

## THE OFFICIAL PROCEEDINGS OF THE FY21 BUDGET OVERVIEW SESSION OF THE GERING CITY COUNCIL, JUNE 29, 2020

A Budget Overview Session of the City Council of Gering, Nebraska was held on June 29, 2020 at 4:00 p.m. at the Gering City Hall Council Chambers, 1025 P Street, Gering, NE. Present were Mayor Kaufman and Councilmembers Smith, Gillen, Backus, Abel, Wiedeman, O'Neal and Cowan. Also present were City Administrator Lane Danielzuk, City Clerk Kathy Welfl and City Finance Director Renae Jimenez. Absent was Councilmember Morrison. Notice of the meeting was given in advance by publication in the Star-Herald, the designated method of giving notice. All proceedings hereafter were taken while the meeting was open to the public.

### CALL TO ORDER:

Mayor Kaufman called the meeting to order at 4:03 p.m. The Mayor stated that there was a quorum of the Council present and City business could be conducted.

1. Roll Call

### OPEN MEETINGS ACT - NEB.REV.STAT. CHAPTER 84, ARTICLE 14

Mayor Kaufman stated: As required by State Law, public bodies shall make available at least one current copy of the Open Meetings Act posted in the meeting room. Agenda items may be moved up or down on the agenda at the discretion of the Mayor. As required by State Law, additions may not be made to this agenda less than 24 hours before the beginning of the meeting unless they are considered under this section of the agenda and Council determines that the matter requires emergency action.

### CURRENT BUSINESS:

#### 1. FY21 Budget Overview and discussion of policy for expenditures

City Finance Director, Renae Jimenez, stated that the purpose of this meeting is to discuss the general policies and parameters of the expenditures regarding the various funds and departments of the City. She gave a brief overview of the budget schedule and noted that the budget work session is on August 5, beginning at 8:15 a.m. She also noted the date of the public hearing to adopt the budget; August 24.

She said to start, she would like to go over the directives that were given to the directors in preparing their budget numbers:

**Directives:** Payroll and personnel – the CPI number was a negative so there will be no cost of living increase. The budget is based on a 0% COLA or cost-of-living pay increase. The directors were also told that due to the tight revenue numbers and expenditures, it would be a zero percent (0%) increase in their Operations and Maintenance from the current fiscal year budget. If there were any changes that had to be made, they had to keep their O & M in that same total. If they spent more money in supplies instead of repairs (for example), they could allocate money amongst that, but the totals still need to come to the same end result.

The directors were also told no new staff requests. There is an exception in regard to that; it will be discussed later under a section called "target waivers".

There were two open positions, one in Police and one in Parks, that were not filled in this current budget year in order to meet the requirements of the FY20 budget to get it to where we were no longer in a negative cash balance position. They were budgeted for however, and they are still approved positions by Council, just not filled. Those are reflected in the budget numbers for FY21. One was for a Police Officer with an estimated cost (salary and benefits) of \$102,000. One was for a Parks Crew Leader with an estimated cost of just under \$80,000 with salary and benefits. With no comments from Council, she stated that those items will stay in the budget as currently shown.

Our current health insurance is assumed at a 10% increase in employer and employee costs. She doesn't have those exact numbers but it's an assumed 10% increase. That is a number that could change; she doesn't know yet which way. We won't have that information, along with workers comp or liability insurance, until the end of July or early August. We hope to have them at the work session. For now, we just put an increase in there.

As a general note, for health insurance, in the past we have shown that as a transfer to the Health Agency Insurance Trust Fund. She said we're going to change that so that it shows as an actual expense, so that we have a better idea of what our personnel costs are. This, to her, is more clear to everybody of what that actually is. It's just our cost for the health insurance; it will show up in the detail at the work session

**Target Waivers:** The next item is what she calls target waivers. These are a request to go above the assumptions or directives to the department heads. For example, underneath Fire Department there is a request for an additional staff person. That estimated cost, with salary and benefits, is just over \$84,000; that is something that we are looking to Council for a consensus as to whether or not that is included in the budget as we proceed.

It is not her intention to go into the detail of each department budget; Council has the information that shows them what the total budget expenditures are in what's called a "FY21 Budget Estimate". That shows, by fund, what the estimated cash position is going to be at the end of FY21. In the General Fund it is showing the estimated ending cash for FY21 (with current assumptions, not including the additional position in Fire) is a negative \$173,000.

Right now, it's showing that our estimated ending cash for FY20 in the General Fund is a positive \$500,000. That is great considering the reduction in revenues that we're ultimately going to see; but we're still not done with the fiscal year yet.

Mayor Kaufman noted that that is a significant change. He asked what her goal would be for the GL balance, to have some cushion and rainy day type funds for budgeting purposes. Ms. Jimenez responded that the recommended practice is three months of operating; and that's the keyword "operating expenditures". What she means by that is that does not take into account Capital purchases and if the General Fund were to have debt payment. She does not have that dollar amount right in front of her, but 25% would be the estimate.

The additional two waiver requests were also Fire. The building that they took over that was being rented, we now have responsibility for all expenditures in relation to that building. Now that it will be fully used by the Fire Department, it will be back to an expense of the General Fund. Both of the requests are in regards to that building; utilities are estimated at \$4,100 and repairs and maintenance for vehicles is estimated at \$13,000. These again are what she refers to as target waiver requests. Council will be asked to consider these above and beyond what the original directives were.

Councilmember O'Neal asked if those expenses had been added in; Ms. Jimenez replied the additional personnel was but the \$17,100 (associated with the building) has not been added in yet. Mayor Kaufman noted to the Council that he wants them to be mindful of policy decisions going forward. With those kinds of additions, they have to cut somewhere else. He asked them to be mindful of priorities going forward. Ms. Jimenez added that especially with the General Fund already estimated at being a negative balance of \$173,000; we cannot be budgeting for a negative cash balance in any of the funds. Our focus at this meeting is on expenditures; we can possibly look at revenue ideas at a later date. If we can't come up with the revenues, then we have to go back to making decisions on the expenditures. This will at least give everyone an idea of what we need to work towards.

Mayor Kaufman asked if we're maximizing our ability to transfer in-house. Ms. Jimenez replied that there are some things that she will be looking at, but she has not had a chance to look at that yet. As far as this year, we were hitting it pretty close already but there might be some changes, maybe some additional things that we could tweak and look at to maybe help that situation. Mayor Kaufman asked how will the COVID money, made available in the CARES act, impact this budget cycle? Ms. Jimenez said she doesn't really know a whole lot yet; she's not aware that the federal government has approved it to be used for potential loss of revenue, and that's where it would really help us. There are some expenses we could claim and get reimbursement on. Expenses have to be related directly to PPE and supplies directly related to COVID. It will help a minimal amount; unless we can get help on the loss of revenue, it's not going to be anything major. Governments were not eligible to apply for funding for employees that were not working. Mayor Kaufman stated that we are like any other business, we were impacted by those losses but have to make that up with tax payer dollars.

**Consensus:** The general consensus was to include the target waivers, understanding that they may be changed once we get to the work session.

**Capital Requests:** Regarding Capital requests, Ms. Jimenez stated that they was included in the information that was sent to Council. The first item is for Administration and it's labeled as "security"; it's a \$50,000 request. This has been requested for a couple or three years. \$10,000 has been requested for panic buttons to get those fully operational. \$40,000 to provide better security for up front. After an active shooter training a few years ago, LARM recommended we do this in that area of our building; \$40,000 was estimated for that. If that were to be approved, it would have to come out of the General Fund.

Mayor Kaufman asked if that would improve our insurance premiums. Ms. Jimenez responded that she would be surprised if it would. Councilmember Backus said he feels we should have some internal security in relations to our data. Right now, it's in an uncontrolled office where anybody could access it. It seems silly to put money into a carded security system if we're going to leave that unsecured. Ms. Jimenez said she can look into that, there are always IT improvements that can be made.

**Consensus:** Council would like to see the security improvements in the budget at this time.

The Police Department is requesting two vehicles; that is part of their fleet rotation. Chief Holthus provided a spreadsheet to show what the estimated replacement schedule is. Her opinion is that this is a needed expense; it is imperative that we figure out a way to get these paid for in FY21. But of course, it's up to the Council.

Councilmember Smith asked if there was a vehicle we didn't buy last year; didn't we have three budgeted? Chief Holthus replied that they had requested three and were approved for two - that was actually two years ago. This fiscal year we didn't get any. We were able to buy one salvage vehicle from NSP with 50,000 miles and it's going to be a good serviceable car. It has a little hail damage being repaired now, but it'll be get a good serviceable car. We had a model that was totaled in our own fleet, but the parts could go into the newer car. We were able to buy one car this year for \$6000 with a new hood.

**Consensus:** It's okay to proceed with that in the budget.

The next request is a Police request for a camera system in the interview room for \$18,000. The old system is very dated. Councilmember Wiedeman suggested the possibility of Keno funding, but noted that she understood there would probably be software updates that the police department would have to fund down the road.

**Consensus:** Yes on that one.

The next capital expenditure is for the Parks Department for an infield ball groomer for \$23,700. Again, this will be General Fund. Parks and Recreation Director, Amy Seiler, said it would be for the new ball fields and the stadium. We have one currently; it's fairly old. She said we would like to have both of them because the infield will require quite a bit of maintenance so we'll need two pieces of equipment to get the work done in a timely fashion. It was approved two years ago by Council, but we did not purchase it last year so she carried it over to this year.

**Consensus:** Include the ball groomer.

The Library has a request for a chair lift for access to the community room. That was budgeted in this fiscal year at \$80,000. The request has been changed from \$80,000 to \$100,000. \$100,000 is already in those numbers so it's already accounted for. Councilmembers Wiedeman and Cowan stated that it needs to be done. Library Director, Diane Downer, said that the City Engineer went out for proposals earlier this year and they were coming in around \$15000; then COVID hit. We'd like to go back out for proposals for an architectural and engineering plan. Councilmember Backus suggested the possibility of the additional \$20,000 coming from Keno. Ms. Downer said that we could leave it at \$80,000 and hope for the best and then look for additional funds if we find out we need more. Councilmember Wiedeman said she thinks it

should be kept in at \$100,000; hopefully we don't need to spend it all, but it's there if we need it. This is something that should've been done two years ago. It was noted by Council that the price is just going to continue to go up.

**Consensus:** Leave it in the budget at \$100,000.

The next request will be from the Electric Department, but these dollars will be coming out of money that was set aside in a sinking fund for two bucket trucks, for a total estimated cost of \$305,000. The dollars are currently set aside in the sinking fund; that's where it would be paid out of. Electric Superintendent, Doug Parker, said that number might be lower because he's going to trade one truck in; one truck was a '99.

The next item is out of the Golf Fund for a mower, for an estimate of \$68,115. Ms. Jimenez stated that the Golf Fund is one of the funds that is currently showing a negative cash balance. Councilmember Smith clarified that we bought no mowers last year. Ms. Seiler replied that we did not buy any mowers last year. She said this would be replacing a rough mower; we usually like to replace them at 4000 hours, this one has around 4500 hours.

**Consensus:** Include it for now, at the moment.

Councilmember Gillen asked for a copy of the replacement schedule for all the mowers for Parks and Golf; similar to what they received from the police department. Mayor Kaufman added that is a report that's good to have from all the departments. Finance Director Jimenez said she will make sure we have that for the budget work session so Council has that for review from all departments.

Councilmember Backus said he would also like the "Communications" line item reviewed. He said he bugged the previous Finance Director about it every year. That covers everything from stamps to TVs to phones; it's a very broad area. Ms. Jimenez agreed and said she would like to change the line item that we currently show to make it more easily understood. It might be adding some accounts or it might be reducing some accounts; it depends on the respective department. There are several line items that she would like to change the wording of. She thinks that will accomplish what Councilmember Backus has concerns about, so it's more transparent where the dollars are being spent. Councilmember Backus said he thinks there is an opportunity for savings there.

Ms. Jimenez said there are a couple items for the Landfill; one of them is a dozer. She apologized for not getting it included in the packet. The dozer request will be \$290,000. That fund would currently be able to support that amount. Environmental Services Director, Steve Mount, said that we would be replacing a 2006 model that has 13,000 hours on it. There has been a lot spent on repairs for it. Councilmember Gillen asked to know what the funds in the sinking fund are allocated for. Ms. Jimenez replied that she can get Council the details for the sinking fund. She added that even if it's not in the sinking fund, to keep in mind that that fund, in and of itself, can still pay for the purchase of the dozer. Her philosophy is probably different than what Gering has done in the past in regard to enterprise funds, which in essence are the utility funds. They are already their own separate fund. Yes, it does help with really big dollar items to be putting them into a sinking fund, but for something like a dozer and a bucket truck, those dollar amounts can be left in that fund but still set aside. She sees the sinking fund as something to build up dollars, like for the General Fund, for the big dollar items that we need to build up and start making sure it's set aside. She will check to see if there are funds in the sinking fund that can be used first, but the fund itself could afford to pay for that dozer.

The other expenditure for the Landfill is for monitoring wells for the new landfill, for \$450,000. That is the estimated cost for three wells. Mr. Mount said it's in this year's budget, but we have not expended it yet; it's kind of a carryover. Ms. Jimenez said it's for testing of potential sites. Mayor Kaufman said we need to double check that because that had to do with the agreement with Tri-hydro - on the original siting process. Ms. Jimenez said she would check on that.

Councilmember Gillen stated that he'd like to see is if there are large expenditures from one year to the next that we are not going to spend, he'd like to see those line-itemed out - what has been approved and what we're rolling from year to year to year. He'd like to see a listing of that. Ms. Jimenez replied that

staff will make sure they provide that for FY20 and 21 at the Budget Work Session. She said they would include every capital project and how much was spent for each (or not spent), and what was requested.

Ms. Jimenez continued with capital projects and stated that there are some with Water and Wastewater. A diffuser for Wastewater and a sewer and water line for Crossroads Coop that are in the budget. There is also a 12" water line at the Lockwood facility. Councilmember Backus asked if the diffuser is a carry-over. Public Works Director, Pat Heath, replied that yes, it is. The Crossroads Coop line is for an over-sized line; that's for water also. The Lockwood facility water main is \$137,000, so we can correct an issue we had with their fire suppression system. There is also a UPR sewer line replacement on the north side of Rich's Wrecking, south side of the industrial park; \$360,000. There was money already budgeted and they took some of the money from the diffuser project and moved it over to the railroad project because it was dragging on so long. We were also trying to get approval from the railroad. All of those are already included in the detail Ms. Jimenez added.

Casey Dahlgren, Street Superintendent, stated that he had some capital improvement projects as well. Ms. Jimenez stated that there are additional ones for Street that are not detailed; she will get those added. Mr. Dahlgren said he'll have carry-over.

Ms. Jimenez also noted that we have seven outside agency requests. Those requests will be for Council's consideration at the Budget Work Session. She asked if there is anything else Council would like to see at the work session. With no further questions, she encouraged Council to reach out with any questions they may have of her before the work session.

**CLOSED SESSION:** (Council reserves the right to enter into closed session if deemed necessary.) None.

**ADJOURN:**

**Motion by Councilmember Gillen to adjourn. Second by Councilmember O'Neal. There was no discussion. The Clerk called the roll. "AYES": Smith, Gillen, Backus, Abel, Wiedeman, O'Neal and Cowan. "NAYS": None. Abstaining: None. Absent: Morrison. Motion Carried.**

Meeting adjourned at 5:52 p.m.

  
Mark A. Kaufman, Mayor

ATTEST:

  
Kathleen J. Welfl, City Clerk

