

## **THE OFFICIAL PROCEEDINGS OF THE GERING CITY COUNCIL BUDGET WORK SESSION, AUGUST 14, 2024**

A Budget Work Session of the City Council of Gering, Nebraska was held in open session on August 14, 2024 at 6:00 p.m. at Gering City Hall, 1025 P Street, Gering, NE. Present were Mayor Ewing and Councilmembers Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. Also present were Administrator Heath, Lyndsey Mathews, Cheri Hutchison, Shannon Goss, Kathy Welfl, Mike Davies, Casey Dahlgren, Karla Niedan-Streeks, George Holthus, Steve Mount, Annie Folck, Nathan Flowers, Christie Clarke, Doug Parker. Other staff members along with members of the media, outside agency representatives and members of the public were also present. Notice of the meeting was given in advance by publication in the Star-Herald, the designated method of giving notice. All proceedings hereafter were taken while the meeting was open to the attendance of the public.

Mayor Ewing called the Budget Work Session to order at 8:15 a.m.

### **A. OPENING COMMENTS – ADMINISTRATOR HEATH:**

Administrator Heath thanked all the Department Heads and their staff for all the work they've done on their respective budgets. He thanked Finance Director, Lyndsey Mathews, Deputy Finance Director, Cheri Hutchison, and HR Director, Shannon Goss, for all their work with the budget and budget packet. The budget was put together in five weeks because the audit ran late, without everybody working together, staff would not have been able to get it done in that short amount of time.

Administrator Heath explained that the information in his letter (in the packet) is a presentation of the proposed budget for fiscal year 2025 beginning October 1, 2024 and ending September 30, 2025. A summary of budget information and highlights are listed below.

In preparing this budget, staff have attempted to remain conservative in their estimates, taking into consideration many factors including national, regional and local economic factors and indicators, agricultural industry trends and input from local business representatives. In addition, staff closely monitor trends in consumer spending and related sales tax revenues, gas tax receipts and rising costs in the fuel industry and have budgeted conservatively for revenues and expenditures.

Staff are also very cognizant of rising costs of goods and services for the labor force and have done their best to allow for reasonable wage increases to keep workforce pay competitive with municipal peers.

Each year, Department Heads are asked to submit their needs and staff do their best to accommodate those needs. Unfortunately, this year the City cannot accommodate all of their needs. General Fund staff were asked to make some cuts so the General Fund could be balanced. It was cut by approximately \$300,000. Enterprise Fund staff were also asked to make some cuts in order to maintain department reserves of 25%.

As Council may notice in the packet, there have been substantial decreases in IT support and increases in software licensing. Prior to this year, the City's software licensing was allocated to the IT line item which made it difficult to know those costs. That affects just about every department. This information may help answer some of Council's questions as to why there were changes in those two line items.

### **Fiscal Year 2025 Budget Information:**

- 2023 Consumer Price Index for December 2023 was 3.2%
- Social Security Administration COLA for 2024 was 3.2%
- Proposed Cost of Living increase is as follows:
  - Proposed general non-union employees 3.0%
  - Proposed police union employees 3.0, (currently in negotiations)
  - Proposed IBEW union employees 3.0%, (currently in negotiations)(projected cost with COLA, merit increases and benefits City wide, (\$578,679)
- Anticipated increase in premiums/claims exposure for employee health insurance – 7.6% (projected cost of increase (\$151,373), no change to employee's premiums deducted, City will absorb cost increase

## **Budget Summary:**

Total cost of employee wages & benefits city-wide:

- FY2025:
  - Total payroll: \$7,359,720
  - Total payroll & benefits: \$10,526,081
- FY2024:
  - Total payroll: \$6,906,428
  - Total payroll & benefits: \$9,947,403

Administrator Heath stated that staff are proposing to add one full-time position in the Engineering/Admin. Department for the 2025 Budget. This position brings back a position that was cut in 2021. With the loss of this position, it became apparent that additional support staff was needed. Staff tried filling this position with a part-time person, but continued to fall behind.

The 2023 consumer price index for December was 3.2%. The Social Security administration COLA was 3.2%. The proposed cost-of-living increase for general employees is 3%. At this time, the police COLA increase is 3% which is currently in negotiations. The IBEW Union employees are also at 3% and that is also still in negotiations. Projected cost for COLA at the 3% is a \$578,679 increase to the budget. Anticipated increase in premiums, claims, exposure for health insurance is 7.6% and that projected cost is \$150,000. LARM insurance will be going up approximately 16%.

- LARM Insurance renewal quote (city-wide):
  - 12.2% increase to property and vehicle insurance (total cost \$403,224)
  - 13.0% increase to general and police liability insurance (total cost \$217,071)
  - 29.6% increase to workers comp insurance (total cost \$249,434)

The Workers Comp MOD increased due to claims from .97% to 1.09% which is still good. He'd like to see it under 1% if possible.

- **Capital Improvement Budget information:**

- FY2025
  - Infrastructure, buildings & structures: \$6,237,799
  - Equipment & vehicles: \$3,307,650
- FY2024
  - Infrastructure, buildings & structures: \$5,156,904
  - Equipment & vehicles: \$2,875,500

- **Debt Service Budget information:**

- FY2025
  - 2021 CURB Bonds (Water, Wastewater): \$4,215,000
  - 2018 Leasing Corp (Ballfield/Quad Field): \$2,810,000
  - 2016 Leasing Corp (Golf Course): \$130,000 (final payment is in December of this year)
- FY2024
  - 2021 CURB Bonds (Water, Wastewater): \$4,520,000
  - 2018 Leasing Corp (Ballfield/Quad Field): \$2,970,000
  - 2016 Leasing Corp (Golf Course): \$260,000

## B. BUDGET AND UTILITY RATES OVERVIEW

### Enterprise Fund Proposed Rate Increases:

Proposed Monthly Residential Customer Charge:			Per Month	
	Current	Proposed	Increase	
Environmental services	\$ 25.35	\$ 26.62	\$	1.27
Stormwater surcharge	\$ 2.25	\$ 2.25	\$	-
Proposed Monthly Gallonage Charges (3,000 gal use):			Per Month	
	Current	Proposed	Increase	
Wastewater	\$ 28.33	\$ 30.13	\$	1.80
Water	\$ 26.59	\$ 27.40	\$	0.81
Proposed Monthly Gallonage Charges (10,000 gal use):			Per Month	
	Current	Proposed	Increase	
Wastewater	\$ 47.72	\$ 49.52	\$	1.80
Water	\$ 37.30	\$ 38.46	\$	1.16
Proposed Monthly Electric Charges:			Per Month	
	Current	Proposed	Increase	
Electric (500 kWh use)	\$ 89.90	\$ 89.90	\$	-
Electric (1,000 kWh use)	\$ 154.80	\$ 154.80	\$	-
Electric (5,000 kWh use)	\$ 674.00	\$ 674.00	\$	-
Typical Residential Bill (winter months):			Per Month	
	Current	Proposed	Increase	
Electric (1,000 kWh use)	\$ 154.80	\$ 154.80	\$	-
Water (5,000 gallons)	\$ 29.65	\$ 30.56	\$	0.91
Sewer (5,000 gallons)	\$ 33.87	\$ 35.67	\$	1.80
Sanitation	\$ 25.35	\$ 26.62	\$	1.27
Stormwater	\$ 2.25	\$ 2.25	\$	-
	\$ 245.92	\$ 249.90	\$	3.98

Administrator Heath explained that on the utility rate side, staff are proposing a rate increase of 5% in Sanitation, 3% in Water and 9% in Sewer. The Sanitation rate is based on the proposed new landfill coming up in the next three years; the City does not want to hit its customers with one large increase,

such as a 20% increase, all at once. Phasing it in over time is a good way to go. The Water/Sewer rate increases are based on the study that was done by MEAN last year. As Andrew Ross with NMPP said in the meeting last year, unfortunately the days of low water and sewer bills are gone due to regulations, upgrades and the age of systems. The main reason for some of these increases is to maintain reserves for future projects, capital and operations of the departments. No increase is proposed for electric.

**Budgeted Tax Revenue Information:**

- City Tax Revenues:
  - FY2025:
    - Property Tax: \$2,129,876 (*final amt determined with Assessor valuation on or before August 20*)
    - General 1% Sales Tax: \$1,375,000
    - Motor Vehicle Sales Tax: \$375,000
    - LB840 Sales Tax: \$300,000 (*there is more, but there's a \$300,000 cap on what can go into the LB840 Fund*)
    - LB357 Sales Tax: \$475,000
    - Gas Tax Receipts: \$1,302,308 (budget amt provided by State)
    - Other Tax Receipts: \$281,000
    - Municipal Equalization Payment: \$606,744 (budget amt provided by State)
  - FY2024:
    - Property Tax: \$2,130,216
    - General Sales Tax: \$1,325,000
    - Motor Vehicle Sales Tax: \$350,000
    - LB840 Sales Tax: \$300,000
    - LB357 Sales Tax: \$450,000
    - Gas Tax Receipts: \$1,257,822 (budget amt provided by State)
    - Other Tax Receipts: \$251,000
    - Municipal Equalization Payment: \$542,827 (budget amt provided by State)
- Enterprise Fund Transfers:
  - FY2025: \$2,060,000
  - FY2024: \$2,060,000

Councilmember Gillen asked, regarding capital improvements, if staff are looking at the cost of insurance and factoring that in. Administrator Heath replied yes, and staff are going to start watching that closer. He gave an example of the sewer jet and added that as new equipment is purchased, other equipment is taken off, which helps offset some of the cost.

Councilmember Backus asked for an explanation of the comment regarding the waste disposal rate increase at the landfill. Administrator Heath replied that staff are trying to phase in increases over a few years rather than one big increase. As the City starts that landfill, there's going to be a bond payment and staff want to be set up for that. Either way, there's going to be a percentage increase; the costs haven't been completely refined. Staff don't know what that bond payment will be, but there will have to be an increase in sanitation rates. It's better to phase it in over three or four years, rather than hit everybody with a 15 to 25% increase in one year. That's why staff are proposing a 5% increase in sanitation rates. The City has historically done that on other projects. If it can be eased in a little bit at a time, he thinks it's much less of a burden on the residents and customers than hitting them with one large increase all at once.

Councilmember Backus commented that he knows it's not a popular thing, but he'd still like to see what a private waste disposal would be. Administrator Heath replied that that will be looked at with all of this landfill project. The problem with private disposal is that the City doesn't control the cost. That

has been seen throughout Nebraska where cities have been paying \$60 a ton and overnight they've changed to \$80 or \$90 a ton with private haulers.

Administrator Heath asked if there were any other questions from Council on individual budgets before moving on to Capital Projects. Councilmember Gillen clarified that regarding sanitation, one of the reasons the City has not gone out (to private sources) is the City has the ability to accept all waste and not sort things out. Some companies require it to be sorted and won't take everything. Administrator Heath agreed and added that some companies won't accept certain waste. There are some restrictions with private haulers on what they'll haul.

### **C. CAPITAL PROJECTS/EXPENDITURES OVERVIEW**

Administrator Heath asked if Council had questions on any of the capital expenditures. Councilmember Wiedeman clarified that the generator is for City Hall due to what happened in April with the loss of power. Administrator Heath replied yes, but that has been in the process for a while, it has been a couple years at least. If there was an incident in Gering, the City needs to have an EOC open. There isn't a facility that can handle that (right now). The EOC would have to be set up in Scottsbluff or maybe at the County. The thought has always been to try to get a generator for the City Hall building. Staff applied for a grant through NEMA; what's budgeted is just the match to that grant. The generator will be diesel and will have a hospital-grade muffler. It will be located right behind City offices as City Hall. Administrator Heath asked if there were any other questions on capital projects. Councilmember Backus commented that he's glad to see playground equipment in there. There were no other questions on capital projects.

### **D. DEPARTMENT REVIEW**

Administrator Heath explained that the "Department Review" on the agenda was for questions Council may have for Department Heads on their respective budgets and added that Department Heads were present to answer questions that Council may have. He asked if there were questions on the Department Review. Seeing none, Mayor Ewing moved on to outside agency requests.

### **E. OUTSIDE AGENCY REQUESTS**

Administrator Heath noted that what's in the proposed FY25 Budget right now, regarding the outside agencies, are the amounts that were funded last year for each entity. Staff did not add an increase or new requests to the proposed budget. If Council chooses to fund new requests or increases, staff would have to go back and look at cutting out of the General Fund.

#### **Riverside Discovery Center:**

Councilmember Wiedeman wanted to know why the Riverside Discovery Center was asking for a little more than double. Riley Flat, resident of Gering and RDC Board Member, addressed Council. He stated that they have been in a bit of flux and transition and are looking to hire a new executive director. One candidate came last week from South Africa and another is coming next week from Pennsylvania. They had quite a few applications. Most of the local candidates didn't cut it, so they looked elsewhere. As far as the reason for the increased request, he explained that there's a direct correlation between their success and Gering's support. There's a correlation between what they're able to pay an executive director and the type of candidates they'll get. The increase is to get some extra money to bring in qualified candidates.

Mayor Ewing asked about the accreditation process. Mr. Flat replied they are still working on it; the ultimate goal is to be AZA accredited again. There's a direct correlation between their financial status and accreditation. That, in part, is why they're asking for the additional funding as well. He doesn't think the financial situation they face is insurmountable. They're trying to get an executive director that can shepherd them through this transition period, and the board can turn their attention to fund raising.

Mayor Ewing asked if the salary range has changed that much. Mr. Flat replied they had a promising candidate in Canada looking to make his way back to the United States. What they were able to offer was not enough to bring him. In an attempt to draw in better candidates, they had to raise

what the listed salary would be. If they keep it where it's at, they will not be able to bring in the qualified candidates they need.

Councilmember Morrison asked if this will be an on-going request and what the starting wage would be. Mr. Flat replied that someone qualified would be \$80,000 to \$90,000; right now, it's listed at roughly \$60,000. She asked if the City can give funds for salaries. Councilmember Wiedeman commented that it's just Keno Funds that the City can't fund salaries. Mayor Ewing clarified that the same proposal was given to Scottsbluff. Mr. Flat replied that he believes a request was submitted there as well; Andy Hayward submitted the request to Gering as well as the City of Scottsbluff. He believes Scottsbluff's funding is \$200,000 per year. Councilmember Gillen corrected that \$300,000 comes from the City of Scottsbluff.

#### **Midwest Theater:**

Tina Worthman, Executive Director of the Midwest Theater, addressed Council. She explained that their request is for operations of the theater. Insurance, utilities and everything has gone up exponentially, especially since Covid. Entertainment industries and theaters took a pretty big hit after Covid. They are getting that community back to the theater. Between donors and sponsors, they are increasing, but it's hard to get back to the level it was at before. The Midwest Theater is probably the only gathering community theater in the area. 40% of board members, members, ticket holders and attendees come from Gering. They get funding from the Nebraska Arts Council. She expanded that they are in a unique situation in the panhandle and about the only place that provides this kind of entertainment and community outreach. It's a big deal to be able to provide this to the community; they are an important asset. She has also put this request into Scottsbluff and she's looking at other ways to bring funding to the theater. They have hit the bricks pretty hard trying to get funding.

Councilmember Wiedeman asked Administrator Heath if this could come from LB840 funds; it's an attraction just like the zoo. Administrator Heath replied that he's not sure it falls under the tourism side; LB840 would fall with bringing people in and staying in the community. Ms. Worthman noted they were on the Holiday Passport last year. They have a good partnership with Nebraska Tourism. They have opened the lobby up and have had people from all over the world.

Councilmember Backus commented that he does a lot of traveling and one thing that's overlooked with tourism is more of a holistic approach. The City often looks at one event to put a head in bed. He'll go places and spend an extra day because there are things he didn't get to. Maybe the City needs to start looking at using those tourism dollars for smaller things as opposed to something to knock it out of the park. Tourism Director, Karla Niedan-Streeks, added that Councilmember Backus is exactly right about having a well-rounded community. People may come here for one specific event or attraction, but having the ability to have additional things for them to spend more time and dollars creates a destination that is going to reap more benefits and visitors. There's an increasing interest in cultural arts activities locally, regionally and nationally. They're doing everything they can to package those things into destination packages.

Councilmember Morrison asked if they've done anything as a partnership with the Art Center. Ms. Worthman replied that they are part of the Creative District in Scottsbluff. They draw from the same donors as the West Nebraska Arts Center. They do as much as they can to partner with those entities as much as possible. They are also part of the Western Nebraska Tourism Coalition. Karla added more comments about having something for visitors to do in the evenings.

Administrator Heath said he will look at the LB840 Plan and review it again and look at what the actual ballot initiative was to make a determination if this can fall under that.

Mayor Ewing asked if anyone came from Monument Prevention Coalition. Councilmember Gillen noted that they are usually encouraged to apply to Keno.

Mayor Ewing asked for clarification if the increase for RDC was in the budget; Administrator Heath replied it is not currently in the budget. That comes out of the LB840 Fund; it would not be a cut to the General Fund.

## OUTSIDE AGENCY REQUESTS

<u>Agency</u>	<u>FY24 Actual</u>	<u>FY25 Request</u>	<u>Council's Recommendation</u>
HEA – Heartland Expressway Assoc. (Transportation Dept.)	\$3,052.08	\$3,052.08	\$3,052.08
Keep Scottsbluff/ Gering Beautiful (Sanitation Dept.)	\$5,000.00	\$5,000.00	\$5,000.00
PADD – Panhandle Area Development District (LB840)	\$7,536.32	\$7,536.32	\$7,536.32
Riverside Discovery Center (LB840)	\$50,000.00	\$110,000.00	\$50,000.00
Scotts Bluff County Transit (Transportation)	\$5,000.00	\$5,000.00	\$5,000.00
TCD – Twin Cities Development (LB840)	\$50,000.00	\$50,000.00	\$50,000.00
United Chamber Of Commerce (LB840)	\$4,129.00	\$4,129.00	\$4,129.00
Gering Senior Center (General Fund)	\$12,000.00	\$12,000.00	\$12,000.00
Midwest Theater	\$0	\$50,000.00	See motion below
Monument Prevention	\$0	\$6,358.50	Refer to Keno Committee

### Regarding HEA:

**Motion by Councilmember O'Neal to fund HEA at \$3,052.08 for FY25. Seconded by Councilmember Gillen. There was no discussion. Mayor Ewing called for the vote. "AYES": Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. "NAYS": None. Absent: None. Abstaining: None. Motion carried.**

### Regarding Keep Scottsbluff/Gering Beautiful:

**Motion by Councilmember Wiedeman to fund KSGB at \$5000.00 for FY25. Seconded by Councilmember Gillen. There was no discussion. Mayor Ewing called for the vote. "AYES": Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. "NAYS": None. Absent: None. Abstaining: None. Motion carried.**

### Regarding Panhandle Area Development District:

**Motion by Councilmember Morrison to fund PADD at \$7,536.32 for FY25. Seconded by Councilmember Wiedeman. There was no discussion. Mayor Ewing called for the vote.**

**“AYES”:** Shields, Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. **“NAYS”:** None. **Absent:** None. **Abstaining:** None. **Motion carried.**

**Regarding Riverside Discover Center:**

Councilmember Gillen asked how the LB840 Fund was doing. Administrator Heath replied that it’s building. It was down to roughly \$225,000 in 2022, but that fund is on its way up. He thinks it’ll be in the \$600,000 to \$700,000 range by the end of the fiscal year.

**Motion by Councilmember Wiedeman to fund the RDC at \$50,000 for FY25. Seconded by Councilmember Bohl. There was no discussion. Mayor Ewing called for the vote. “AYES”:** Shields, Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. **“NAYS”:** None. **Absent:** None. **Abstaining:** None. **Motion carried.**

**Regarding Scotts Bluff County Transit:**

**Motion by Councilmember Morrison to fund Scotts Bluff County Transit at \$5000.00 for FY25. Seconded by Councilmember O’Neal. There was no discussion. Mayor Ewing called for the vote. “AYES”:** Shields, Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. **“NAYS”:** None. **Absent:** None. **Abstaining:** None. **Motion carried.**

**Regarding Twin Cities Development:**

**Motion by Councilmember Gillen to fund TCD at \$50,000.00 for FY25. Seconded by Councilmember Wiedeman. There was no discussion. Mayor Ewing called for the vote. “AYES”:** Shields, Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. **“NAYS”:** None. **Absent:** None. **Abstaining:** None. **Motion carried.**

**Regarding the Scottsbluff/Gering United Chamber of Commerce:**

**Motion by Councilmember Wiedeman to fund the Scottsbluff/Gering United Chamber of Commerce at \$4,129.00 for FY25. Seconded by Councilmember Gillen. There was no discussion. Mayor Ewing called for the vote. “AYES”:** Shields, Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. **“NAYS”:** None. **Absent:** None. **Abstaining:** None. **Motion carried.**

**Regarding Gering Senior Center:**

**Motion by Councilmember Morrison to fund the Gering Senior Center at \$12,000.00 for FY25. Seconded by Councilmember O’Neal. There was no discussion. Mayor Ewing called for the vote. “AYES”:** Shields, Gillen, Backus, Bohl, Wiedeman, O’Neal, Morrison, Cowan. **“NAYS”:** None. **Absent:** None. **Abstaining:** None. **Motion carried.**

**Regarding the Midwest Theater:**

**Motion by Councilmember Wiedeman to fund the Midwest Theater at \$50,000.00 for FY25 if LB840 funds can be used. Seconded by Councilmember Morrison.**

**Discussion:** Councilmember Cowan declared a perceived conflict of interest. It was clarified that he did not have a legal conflict of interest and could vote on the motion. Administrator Heath asked the Council to keep in mind there is a \$300,000 cap of what can go into LB840 (each year). That does lower the amount of availability for economic development. He wanted to be sure Council was aware of that.



**Mayor Ewing called for the vote. "AYES": Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. "NAYS": None. Absent: None. Abstaining: None. Motion carried.**

**Regarding Monument Prevention:**

**Motion by Councilmember Gillen to refer Monument Prevention to the Keno Fund. Seconded by Councilmember Morrison. There was no discussion. Mayor Ewing called for the vote. "AYES": Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. "NAYS": None. Absent: None. Abstaining: None. Motion carried.**

**F. COUNCIL QUESTIONS/COMMENTS**

Administrator Heath asked if Council had any comments or questions on anything that was discussed or on the proposed 2025 Fiscal Year Budget.

Councilmember Bohl asked, regarding the capital improvement budgets, the proposed income for FY25 does not appear to change significantly up or down, however staff have had to go through and make some cuts throughout some of the budgets. He thanked staff for looking at that and trying to make those corrections. His concern is the income; it doesn't change too much. Looking down through the Capital Improvement Budget, it doesn't look like anything's being done on the golf course this year, however the next handful of years there's going to be some significant expenditures that are in line to go through and happen. The pool, RV park and cemetery are in the same boat. He asked if there is any thought of being able to find a way to complete some of those projects and/or purchases that are getting pushed off for a handful of years, this year. If the City doesn't make those investments this year, and with no change proposed, it's going to be even harder next year to come up with another million, million-five (or whatever the number is) to go through and catch up with the requests that are out there. He's a little nervous about seeing some of those drops and then trying to figure out where the City is going to make up that huge windfall over the course of the next several years.

Administrator Heath agreed with Councilmember Bohl and noted that he and Parks and Recreation Director, Amy Seiler, have had this discussion; he's going to pull the Transportation Superintendent and City Engineer in, too. The City is way behind on improvements to the golf course, plus staff are down to minimal equipment and there's old equipment out there. Staff have not been able to replace it because until that bond is paid off, there isn't funding to do that. This is the best year the City has ever had at the golf course, it's not in the red; there's a small reserve this year. Staff will see how that ends up at the end of September. This is something staff will work on with Council, not only on the golf course, but the cemetery too. The roads are in terrible shape at the cemetery. There's some funding to do a little bit, but only one road. The older part of the cemetery is not going to get overlaid.

Regarding the roads, since 2004 when Mr. Heath became Public Works Director, he advised Council even then (and over the years) that staff used to chipseal every street and asphalt road in the city every seven years. Since 2004, staff have not made it through the whole city and should have three times since then. The main reason is that costs have gone up and are probably ten times higher than what they were in 2004. At that time, the costs had doubled or tripled, so staff scaled back the chip-sealing. Chipseal was actually one of the things cut from the Transportation Budget. Last year, staff looked at possibly doing what Scottsbluff does and bond the chipseal. The problem is, it would be 18 to 20 years before that bond could be paid off. That's not feasible because it needs to be done more than 20 years apart. If staff did that, then it would have taken all the funding for any other road projects away. Any little mill and overlay that needed to be done, staff wouldn't have been able to do because that department would have been paying on a bond. He's going to ask Annie and Casey to come up with a plan of city roads and prioritize those roads and see what can be done to start making progress. On the flip side, at this time next year, staff are going to have find the money to be able to do these projects.

Administrator Heath went on to say that equipment replacement is also difficult. The City is at the max of what can be transferred from utilities to the General Fund. Somehow, that has to be figured

out. As he has said in the past, whenever the City builds something new, it will come with an O & M plan and how much has to be set aside every year. His goal is to concentrate on the infrastructure the City has and try not to build new. Knowing that, there is a pool that has to be replaced in the next 10-15 years (for example); that's why the study was done. He wants to prioritize planning for next year and see how staff can figure it out and then work with Council to figure out where to get the funding to do all this.

Councilmember Wiedeman asked if Parks and Recreation Director, Amy Seiler, will be able to apply for Occ Tax Grant Funds for some of the improvements and additional spaces at the Robidoux RV Park (sooner rather than later). She noted that's what it's for and that's where part of the occupation tax comes from. She'd like to see some of these things moved up on the schedule as the RV Park gets used a lot and will be used even more as people start to retire. She asked if Amy could also apply for County Tourism Funds. Administrator Heath replied, on the infrastructure side, yes. He added that staff can add those improvements to the list of priorities.

Councilmember Backus asked, regarding the property tax, since it didn't change and valuations went up 20-25%, is staff anticipating decreasing the City's property tax ask for next year? Administrator Heath replied no, the City is not anticipating that. Next week, staff will find out what the valuations are. He's aware that some went up and some went down and some didn't change. He talked to the Assessor and he thought it could balance itself out. Staff are anticipating no increase in the property tax taking. That will be a decision that will have to be made. If they are considerably higher, does the City lower its levy? He and Council have had that discussion throughout the year. In conversations with Council, the intention was if the City could lower its levy, it would be lowered, if that was the case. He added that right now, the budget is a balanced budget. Staff are trying to come in about the same as it was last year on the General Fund side, because the majority of property and sales tax goes into the General Fund. The idea that was discussed is to maintain that and not have it increase this year.

Mayor Ewing asked if there was anything else from Council.

Administrator Heath added that he feels staff have created a balanced and efficient budget that will not require any reduction of workforce or services that the City currently provides. Staff are optimistic about the City's tax revenues holding up and will monitor those closely and make mid-year adjustments if a decrease in tax revenues is observed. He thanked Lyndsey, Cheri and Shannon and all the Department Heads for all the work they've done and how they've been managing their budgets over the years. He thinks the City is much more efficient and staff are looking forward to a good 2025. The budget is only a projection of what the City's going to do the next fiscal year and what will be spent. There are items that come up that staff have no control over. Staff just have to be cognizant of what they're spending and spend as efficiently as they can, save the tax payers as much as possible and try to keep utility rates as low as possible. Inflation has hit the City hard in the last four years, everything has gone up considerably. Administrator Heath thanked the public for attending.

Councilmember O'Neal asked about the full-time position being added to the Engineering and Administration Department and clarified that it's really only half an FTE being added since there was a part-time person that's gone. Administrator Heath replied correct, it is just half that, plus benefits come with the full-time position. She clarified that no other department had to take a cut in order to get that position. Administrator Heath replied that there were departments that were cut after knowing where the budget was and what the estimated tax revenues were. Cuts were made, but the position was not cut when those were made.

Mayor Ewing asked if there were any further comments. Councilmember O'Neal asked if any of the department directors had anything they wanted to present or anything they wanted to say to Council that hadn't been said or if they had any concerns about their budgets that hadn't been addressed. She noted that this is the quickest the budget has been gone through in all the years she has been here. Typically, they've gone over every department's request and that didn't happen. She wanted to be sure that nobody had any concerns.

Police Chief, George Holthus, thanked Council for their time. He noted this is typically a longer process than it was at this budget work session. He thanked the public who were in attendance as well. He explained it was a year, like all of them, that departments had to cut. Departments can't have everything they would like to do, but it's an expression of their goals and objectives for the year. In spite of the cuts, they all had a consensus that they can still achieve high quality service to the public *with* the cuts they have made. In the Police Department, they're still able to stay on schedule with their unit replacement, they are still able to maintain their in-car and body camera system lease, they're still able to give their officers extra time off. Even with the budget cuts, they intend to promote a fourth sergeant, but there is no impact to the payroll side because they firmly believe they're going to save a tremendous amount of overtime because they're not filling every shift on overtime. Any absence, right now, they fill with overtime. He further explained the body camera equipment lease and added that they're still able to purchase additional equipment for the officers. Vehicles will be equipped for officers to respond from wherever they are with everything they need. He reiterated that they're still able to do that, with cuts. Additionally, they're still able to do the computer separation project, which is huge. The General Fund Departments had a unanimous consensus that they would still be able to meet their goals and objectives, even with the cuts.

Councilmember Bohl asked Chief Holthus if they're staffed. Chief Holthus replied yes, they are. They have an amazing group of people. He elaborated on the ability to find good candidates, not just in the Police Force, but in all sectors of employment. There are challenges, including legislation being bantered by the State Legislature. Those things are a challenge for everyone. Staff will work through all of those things.

Councilmember Gillen clarified that when staff talked about cuts, it's cuts to the wants, they're not taking a cut from their necessary budget they had the prior year. Every department puts together a list of their wants and what they would like to do; of course, everyone wants to do everything for their department and their community. He wanted to clarify that they're scaling back from the wants, and bringing that more in line with what the budget will allow. Administrator Heath responded that that's a fair statement. As he said in the beginning, staff were asked to submit their needs, and that includes their wants. He and the Finance Department try to accommodate those. This is a year that's a little tighter. Most of the things that are cut are usually trimming back on training and conferences, office supplies, etc. They might take out a mower or trimmer or something like that. Unfortunately, there are some departments, such as the Parks and Cemetery, where they decide to wait and buy a trimmer next year. Staff may take something out, but keep something else in. That's what departments do when they make those cuts. Again, the Transportation Department cut out the chipseal project for next year, but kept the mill and overlay because that was more of a priority than the chipseal. Again, these are things staff need to really work hard on over the next year and try to figure out how to fund these. He further elaborated on chipseal and that some cities don't do it anymore, but Gering has found that it actually adds to the life of a street. It's tough to make those cuts sometimes. He and Finance sat everyone down and everyone worked awesome as a team; everyone takes their turn and says what they can do. Staff try to make sure it's not devastating to a department to make a cut that's going to harm them or keep them from providing a service to the community.

Councilmember O'Neal noted that she wants to make sure the time-keeping system is in this budget. Administrator Heath explained that because the one that's proposed is such a small amount, it will come out of everybody's operating supplies, if that's what staff chooses to use. That will be looked at.

Administrator Heath reiterated that the full-time position is replacing a position that was cut back in 2021. Staff knew that additional staff was needed. It has been tough on City staff who've been coming in on weekends to get work done. There are other things coming up, such as the Land Bank, which will add to those duties. It has been tough for staff to do their work and still get the minutes done; minutes are very important because they are a legal document. They need to be accurately done and some are very long, up to 16 pages or more, and it takes a long time to do that. Staff have tried AI to help prepare minutes, but it takes just as much time to review them as it does to type them out based on the recordings and audios. That's why staff tried their best not to cut that position.

Councilmember Bohl asked, with the union negotiations still ongoing and a proposed 3%, if that goes north of 3%, is there a buffer built into the budget to cover that? Administrator Heath replied that there is a small buffer in there. Staff may have to make some other adjustments to the budget depending on where those end up. Negotiations were delayed this year; the audit delayed everything. Staff hope to get those agreed upon in the next week. The only negotiation this year is the COLA; next year will be the full union contract for both unions.

Councilmember Bohl directed a question to Finance Director, Lyndsey Mathews, regarding some of the City's CDs that had matured that were locked in, or "re-locked in". He asked if the City is locked in on those for another two and three years respectively, or is there a split. Finance Director Mathews explained that there's a split. The City does a ladder affect to the CDs. A lot of times what staff try to do is put them at the end so when they do renew, they are spaced out between three to five years. Right now, with the interest rates, the shorter CDs have been producing a higher rate of earning. The City has captured some of those shorter ones that mature within a year to a year and a half time frame. Staff still looks out at the longer rates too, to fulfill that whole ladder and not be all bunched up into one time frame.

Administrator Heath commented that this is probably the fastest Budget Work Session the City has ever done. For the last four years or so, staff hasn't gone over every individual budget. Staff asked questions and asked for comments on budgets. That can be discussed over the next year if Council wants to change that format and what Council is most comfortable with.

Councilmember Gillen stated that for next year, he'd like to hear from the Department Heads about their capital improvement items and also have line of sight on capital items that were pulled due to staff discussions on what department pulled what from the budget to get to a balanced budget. Just so Council knows it's not always just one department gracefully bowing out from taking items off every year, that every department takes their turn in pulling stuff off the list. Administrator Heath explained that staff have historically done that; it's usually been every department that has been able to make a cut someplace.

Mayor Ewing asked if there was anything further before moving on.

**G. OPEN COMMENT:** Discussion or action by the City Council regarding unscheduled business will not take place. This section is for citizen comment only.

Tom Swan, 3005 Monument Shadows in Gering, addressed Council and stated that Administrator Heath is the reason he showed up because he spoke on the EPIC tax (at a community presentation) and expressed how people don't show up for the budget. That made him come. He knows it's tough when the City has to cut. He had to turn a company around that was \$1.2 million in debt. It's the day to day decisions. You can put a budget together, but it's just an outline. It's how you stand on a daily basis and get your team members involved on how things are spent. We all have to be conscious of how we spend and that's how you get things turned around. He did successfully get that company turned around. It can be done if you focus. Hats off to Pat because he came because of what he said. People do need to get involved because it's tough decisions when expenses have to be cut. He asked what the biggest driver is, is it the vendors? What's the biggest thing the City has seen go up since Covid. Administrator Heath stated it's vendor costs, insurance (especially liability and Workers Comp insurance), and labor costs. He elaborated further on labor costs and statute requirements as well as staying competitive to keep staff. The cost of materials is also high right now. Inflation for City purchases has gone up much more than what's seen at the grocery store. Further discussion followed regarding property taxes and the levy. Administrator Heath thanked Mr. Swan for attending the work session. Mr. Swan added hats off to Department Heads as well, it's tough doing what they do.

Mayor Ewing thanked Administrator Heath and Finance Director Mathews and noted that he appreciated all staff for their efforts. He also thanked Council for attending.

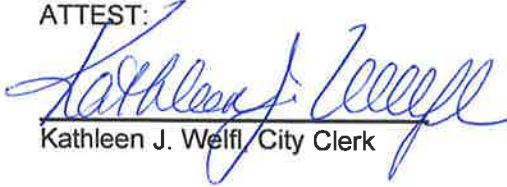
**H. ADJOURN**

**Motion by Councilmember Gillen to adjourn. Seconded by Councilmember Morrison. There was no discussion. Mayor Ewing called for the vote. "AYES": Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. "NAYS": None. Absent: None. Abstaining: None. Motion carried.**

The Budget Work Session adjourned at 9:39 a.m.

  
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Kent E. Ewing, Mayor

ATTEST:

  
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Kathleen J. Welfl, City Clerk

