CITY OF HASTINGS, NEBRASKA
MINUTES OF CITY COUNCIL WORKSESSION
Monday, August 15, 2022

Pursuant to due call and notice thereof, a Worksession of the City Council of the City of Hastings, Nebraska was conducted in the Council Chambers of City Hall, 220 N. Hastings Avenue, on August 15, 2022.

The meeting was called to order at 5:30 p.m. in Worksession by Council President Skutnik with the following members present: Matt Fong, Shawn Hartmann, Chuck Rosenberg, Joy Huffaker, Jeniffer Beahm, Ted Schroeder, Butch Eley, Corey Stutte. Absent: None.

The following City Officials were present: Interim City Administrator/Utility Manager, Kevin Johnson; City Attorney, Clint Schukei; City Clerk, Kimberly Jacobitz; Police Chief, Adam Story; Fire Chief, Brad Starling; Parks & Recreation Director, Jeff Hassenstab; Finance Director, Roger Nash; Information Technology Director, Erik Nielsen; Development Services Director, Lisa Parnell-Rowe; Director of Engineering, Lee Vrooman; Director of Human Resources, Lori Hartman; Museum Director, Teresa Kreutzer-Hodson; Environmental Engineer, Marty Stange; Landfill Superintendent, Jack Newlun; Library Director, Amy Dissmeyer.

Council President Skutnik led the group in recital of the Pledge of Allegiance to the United States of America.

Moved by Butch Eley seconded by Ted Schroeder to adopt current agenda for August 15, 2022 Worksession. Roll Call: Ayes: Matt Fong, Shawn Hartmann, Chuck Rosenberg, Joy Huffaker, Butch Eley, Ted Schroeder, Ginny Skutnik, Jeniffer Beahm. Nays: None. Absent: None. The motion carried.

PUBLIC NOTICE - Official Notice of the Worksession was published in the Hastings Tribune on Friday, August 12, 2022. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is available. Also, a current copy of the Nebraska Open Meetings Act is posted and accessible to members of the public.

DISCUSSION ITEMS

1. Annual report from Hastings Area Chamber of Commerce.

Mikki Shafer, President Hastings Chamber of Commerce, reported that each year they request $30,000 from the City of Hastings.
<u>Report on this year's activities:</u>
-Planned and executed marketing seasonal advertising projects for 'Shop Hastings'.
-Worked with Downtown Center Association (DTCA) for Small Business Saturday.
-Reached out to thirty-one South Central Nebraska businesses to engage interest in expanding to our community.
-Provided Feedback to Development Services, on the Fire and Rescue Permit Process
-Cash mob to support local business for thirty minutes.
-They featured highlights with twenty-nine local businesses.
-Social media platforms, items for sale in our community.
-Support "The Big Idea", but only those who turn their idea into brick & mortar.
-Working with University of Nebraska Lincoln (UNL) Extension Office on Hispanic community business plan needs.
<u>Plan to do next year:</u>
-Retail and Restaurant, contact businesses to complete information. They will present data findings at round table meetings.
-Will continue to do ‘Shop Hastings’ campaign, business spotlights, and ‘The Big Idea’.
-They are looking at updating marketing material to promote businesses.
Their other forms of funding are from dues and events for the Chamber.

2. Annual report from Hastings Economic Development Corporation (HEDC).

Michael Krings, Executive Director HEDC, spoke on their finances. They are well served by different groups in the City of Hastings. HEDC has been working over the years to get a Non-Profit Development Organization (NDO). These funds typically come through the Community Development Block Grant fund. NDO serves as gap financing. They continue to loan funds. Property Development in the past has been industrial properties. They would buy land, then develop and sell it off. They recognized housing is an issue for Hastings. They have a $350,000 budget that is funded through the Utility Department, Adams County, and others. Their most recent hire is Madison Jagels. HEDC markets the community. People get online searching communities for where they want to move. HEDC highlights the great things about the community. They look to engage the younger adults in the community, to try to keep them from leaving, or convince them to come home. The Biodiesel Plant has current activity, prepping the property. They are working through issues, like all large projects. We anticipate at construction peak to have at least six hundred (600) people onsite. Construction is tough, and lead time is a problem. There is an approximate 6-12 month lag time for construction. Businesses struggle with not enough people available to hire. HEDC has shifted to the talent side. Their focus will be how to help businesses fill the positions they have.

3. Discussion of proposed 2022-2023 City Budget and Utility Budget.

Roger Nash spoke on the city's budget.

Roger explained that the Consolidated Summary-All Funds sheet summarizes everything you will see in the budget. It is a challenge to get budget spending authority without having to go back and amend the budget. Audited cash balances are usually significantly better numbers than what we budget. He projected a small increase in property tax revenue, since we don't know the new valuations from Adams County. We have proposed to leave the levy the same, but valuation changes will increase taxes, unless we revisit the levy. August 20th is the deadline for County to certify the valuation number.

-We took out Delegated Authority fees, since we are not moving in that direction.

-Municipal Equalization Fund has increased sizably.

-Utility Payment in Lieu of Taxes decreased from last year, because of the one-time windfall from last year's storm.

-Assistant City Attorney is a transition plan and expected to be a one-year additional position.

-Repair & Maintenance on city hall. We expect to spend $60,000 this year. Anticipating $250,000, until a decision is made on city hall. Hopefully we will address things that come up that are urgent or continue to need addressed. Lee Vrooman stated the roof will last another year or two. We need a comprehensive plan to work through a total project plan, before we tear it up. Mayor Stutte mentioned a committee should start meeting to discuss what needs to be done to city hall.

-Lisa Parnell-Rowe requested that a part-time Administration Assistant go full-time. Roger clarified that this part-time position makes a budget impact of $21,000 and the full-time would impact by $72,000.

-Water Park, increasing wages for incentive.

-Police, Chief Story explained there are currently nine dispatchers and one director in 911 Center. They need to add three full-time dispatchers, so there are always two dispatchers on duty, per 12-hour shift.

-Police are eliminating two part-time Community Service Officers (CSO) and going to one full-time CSO. They have difficulty in retention and hiring.

-Police are adding two sworn police officers. The auditor pointed out we are short-staffed.

-Roger added a placeholder for Heartland Pet Connection Agreement, as they are in negotiations at this time.

-Fire Chief Starling, requested three full-time positions. They have three shifts, and want to increase one person, per shift.

-EPA-Marty Stange reported it is time for a five-year review. Need to be consultants to revise models. Have not tested wells for 5 years. We put together an estimate, but don't know all the requirements.

-Airport, Repair & Maintenance had a budget of $45,000 last year, and a request for the upcoming fiscal year of $70,000. Roger will review to see what might be a capital improvement request.

-General fund has added a demolition line item for next year, as the diversion fund is depleted. We need money budgeted so if we need more funds to demolish buildings for compliance. We need authority if projects come along.
-Sales Tax Fund is doing well.
-Fire has applied for multiple grants. Roger put the ambulance and self-breathing apparatus in the American Rescue Plan Act (ARPA) funds, but also left them in the Public Safety Grant budget line, in case the grant comes through. Brad Starling will provide updates on grants.
-Roger tried to use half the ARPA Funds, so he created a list of potential projects. The second half of ARPA funding was received this past week.
-Museum- The maximum amount of tax dollars they can receive is seven (7) cents of the levy. Sales Tax Fund will pay for starting on a large project next year.
-Street Fund-There is an increase in Highway Allocation money. That amount comes from the state, so we will receive at least that amount. We will have a vendor asses our streets for problem areas. That will help better setup our 1 & 6 Year Plan for maintenance. We have money to refresh the study on the one-way to two-way streets. Engineering Study to look at 12th Street from Burlington to the city limits. We received notification that we passed first level of reviews for FEMA funding for three drainage projects.
-Not planning anything out of Keno funds.
-Landfill, ARPA fund requests for repayment of debris expense from Theatre District. Estimated life of current landfill is 35 years.
-ARPA, Police body cameras and software, as current ones are antiquated.
-Personnel and wage schedules, questions can be answered by Lori Hartman.
-Fee Resolution: Clarifications were made on several fees. Home occupation updates align up to administrative fees. Remove this item from Fee Resolution. Remove Fence Height permit charge. Mayor Stutte remarked that fees should be looked at holistically with code re-writes.

Kevin Johnson presented the Utility Department budget.
He projected that the Utility Advisory Board will have their budget recommendation at the time the budget is officially approved by the City Council. There is so much volatility in the utility market.

BUDGET ASSUMPTIONS:
- Three (3) Year Forecast Projections Economic Challenges
- Cost of Service Study Results Utilized Elec, Gas, Water, Sewer
- Revenue Growth (Non-Rate) from Development 1 %
- Expense Inflation (Forecasts) 3 %
- Rate Stabilization Funds Utilized   Electric & Gas
- Financial = Unencumbered Cash & Rate Stabilization
- Funds as % of Operating Expense (Target) > 50 %
- Capital Execution Rate (Target) 75 – 85 % in budget
- Customer Fees Analyzed and Reviewed FY2023
- Staffing Headcount (FTE's) Additions Electric – Lineworker (2)
- Economic Challenges Incorporated: Material 8%, Payroll   5%

ELECTRIC DEPT. HIGHLIGHTS:
- Rate adjustment planned from 2020 COS Study, leading to a 1% increase in operating revenue; 2% rate increase planned due to economic impact; $2M in rate stabilization funds utilized
- Anticipating a strong energy market but not as strong as the current year
- Operating Revenue and Non-Operating Revenue separated to accurately track SPP Market Sales
- Turbine overhauls for units 4 and 5 hit FY2022 expenses
- Units 4 and 5 will bring around $1.5M in capacity revenue starting closer to FY2025

GAS DEPT. HIGHLIGHTS:
- Rate adjustment planned from 2020 COS Study, leading to a 3% increase in operating revenue; 5% rate increase planned due to economic impact; $2M in rate stabilization funds utilized
- Significant Natural Gas price increases occurring
- Gas volumes continue to trend lower (weather)

- Purchased Gas Adjustment Revenue separated from Operating Revenue to provide more transparency
- Reminder: Natural Gas purchases are a direct pass-thru (no earnings/margin to HU)

WATER DEPT. HIGHLIGHTS:

- Rate adjustment planned from 2022 COS Study, leading to a 5% increase in operating revenue
- Rate increase split between increase in ‘base rates’ and ‘infrastructure replacement’ fee
- FY2023 begins Lead Replacement Program (O&M) and formal Main Replacement Program (Capital)
- Additional grant money potential for Lead Replacement Program

PCF/SEWER DEPT HIGHLIGHTS:

- Concentrated Waste Surcharges planned to increase but only a few customers impacted; no rate impact to residential and most commercial customers
- Minimal volatility in Sewer Budget

RATE CHANGES PROPOSED:
<u>Utility Rate Increase Proposed</u>:
Electric (’20 COS Study) 1%
Electric Operations 2%
Gas (’20 COS Study) 3%
Gas Operations 5%
Water (’22 COS Study) 5%
Sewer (’22 COS Study) Surcharge Rates

“Weather conditions, economic challenges including rising material and energy prices, supply chain delays, fuel prices, etc. directly impacting all utility operations.”

Moved by Butch Eley seconded by Matt Fong there being no further business to adjourn at 8:19 P.M. Roll Call: Ayes: Matt Fong, Shawn Hartmann, Chuck Rosenberg, Joy Huffaker, Ted Schroeder, Ginny Skutnik, Jeniffer Beahm. Nays: Butch Eley. Absent: None. The motion carried.