CITY OF HASTINGS, NEBRASKA
MINUTES OF CITY COUNCIL WORKSESSION
Monday, November 20, 2023

Pursuant to due call and notice thereof, a Worksession Meeting of the City Council of the City of Hastings, Nebraska was conducted at the Hastings Municipal Airport, 3300 W. 12th Street, on November 20, 2023.

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

City Officials Present: Mayor Corey Stutte, Shawn Metcalf, Jesse Oswald, Lori Vorderstrasse, Adam Story, Brad Starling, Erik Nielsen, Derek Zeisler, Roger Nash, Jeff Hassenstab, Lee Vrooman, Teresa Kreutzer-Hodson, Amy Hafer, Marty Stange, Tony Hermann, Lori Hartman, Trent Clark, Kevin Johnson, Steve Riehle.

Others Present: Ryan Kavan, JEO Engineer, Mark Lutjeharms, JEO Engineer, Bill Hitesman, Hastings Utility Advisory Board Chairman, Jeanette Dewalt, Hastings Utility Advisory Board Vice Chairperson.

Pledge of Allegiance.

Moved by Butch Eley seconded by Shawn Hartmann to adopt the current agenda for the November 20, 2023 City Council Worksession. Roll Call: Ayes: Steve Huntley, Brad Consbruck, Butch Eley, Marc Rowan, Joy Huffaker, Matt Fong, Shawn Hartmann. Nays: None. Absent: Jeniffer Beahm. The motion carried.

Shawn Metcalf, City Administrator, introduced the newly hired Assistant City Administrator, Mark Funkey, and welcomed him.

Official Notice of the Worksession was published in the Hastings Tribune on Friday, November 17, 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.

Hastings Utility Advisory Board importance.

Bill Hitesman, Hastings Utility Advisory Board Chairman, began by saying he felt their role is important and indicating the Board changed six years ago. He told the Council he has been on the Board for six years and Chairman for five. Mr. Hitesman updated the Council on the backgrounds of all the current Board members and stated they all bring a lot of skills to the table for the Hastings Utility Advisory Board. He told the Council that the Hastings Utility Advisory Board filters through a lot of the information that eventually flows on to the City Council. He stated that they meet monthly on the second Thursday of the month at 9:00 a.m. at the Airport and that their meetings are open to the public. Councilmembers Eley and Hartmann serve as liaisons to the Hastings Utility Advisory Board.

Jeanette Dewalt, Hastings Utility Advisory Board Vice Chairperson, indicated that the Board goes through the monthly finances of the Utility Department and engages in numerous budget meetings. She stated that each Utility Department stands on its own and they are a not-forprofit organization, but costs have to be covered so rates do increase.

Mr. Hitesman stated that the community is lucky to have the current Utility management in place but that the structure has changed a great deal with the sharing of personnel with the City.

Mayor Corey Stutte thanked Mr. Hitesman and Ms. Dewalt and stated he appreciates the Hastings Utility Advisory Board and all that they do.

Councilmember Huntley questioned what a citizen needed to do if they were interested in serving. Mayor Stutte indicated that there is an online form that can be filled out and submitted for interest in appointment to any City board.

Discussion of 12th Street corridor study.

Lee Vrooman, Director of Engineering, introduced Steve Riehle, Lead Engineer, and indicated he would be handling this project and others. He stated this is a 25-30 year long-range plan for this corridor with no detailed design yet.

Mark Lutjeharms, Senior Traffic Engineer with JEO, began a brief overview of the eight month study of the 12th Street Corridor, Nalan Drive to Hastings Avenue. He talked to the Council about the **Traffic Analysis Summary** and touched on the following: ten study intersections, 2023-2048 conditions, AM, PM-school & PM-commuter, safety and operations, multi-modal alternatives analysis, intersections and segments between.

Ryan Kavan, JEO Engineer, began the **Projects Overview** with the Council. He discussed project prioritization and explained they broke the project down to 17 projects but he would be talking about the six priority projects. Those six being:
Priority 1 – Project 8: W 12th Street & N Marian Road (Engineer's Opinion of Cost: $1,870,000) includes roundabout for safety, operations, reduced conflicts with airspace, rural to urban transition
Priority 2 – Project 13: W 12th Street, N Baltimore Avenue to Bellevue Avenue (EOC: $80,000) pavement marking changes
Priority 2 – Project 14: W 12th Street, Bellevue Avenue to Burlington Avenue/US Highway 34/281 (EOC: $400,000) removal of pavement on north side of road, down to three lanes, pavement marking changes
Priority 3 – Project 10: W 12th Street, Laird Avenue to Crane Avenue (EOC: $1,700,000), three lane construction, wider paving
Priority 4 – Project 17: Multi-use Trail (EOC: $2,290,000) Nalan Drive to North Highland Road
Priority 4 – Project 17: Multi-use Trail (EOC: $2,290,000) North Highland Road to West 14th Street

Mr. Kavan reviewed the Priority Projects Cost Summary for Priority Projects 8, 10, 13, 14, 17, (15 & 16) for a total of $7,430,000. He indicated the Non-Priority Projects Cost Summary for Non-Priority Projects 1-7, 9, 11 and 12 would total $15,670,000 and be a very substantial investment.

Mr. Vrooman indicated he liked the project breakdown and hoped to narrow down what the City can afford and make the corridor more efficient.

Councilmember Huntley questioned the 12th Street traffic projections and if they had grown. Mr. Lutjeharms indicated they looked at 2005 traffic volumes and there was a modest decrease because of the mall leaving, but they are predicting a modest annual growth due to the current development in the area. Councilmember Huntley questioned if City staff could do some of the pavement marking changes proposed. Mr. Vrooman stated that they could. Councilmember Huntley asked if there is state or federal funding available. Mr. Kavan indicated there were eight to ten potential funding sources possible. Councilmember Rowan asked about the bike path connection. Mr. Kavan stated it would make a significant connection. Councilmember Consbruck expressed concern regarding kids getting across 12th Street. Mr. Kavan talked about a pedestrian island as an option and also flashing lights at pedestrian crossings.

Councilmember Fong asked about an overview of the plan going forward. Mr. Vrooman indicated that the design work is in the budget for the 12th Street and Marian Road roundabout and then next May or June they will take a hard look at what needs to be in the budget.

Councilmember Consbruck asked about doing something in the short term regarding kids crossing 12th Street. Mr. Vrooman stated that sidewalks are a tough discussion because it is the property owner's responsibility for sidewalks, but he indicated that Engineering along with Chad Bunger, Development Services Director, want to look at sidewalks this winter to see how they can get some of the sidewalks that are missing in town put in.

Councilmember Huntley asked when the One and Six Year Street Plan would be on the agenda. Mr. Vrooman indicated the public hearing for the One and Six Year Street Plan would be on the November 27th agenda.

Discussion of City Council standards and norms.

Councilmember Fong indicated that this item was discussed at the last worksession. Councilmember Huntley indicated there were a lot of big things currently in front of the Council and he felt this item needed to be put aside for six months before diving into something like this. Councilmember Rowan agreed. Councilmember Fong indicated it didn't need immediate action but would like to see this item brought back after the first of the year. Councilmember Huntley stated maybe they could start with having a minister come and give a prayer before each meeting and start with something small. Councilmember Fong suggested that if any other councilmembers had thoughts or considerations on the item, they can follow up with Shawn Metcalf or himself and they will move forward after the first of the year with this item.

Councilmember Rowan asked why this item got brought up. Councilmember Fong indicated it was based on the Council's October worksession discussion after the League of Municipalities meeting attended by several councilmembers. Councilmember Rowan asked who came up with the document. Mr. Metcalf indicated he and Jesse Oswald, City Attorney, used information from other cites to put the document together. Councilmember Fong stated they would bring something forward after the first of the year at a worksession. Councilmember Huntley suggested maybe the councilmembers should at a retreat or something, if they felt they needed something like this, sit down as a body and write it as opposed to having staff doing it for them.

City Hall timeline.

Mr. Vrooman indicated with the asbestos removal work that is going on, they have found additional asbestos in the building with fire proofing on columns and beams and in the floor tiles on the second floor as well. He stated that additional mold was found in the two kitchen breakroom areas on the first and second floors. He indicated they continue to remove asbestos and have removed a window to aid in the asbestos removal. Mr. Vrooman indicated that in discussions with the architect regarding what to include in the construction contract and what to break out, that at this time, the architect indicated it didn't make sense to break out the roof replacement, since they didn't know about the HVAC placement, the parapet wall and the elevator being moved and extending through the roof. He said that they need to get a little bit further in the design to know exactly what is going to happen. They will continue to have discussions with the architect in order to figure out what can be broken out to save money.

City Hall Tentative Schedule
Asbestos removal/mold remediation complete – February 2024
Issue bid package for interior demolition – February 2024
Renderings of Council Chambers complete – January 31, 2024, send options to council for review (Council input/action)
Renderings of building exterior complete – January 31, 2024, send options to council for review (Council input/action)
Council work session - February 19, 2024, discuss renderings of Council Chambers and building exterior (Council input/action)
50% design plans ready for City staff review – February 20, 2024
Council meeting to decide on renderings February 26, 2024, decide on which Council Chambers option to go with and which exterior building option to go with (Council input/action)
City staff review of 50% design plans complete - March 5, 2024
95% plans ready for City staff review – April 2, 2024
City staff review of 95% design plans complete - April 16, 2024
Interior demolition complete – May 2024
Design, drawings and specifications complete and ready to bid project – May 3, 2024, send out bid package to include all construction work including the roof and foundation.
Project bid opening – June 11, 2024
Project Award – June 24, 2024 (Council input/action)
Start of construction – August 2024
Construction complete – March of 2026

Councilmember Huntley asked what percentage of the plans were done. Mr. Vrooman indicated 5-10% of the plans are done. Councilmember Huntley asked about public input on the plans. Mr. Metcalf indicated there could be some opportunities for residents to give some feedback during the Council input items that Mr. Vrooman pointed out.

Councilmember Huntley asked about having a tab on the City website for citizens to look at and see what is going on with the city hall project. Mr. Metcalf stated they have recently purchased some software that should aid in the community engagement for City projects that will be more interactive and residents will be able to provide comments.

Discussion of Payment in Lieu of Tax (PILOT).

Derek Zeisler, Director of Energy Production and Supply, indicated this was presented to City Council back in July, and he spoke again regarding the Payment in Lieu of Tax (PILOT) Fiscal Year 2023 proposal. He indicated that currently, the Utility Department transfers 5.6% of the annual Total Electric Operating Revenue to the City, distributed in monthly payments. He mentioned that historically, wholesale sales included net revenue from the SPP Market. Retail sales include residential, industrial and commercial revenue. There were times wholesale was included and times it was retail only. He indicated the Utility Department continues to want to be transparent and answer the question of why. The PILOT percentage is a City Council decision so they had to come up with something that is justifiable to ratepayers and taxpayers and something that they could present back to City Council. He indicated the current percentage sits at 5.6% and the question of how it originally got to that percentage is from an APPA study. He reviewed with Council PILOT comparisons with a study performed by JK Consulting showing a lot of the PILOT percentages of the compared communities being set at 5%. Mr. Zeisler reviewed with Council, Nebraska Constitutional Article VIII-11 regarding PILOT which recommends the 5% of annual gross revenue of retail sales. That explains why a lot of the comparison communities are set at 5%.

Mr. Zeisler indicated they are breaking their recommendation into the following two parts: 1) Change electric calculation for the payment in lieu of tax from using Retail and Wholesale Revenue to using Retail Only Revenue to align with comparable municipalities. Using the consultant's calculation to keep the City whole, the percentage would increase to 6.1% for 2023 year-end true-up, (2) Phase to 5.2% over a five-year period to align with Nebraska comparable municipalities. Mr. Zeisler indicated they don't want to add an additional burden to the City but be comparable to the other utilities in the state. He reviewed with Council the 5.2% Phase-In process. He stated the City will be receiving less money than if the process was left exactly as it is. What they are trying to do is get more in line with what other utilities in the state do. He told the Council that the APPA study looked at all things provided, such as economic development funds, shared funds and working across departments, and by the partnerships we have we are able to help each other out and ratepayers and taxpayers benefit. He also informed Council that the Hastings Utility Advisory Board has recommended approval.

Councilmember Rowan asked about the Utilities trying to keep more money rather than give it to the City. Mr. Zeizler indicated that they needed to come up with something they could justify back to City Council, Hastings Utility Advisory Board, ratepayers and taxpayers as to what is fair and reasonable and that at the end of the day, comparability with other utilities in the state seemed to make the most sense. Councilmember Rowan asked why, as a representative of the City, they should go along with the Utility Department paying the City less. Mr. Zeisler stated that Councilmember Rowen is also a representative of the Utility Department as they are a department of the City of Hastings. He felt it was important to see where we want those funds to be paid, so the reality is, if the Utilities pay the City, that money goes into the general fund to offset what is paid through taxes, so essentially, what is happening is either the funds are going to be paid by taxpayers or ratepayers.

Roger Nash, Director of Finance, stated it was key to remember that they use comparability to figure many things and this is a difficult discussion because of where the percentages have been set in the past and what they are trying to accomplish is what is fair to the ratepayer to pay to offset general fund tax dollars. The percentage has to be based on something data driven and that is using the comparability study.

Councilmember Huntley questioned what made up the electrical service area. Mr. Vrooman indicated he would provide a map to the Council.

Councilmember Fong questioned when the decision would come before the Council. Mr. Zeisler indicated it would be on the December 11th council meeting agenda.

Councilmember Huntley asked if numbers could be run from the first of the year with both percentages to see both ways. Mr. Zeisler indicated that could be done with past numbers and they would get that to the Council.

Mr. Nash indicated there would be two separate resolutions on the agenda for Council approval. The first would set the structure, going back to retail only and raising the percentage from 5.6% to 6.1% and the second resolution would get the rate back into comparability over five years.

Mr. Metcalf stated he felt it was allocating the funds in the most defensible way and in the grand scheme of things, it would not be majorly impactful.

Councilmember Huntley asked what this will do to the rates. Mr. Zeisler said there would be minimal effect on rates.

Moved by Steve Huntley seconded by Shawn Hartmann there being no further business to come before the Council, the meeting was adjourned at 7:00 p.m. Roll Call: Ayes: Steve Huntley, Brad Consbruck, Butch Eley, Joy Huffaker, Marc Rowan, Shawn Hartmann, Matt Fong. Nays: None. Absent: Jeniffer Beahm. The motion carried.