

August 6, 2009

ALLIANCE CITY COUNCIL

REGULAR MEETING, THURSDAY, AUGUST 6, 2009

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

The Alliance City Council met in a Regular Meeting, at 7:00 p.m., in the Board of Education Meeting Room, 1604 Sweetwater Avenue. A notice of meeting was published in the Alliance Times Herald on July 30, 2009. 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 Yeager opened the August 6, 2009 Regular Meeting of the Alliance, Nebraska City Council at 7:00 p.m. Present were Mayor Yeager, Council Members Kusek, Benzel, Rowley and Feldges. Also present were City Manager Caskie, City Attorney Miller and City Clerk Jines.

- Mayor Yeager read the Open Meetings Act Announcement.
- The first item on Council’s agenda was the Consent Calendar.

Motion by Councilman Benzel, seconded by Councilwoman Rowley to approve the Consent Calendar which follows in its entirety:

CONSENT CALENDAR – AUGUST 6, 2009

1. Approval: Minutes of the Regular Meeting, July 16, 2009.
2. Approval: Payroll and Employer Taxes for the period June 27, 2009 through July 10, 2009 inclusive: \$176,820.88 and \$12,619.90 respectively; and for the period July 11, 2009 through July 24, 2009 inclusive: \$182,114.14 and \$13,428.06 respectively.

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3. Approval: Claims against the following funds for the period July 13, 2009 through August 3, 2009: General, General Debt Service, Trust and Agency, Street, Electric, Refuse Collection and Disposal, Sanitary Sewer, Water, Golf Course, Downtown Improvement Districts, R.S.V.P., Keno, and Capital Improvement; \$1,082,933.43.
4. Approval: Update the roster of the Alliance Volunteer Fire Department by deleting Lora Sullivan and Howard Taylor III.
5. Approval: Resolution No. 09-90 granting a Special Designated License to Kloch's Liquor for an event to be held at the Knight Museum and Sandhills Center on September 5, 2009.
6. Approval: Resolution No. 09-91 granting a Special Designated License to the Panhandle Men's Club Inc. for an event to be held at the Knight Museum and Sandhills Center on September 18, 2009.
7. Approval: The Alliance High School Student Council is requesting a street closure for the Annual Homecoming Parade. The parade will take place on Friday, September 11, 2009 beginning at 2:00 p.m. The lineup will start at 1:00 p.m. at 16th and Box Butte Avenue and the parade will proceed south on Box Butte Avenue ending on 1st Street.
8. Approval: The issuance of the following Contractor Licenses:

Master Plumber	Jeff Weber, dba J & V Drain and Sewer Cleaning
General Contractor	Christopher Mischnick, dba Walter Mischnick Contractors & Builders, Inc. Dale Wood, dba Dale Wood Construction, Inc. Roger E. Osland, dba Construction Plus, Inc. Steve Lambert, dba Champion Windows Charles & Tim Weston, dba Weston Mobile Mix, LLC Tri-State Carports, Inc.
Master HVAC	Tod Heldenbrand, dba 4 th Street Fencing, Heating & Cooling Ralph A. Wood, dba Z & S Sheet Metal
Journeyman HVAC	Jarad Wilson, dba Z & S Sheet Metal
Repair & Mtc.	Tod Heldenbrand, dba 4 th Street Fencing, Heating & Cooling Chuck Moenning, dba Chuck Moenning Construction Tim Dahlberg, dba Dahlberg Carpentry
Limited & Specialty	Mark Leonard, dba Bullseye Fire Sprinkler Charles R. Hamm, dba C & J Steel Erectors

NOTE: City Manager Caskie has reviewed these expenditures and to the best of her knowledge confirms that they are within budgeted appropriations to this point in the fiscal year.

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Councilman Kusek questioned a charge for Med Vaults. City Manager Caskie explained that she believes they are locked medicine chests for ambulances. He also asked about repair to the kiosk at the Alliance City Cemetery. City Manager Caskie advised Council the original donor pays the City back for any expenses incurred for the kiosk. Councilwoman Rowley inquired as to whether the repairs needed for the Central Park Fountain were due in part to citizens getting into the fountain as well as throwing items in the fountain. The City Manager explained that is a factor. Councilman Kusek asked about a charge to Hi-Lite Markings. He was advised that the charge is for seal-coating the airport parking lot. He also inquired about a labor charge for the airport and was told it is all a portion of the airport terminal remodeling project.

Motion by Councilman Kusek, seconded by Councilwoman Rowley to withhold payment to Infinity Construction for the 10th Street Reconstruction Project until several unfinished issues are dealt with.

Public Facilities Director Eric Lenz advised Council that he is aware of several issues with the project and is addressing them. He explained that Infinity Construction moved to the airport immediately after finishing the street project and has not been back at this time. All Seasons Landscaping is in the process of reinstalling sod that was removed during the project. Councilman Kusek asked if the engineer has signed off on the project. Mr. Lenz advised Council that they sign off on it and forward the numbers to him. Council asked Mr. Lenz why the engineers would sign off on the project when there are visible cracks in the concrete. Mr. Lenz indicated that during the final inspection, all defects will need to be fixed because the State of Nebraska will not sign off on the project until the repairs have been made correctly. At this time, the City of Alliance owes the engineers \$7,801.30.

Motion by Councilman Kusek, seconded by Councilwoman Rowley to change the previous motion to release \$196,000.00 to Infinity Construction and withhold payment in the amount of \$7,801.30 to M.C. Schaff.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

Motion carried.

Councilman Benzel drew attention to the funds that are being expended for nuisance abatement. City Manager Caskie explained the City has placed a lien on the property owners for the expense, but it may take some time before repayment is made.

Roll call vote on the amended Consent Calendar with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

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Motion carried.

- The next issue for Council was a request of Angela and David Isom to consider adding a portion of their property to a subdivision for property tax purposes.

Angela Isom, 3101 West Lakefield Drive addressed Council concerning a subdivision for the property on which their home is located. Their property taxes are triple that of their neighbors due to the fact they are not part of a subdivision. The face of their home does not abut a city street which is a requirement of subdivision. They are dependent on the City for services except sanitary sewer. Due to the cost of hooking into the City sewer system, the Isom's chose to install a septic system. The Isom's have been asked to allow a City easement on their property. City Manager Caskie indicated no knowledge of an easement request. Electric Superintendent Larry Heinrich indicated at one time they would have liked to have an electric easement on the property.

Councilman Kusek asked if the driveway was located on their property. Mrs. Isom indicated yes. Community Development Director Rick Houck advised Council the property abuts a public street and has approximately 66 feet of frontage at the end of Lakefield Drive West. The tax difference is a result of the zoning of the property. Property owned by the Isom's neighbors is zoned Agricultural and their property is zoned Residential. The agricultural land is outside the corporate limits and their property is inside the limits. To complete a subdivision, a street would have to access the eight acres to the rear of the home. City Manager Caskie advised Council that in order for the Isom's to install a septic system on their property located inside the City limits, new language was drawn up to allow owners with 10 acres or more the opportunity to install a septic system. This language prohibits property owners from splitting their property.

David Isom, 3101 West Lakefield Drive addressed Council asking if the 10 acre requirement for a septic tank is an arbitrary number. Community Development Director Rick Houck explained State Statutes state that a subdivision does not need to be created if more than 10 acres is parceled out. City Manager Caskie advised him the City arrived at the 10 acre rule because of the subdivision regulations prohibiting septic tanks from being located in areas with developmental possibilities.

Medelice Wirtz, 3015 West Lakefield Drive addressed Council stating her entire property is located in the city limits. She indicated this is a unique situation and would like Council to make an exception.

Community Development Director Rick Houck advised the Isom's to consult with County Assessor Michelle Robinson to see if the front three acres could be assessed differently than the seven acres located in the rear.

Councilwoman Rowley asked for additional information to be provided to Council at the September 24, 2009 meeting.

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- The next item on Council's agenda was a discussion with the PAWS (Providing Animals With Shelter) group regarding the need for a new animal shelter.

Dede DeVeney, 2811 Big Horn Avenue addressed Council asking for a new shelter for animals in the City of Alliance. She indicated the cats and dogs need to be separated and that the current facility is in such bad shape, people can hardly stand to be inside. She indicated that currently there is \$15,000.00 in the Police budget for remodeling. The C.A.R.S. Body Shop building is currently for sale and she feels it is perfect for an animal shelter. The present building is next to an automobile impound which does not allow the animals an area for exercise.

Medelice Wirtz, 3015 West Lakefield Drive addressed Council indicating the conditions are appalling. There is no ventilation for the exception of two doors and the slab is too small to accommodate brick walls or anything to resist moisture. As a result, the building cannot be remodeled. The mold is so bad it is intolerable to be inside. The facility is dirty, embarrassing and inhumane. She believes that a volunteer pool could help exercise the animals and clean up after them.

Councilman Kusek asked who is responsible for building maintenance. City Manager Caskie explained the Animal Control officer is in charge. Councilman Feldges attested to the fact the smell is overpowering in the current building. Police Chief John Kiss advised Council animals are kept in the shelter for seven days after they are brought in before an adoption can take place. Councilman Kusek asked about the price of the C.A.R.S. building. Ms. DeVeney advised Council it is listed at \$115,000. Councilwoman Rowley advised the group that \$17,000.00 is currently budgeted for the Animal Shelter. Councilman Kusek asked if it is a possibility to renovate the current shelter. Public Facilities Director Eric Lenz advised Council that this project has been let out for bids on two separate occasions and received no bidders. R&J Industries have expressed interest in a design/build agreement for the project. Councilman Benzel asked if the impound lot could be relocated to enlarge the area for the animals.

Mrs. Wirtz requested extra help be assigned to the current shelter to deal with sanitation issues. She indicated the P.A.W.S. group would be happy to help. Councilman Kusek asked to have the impound lot moved to the airport or another portion of City property since the Animal Shelter was never designed to include an impound lot.

Motion by Councilman Kusek, seconded by Councilman Benzel to set a timeline for the P.A.W.S. group to meet with Public Facilities Director Eric Lenz, Police Chief John Kiss and City Manager Caskie to consider alternative sites, ideas for renovation, funding sources, estimated costs and donation ideas and then present those findings to Council at the November, 19, 2009 meeting.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

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Motion carried.

- The next item to be brought before Council was a request by Rich Otto to discuss his purchase of property located at 5th Street and Box Butte Avenue from the City of Alliance.

Mayor Yeager excused himself for this item and passed the gavel to Vice Mayor Rowley.

Rich Otto, 1203 Box Butte Avenue addressed Council requesting the waiver of all landfill fees relating to the construction project at 5th and Box Butte Avenue as well as the environmental cleanup for the removal of oil that was discovered during the excavation process. He indicated that he was told by staff the excavation of the former building on the lots was done “minimally to Code.”

Councilman Feldges asked if Mr. Otto knew the lot contained underground debris at the time of purchase. He indicated that he did; however, he felt that the City should be held to a higher standard than “minimally to Code.” Councilman Feldges informed Council that Mr. Otto told him that he was given an estimate of 20 loads of debris but received another estimate of 66 loads of debris that needs to be removed from the lot. Councilman Feldges made the observation that if Mr. Otto is paying for professional estimates, they should be able to come closer than a 46 load discrepancy. Mr. Otto stated that he feels that the City should have done a better job of cleaning up the property.

City Manager Caskie stated this would have come to Mr. Otto no matter what and that she is not willing to make the mistake of waiving landfill fees. In the specifications, the anticipated reuse of this property was a parking lot. No one at the time of the Drake Hotel demolition believed there would be building construction on the site. No demolition permit was issued prior to October, 2004. In 2003, the City received an application for a building permit of which one item was demolished. There was no Code or rules listed on the permit. Apparently, there had been more issues with the Drake Hotel and other properties in the community and Code Enforcement Officer David McCarty attempted to resolve the problems by creating the Excavation/Demolition Permit. At the lowest corner of the permit, it is dated October, 2004 which was a year after the permit was issued on the Drake Hotel. Mr. McCarty actually added the language on the permit as to what his expectations were for demolition which is not in the Municipal Code but an attempt by Mr. McCarty to solve the problem. Council has the option to ask staff to codify this language. The International Building Code does not address demolition.

Mr. Otto asked Council to waive all landfill fees and pay all disposal fees for the removal of the oil at an estimated cost of \$6,000.00.

Terry Curtiss, Attorney at Law, 416 Niobrara addressed Council. He told Council that when the City was drug into the Drake Hotel saga, it became the guardians of the public trust. The nuisance was far more extensive than originally known. He feels the message Council is sending to the public is that it is acceptable to dump used motor oil. He advised Council that oil dumping is not a sound environmental practice.

City Manager Caskie acknowledged that had the City known the oil was present it should not have been ignored and should have been removed. If the City missed the oil perhaps a more

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thorough inspection should have been done, and she believes the \$750.00 fee for the removal of the oil should be considered as a payment to Mr. Otto. The City acted in the faith the property was to become a parking lot. Mr. Otto changed the nature of the intent by his desire to build on the property.

Motion by Councilwoman Rowley, seconded by Councilman Benzel to pay \$750.00 for the oil removal and table action on landfill fees until more information is obtained.

Mr. Otto indicated the \$750.00 is an estimated charge. He feels the landfill fees and oil removal fee cannot be separated. The motion was withdrawn.

Motion by Councilwoman Rowley, seconded by Councilman Benzel to table action on this matter until exact expenses are known.

Roll call vote with the following results:

Voting Aye: Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

Not Voting: Yeager.

Motion carried.

Mayor Yeager returned and resumed the gavel at 9:18 p.m.

- The third reading of Ordinance No. 2643 amending the Alliance Municipal Code by adding an article to Chapter 2 regarding a Motel Occupancy Tax was the next item to come before Council.

Motion by Mayor Yeager, seconded by Councilman Benzel to approve Ordinance No. 2643 on third reading. City Clerk Jines read the ordinance by title which follows in its entirety:

ORDINANCE NO. 2643

AN ORDINANCE OF THE CITY OF ALLIANCE, NEBRASKA, CREATING CHAPTER 2, ARTICLE 12, AND ESTABLISHING THE METHOD FOR CALCULATING THE OCCUPATION TAX FOR COMPANIES WHO OPERATE A HOTEL, AND CREATING AN ENFORCEMENT AND REPORTING SYSTEM FOR HOTEL COMPANY OCCUPATION TAXES AND RATES; PROVIDES FOR AN EFFECTIVE DATE; REPEALS ORDINANCE IN CONFLICT.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF ALLIANCE, NEBRASKA:

SECTION 1. Hotel Companies provide services within the City of Alliance.

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SECTION 2. The City of Alliance has decided to impose an occupation tax on the hotel companies, without regard to the type of business entity that operates the hotel services in the City of Alliance.

SECTION 3. The Alliance Municipal Code at Chapter 2 shall be amended to include the addition of Article 12, as follows:

CHAPTER 2
ARTICLE 12

HOTEL COMPANIES OCCUPATION TAX

2-1201. OCCUPATION TAX; REQUIREMENT TO PAY.

An occupation tax is hereby levied and imposed on every person or business entity who engages in the business of operating a hotel for revenue in the City of Alliance. All hotel companies doing business in the City are required to pay an occupation tax as set forth herein.

2-1202. HOTEL ACCOMMODATIONS.

Each person engaged in the business of operating a hotel in the City shall pay an occupation tax in the amount of two percent (2%) of the basic rental rates charged per occupied room per night.

2-1203. HOTEL DEFINED.

Hotel shall mean any facility in which the public may, for a consideration, obtain sleeping accommodations in any space ordinarily used for accommodations. The term shall include hotels, motels, bed and breakfast accommodations, tourist hotels, campgrounds, courts, lodging houses, inns and nonprofit hotels; but "hotel" shall not be defined so as to include hospitals, sanitariums, nursing homes, chronic care centers, dormitories, or facilities operated by an educational institution and regularly used to house students.

2-1204. OCCUPIED ROOM, DEFINED; EXCEPTIONS.

1. Occupied room shall mean any space ordinarily used for sleeping accommodations and for which any occupant has, for consideration, obtained the use or possession, or the right to use or possess, for a period not to exceed thirty (30) continuous days. The term shall include camping space, trailer space or recreational vehicle space. The term does not include a function room such as a ballroom, banquet room, reception room, or meeting room, provided it is not used as temporary sleeping accommodations.
2. The term "occupied room" shall not mean, and no tax imposed by this article shall be measured by or collected for:

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- a. Complimentary or other sleeping accommodations for which no consideration is charged;
- b. Sleeping accommodations for which the consideration is paid by a person not subject to the sales and use tax imposed by the Nebraska Revenue Act of 1967, as it is amended from time to time; or
- c. Sleeping accommodations leased by an employer for use by its employees when a specific room is the subject of the lease, the lease extends for more than thirty (30) consecutive days, and consideration is actually paid for use during at least thirty (30) consecutive days.

2-1205. COLLECTION.

The tax imposed by this article shall be collected by the hotel operator from the occupant of each room to which the tax applies. The tax may be shown as an add-on to the charge for occupancy of the rooms and shall be collectible at the time the lodging is furnished, regardless of when the charge for the occupancy is paid. The operator shall remain responsible for payment of all taxes imposed whether or not the taxes are actually collected from the guests.

2-1206. RECORDS.

It shall be unlawful for any hotel operator subject to this article to fail to maintain or fail to make available to the City, upon seventy-two (72) hours notice, written records accurately and completely evidencing the number of rooms occupied, the dates the rooms are occupied, the amount of occupation tax due or paid under this article, and such other information as is required by the Director of Finance and Administration. Such records shall be maintained for a period of three (3) years after the occupation tax is due.

2-1207. DUE DATE.

Notwithstanding any contrary provision of this chapter, the tax imposed by this article shall be due and payable on the first day of each calendar month next succeeding the month during which the room was occupied. All taxes not paid by the twenty-fifth day of the month in which they are due and payable shall be deemed to be delinquent. The operator shall be assessed a penalty of ten percent (10%) on all delinquent amounts as well as interest of one percent (1%) per month or fraction thereof from the first of the month in which such tax becomes due and payable until the date of payment.

2-1208. REVENUE MEASURE.

The provisions of this Section are enacted solely as a revenue measure of the City.

2-1209. INTENT.

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It is the intent of the City Council that a portion of the revenue generated by the occupation tax imposed by this Article shall be appropriated annually to fund the purposes set forth at Neb. Rev. Stat. §13-315 and to fund tourism related activities that benefit the City of Alliance.

2-1210. PENALTY.

Any person, partnership, firm or corporation violating any of the provisions of Sections 2-1201 through 2-1207 shall be deemed guilty of a misdemeanor and, upon conviction, shall be punished in accordance with Section 12-101 of this Code. Each distinct act or violation of the terms of Sections 2-1201 through 2-1207 shall constitute a separate offense.

SECTION 4. The Calculation of the amount of occupation tax due under Sections 2-1201 and 2-1202 of this ordinance as amended shall commence October 1, 2009.

SECTION 5. That any other ordinance or Section passed and approved prior to the passage, approval, and publication or posting of this ordinance and in conflict with the provisions is herewith repealed.

SECTION 6. This ordinance shall take effect and be in full force from and after its passage, approval and publication or posting as required by law.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzal, Feldges.

Voting Nay: None.

Motion carried.

Mayor Yeager stated, "the passage and adoption of Ordinance No. 2643 has been concurred by a majority of all members elected to the Council, I declare it passed, adopted and order it published."

- Resolution No. 09-92 authorizing the selection of Lynn Newcomer dba Plains Environmental Services to conduct the Direct Push Investigation at the Closed Alliance Landfill was the next item for Council's consideration.

Motion by Councilman Kusek, seconded by Councilwoman Rowley to approve Resolution No. 09-62.

Motion by Councilman Kusek, seconded by Councilman Feldges to amend Resolution No. 09-92 by inserting the bid amount of \$16,850.00.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzal, Feldges.

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Voting Nay: None.

Motion carried.

RESOLUTION NO. 09-92

WHEREAS, The City of Alliance operates the City of Alliance Landfill; and

WHEREAS, The City contracted with Olsson Associates, Inc., a Nebraska Corporation to provide engineering services to Update Step 7 Detailed Assessment and prepare Phase II work plan, including the bidding documents and to supply project coordination over Phase II work plan and submit the documents to Nebraska Department of Environmental Quality; and

WHEREAS, The City issued bids and advertised the same proposal for three weeks as provided by law; and

WHEREAS, One company submitted a bid; and

WHEREAS, Olsson Associates, Inc., has recommended accepting the bid of Lynn Newcomer d/b/a Plains Environmental Services for the Direct Push Investigation to be conducted at the Closed Alliance Landfill; and

WHEREAS, The City has examined the bid and finds that Lynn Newcomer d/b/a Plains Environmental Services is the lowest, responsive, responsible bidder.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Alliance, Nebraska, that the Mayor is authorized to enter into a contract with Lynn Newcomer d/b/a Plains Environmental Services of Salina, Kansas in the amount of \$16,850.00 to provide the Direct Push Investigation to be conducted at the Closed Alliance Landfill.

BE IT FURTHER RESOLVED that staff shall notify Lynn Newcomer d/b/a Plains Environmental Services so that the work can proceed.

Electric Superintendent Larry Heinrich advised Council this project is outside the fence line.

Roll call vote on Resolution No. 09-02 as amended with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzal, Feldges.

Voting Nay: None.

Motion carried.

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- The next item to be presented to Council was the Proposed 2009-2010 Budget Overview by City Manager Caskie.

City Manager Caskie provided Council with the following budget memorandum:

[Dear Mayor, City Council Members and Citizens:

The current state of the City Budget is a resounding “Uncertain.” There are many factors contributing to this uneasy position. Let me identify several of them:

Our Sales Tax revenues have just begun (in July) to show the decrease that others have been seeing for some time. The economy at the national level is starting to show signs of an upswing. Will we suffer as long, but later than the rest of the country or will we have a shorter downturn than others? We have budgeted sales tax to stay flat next year but who really knows?

Our property tax growth is unknown at this point. The county has increased in value but we do not have a good picture of what the City’s values have done. We anticipate collecting more this year than we budgeted for next year but the question is the delinquency percentage for next year if the economy does not rebound and we have the current high unemployment and reduced incomes that we are currently experiencing.

Municipal Equalization Funds and State Aid are down approximately \$20,000.

Building Permit fees and revenues are down by half over the 2008 fiscal year.

The weather has played a large role in our uncertainty. We have had a wet, mild summer. We have seen a reduction in our golf course and swimming pool revenues. We have also had a reduction in our electrical consumption and our water usage. Are the reductions in the utilities due to increased consumer awareness of rates and the need for conservation or is it just the weather? We are uncertain.

On the positive front, the cell phone tax is estimated to bring in \$120,000 of non- property tax revenue.

We are proposing to join with other Class 1 cities to purchase reinsurance for our health insurance plan and that should provide a financial benefit which is currently unknown.

The budget as presented to you is **without** a tax increase, without fee increases in any fund with the exception of the Hotel Occupation Tax if you pass it on third reading, and with a greatly reduced capital outlay.

We have several pressing priorities for capital outlay, but I do not believe that this is the year to attempt to resolve them. They cannot however, be ignored forever. The Sunken Garden is in bad repair and needs attention. The \$100,000 for that repair is not in this budget. The Rodeo Grounds improvement is in this budget, but has a \$75,000 contribution from grants and donations to support the \$100,000 improvement. The Tennis Courts, which are now estimated to

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be over \$150,000 is in the budget as a contingency expense which we can make happen if the financial winds of fate blow our way instead of against us.

Earlier in the year, there had been discussion about adding a Public Safety Tax which is legislatively permissible at \$.05 of tax rate above the lid limit. The plan was to fund a fire truck over the next two years with half of this revenue and reduce the General Fund tax levy by the other half and fund eligible public safety expenses from this fund. Given the current state of the economy, I am not proposing to do this in the 2010 budget. I do believe that it will be an idea revisited.

Our authorized strength has remained flat this year. I am recommending that we replace, at a lower salary, the position that has remained unfilled in the Fleet Maintenance department. Over the year, I have become concerned that little things about our fleet are falling through the cracks because the departments are more concerned with their tasks than the fleet. I do not see this as a full time position and we can use this position to assist in the many Facilities Maintenance projects as well as an extra hand in the Street Department. The salary and benefits have been split accordingly for this position.

This budget does not currently have a cost of living raise for employees. I would like to recommend 2% and believe we have room in the budget, based on previous years fund balance support to accommodate this request. However, I believe this raise would best come from Council. We may have some savings in our health insurance which could offset these costs but as of yet, I am uncertain how much, if any.

Rather than itemizing each fund this year, I would like to call your attention to a couple of specific funds that are an issue. As always the GENERAL FUND is a concern. The overwhelming amount of parks and community services that the City supports is impressive but costly. The personnel and the purchases that it takes to support these areas continue to climb. We are looking forward with great anticipation to the opening of the Knight Museum and Sandhills Center. I believe and hope you will agree that it will be a place of distinction, a drawing card for the region, and an inviting place to host events. This does not come without a price, including the cost of operation. In 2005, the year before we closed the museum for the reconstruction, our cost of operation was \$56,000. It is budgeted to be \$188,000 in 2010. That is approximately \$.03 on the tax levy, but we have not raised the levy to absorb these costs.

We continue to expand our maintenance responsibilities to increase the quality of life for our residents and visitors: Sallows Museum a few years ago, the Dog Park this year, the enhanced fountain and conservatory. All of these new items take money and personnel to maintain. I am uncertain where new money will come to pay for these over the long term. Our police force grows in costs at a seemingly faster rate than other departments, but I don't believe that personnel reductions would be prudent given the scheduling difficulties during transitions, injuries or vacation scheduling.

WATER FUND: This fund has been in such a state of flux during the past few years that it is tough to find any comparable years. Our costs for the project have grown beyond initial projections. We recently raised rates by 47% on average. I am very reluctant to raise rates again

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until we truly isolate our costs and our revenues. I need to tell you that this budget is a real shot in the dark. We have raised revenue projections beyond what we would normally feel comfortable with based on this year's activity and we have cut costs to levels that concern me if we find any unusual operational issues when we start up the new plants. The fund balance is healthy enough to weather the storm but where we go from there is an unknown.

AIRPORT FUND: The other fund that I have concerns about is the Airport Fund. In an effort to maintain the redundant staffing that we need to make the FAA happy, we have increased our costs but have not increased our revenues. We are dwindling our fund balance and need to contemplate and increase the airport property tax or perhaps a movement of taxes from the Airport Sinking Fund to the Airport Operational Fund. I don't believe expenditure reductions are the appropriate way to resolve this issue, given the FAA demands under the current Part 139 regulations.

RSVP FUND: This fund continues to require a subsidy, over and above the grant match requirement. Additionally, the program focus is shifting to be more of a significant mission driven program for a few areas of the community rather than a program of involvement for the community's seniors. The question must eventually be, "Do we want to make the program shift?"

GOLF FUND: The operational side of the Golf Fund is doing an adequate job with the significant General Fund subsidy. The problem now facing the division is the loss of the Golf Course Manager and the loss of the irrigation well. I am recommending that we resolve the irrigation well by borrowing the money from the Electric Fund and having the Golf Fund repay it over a 10 year period. We will be working with the Golf Course Advisory Board to resolve the Golf Course Manager's position. I have a few ideas but I am not certain which ones will pan out.

This budget has some presentation differences from years past as we have now created two Internal Services Funds for those costs that are split between funds and departments. Every division who uses those services are charged, even if the General Fund has to create a transfer to cover them. This provides us with a higher level of cost accounting, reduces the ins and outs of the General Fund and was a audit recommendation. We have a fund that is called the General Internal Service Fund (GISF) and one that is used by the utilities called the Enterprise Internal Service Fund (EISF). We have had the Health Support Internal Service Fund for

NEW CITY DEPARTMENT NUMBERS

ADMINISTRATION - 10'S

FINANCE - 20'S

PUBLIC SAFETY - 30'S

PUBLIC FACILITIES - 40'S

UTILITIES - 50'S

COMMUNITY DEVELOPMENT - 60'S

CULTURAL AND LEISURE SERVICES -
70'S

MISCELLANEOUS - 80'S

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some time.

We have attempted to provide more program costing by assigning revenues to the division that generated the revenue. You will find many revenues now with the associated division such as pool admission fees with the Pool Department. Eventually we will be able to produce reports in both the old style format and the new one.

I am certain that there are other changes which the conversion has created but we will identify them as we find them. We are still uncovering conversion issues that prove to be a hassle to all of us but we will resolve them eventually and I hope we will be able to provide you with a more flexible system of answering your burning questions.

And finally, I would be remiss if I did not address the issue of staff support and leadership. Tony Tolstedt picked a fine time to leave us and go to Broken Bow. As we had anticipated it, Leah King has ably picked up his pieces and made this budget happen. We have hired a new Budget Officer who will come on board on August 10th and hopefully be with us for a three year or so window. But the real champion of the budget for many years has been Leah. Her tireless efforts, genuine love for the City, dedication to this job, and true kindness has served this City and this community for 30 years. I know of no one who would stop work at the City, go home, fix chili for the Electric Crew because they were out working, come back to the City and cook it – because she was out of power at home, and then continue working. That is a dedicated, kind individual. Leah is retiring this year and this is her last official budget – we may drag her in as a consultant in years to come. Her conservative careful approach to managing the City's finances has helped this City overcome worse years than this one and for that we all owe her a debt of gratitude that words can not express. THANK YOU Leah!]

- The next item on Council's agenda was Board Appointments.

Motion by Councilman Feldges, seconded by Councilman Benzel to re-appoint John McGhehey to the Economic Development Plan Application Review Committee for terms ending June, 2013.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

Motion carried.

Motion by Councilman Feldges, seconded by Councilman Kusek to re-appoint Richard Robb to the Economic Development Plan Application Review Committee for terms ending June, 2013.

Roll call vote with the following results:

August 6, 2009

Voting Aye: Yeager, Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

Motion carried.

- The last agenda item was to establish a date for a Special Meeting to review the final design concept for the Knight Museum and Sandhills Center.

Motion by Mayor Yeager, seconded by Councilman Feldges to establish Thursday, August 20, 2009 at 4:00 p.m. for a Special Meeting to review the final design concept at the Knight Museum and Sandhills Center.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel, Feldges.

Voting Nay: None.

Motion carried.

- Mayor Yeager stated, “there being no further business to come before the Alliance City Council, the meeting is adjourned at 9:48 p.m.”

Ralph Yeager, Mayor

(SEAL)

Linda S. Jines, City Clerk