

July 22, 2021

ALLIANCE CITY COUNCIL

SPECIAL BUDGET WORKSHOP, THURSDAY, JULY 22, 2021

STATE OF NEBRASKA)
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 COUNTY OF BOX BUTTE) §
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 CITY OF ALLIANCE)

The Alliance City Council met in a Special Budget Workshop, Thursday, July 22, 2021 at 1:30 p.m., at the Alliance Learning Center, 1750 Sweetwater Avenue. A notice of meeting was published in the Alliance Times Herald on July 14, 2021. The notice stated the date, hour and place of the meeting, that the meeting was open to the public, and that an agenda of the meeting, kept continuously current, was available for public inspection at the office of the City Clerk in City Hall; provided the Council could modify the agenda at the meeting if it determined an emergency so required. A similar notice, together with a copy of the agenda, also had been delivered to each of the City Council Members. An agenda, kept continuously current, was available for public inspection at the office of the City Clerk during regular business hours from the publication of the notice to the time of the meeting.

Mayor Dafney opened the July 22, 2021 Special Budget Workshop of the Alliance, Nebraska City Council at 1:30 p.m. Present were Mayor Dafney, Council Members Mischnick, Jones, McGhehey and Bentley. Also present were City Manager Sorensen, Finance Director Waggener, and City Clerk Johnson.

- Mayor Dafney read the Open Meetings Act Announcement and indicated a copy of the Act was posted on the easel in the northeast corner of the meeting room.
- Mayor Dafney announced the purpose of the Special Budget Workshop was to review the proposed budget for fiscal year 2021-22.
- Finance Director Randy Waggener presented Council with the proposed budget for fiscal year 2021-22.

1. Budget History

- Total Budget Range from \$33.2M (2011-12) to \$57.3M (2021-22) – up 5.0%
- Capital portion from \$5.2M (2010-11) to \$18.9M (2020-21) – down .3%
- Operating expenses from \$21.9M (2012-13) to \$31.5M (2021-22) – up 11.2%

2. Capital Request Modifications - \$18.869M or 33% (Tab 7)

- Eliminations and reductions – \$1,822.5K
 - Reduced streets project carryover - \$1.555M
 - Deferred ambulance - \$170K
 - Streets pickup - \$55K (trade vehicle with Facilities Maintenance)
 - Library camera, utility inserter and FBO gate completed – \$42.5K
- Carryover additions - \$1,312.5K
 - Warehouse expansion retainage - \$500K

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- Sewer lift station A retainage - \$350K
- Double bucket truck delayed - \$180K
- Motorola console retainage - \$110K
- Lucent viper system delayed - \$90K
- Golf tractor delayed - \$35K
- Electronic sign uncertain - \$27.5K
- Landfill conveyor belt retainage - \$20K
- Transfers to operations or contingency - \$200K
 - Sewer mains - \$200K to contingency
- Potential additions from original listing - \$1,708.1K
 - Additional storm damage repair - \$1,270K
 - Walking path expansion (pending grant) - \$350K
 - Increased softball complex grading - \$75K
 - Additional network upgrades - \$13.1K
- Pending Addition - \$750K for library HVAC upgrades
- 3. Purchased Power Costs - \$9.22M (16%)
 - Decrease of \$245K (from \$9,465K to \$9,220K)
 - Budget higher than highest recent usage of \$8.232K by \$988K (or 12%)
- 4. Personnel Costs - \$8,664K (15%)
 - Authorized Strength – (Tabs 11) 118.4, net increase 10.1
 - Additions
 - Grant-funded police officers (4 FTE)
 - Expanded dispatch contingent on consolidations (4.5 FTE)
 - Fire department enhanced staffing (1 FTE)
 - Water worker to assist with AMI install (1 FTE)
 - Net police officers covering National Guard absence (.2 FTE)
 - Deductions
 - Utility Customer Service due to efficiencies (.50 FTE)
 - Adjust transit staffing for needs (.20 FTE)
 - Transfers
 - Allocate city manager time to enterprise funds (.25 FTE)
 - Split administrative position with marketing (.50 FTE)
 - Transfer staff from finance to HR (.50 FTE)
 - Split utility office position with finance (.25 FTE)
 - Salary and Benefits Projections - (Tab 13) Overall \$775.3K increase
 - COLA – (Tab 12) 1.5% increase recommended based on CPI and SS COLA
 - Each 1/2% increase equates to around \$36.6K overall cost increase
 - Police COLA of 2% by contract
 - Added salary and benefits of \$704.9K (8.1%) – salary, only of \$478K
 - Police officers (\$300.8K with \$178K to \$238K COPS grant)
 - Dispatch (\$211.8K with County reimbursement)
 - Fire employee (\$72.2K)
 - Water worker (\$54.1K)
 - Enhanced city manager package (\$63K)
 - Seasonal adjustments – add admin intern (\$4K), electric intern (\$3K), golf rate/hour adjustments (\$2.5K)
 - Other Factors
 - Workers Compensation up \$53.9K (23%) - mod factor up from 1.03 to 1.23

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- Health Insurance Funding – down \$29.9K (2.3%)
 - Budgeted transfer down from \$13K to 11.3K per employee with \$9.75K current actual transfer
 - Other Benefits (FICA, Medicare, Pension) – up \$61.5K (8.1%)
5. Transfers - \$8.119M (14%)
- Enterprise Fee Transfers - \$2.192M (at 12%)
 - Internal and Enterprise Service Transfers - \$2.077M (subject to change)
 - Other Transfers – \$3.85M (Tab 15)
 - Sales Tax Transfers - \$2.37M (increase \$250K and use of \$120K reserves)
 - American Rescue Plan Act funds to General Fund – est. \$500K for lost revenues
 - General Fund reserves to HUD/Housing Fund - \$300K for housing construction
 - Hotel Occupation Tax to General - \$250K (increase \$50K using \$70K of reserves)
 - General Fund to Golf Fund - \$175K (down \$25K)
 - Public Safety Tax Fund - \$150K (up \$100K, reactivate .03 mil levy)
6. Health Care Fund - \$1.842M (3%)
- Decreased \$88,000 (4.65%), primarily employee claims
7. Economic Development - \$1.974M (3%)
- LB840 - \$150K payments and \$100K sales taxes with \$400K for projects after receipts
 - Economic Development
 - BBDC - \$75.7K (unchanged)
 - CRA - \$20K (7th year, approx.; \$100K in reserves available)
 - Reserves and fees cover legal expenses
 - TIF Fund – Pass through of incremental taxes estimated at \$425K (West Plains complete)
 - Housing Fund – establish new revolving fund from general reserves (\$300K)
8. Debt Recap and Debt Servicing Projections (Tab 8) \$905.5K (2%)
- External debt balance potentially approaching \$5.5M by 9/30/2022
 - Highest level since 2015
 - New debt anticipated
 - Street financing for Third Street and asphalt projects (up to \$2.0M)
 - Refuse truck lease (up to \$300K)
 - Landfill building mortgage loan (\$250K)
 - Airport runway project (\$500K)
 - Airport hangar financing (\$450K contingent upon adequate cash flow)
 - Electric Fund loans to Airport (\$375K) and Bomgaar building (potentially paid)
9. Council Contingencies - \$1.577M (3%) (Tab 20)
- Increase of \$844.2K (114%) over prior year
 - Increase of \$932.2K for ARPA unplanned expenditures
 - Water reduction scheduled for actual arsenic plant upgrades
10. Special Funding Allocations – \$168.3K (Tab 24)
- Overall decrease of \$75K recommended
 - BBDC marketing contract ended – proposal by Chamber but staff recommends in-house
11. Primary General Fund Sources (Chart)
- Property Taxes – 9.6% increase overall equates to \$30 for average Alliance home
 - Base request unchanged equals 13% of general funding (incl. MFO)
 - Proposed reinstatement of .03 mil levy for public safety fund (about \$161.4K)
 - Approximately .35 mil levy – only 9 of 29 comparable NE first-class cities lower
 - Funds Transfers (Tab 14)
 - Sales Taxes – \$1.4M (unchanged; equals 13% of general funding)

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- Enterprise Fee Transfers – \$2.192M (at 12% adds 21% of general funding)
- ARPA Funds - \$500K (est. lost revenue reimbursement)
- Hotel Occupation Taxes – Increased transfer by 50K with \$70K from reserves
- Public Safety Taxes - \$150K
- Other General Fund Sources – 25%
 - Municipal Equalization - \$380K, up \$39.2K (11.5%)
 - Franchise Fees - \$194K, budgeted same as prior but generally trending down
 - Ambulance Fees - \$200K; up \$5K (2.5%)
 - Motor Vehicle Fees - \$180K, unchanged
 - Insurance Claim Proceeds - \$1.804M or 17% of general funding
 - Possible Grants -
- Major Grants – (Tab 19) Total of almost \$10.5M
 - FAA – funding for tentative taxiway and apron (almost \$4.555M)
 - DOJ COPS grants – equipment and staffing (\$854K)
 - Federal American Rescue Plan Act grant – undefined purpose (\$716K)
 - Fed Transportation - Transit Operations (\$368K)
 - Game and Parks – Trails grant for trail expansion (\$250K)
 - RSVP – Second year of three-year grant funding (\$50K)
 - Airport CARES grant – Designated in application as debt payment (\$32K)
 - NDEQ – Tire Amnesty – Maybe some carryover
 - Aging Office – Handyman - \$24.4K

12. Enterprise Rates

- No rate studies – automatic 1% increase
- Possible rate studies prior to 2022-23 budget

13. Department Considerations

- Golf Course
 - Revenues increased by approx. 2.5%
 - New lease to airport is primary increase
- Airport
 - Taxiway and apron rehab contingent on 90% funding
 - Interim loan from electric (\$450K) pending consolidation or payment opportunity
 - Golf course lease included at \$7K annually
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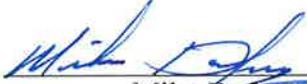
14. Other Budget Discussions

- Miscellaneous Operating Notations
 - Cooperative effort with department heads to control overtime, on-call and call-back
 - Comprehensive plan – internal completion (reduced from \$100K to \$25K)
 - Museum exhibit project “contingency” (\$14.6K)
- Modifications Pending
 - Modify other allocations for internal and enterprise services
 - Last minute review of current year capital project carryover balances
- 2021 General Fund Year-End Reserves
 - Repay a portion of the Bomgaars loan to Electric Fund
 - Transfer to capital projects fund
 - Nuisance abatement funds

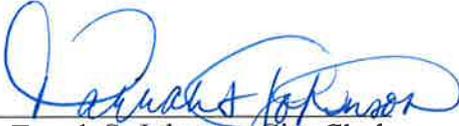
No action was taken on any of the discussed issues. Council will have the first reading of the ordinance to adopt the budget at the August 3, 2021 regular meeting.

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- Mayor Dafney stated, “there being no further business to come before the Alliance City Council, the meeting is adjourned at 3:53 p.m.”


Mike Dafney, Mayor

(SEAL)


Tarrah S. Johnson, City Clerk

