

CITY OF HASTINGS, NEBRASKA
MINUTES OF CITY COUNCIL WORKSESSION
Monday, July 17, 2023

Pursuant to due call and notice thereof, a Worksession of the City Council of the City of Hastings, Nebraska was conducted at the Hastings Public Library, 314 N. Denver Avenue, on July 17, 2023.

The meeting was called to order at 5:30 p.m. in Worksession by Council President Fong with the following members present: Shawn Hartmann, Marc Rowan, Brad Consbruck, Steve Huntley, Jeniffer Beahm, Corey Stutte, Butch Eley. Absent: Joy Huffaker.

The following City Officials were present: City Administrator, Shawn Metcalf; City Attorney, Jesse Oswald; Utility Manager, Kevin Johnson; City Clerk, Kimberly Jacobitz; Assistant Fire Chief, Troy Vorderstrasse; Director of Engineering, Lee Vrooman; Parks & Recreation Director, Jeff Hassenstab; Finance Director, Roger Nash; Information Technology Director, Erik Nielsen; Director of Development Services, Chad Bunker; Director of Human Resources, Lori Hartman; Museum Director, Teresa Kreutzer-Hodson; Chief Building Official, Kevin Kubo. Special guest: Jim Brisnehan, CMBA (Architecture Firm, Grand Island).

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

Moved by Butch Eley seconded by Shawn Hartmann to adopt current agenda for the July 17, 2023 Worksession. Roll Call: Ayes: Matt Fong, Shawn Hartmann, Marc Rowan, Butch Eley, Brad Consbruck, Steve Huntley, Jeniffer Beahm. Nays: None. Absent: Joy Huffaker. The motion carried.

PUBLIC NOTICE - Official Notice of the Worksession was published in the Hastings Tribune on Friday, July 14, 2023. 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. Payment in Lieu of Taxes Methodology.

Kevin Johnson presented this item, and stated he is not here tonight to get a decision. This is just introducing the concept and a proposal taken through the Utility Advisory Board. After this meeting, he will give a copy of a records request to the council, which contains helpful information on the topic. The Utility Department will come back at a later date with this item for approval. Roger Nash clarified that we have always called this in lieu of tax, but it is actually an "in lieu of franchise fee". Kevin reported that funds the Utility Department pays on a monthly basis go into the general fund. That amount is based on the prior year's revenue. Currently, the Utility Department transfers 5.6% of the annual total electric operating revenue to the city, distributed in monthly payments. The wholesale category, is what we sell to the market. Prior to 2012, the Utility Department generated the city's electric load. When the market changed, we started generating when the city needed it. We now generate for the market and we buy for the market. Historically, wholesale sales were included with retail sales. The wholesale category is primarily what we sell to the Southwest Power Pool (SPP). Retail sales include all of our

customer base. They are not introducing any changes to the water and gas. The American Public Power Association provides a study every two years, which includes payment in lieu of taxes from regions across the United States. The Board of Public Works introduced the American Public Power Association's (APPA) national average. We only know that it was introduced, then ended up in the budget at 5.6%. They could find no actual study that was done. Kevin presented the history, beginning in 2009, prior to the 2011-12 market change. Any excess energy past the city load was sold to the market. We saw the change in 2011, and believe that is when Whelan 2 came into fruition. The retail side would have been a more stable revenue source, not just the sales to the market, which might have been high and low swings. In 2011-2015 retail only was what the calculation was based on. There was no documentation on why the rates changed. From 2016-17 the 5.6% rate shows up. John Krajewski with KJ Consulting was asked to do a study on comparisons of what else is going on in Nebraska. Our recommendation to the Utility Advisory Board was to keep the city whole in what the city usually receives, but change it to retail only. To keep the city whole in the first year, it is at 6.1% for 2023. Whelan 1 is over 40 years old. Several years we paid more in maintenance than revenues. We figured out the WEC 1 lifespan. Summers have been hot, so we are selling to the market and making money. The recent winter was a 1 in 25,40, 50 year event. In a few years, we will be talking about what to do with WEC1. It can last years longer, if the economics allow it to last longer.

He wants to give the council time to digest the numbers, before a decision is made. The proposal approved by the Utility Advisory Board is to phase in the 5.2% over a five-year period. This year it will be 6.1%. It is your decision, with staff support. Kevin stated the fuel cost will fluctuate with the volume of generation. Kearney owns their power plant, but leases to Nebraska Public Power District. Kevin stated that Units 4 & 5 and Don Henry were pulled up last week. Every year we analyze utility rates. We do cost of service studies every three years.

2. Discussion of City Hall Options.

Council President Fong mentioned that information for this item is located in the back of the room and also on the city's website.

Shawn Metcalf introduced Jim Brisnehan from CMBA (Architectural Firm, Grand Island). Shawn watched the most recent town hall meeting and answered many questions about city hall. He met an engineer from JEO at city hall today and should have a report on the structure by this Friday. He discussed a few take-aways from that meeting. Jim Brisnehan, CMBA architect, stated that they met with two local commercial contractors and revised a few estimate numbers. The information is accurate, with the information we know today.

Shawn Metcalf stated that the new build is his personal recommendation, but either renovation or new build will be fine. There are a lot of factors for how we could pay for the project. We might get a short-term note, then when the project is done, we would have a better feel for how much cash to use and how much we should borrow.

Councilmember Huntley asked if we could get bids on removing asbestos now, since we need to remove it either way. Marty Stange stated that we could move forward with asbestos removal, but we need to have a plan on what we need to save or not save in the building. We need more information on how careful we need to be in removing asbestos. Jim Brisnehan stated that CMBA will not get any fees for that portion of the project. The expected time for renovation or rebuild is 16-18 months. Renovation will take longer. With renovations, you will find things that were unexpected.

Councilmember Huntley asked if the gravel between the old building's foundation and the current foundation could be pumped out and concrete filled in its place? Jim Brisnehan said we need to test and evaluate whether the existing foundation could accept the weight of the other foundation and how we make it water tight. Councilmember Rowan asked if we could clean and seal up the basement for storage, only using the top two floors. Shawn Metcalf stated that electrical and mechanical would need to be in the basement. Jim Brisnehan stated there would be no significant savings by not utilizing the basement, as they figured a cheaper renovation cost for the basement. Lee Vrooman stated that part of the basement cost is the demolition, which would need to happen either way. Councilmember Huntley asked if we have thought about getting other options from other architects? Lee Vrooman stated that CMBA has a proven track record on public schools and similar building construction projects. Councilmember Huntley stated that he guessed we could cross off North Denver and the repair options, so we are down to two options. Council President Fong stated that he has not heard any feedback regarding those two options. He is open to hearing any comments from the group. Councilmember Eley stated he is more for the new, rather than the renovation, because of the cost difference and getting exactly what we want. The odds of running into issues with the new building is less than the current building renovation. Councilmember Beahm asked if there is anything additional to do to get a closer estimate on costs? Shawn Metcalf stated that is why CMBA talked to local contractors. Lee Vrooman said that the 20% contingencies on renovation takes the unknowns into consideration. Until you uncover the bones of the building, we don't know the true cost.

Shawn Metcalf stated that we hope to receive the structural engineer's report on the current city hall by this Friday. Marty Stange stated that we do not know how much depreciation has occurred. If you decide to renovate, you could go to the expense of pulling back and looking at certain areas, but run the risk of exposing the building to further deterioration. CMBA stated that you could core the roof, but that only tells you about the specific area you sample.

Council President Fong asked if we could get an estimate from an asbestos abatement contractor for removal, both from a renovation perspective or a demolition. Marty stated that we would need more information on what we need to protect on the property during the asbestos removal. Councilmember Hartmann asked if it would be feasible to decide how much to spend during the investigative mode and put a cap on it. Otherwise, you can start throwing good money towards bad. Marty Stange was asked to get asbestos abatement estimates. Shawn Metcalf asked if there were other areas that could be investigated for condition. Mayor Stutte commented that we need to be mindful of mission creep. Keep in mind that the cost will be added to the renovation cost. The cost might outweigh the benefit. Lee Vrooman reminded the group that these are estimates. The City will go out for competitive bids when we get plans. CMBA is doing their best with the limited information we have. Shawn Metcalf asked about a second architectural opinion, if there is another architectural firm. Jim Brisnehan cautioned that if you are giving them CMBA's information, they can always say they can do it cheaper. Until you get to a final bid situation, you will not know the true cost. Kevin Kubo stated that anything over 3,000 sq. ft. needs an engineer's stamp. Mayor Stutte stated that the cost is going to be what they are, and the estimates are a guide point. Hard numbers are when the bid comes in. We have a good estimate and a good place to start. Let's get to the next point where we can build some consensus around one area or another, whether it is renovation or new building.

Moved by Shawn Hartmann seconded by Butch Eley there being no further business to come before the council to adjourn at 6:51 P.M. Roll Call: Ayes: Matt Fong, Shawn Hartmann, Marc Rowan, Butch Eley, Brad Consbruck, Steve Huntley, Jeniffer Beahm. Nays: None. Absent: Joy Huffaker. The motion carried.