

CITY OF HASTINGS, NEBRASKA
MINUTES OF CITY COUNCIL WORKSESSION
Monday, August 19, 2024

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 August 19, 2024.

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

City Officials Present: Mayor Corey Stutte, Shawn Metcalf, Mark Funkey, Jesse Oswald, Lori Vorderstrasse, Adam Story, Troy Vorderstrasse, Erik Nielsen, Roger Nash, Jeff Hassenstab, Lee Vrooman, Teresa Kreutzer-Hodson, Amy Hafer, Marty Stange, Tony Hermann, Lori Hartman, Chad Bunger, Derek Zeisler, Kirk Layton, Trent Clark.

Others Present: Shannon Landauer, Hastings Area Chamber of Commerce Executive Director.

Pledge of Allegiance.

Moved by Butch Eley seconded by Jeniffer Beahm to adopt the current agenda for the August 19, 2024 City Council Worksession. Roll Call: Ayes: Steve Huntley, Jeniffer Beahm, Brad Consbruck, Butch Eley, Joy Huffaker, Marc Rowan, Matt Fong. Nays: None. Absent: Shawn Hartmann. The motion carried.

Official Notice of the Worksession was published in the Hastings Tribune on Friday, August 16, 2024. 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 for public review and a current copy of the Nebraska Open Meetings Act is posted and accessible to members of the public.

CITIZEN COMMUNICATIONS:

Proposed 2024-2025 City Budget and Utility Budget: Mike Anderson, 1405 S. Baltimore Avenue.

Annual report from Hastings Area Chamber of Commerce.

Shannon Landauer, Hastings Area Chamber of Commerce Executive Director, began her presentation by stating that the Chamber of Commerce has been in existence since 1903 and they focus on the quality and overall business climate in Hastings. She reviewed the following with the Council:

- introduced several new events this year, including First Friday Chamber Coffees, Community Builders, & Candidate Coffees
- member celebrations (ribbon cuttings, anniversaries, ground breakings)
- 2024 Retail Program focused on: **Local Promotions** - 90 Days of Summer, Hastings BINGO, holiday campaigns, **Advertising** - local events, holiday shopping guide, promotional materials, **Retail Coach** - retail market profile, gap analysis, site reports, **Big Idea Hastings**
- seeing a slight decline in retail sales
- Retail Coach – data collected (city demographic, county demographic, Retail Trade Area (RTA) demographic, RTA Psychographic, community retail market, RTA retail market, RTA retail demand)

- 61,000 people shopping in our area
- 2025 priorities - promotions/events, marketing, local advertising, Big Idea Hastings, Retail Coach
- Retail 2025 - **Expand “Shop Local” Initiatives** - additional promotions, expanded branding, **Market the Hastings Experience** - Itineraries, event marketing, local storytelling, **Simplify Market Entry for New Retail** - website with data, available site information, permitting process and program information, **Expand Efforts for Capture of Sales Tax Dollars** - outreach around community events to maximize spend in Hastings, **Increase Traffic/Engagement on Website and Social Sites** - strategic efforts to expand geographic and demographic following

Annual report from Hastings Economic Development Corp.

Ms. Landauer began her presentation with the Hastings Economic Development Corp. 2024 priorities of existing industry, business attraction (being prepared for new), housing development, talent development, administration. She reviewed the following with the Council:

- Existing Industry - BRE software and visit process underway, four industry expansions, three small business assistance expansions, manufacturing week tours, proclamation and luncheon, advocacy for state policy to support existing companies, completion of four state fund projects to support revolving loan fund (RLF)
- Business Location - 12 Request For Proposal opportunities with Nebraska Department of Economic Development, two Foreign Direct Investment project inquiries, three company site visits, familiarization tour with DED recruitment team-March, three site selector events-Area Development Forum, Next Move Group Summit, Select USA-Nebraska Delegation, State funding process complete for Heartwell Renewables
- Areas of focus for business development - North Park Commons-Industrial, Business Development Morrison Site, Business Development City Site
- Rural Workforce Housing Funds - total funds at \$3.4 million with projects supported by Grant Funds (Pioneer Flats, Osborne View Estates, Aspen Bluff) and Revolved Funds (Hangar 55, Corner Building, Garage Flats, Osborne View Estates 2)
- North Park Commons housing – all lots have been sold
- Additional Housing Projects Underway - entry level rental to higher level single family development (Hoppe Development Project, Mesner Development, Suzanne & Walter Scott Foundation project with Hastings College, Innate Concepts LLC Multi-Family Development, Lagunas Development, Downtown Condos)
- Talent Development - Manufacturing Pathways, business tours, HAMA-Manufacturing Madness, Intern Engagement, school and education events (welcome events, career days, mock interviews)
- Administration - Revolving Loan Fund, Legislative Advocacy, Certified Community Status, Retail Site & Building Work, Chamber/HEDC Partnership
- 2025 priorities - making sure we are on the radar with existing industry, business attraction, housing development, community marketing initiatives, talent development, administration

Councilmember Fong asked what manufacturers and businesses are looking for in communities. Ms. Landauer indicated automation, height of buildings, focus on food and energy components are some of the trends. She explained that there are huge opportunities for Nebraska and for Hastings and there are a lot of things we can do to tell our story. Councilmember Fong asked what Council and City staff can do to support the Chamber of Commerce and HEDC. Ms. Landauer encouraged the Council and staff to talk about the things you are proud of in Hastings and the great things that are happening here.

Discussion of proposed 2024-2025 City Budget and Utility Budget.

Shawn Metcalf, City Administrator, began by giving his FY25 budget presentation. He indicated this is the second draft and at the September 9th meeting will be the public hearing and the first vote on the budget. He showed the Council a graph of the current FY25 Operating Budget with all new position requests removed except for the one Police lieutenant position. He indicated there is a \$1.2 million deficit made up of some new expenses we don't have control over including: inflation (conservative 3%) \$400K, comparability implementation year (every 3 years) \$800K, market adjustments due to comparability (3% COLA) \$500K, Sewer Pilot \$300K (which we are not able to receive anymore). He showed the FY25 Operating Budget with a proposed 30% decrease in City contributions to the Self-Insured Health Fund and an expected revenue of \$500,000 from the Police Pension Plan.

Councilmember Beahm asked the recommended amount based on best practices for the Self-Insured Health Fund. Roger Nash, Finance Director, indicated that \$3 million was recommended but indicated he would like to see a little more kept in that fund. Mayor Stutte indicated at the time when the Utilities and the City reorganization was taking place, the City side of the Self-Insured Health Fund was not doing well so it has just taken some time to shake out and lower claims, and it is good to see it coming back up and have the ability to return excess funds back to departments.

Councilmember Huntley questioned when they would have the discussion on how the City building would be paid for. Mr. Metcalf indicated that they don't have to decide at this point and that it could be a combination of bonding and cash. Mr. Nash indicated that in the budget, \$8.2 million has been put in as the cost of City Hall as an expense and \$10 million is listed as a placeholder for bond anticipation notes, so there is some real flexibility. Councilmember Huntley questioned if it had to go to a vote of the people. Mr. Nash indicated it did not.

Councilmember Beahm indicated she was concerned about sustainability and moving money around and would like to see them make changes now for future budgets and would like to see it start in this budget.

Mr. Metcalf went on to discuss FY26 expenditures and revenues. Mr. Nash stated that they need to do something to correct the difference between revenue and expense. Mr. Metcalf reviewed how they could turn the tide with the following: Reduce expenditures – services (emps. & operating) and increase revenues - levy, utilities dividend, restaurant tax, sales tax, small revenue (fees, licenses, permits). Mr. Metcalf indicated that exploring the revenue increases is something staff would like to bring to Council in the future.

Councilmember Beahm asked what the restaurant tax would do for recruitment of restaurants. Ms. Landauer indicated that taxation hasn't been an issue in any conversations she has had. Mr. Nash stated that it is a pass-through tax and not a cost to the restaurant.

Mayor Stutte pointed out that a lot of things will depend on what takes place in the legislature, there are a lot of unknowns out there and it is hard to forecast what the best route forward might be at this time. Councilmember Huntley questioned holding a later in September budget hearing and wait for the legislature and send the budget back to department heads to weed out what they can cut. He said he felt they should eliminate the proposed Police lieutenant position. Councilmember Beahm talked about how do they pass on this budget gap to residents by a restaurant tax and increasing fees. She indicated she didn't want to do that more often than is necessary and questioned if there are items in the capital outlay that can be taken out or deferred maintenance on things that maybe aren't necessary at this time.

Councilmember Huntley questioned a jet hangar at the airport, irrigating the cemetery and irrigation at larger parks as costs that could be looked at as options for saving funds. Mayor

Stutte reminded Council that the rules are in place for this year and we need to focus on accomplishing the budget for this year and let the legislature fight it out, but the job here is to have a budget in place by the end of September. Councilmember Consbruck stated he felt there were items that could be cut away in the budget for now and department heads know their budget better than Council and they know the items that can be cut away and things they can do without and it is easier for Council if they do it. Councilmember Eley indicated he was not for raising the levy at this time. Mr. Metcalf indicated that the budget expenditures that staff are recommending are needs and there are few places where things could be cut back.

Mr. Nash stated the certified valuation went up 11.7% and if we stay with the 2% plus growth of 1.94%, the tax asking will go up \$156,000.00 and they would have to lower the levy by \$.39 to comply with the law. He stated they were not anticipating it going up that much.

Councilmember Huntley stated that people are worried about taxes and the City needs to tighten its belt and he felt they need to send it back to department heads for cuts. Mr. Nash stated they need to notify Adams County by Friday if they are going to be participating in the joint public hearing and that is based on the decision to lower the levy. If it is left the same, they would go to the joint public hearing and if they reduce the levy, they would not have to participate in the joint hearing.

Mr. Metcalf asked for direction from Council on how to pull back the expenditures. Councilmember Consbruck suggested vehicles asked for in the budget be eliminated across the board and that adds up to the number we need. He questioned if they are really needed and stated it adds up to a lot of money. He also suggested a percentage cut of the budget over every department budget. Mr. Nash explained that operating is reoccurring expenses and capital outlay are one-time costs. He stated they could remove capital from the budget but that won't do anything to alleviate the deficit. He said the operating deficit is still \$1 million no matter where you get the money to pay for it, so without cutting things from the operating budget, those are things that actually need to be reduced to actually reduce the deficit. He indicated they need to find a way to reduce the operating expenses which occur year after year.

Councilmember Eley stated they should look at the restaurant tax and he didn't want to see them fire staff but do it only through attrition. Councilmember Huntley agreed with attrition and maybe put on a hiring freeze. Mayor Stutte pointed out the budget timeline is not driven by staff but rather by state statute and that his understanding was that the desire is to lower the levy so as not to have to go to a joint hearing so staff needs direction on the current levy or reducing it down. He asked if they were all still in line with going with what staff is recommending. The consensus of the Council was to lower the levy. Mr. Metcalf stated they need specific direction from the Council for cuts to department budgets. Councilmember Rowan indicated that department heads are the experts and that they know better what needs to be cut. Councilmember Huntley gave direction by saying that he thinks the Police lieutenant position should be cut, look at vehicles to be cut, look at an alternative way to do the jet hangar and send it back to department heads to cut.

Councilmember Fong summarized by stating the Council's current feeling was to lower the levy and see from a City department perspective if there are some areas where there could be some operational cuts made. He asked about putting a work group together. Councilmember Huntley suggested they have a budget discussion at the next Council meeting. Mr. Metcalf stated he would have discussions with staff and see what they could come up with. Mr. Nash stated that the current levy is .4243 and the new reduced levy will be .3948. Councilmember Fong asked that the new proposed budget be put up on the website and it be sent out to all Councilmembers. Mr. Nash asked about the Police lieutenant position. The consensus of the Council was to remove the position.

Moved by Steve Huntley seconded by Brad Consbruck there being no further business to come before the Council, the meeting was adjourned at 7:25 p.m. Roll Call: Ayes: Steve Huntley, Jeniffer Beahm, Brad Consbruck, Butch Eley, Joy Huffaker, Marc Rowan, Matt Fong. Nays: None. Absent: Shawn Hartmann. The motion carried.