

November 18, 2010

ALLIANCE CITY COUNCIL

REGULAR MEETING, THURSDAY, NOVEMBER 18, 2010

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

The Alliance City Council met in a Regular Meeting, November 18, 2010 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 November 11, 2010. 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 November 18, 2010 Regular Meeting of the Alliance, Nebraska City Council at 7:00 p.m. Present were Mayor Yeager, Council Members Kusek, Benzel, and Rowley. Also present were Interim City Manager Miller and City Clerk Jines.

- Mayor Yeager read the Open Meetings Act Announcement.
- The first item on Council's agenda was to excuse Councilman Feldges from the meeting.

Motion by Councilman Benzel, seconded by Councilwoman Rowley to excuse Councilman Feldges from the meeting.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- Motion by Councilman Kusek, seconded by Councilwoman Rowley to move Item H on the agenda to follow Item B.

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Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- The next item on Council's agenda was the Consent Calendar.

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

CONSENT CALENDAR – NOVEMBER 18, 2010

1. Approval: Minutes of the Regular Meeting, November 4, 2010; and the Special Meeting, November 8, 2010.
2. Approval: Payroll and Employer Taxes for the period October 16, 2010 through October 29, 2010 inclusive: \$167,644.73 and \$11,911.80 respectively.
3. Approval: Claims against the following funds for the period November 1, 2010 through November 15, 2010: 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; \$745,574.68.
4. Approval: Acceptance of a Quitclaim Deed from Jim Benesh, Vera Reddish, Al (Tibb) Reddish, Jr., and Tom Reddish for Lot Fourteen (14), Section Six (6), Block Twenty (20), Third Addition to the Alliance Cemetery to the City of Alliance. This reconveyance is being completed in conformance with established City policy.
5. Approval: The issuance of the following Contractor Licenses:

Repair & Maintenance	Arthur Zamarripa dba The Betz Corporation Monte Hillyard dba Insurance Roofers, Inc.
Master HVAC	Mark Sitzman dba Independent Plumbing & Heating, Inc.
6. FYI: Attached are the most recent dashboard graphs for your information: Electric Usage, Airport Deplaned Passengers, Airport Enplaned Passengers, and Hotel Occupation Tax. The remaining reports that are usually distributed were not able to be completed at this time due to difficulty in obtaining information. This situation is being corrected and will be reported next month.

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

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Councilman Benzel questioned the need for a 24 inch computer monitor. Interim City Manager Miller advised Council that large monitors are excellent when working on spreadsheets. Councilwoman Rowley asked about a lost vehicle title. Mr. Miller explained that a digger truck had been advertised for sale at which time it was discovered that the company holding the lease title had never sent it to the City. The City is currently in the process of obtaining clear title to the vehicle. Councilman Kusek asked about tennis court nets and water rollers. Cultural and Leisure Services Director Shana Brown advised Council that nets are purchased approximately every other year and the rollers are used to push water off the courts.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- Resolution No. 10-137 reviewing the option of charging admission fees to the Knight Museum and Sandhills Center and the Sallows Military Museum was the next item to be discussed by Council.

Motion by Councilman Kusek, seconded by Councilwoman Rowley to approve Resolution No. 10-137 which follows in its entirety:

RESOLUTION NO. 10-137-A

WHEREAS, The City of Alliance owns and operates the Knight Museum and Sandhills Center and the Sallows Military Museum; and

WHEREAS, There is a significant cost to operate the museums each and every year; and

WHEREAS, The City Council has determined that it is in the best interest of the City to consider alternate funding for the museum operations other than tax payer dollars; and

WHEREAS, City Council determined that in the best interest of the tax payers of the City of Alliance that a reasonable admission fee should be charged to visitors of the Knight Museum and Sandhills Center and the Sallows Military Museum.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Alliance, Nebraska that the City shall charge an admission fee to the Knight Museum and Sandhills Center in the amount of \$_____ for adults and \$_____ for children under the age of 12 and \$_____ for seniors 55 years of age and older.

BE IT FURTHER RESOLVED, That the City of Alliance will charge an admission fee to the Sallows Military Museum in the amount of \$_____ for adults and \$_____ for children under the age of 12 and \$_____ for seniors 55 years of age and older.

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BE IT FURTHER RESOLVED, That all admission fees will commence on the first day of January, 2011.

RESOLUTION NO. 10-137-B

WHEREAS, The City of Alliance owns and operates the Knight Museum and Sandhills Center and the Sallows Military Museum; and

WHEREAS, There is a significant cost to operate the museums each and every year; and

WHEREAS, The City Council has determined that it is in the best interest of economic growth and the utilization of the museums to not charge an admission fee;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Alliance, Nebraska that no admission fee will be charged to visitors to the Knight Museum and Sandhills Center or the Sallows Military Museum until further action of Council.

Councilman Benzel voiced his opinion that we will lose more money than is gained by charging an admission. Cultural and Leisure Services Director Shana Brown advised Council that donations received in the donation tank located at the door are receipted by museum staff and deposited with the Finance Department who credit the amount to a museum line item. She also advised Council that money earned by the Newberry Gift Shop is given to the Museum Partners who in turn purchase items for the museum. Ms. Brown advised Council that the conference room is free during business hours. If a meeting is held anywhere else in the facility, a fee is charged. Ms. Brown also advised Council that the former Public Works Department which included the museum was operational, a separate Administration Budget existed so that the Museum Operational Budget was exclusive to reflect actual costs. Councilwoman Rowley asked if hours could be cut during the winter. Ms. Brown indicated that she must be there since her office is located in the museum. She reminded Council that the temperature in the museum must be maintained at a constant level for the integrity of the artifacts. Councilman Kusek voiced concern regarding the City's ability to sustain the museum.

Motion by Councilman Kusek, seconded by Councilwoman Rowley to postpone action on Resolution No. 10-137 until March 3, 2011, and until such time admission to the museum will remain free.

Dee Lewis, 1415 Platte Avenue, addressed Council indicating a concern for the promotion of quality of life in the City of Alliance to attract new citizens. Having worked directing in the real estate industry, she feels it is imperative Alliance is able to sell our quality of life and components of our community that make Alliance a desirable place to reside. Mrs. Lewis believed Alliance will experience an influx of new residents as the railroad experiences a major turn over due to a large number of retirements.

Mayor Yeager asked if a grant request had been written to the National Endowment for the Humanities for monies from the Sustaining for Cultural Heritage Collections in the amount of \$40,000.00. He also asked about the establishment of a foundation. Museum Director Becci Thomas advised Council that a grant requests had been submitted to the IMLS Library

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Association that was not granted to the museum. She said that staff has learned that different job descriptions are needed to meet the standards of the industry. The Museum Partners does have a foundation which currently holds the proceeds (approximately \$10,000) from the Night at the Museum Sneak Peek. She said that Frank Tolstedt is helping her with a program to work with estate planners which will allow people to leave monies from their estates to the museum. She advised Council that she has a goal of thinning the artifact collection with the proceeds coming back to the City. Mayor Yeager provided her with the web site for the National Endowment for the Humanities.

Roll call vote to postpone action on Resolution No. 10-137 to March 3, 2011 and until such time admission to the museum will remain free with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- A discussion regarding electric rates and time of use metering was the next agenda item for Council.

Phil Euler, representative from NMPP/MEAN presented Council with an overview of their Preliminary Executive Summary regarding the need for an electrical rate increase which follows:

Preliminary EXECUTIVE SUMMARY
Alliance, NE
2010 Electric Financial Plan, Cost of Service
And Rate Design Study
October 20th, 2010

SECTION I. – EXECUTIVE SUMMARY

The City of Alliance, concerned about continued load growth, planned system facility improvements, and necessary increases in labor and general operating expenses requested that NMPP Energy conduct a Financial Plan, Cost-of-Service, and Rate Design Study, (COS/RDS). This report summarizes the findings and recommendations resulting from the development of a five-year Financial Planning Model. Following direction from Alliance Staff and after presentation of preliminary results to the City Council, the COS Study and Rate Design will be completed and recommendations forwarded for consideration.

This report discusses the findings and recommendations resulting from an electric financial plan. This financial projection for the utility indicates a need for a series of rate increases in order to maintain net income and cash reserves at system financial targets. New rates will be designed to bring the classes of customers closer to their cost of service and will be effective April of 2011 using a rate design guideline of plus or minus 3.0% from the system average increase. For example with a 5.9% system increase some classes that are below COS could receive 3.0% more or 8.9% while another class above cost of service could receive 3.0% less or 2.9%. Following

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direction from the Staff and the City Council, the rate design will be completed and the Final Report with recommendations for consideration will be produced.

The study includes assumptions for power supply costs, capital construction, operations and maintenance costs, and earnings on reserves in the Financial Planning Model. The Model indicates that Alliance presently does have sufficient cash reserves at the present time. However, due to projected increases in purchased power costs, future debt requirements for capital projects, and normal escalation of business operations, future cash reserve levels become exhausted in the future years with no increase. The electric utility will require increases to achieve net income targets and maintain minimum cash reserve levels.

Below is Chart 1 showing the \$9,458,102 total revenue requirements used in the Cost of Service Study, broken down by specific revenue requirement classes. Purchased Power costs including transmission are \$6,696,590, the largest component of total revenue requirements at 71% of the total. Distribution costs are \$1,637,554, or 18% of total revenue requirements and make up the 2nd largest component. Customer Accounts, and Administrative and General make up the balance at 6% and 5%, respectively. These values include depreciation, miscellaneous revenue, and net return on investment values distributed based on allocation factors.

Chart 1 – Alliance Cost-of-Service Revenue Requirements for FYE 2010

Alliance 2011 Revenue Requirements

Revenue	Amount	Percentage
Purchased Power and Production	\$6,696,590	71%
Distribution	\$1,637,554	18%
Customer Accounts	\$609,794	6%
Admin and General	\$514,163	5%

Alliance's purchased power costs increased 7.9% in FYE 2010, largely driven by an 11.2% WAPA-LAP (Western Area Power Administration - Loveland Area Project) increase that took effect January 1, 2010. WAPA rates are assumed to increase 0% in 2011, and 4% in future years 2012-2105. The Municipal Energy Agency of Nebraska increased rates by 8.0% in April of 2010 and is anticipated to increase 8.5% in 2011 and 2012. For future years, 5% wholesale increases are assumed for FYE 2013-2015. Wind allocations increased \$3 per MWh in April 2010, and are projected to increase \$2 per MWh for future years. These overall costs are shown in line 6 of Tables A and C later in the report.

In addition to changes in power costs the study incorporates increases in loads and operating costs. Individual escalators for labor, supplies, capital construction, long-term borrowing and earnings on reserves are used to determine the revenue requirements for the test year and for each year to FYE 2015.

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PROJECTED REVENUE REQUIREMENTS

A critical aspect of a cost of service analysis is determination of the utility revenue requirements. Table A shows FYE 2009 actual and 2010-2015 projected statement of income and expenses. For FYE September 2010 existing base rates derived \$8,017,361 in revenue (line 1) and a \$.009/kWh PCA (Power Cost Adjustment) charge enacted in April of 2010 resulted in \$491,045 in revenue shown on line 2. This resulted in \$61,830 in net operating income (line 18) which takes cash balance to \$5,448,630 (line 37). The projections are based on the City's Budget projections and adjustments that have or will affect each year. The revenue requirement for full cost-of-service (COS) rate recovery includes a 7.0% return on distribution plant investments less accumulated depreciation expenses. We typically recommend a net income target (line 19) between 4.0% and 9.0% return on investments (ROI) in depreciated utility plant. The current rates are estimated to produce 0.8% ROI in 2010 (line 20), and with no rate increase in the next five years the ROI drops to negative 24.9%.

TABLE A PRO-FORMA OPERATING STATEMENTS WITHOUT RATE ADJUSTMENTS								
FYE October		2009	2010	2011	2012	2013	2014	2015
Revenues								
1 Retail Sales		7,793,013	8,017,361	8,017,361	8,017,361	8,017,361	8,017,361	8,017,361
2 PCA Revenue	\$0.009/kWh		491,045	506,465				
3 Other Operating Rev		248,532	453,475	361,534	372,380	383,551	395,058	406,909
4 Total Revenues		8,041,545	8,961,881	8,885,359	8,389,741	8,400,912	8,412,419	8,424,270
Expenses								
5 Power Purchased		4,750,017	5,433,848	5,834,356	6,213,611	6,541,157	6,801,191	7,071,562
6 Power Production		14,061	52,800	52,750	54,333	55,962	57,641	59,371
8 Administrative and General		407,353	116,869	119,022	122,593	126,270	130,059	133,960
9 Operations		-	360,641	381,735	393,187	404,983	417,132	429,646
10 Salaries and Benefits		644,758	843,706	834,276	859,304	885,083	911,636	938,985
11 Distribution		143,560	701,641	473,220	605,053	623,205	641,901	661,158
12 Services		47,160	62,750	68,400	70,452	72,566	74,743	76,985
13 Total O&M		6,006,909	7,572,255	7,763,759	8,318,533	8,709,227	9,034,303	9,371,667
14 Depreciation		515,118	526,832	587,689	600,547	613,789	627,430	627,839
15 Transfer Out (In Lieu)		1,170,249	907,964	1,085,249	1,085,249	1,085,249	1,085,249	1,085,249
16 Interest Income		(126,553)	(107,000)	(163,459)	(133,065)	(72,734)	-	-
17 Total Electric Expense		7,565,723	8,900,051	9,273,239	9,871,264	10,335,531	10,746,981	11,084,755
18 Net Operating Income		475,822	61,830	(387,880)	(1,481,523)	(1,934,619)	(2,334,563)	(2,660,485)
19 Net Income Target % of UPIS	7.0%	516,636	519,131	546,396	688,041	717,966	748,789	748,789
20 Net Income Actual % of UPIS		6.4%	0.8%	-5.0%	-15.1%	-18.9%	-21.8%	-24.9%
21 COS Revenue Requirement				9,458,102				
Other Revenues & (Expenses)								
23 Interest on existing LT Debt	neg	(131,275)	(180,005)	(110,208)	(97,318)	(82,624)	(66,243)	(48,145)
24 Interest on new LT Debt	neg			(64,000)	(61,851)	(59,616)	(57,291)	(54,873)
25 Total Profit / Loss		344,547	(118,175)	(562,087)	(1,640,691)	(2,076,858)	(2,458,096)	(2,763,503)
Cash Inflows								
26 Net Income		344,547	(118,175)	(562,087)	(1,640,691)	(2,076,858)	(2,458,096)	(2,763,503)
28 New Borrowed Funds				1,600,000				
29 Depreciation		515,118	526,832	587,689	600,547	613,789	627,430	627,839
30 Cash Inflows		859,665	408,657	1,625,602	(1,040,145)	(1,463,069)	(1,830,667)	(2,135,664)
Cash Outflows								
32 Capital Improvements & CWIP		37,526	410,000	2,130,000	450,000	463,500	477,405	491,727
33 Principal on Existing Debt		-	410,000	455,000	465,000	475,000	495,000	510,000
34 Principal on New Debt				53,731	55,880	58,115	60,440	62,857
35 Cash Outflows		\$ 37,526	\$ 820,000	\$ 2,638,731	\$ 970,880	\$ 996,615	\$ 1,032,845	\$ 1,064,585
36 Change in Cash		822,139	(411,343)	(1,013,128)	(2,011,025)	(2,459,684)	(2,863,512)	(3,200,249)
37 Cash Balance		5,859,973	5,448,630	4,435,501	2,424,477	(35,208)	(2,898,719)	(6,098,968)
38 Cash Balance Target		2,305,567	3,150,630	3,528,066	3,659,102	3,768,411	3,870,117	3,905,196

PROJECTED CASH FLOW

Table A above shows capital improvements and Construction-Work-In-Progress (CWIP) in line 32, and is projected at \$2,130,000 for 2011 that includes a substation rebuild project currently budgeted at \$1.6 million. For this project, it is recommended that the full amount of the substation rebuild project be bonded (line 28), which would result in new principal and interest amounts shown in lines

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34 and 24, respectively. This assumes a 4.0% interest rate over 20 years. A capital improvement amount of \$450,000 was budgeted for FYE 2012 and projected to grow at an inflationary rate for 2013 and beyond. For 2010, the \$5,448,630 Cash Balance (line 37) is above the minimum reserve recommendation of \$3,150,630 (line 38). However, with no increases Cash Reserves continue to decline and become exhausted by 2013. The minimum cash reserve is based on a recommended policy illustrated in Table B below.

TABLE B – MINIMUM CASH RESERVE POLICY

1 O&M Expenses FYE 2010	7,572,255	25%	1,893,064
2 Historic Utility Plant in Service (OCUP)	17,280,907	1%	172,809
3 Deposits	311,000	100%	311,000
4 Debt Service	590,005	100%	590,005
5 Current Year Capital Improvements			
less Borrowings	410,000	10%	41,000
6 Five Year Capital Improvements			
less Borrowings	<u>1,427,526</u>	10%	142,753
2010 Minimum Reserve Target	3,150,630		

CASH RESERVE POLICY

CASH RESERVE POLICY DISCUSSION

A minimum cash reserve target, see Table B (above), of three months or 25% of annual operation and maintenance (1) is a frequently used primary element of a cash reserve policy, and can be labeled as a best-practice. Line 2 covers the risk and peril system facilities are exposed to, like weather, accidents and vandalisms. The 1% of utility plant is typical; however, a tornado, earth-quake or ice storm prone region utility may choose a higher percentage. Deposits (3) and Debt Service (4) are contract obligations so 100% is required. The most subjective element is for capital improvements elements Lines 5 & 6. Typically we recommend between 10% and 20%; higher percentages for utilities with more aged utility plant and where more construction is needed for replacements and renewals. A lower percent may be recommended for utilities with high growth rates and where more of construction is expansion work.

FINANCIAL FORECAST AND FIVE-YEAR RATE TRACK

Table C below shows the recommended rate increases required for fiscal years ending (FYE) 2011-2015 (line f). Net Operating Incomes (line 18) move toward the 7.0% goal by 2015 and approximately \$14.3 million in cash reserves (line 37). Reserves are used for rate stabilization over the years, but maintain consistently above minimum cash reserve targets. This approach helps to stabilize revenue increases while maintaining positive financial objectives for the utility. For this study the focus will be on recommending the rate adjustments for FYE 2011 and FYE 2012. Another full Cost of Service study will then be performed in two years to review the utility's financials and evaluate the rates for FYE 2013 and beyond.

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TABLE C -- PROJECTED OPERATING STATEMENTS & CASH FLOW WITH 5-YEAR RATE TRACK

		2009	2010	2011	2012	2013	2014	2015
a	Sales Growth Base Load		6.0%	0.0%	0.0%	0.0%	0.0%	0.0%
b	Administration Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
c	General Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
d	Interest Rate on Cash Balances		2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
e	Purchase Power Adjustments		7.9%	7.4%	6.5%	5.3%	4.0%	4.0%
	Base Rate Adjustments			12.2%	5.9%	5.9%	5.9%	5.9%
			Revenue adj.	0.0%				
	effective			April 1, 2011	April 1, 2012	April 1, 2013	April 1, 2014	April 1, 2015
	FYE October	2009	2010	2011	2012	2013	2014	2015
	Revenues							
1	Retail Sales	7,793,013	8,017,361	8,506,420	9,526,212	10,088,259	10,683,466	11,313,791
2	PCA Revenue	\$0.009/kWh	491,045	506,465				
3	Other Operating Rev	248,532	453,475	361,534	372,380	383,551	395,058	406,909
4	Total Revenues	8,041,545	8,961,881	9,374,418	9,898,592	10,471,810	11,078,524	11,720,700
	Expenses							
5	Power Purchased	4,750,017	5,433,848	5,834,356	6,213,611	6,541,157	6,801,191	7,071,562
6	Power Production	14,061	52,800	52,750	54,333	55,962	57,641	59,371
7	Administrative and General	407,353	116,869	119,022	122,593	126,270	130,059	133,960
8	Operations	-	360,641	381,735	393,187	404,983	417,132	429,646
9	Salaries and Benefits	644,758	843,706	834,276	859,304	885,083	911,636	938,985
10	Distribution	143,560	701,641	473,220	605,053	623,205	641,901	661,158
11	Services	47,160	62,750	68,400	70,452	72,566	74,743	76,985
12	Total O&M	6,006,909	7,572,255	7,763,759	8,318,533	8,709,227	9,034,303	9,371,667
13	Depreciation	515,118	526,832	587,689	600,547	613,789	627,430	627,839
14	Transfer Out (In Lieu)	1,170,249	907,964	1,085,249	1,085,249	1,085,249	1,085,249	1,085,249
15	Interest Income	(126,553)	(107,000)	(163,459)	(147,737)	(133,112)	(123,259)	(121,035)
16	Total Electric Expense	7,565,723	8,900,051	9,273,239	9,856,592	10,275,154	10,623,722	10,963,720
17	Net Operating Income	475,822	61,830	101,179	42,000	196,656	454,802	756,980
18	Net Income Target % of UPIS	7.0%	516,636	519,131	546,396	688,041	717,966	748,789
19	Net Income Actual % of UPIS	6.4%	0.8%	1.3%	0.4%	1.9%	4.3%	7.1%
20	Net Income Actual % of UPIS	6.4%	0.8%	1.3%	0.4%	1.9%	4.3%	7.1%
21	COS Revenue Requirement			9,458,102				
22	Other Revenues & (Expenses)							
23	Interest on existing LT Debt	neg	(131,275)	(180,005)	(110,208)	(97,318)	(82,624)	(66,243)
24	Interest on new LT Debt	neg		(64,000)	(61,851)	(59,616)	(57,291)	(54,873)
25	Total Profit / Loss	344,547	(118,175)	(73,028)	(117,168)	54,417	331,268	653,962
26	Cash Inflows							
27	Net Income	344,547	(118,175)	(73,028)	(117,168)	54,417	331,268	653,962
28	New Borrowed Funds			1,600,000				
29	Depreciation	515,118	526,832	587,689	600,547	613,789	627,430	627,839
30	Cash Inflows	859,665	408,657	2,114,661	483,378	668,206	958,698	1,281,800
31	Cash Outflows							
32	Capital Improvements & CWIP	37,526	410,000	2,130,000	450,000	463,500	477,405	491,727
33	Principal on Existing Debt	-	410,000	455,000	465,000	475,000	495,000	510,000
34	Principal on New Debt			53,731	55,880	58,115	60,440	62,857
35	Cash Outflows	\$ 37,526	\$ 820,000	\$ 2,638,731	\$ 970,880	\$ 996,615	\$ 1,032,845	\$ 1,064,585
36	Change in Cash	822,139	(411,343)	(524,069)	(487,502)	(328,409)	(74,147)	217,216
37	Cash Balance	5,859,973	5,448,630	4,924,560	4,437,059	4,108,650	4,034,503	4,251,718
38	Cash Balance Target	2,305,567	3,150,630	3,526,066	3,659,102	3,768,411	3,870,117	3,905,196
	Debt Coverage		1.00	1.01	0.94	1.20	1.59	2.05

FINDINGS AND RECOMMENDATIONS

To ensure costs are fairly recovered from customer classes, the Council is asked to consider the following recommendations:

- 1) Adopt the general program of rates.

Continue the current \$0.009/kWh PCA through March 2011, and then rebase the PCA into the design of the April 2011 rates.

Consider a revenue neutral (0.0% revenue adjustment with plus or minus 3.0% change for classes to move toward COS) effective in April 2011. This would be a 12.2% increase to the base rates to replace the current PCA effective in April 2011 for FYE 2011. For FYE 2012, a 5.9% rate increase is

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recommended effective April 2012. Individual major rate classes shall be limited to the 5.9% +/- 3.0% change for each rate design. This means that no class would get more than an 8.9% increase or less than a 2.9% increase. These rate adjustments will move classes closer to a more fair and equitable recovery of costs.

Retain a PCA clause in the Rate Ordinance such that the council can invoke it in case of significant revenue changes that are necessary because of substantial increases in the cost of power or other fiscal emergency that is estimated to be greater than a 10% deviation in a fiscal year power cost budgeted. For 2011 this is approximately \$580,000 in cost deviation from budget for an example.

2) Rate changes should be reviewed every other year and adjusted as necessary to recover higher or lower than assumed revenue, load and cost escalations. Rate adjustments for FYE 2013 and 2014 can be designed by NMPP Energy as part of a renewed four-year Cost of Service and Rate Design Study and Service agreement.

This will continue the process of bringing classes closer to their actual cost of service, maintaining net operating income of at least 4.0-9.0% of plant investment, and retaining a minimum cash reserve as determined by the Cash Reserve Policy.

By consensus, Council has directed staff to pursue the recommendations to establish a rate proposal for an April 1, 2011 implementation date.

- The next item to be presented to Council was Resolution No. 10-138 amending the Total Authorized Strength for the staffing at the Knight Museum and Sandhills Center.

Motion by Councilwoman Rowley, seconded by Councilman Kusek to approve Resolution No. 10-138 which follows in its entirety:

RESOLUTION NO. 10-138

WHEREAS, The City of Alliance utilizes the Council-Manager form of government, in which the City Manager acts as the Chief Executive Officer for the City; and

WHEREAS, The City Manager, appointed by the City Council and serving at their pleasure, is responsible for planning, organizing, staffing, directing, coordinating, researching, and budgeting the operations of the City in order to implement Council policies in an efficient and effective manner; and

WHEREAS, The City Council passed Resolution No. 10-118 on September 2, 2010 to establish the Total Authorized Strength for the City of Alliance; and

WHEREAS, It has been determined by staff that the full time equivalent for the Knight Museum and Sandhills Center employees was set at 3.31 and it should have been set at 3.61; and

WHEREAS, Staff is requesting that the Authorized Strength Resolution be amended to raise the Authorized Strength Full Time Equivalent at the Knight Museum and Sandhills Center to 3.61.

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NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Alliance, Nebraska, that the City amend Resolution No. 10-118 to accurately reflect the staffing levels at the Knight Museum and Sandhills Center being a full time equivalent of 3.61.

BE IT FURTHER RESOLVED THAT it is set forth as follows:

Knight Museum

Cultural & Leisure Services Director	.35
Administrative Secretary	.26
Museum Director	1.00
Museum Aide	.75
Museum Clerk	.75
Museum Clerk	.50

BE IT FURTHER RESOLVED, that there is no requirement to amend the budget as is accurately reflected the wages at the Knight Museum and Sandhills Center.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- The next item for Council's consideration was Resolution No. 10-139 clarifying the rental and collection processes at Skyview Golf Course and establishing several new player programs.

Motion by Councilman Benzel, seconded by Councilman Rowley to approve Resolution No. 10-139 which follows in its entirety:

RESOLUTION NO. 10-139

WHEREAS, The City of Alliance owns and operates the Municipal Golf Course; and

WHEREAS, The Golf Pro and Staff believe that the Golf Course could be utilized by more patrons; and

WHEREAS, The additional use would help the Golf Course to pay the cost and expenses of it's operation; and

WHEREAS, The Golf Pro and Staff have come up with possible programs and policies to present to Council to encourage more people to utilize the Golf Course; and

WHEREAS, The Staff are recommending the following player programs for 2011 at the Skyview Golf Course:

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Senior Special - \$29.00

Qualified Participants: Players 55 and older

Special: 18 holes with golf cart

Time of Use: Monday through Thursday before 1:00 p.m.

Effective: May 1st through Labor Day

Spring Special

Effective: Starting at course opening date through May 1st

Special: Buy One Get One Free Greens Fees

Fall Special

Effective: Labor Day through course closing date

Special: Play all day with golf cart for \$35.00

Junior Rates (17 and Under)

Effective: All year round

Special: Nine holes - \$9.00

Family Golf Program

Qualified Participants: Children Under Age 10 Accompanied by paying adult

Special: Child receives Free Greens Fees

Time of Use: Monday through Thursday before 1:00 p.m. and Friday through Sunday after 2:00 p.m.

Twilight Golf

Special: Unlimited holes for \$30.00

Time of Use: **Shoulder Season** (Before Memorial Day and After Labor Day) Available after 4:00 p.m. **Main Season** Available after 5:00 p.m.

Corporate Golf Passes

Qualified Participants: Available to companies in the community and surrounding area

Specials: Buy 10 rounds with golf cart/Get 1 free; Buy 20 rounds with golf cart/Get 3 free; Buy 50 rounds with golf cart/Get 8 free

Punch Card Program

Qualified Participants: Available to all individuals

Specials: Buy 5 rounds and Get 1 free; Buy 10 rounds and Get 2 free; Buy 20 rounds and Get 3 free

Staff is also recommending that the following polices be changed:

SEASON PASS FEES

- Season begins April 1st and ends March 31st of the following calendar year
- Annual Passes will be paid in full by April 1st or Green Fees will be due prior to play

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- All season passes will require a signed contract
- Payment options offered are:
 - ACH Payments may be made October – March
 - Monthly Payments may be made October – March
 - Payment in full required by April 1st

CART BARN/LOCKER RENTAL ANNUAL PAYMENT

- All cart barn leases and locker rentals will be paid in full by April 1st of each year
- If cart barn or locker rentals are not paid by the April 1st deadline, the premises will be vacated in accordance with the State of Nebraska Disposition of Personal Property Landlord & Tenant Act responsible for all storage and disposal fees
- Cart barn spaces are leased to the owner. If the cart is sold, the lease terminates immediately and cannot be transferred to the new owner of the cart. Upon cart sale, the seller terminates their lease agreement and the buyer will be responsible for signing a separate Cart Barn lease agreement and will be subject to space availability

REFUND POLICY

Season pass/Annual Cart Rental refunds are issued as follows:

- Before April 1st100%
- April 1st – April 30th 75%
- May 1st – May 31st 50%
- June 1st – June 30th 25%
- No refunds after June 30th
- All refunds and exchanges will pay a \$25.00 Administration Fee

Refunds may be less based on the use of the pass. Usage will be calculated on regular daily fees and that amount will be subtracted from the price of the pass. Staff will calculate the number of times a pass holder has used their pass and the player will be charged the normal greens fees for each round of golf played. That amount will be subtracted from the total value of the season pass discounted by the percentage set forth above less the administrative fee. If the unused portion of the season pass was greater than the amount of the calculated refund, the season pass holder would not receive a refund.

Staff is recommending that Council adopt and approve a Lease Agreement as is included in the Council packet; and

WHEREAS, City Council believes that it is in the best interest to implement the Player Programs and Policy Changes as requested by staff,

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Alliance, Nebraska that the staff and Golf Pro are authorized to implement the Senior Special, Spring Special, Fall Special, Junior Rates, Family Golf Program, Twilight Golf, Corporate Golf Passes and Punch Card Program for the 2011 Year as set forth here and above.

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BE IT FURTHER RESOLVED, That the Staff and Golf Pro are authorized to implement Automatic Withdrawal Payments and Monthly Payments for Season Pass Fees and implement the Cart Barn/Locker Rental Annual Payments and the Season Pass Refund Policy all as set forth herein above.

BE IT FURTHER RESOLVED, That the Golf Pro and Staff are authorized to utilize the Lease Agreement as is included in the Council packet.

Brian Jerred, Skyview Golf Course Professional addressed Council regarding the policies.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- Mayor Yeager surrendered the gavel to Vice Mayor Rowley and left the chair.
- The next item on Council's agenda was Resolution No. 10-140 approving the Amended Redevelopment Agreement between the City of Alliance and MJLC, LLC.

Motion by Councilman Kusek, seconded by Councilman Benzel to approved Resolution No. 10-140 which follows in its entirety:

RESOLUTION NO. 10-140

WHEREAS, The City of Alliance has declared certain properties to be substandard and blighted and in need of redevelopment; and

WHEREAS, Certain property described as Lots 15, 16, 17 and 18, Block 10, Original Town of Alliance, Box Butte County, Nebraska, and abutting public rights-of-way and alleys are included in properties that were declared to be substandard and blighted; and

WHEREAS, An Agreement is appropriate between the City of Alliance and MJLC, LLC to provide for Tax Increment Financing issues to be agreed upon; and

WHEREAS, The City of Alliance and MJLC, LLC had reached an agreement as of April 15, 2009 and therefore agree that this agreement is effective as of that date.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Alliance, Nebraska, that the redevelopment agreement between the City of Alliance and MJLC, LLC., is hereby approved and the Mayor is authorized to execute the agreement and implement those provisions of the agreement necessary to accomplish the tax increment financing provisions to pay for public improvements which are a portion of the redevelopment project.

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Roll call vote with the following results:

Voting Aye: Rowley, Kusek, Benzel.

Voting Nay: None.

Abstaining: Yeager.

Motion carried.

- Vice Mayor Rowley yielded the chair to Mayor Yeager.
- The next item to be presented to Council was Resolution No. 10-141 regarding the use of Electric Contingency Funds.

Motion by Mayor Yeager, seconded by Councilwoman Rowley to approve Resolution No. 10-141 which follows in its entirety:

RESOLUTION NO. 10-141

WHEREAS, The City of Alliance owns and operates the Electric Generation and Distribution Facility in the City of Alliance and surrounding area; and

WHEREAS, The transformer at the Cody Substation had a catastrophic failure; and

WHEREAS, Council placed money in contingency funds for the replacement of the transformer, updating the Cody Substation and payment of Professional Engineering Services; and

WHEREAS, Staff has requested Council approve transfer of One Million Five Hundred Thousand Dollars (\$1,500,000.00) of Electric Contingency Funds to the following accounts:

05-51-52-43-331	Professional Engineering SDCS	\$ 92,000.00
05-51-52-53-916	Substation	\$1,408,000.00

Staff is proceeding with the engineering services and repairs and is starting to receive billings for those services.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Alliance, Nebraska that the Electric Contingency Fund of One Million Five Hundred Thousand (\$1,500,000.00) be transferred to the Professional Engineering line item in the amount of Ninety-two Thousand Dollars & 00/100 (\$92,000.00) and Substation line item in the amount of One million Four Hundred Eight Thousand Dollars & 00/100 (\$1,408,000.00).

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

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Voting Nay: None.

Motion carried.

- Resolution No. 10-142 authorizing a contract with Paul Reed Construction of Scottsbluff, NE to crush concrete for use by the City of Alliance was the next agenda item.

Motion by Councilwoman Rowley, seconded by Councilman Benzel to approve Resolution No. 10-142 which follows in its entirety:

RESOLUTION NO. 10-142

WHEREAS, The City of Alliance owns and operates a solid waste disposal facility; and

WHEREAS, The solid waste disposal receives concrete; and

WHEREAS, Crushing of concrete can provide clean dirt for covering as is required in the landfill and concrete aggregate which can be used by the City of Alliance; and

WHEREAS, Paul Reed Construction is the lowest responsible and responsive bidder at Seven Dollars and No/100 (\$7.00) per ton for labor, material and equipment to crush and screen a sized product and One Dollar and No/100 (\$1.00) per ton for dirt separated from the concrete material and Four Thousand Nine Hundred Seventy-five Dollars and No/100 (\$4975.00) for mobilization cost; and

WHEREAS, The City has funds in contingencies which staff is requesting to use:

\$10,000.00	Existing stone and gravel budget line item
\$18,000.00	Street Contingency Fund
\$ 5,000.00	CNTSVC Other Budget Line Item
\$ 6,000.00	Refuse Disposal Contingency Fund; and

WHEREAS, The Council believes that it is in the best interest for the City to reduce the concrete at the landfill and to provide usable aggregate for the City's use.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Alliance, Nebraska that staff is authorized to use the following funds for contracting the services of Paul Reed Construction and Supply Company for the services stated above:

\$10,000.00	Existing stone and gravel budget line item
\$18,000.00	Street Contingency Fund
\$ 5,000.00	CNTSVC Other Budget Line Item
\$ 6,000.00	Refuse Disposal Contingency Fund

BE IT FURTHER RESOLVED, That the Mayor is authorized to enter into a contract and pay the following amounts to Paul Reed Construction and Supply Company of Gering, NE to provide

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labor, material and equipment to crush and screen concrete at Seven Dollars and No/100 (\$7.00) per ton and One Dollar and No/100 (\$1.00) per ton for dirt separated from the concrete material and mobilization cost for the crushed concrete not to exceed Four Thousand Nine Hundred Seventy-Five Dollars and No/100 (\$4,975.00).

Councilman Kusek asked staff to poll the various departments within the City to find out if there is a need to expand the contract to crush additional concrete for uses in other areas of the City.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- The last item on Council's agenda was a board appointment.

Motion by Councilman Benzel, seconded by Councilwoman Rowley to reappoint Patricia Johnston to the A-2 Downtown Improvement Board for a term ending October 31, 2013.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- Motion by Councilman Kusek, seconded by Councilwoman Rowley to conduct the City Council meeting on Tuesday, December 7, 2010 at 1:00 p.m.

Roll call vote with the following results:

Voting Aye: Yeager, Rowley, Kusek, Benzel.

Voting Nay: None.

Motion carried.

- Mayor Yeager presented outgoing Vice Mayor Rowley with a plaque for her service to the City of Alliance.

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- Mayor Yeager stated, “there being no further business to come before the Alliance City Council, the meeting is adjourned at 8:54 p.m.”

Ralph Yeager, Mayor

(SEAL)

Linda S. Jines, City Clerk