila stated as someone that uses the airport a lot, he has seen the consumer confidence in the airport just evaporate over the last couple of years and for him it is frustrating to see because it becomes such a great way for people to get around the country. The City's airport was doing a really good job a couple years ago when he was using it and the staff at the airport do such a great job and dealt with difficult situations and he knows this may create the uncertainty for them as well. He thinks this is the only option right now with the way things are heading. There are some risks but he is more concerned about the risk of what the City has right now continuing to evaporate and having nothing.

Council Member Lammers stated he thinks that based on the service that they have received over the last 1½ years the risk is minimal on the downside and great on the upside so he thinks it is worth the effort to select ADI.

Council Member Buschkoetter agreed. Doing nothing is also a tremendous risk, going with what the City was doing still comes with tremendous risks so they have to take a look at what is the potential reward. This is the greatest potential from growth that they have and is an essential element of the community in terms of economic development. Besides just the convenience of the tourists, they need to look at the business travelers. They had people that were interested in the tech park and then looked at air service in the community and basically said that counted against the City and ended the discussions. Certainly if the City does not do anything it is not going to get any better and he thinks this has the greatest potential for the City to reach the goals that they want to reach and it does come with risk but the rewards are substantial.

Council Member Lear stated the City has been fortunate enough to have the partnership with Great Lakes Airline that they have had over the years and very thankful for what they have done for the City. Unfortunately, the last 1½-2 years they have not been able to meet the City's expectations and serve the population as well. The City is also fortunate that people like Charter Air and Boutique Air also submitted bids. They really do appreciate the effort that they put in to putting those bids together and certainly Charter Air gave them something to chew on as an alternative and certainly seems to be a very creditable provider as well. ADI is putting the right equipment on the ground. This is not the most experienced airline the City could have hoped for but they do pass

all the tests, they meet the expectations. They have high hopes for what they are going to be able to deliver to the community and they know there will be bumps in the road. He is excited about the opportunity to move forward and there are some downsides. The City has had great staff at the local airport for a long time and he has high hopes they can be part of the future for what the City does here too. They cannot guarantee that but they are forced to look at this and make a recommendation that is really good for the community.

Mayor Clouse stated he would like to suggest that if everything falls into place and they are approved with the DOT and the City ends up moving forward that they can work with them and with current staff and work on those dates and see what they can do to improve it.

Moved by Lear seconded by Buschkoetter to authorize the Mayor to submit a letter to the Department of Transportation regarding said service. Roll call resulted as follows: Aye: Clouse, Lammers, Buschkoetter, Lear, Nikkila. Nay: None. Motion carried.

MARKETING AND PROMOTING COMMERCIAL AIR SERVICE AT AIRPORT

Mayor Clouse opened for discussion the pledging a maximum amount of \$500,000 from the Kearney Regional Airport Fund for the purpose of encouraging, marketing, and promoting commercial air service at the Kearney Regional Airport and to consider Resolution No. 2014-226.

City Manager Michael Morgan stated consistent with putting the City in the best position possible, they are asking the Council to authorize a maximum amount of \$500,000. Certainly it is not their intent to spend all those funds; however, to provide the flexibility as they move along over the next months for marketing and promotion in a variety of issues related to air service. He thinks they need to be prepared; there needs to be some re-branding and a lot of effort over the coming months to communicate to the community the type of air service. He believes ADI is willing to be a partner with the City and so they will look to them and they certainly have responsibilities as well and funds for some of those things as well. The City's intent would be to provide ongoing updates to the Council the dollars spent and what they are spent for. The funds would come from the airport fund which generates revenue due to the leases they have obtained in the land from the federal government so there is no property or sales tax funds going towards it.

The items they have talked about were reduced fares potentially to help subsidize. They will also talk to the air carrier about some charter services initially to get on the ground in the community so there might be some things there the City might have to do. They will be buying a new portable ramp likely covered to get folks from the terminal to the aircraft the majority of the way and make sure they are handicapped accessible. The airport does not have that type of ramp today so folks do not have to use the stairs to board the aircraft. This is just one thing to give the City some flexibility to evaluate some of those items as they come up. They will use the air transportation committee to help guide the City; they have been a great asset in the past and to look towards some things the City can do that would have the most impact for the least amount of cost.

Mayor Clouse asked if City Manager could explain where the funds will come from. City Manager stated the funds will come from the Regional Airport Fund which is a separate fund. Funds come into that from the sale of property at the airport or from the leases at the airport. Over 2,000 acres was provided at no cost to the City and they have used those acres to generate a lot of revenue over the years. There is enough in the fund but this is not an annual amount this is essentially a maximum amount. They will see what recommendation the Air Transportation Committee will have or what items that might be requested from ADI or what other requests from the citizens as to what they would want to see in the marketing.

Mayor Clouse asked so essentially these funds are coming from sources that, in agreement with the federal government, are to be reinvested back into the airport property. City Manager stated the funds the City receives from the airport have to be spent at the Airport. So if you look over the capital improvements over the years they have sold pieces of property or buildings that belong to the airport through the federal government. They have to turn those funds back into airport improvements so this is consistent with what the federal government requires the City to do with the airport revenues.

City Manager stated the expenditure of whatever the amount may be, the City benefits from \$1 million and believes at the end of the year with increased service they are spending the money to make money; that is really critical since the City lost those funds this year.

Council Member Buschkoetter stated the City has three months of potentially no air service that they will need to make up for those boardings and one way to do that is to rebrand, get the numbers up because the City has \$1 million at risk. So if they do an investment to bring in that \$1 million and they earn that \$1 million that is money well spent. At bare minimum if they use that much money they will get the 10,000 enplanements through marketing and that is a two for one investment in dollars.

Moved by Buschkoetter seconded by Clouse to adopt **Resolution No. 2014-226** pledging a maximum amount of \$500,000 from the Kearney Regional Airport Fund for the purpose of encouraging, marketing, and promoting commercial air service at the Kearney Regional Airport. Roll call resulted as follows: Aye: Clouse, Buschkoetter, Lear, Nikkila, Lammers. Nay: None. Motion carried.

RESOLUTION NO. 2014-226

WHEREAS, the City of Kearney is committed to providing financial and other support for the purpose of encouraging, marketing and promoting commercial air service from and to the Kearney Regional Airport for local residents and businesses; and

WHEREAS, the City of Kearney hereby finds that expending funds for transportation services, including commercial air service, is an appropriate use of public funds; and

WHEREAS, dependable and affordable commercial air service is necessary to support and promote responsible and sustainable economic development.

NOW, THEREFORE, BE IT RESOLVED by the President and Council of the City of Kearney, Nebraska, that a maximum amount of \$500,000 may be paid out of the

Kearney Regional Airport Fund for the purpose of encouraging, marketing, and promoting commercial air service at the Kearney Regional Airport.

PASSED AND APPROVED THIS 5TH DAY OF NOVEMBER, 2014.

ATTEST:
MICHAELLE E. TREMBLY
CITY CLERK

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

ADJOURN

Moved by Lammers seconded by Nikkila that Council adjourn at 8:24 a.m. Roll call resulted as follows: Aye: Clouse, Lear, Nikkila, Lammers, Buschkoetter. Nay: None. Motion carried.

ATTEST:

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

MICHAELLE E. TREMBLY
CITY CLERK