

BUDGET WORK SESSION

August 9, 2023

Present: Mayor Ewing and Councilmembers Shields, Gillen, Backus, Bohl, Wiedeman, O'Neal, Morrison, Cowan. Administrator Heath and Department Heads Shannon Goss, Mike Davies, Casey Dahlgrin, Karla Niedan-Streeks, George Holthus, Steve Mount, Annie Folck, Nathan Flowers, Christie Clarke, Liz Loutzenhiser, Cheri Hutchison, Kathy Welfl as well as Domingo Palomo (Acting Electric Superintendent), Captain Jason Rogers and Sargeant Justin Brunz. Scott Miller (KNEB) and Fletcher Halfaker (Star-Herald) were also present.

Mayor Ewing called the Budget Work Session to order at 8:16 a.m.

OPEN MEETINGS ACT - NEB.REV.STAT. CHAPTER 84, ARTICLE 14

Mayor Ewing stated: As required by State Law, public bodies shall make available at least one current copy of the Open Meetings Act posted in the meeting room. Agenda items may be moved up or down on the agenda at the discretion of the Mayor.

OPENING COMMENTS: Administrator Heath thanked all the Department Heads and their staff for all the work they've done on the proposed FY2024 Budget. He thanked Deputy Finance Director, Cheri Hutchison, and Acting Finance Director, Liz Loutzenhiser for all their work with the budget and budget packet. With increasing costs the last few years, he's proud of staff on how they've managed the budget, especially last year. With their efforts, the City has built a reserve in all but one fund. Two years ago, staff never thought they could say that.

This is the first time in his 32 years that staff have not been asked to cut their budgets. They have prepared a good, balanced budget. Staff have a better understanding of their budgets and are more fiscally responsible having that understanding.

RATES STUDIES: Andrew Ross, with NMPP, addressed the Council and stated that he worked for the Municipal Agency of Nebraska prior to taking on Director of NMPP recently. He's an engineer by trade and designed substations at one time. Most of their work (with NMPP) is doing rate studies for utilities. All of their customers are municipals; they help them with financial planning, regulation, and rate design. They work with 200 municipals across four states. He has become very familiar with Gering over the last 15 years. He's present to go over financial plans for the Water, Wastewater and Electric Utilities for Gering. He will go through the work that has been done by their analysts with the Council - these are their best efforts to project.

ELECTRIC: Mr. Ross reviewed the Electric Utility data sheets and projection assumptions with the Council. This data also factors in inflation. With utilities, he feels there needs to be a bigger vision. To really know where Gering is at with utilities, we need to look backwards and forward several years. We're looking out five years, but still focused on recommendations for this fiscal year and next fiscal year. The City's biggest revenues are sales to customers. Gering purchases its electricity wholesale through the Western Area Power Administration (WAPA) and the Municipal Energy Agency of Nebraska (MEAN). Nebraska is the only state in the nation that is all public power. There are no private wholesale power entities in Nebraska. Gering has about \$9 million in sales. He then reviewed Gering's operating expenses related to electric; the biggest one being the power that is purchased, including transmission. Gering purchases about \$4 million of power per year, including transmission costs. Gering needs to have not just working capital, but reserves to run this business. He noted that their analysts build in depreciation as well. When they look at financial planning and whether or not a rate adjustment is necessary (before they get into designing rates, engineering and analytics, etc.), that's the "how". The financial plan is the "what and the why". The financial plan has to be looked at before getting into the rates. The first metrics to look at is the net operating income. That's the overall health of the utility (line 20 in green). Gering's is positive which is a good thing.

They like to see a target of "utilities earned" somewhere between 4% and 9%. The reason for that is there is a lot of capital and a lot of investment that's depreciating, and the City needs to earn a return on that so the City can reinvest. Line 26 (historic utility plan service) is a way of saying that's the investment Gering has in their system. From a historical growth basis, the City of Gering has invested about \$20 million in its electric utility. That's where that return comes in, the City doesn't have to pay shareholders or make "a profit", but there does have to be a return on investment so Gering can continue to invest in its system. Gering's net operating income is trending downward, but it's still positive. He stated that they feel good about Gering's net operating income, at least in this year and next year. It does not trigger Gering for an adjustment on the electric side.

He went on to discuss the cash flow analysis and how they're adding depreciation back in (line 32). They're doing utility-basis accounting. One of the biggest line items is line 35. This is where the rubber hits the road with a lot of utilities. The City's \$20 million system is depreciating and the City is growing and changing, so the City has to put money back into its system. Right now, Gering buys its power wholesale and it's delivered to the substation and the City takes it from the substations, but everything past that, Gering is doing. Gering is billing it, metering it, running its own distribution system - the lines, the polls the guys, etc. All of that is being done by Gering. He reminded Council that this is a living document, things are always changing. We are looking at spending over \$5 million in capital at least over the next couple years.

Line 38 - Cash Balance. In the utility currently, Gering is around \$10 million. That sounds like a lot of money, but there is \$4 million in just power supply bills every year. They like there to be a cash reserve policy for consistency and cohesion (as things change) to tell Gering how much cash it should have in its Electric Department. Line 39 is Gering's cash reserve policy; he believes it's a good cash reserve policy. If Gering got below \$5 million, that would really trigger a rate adjustment, the City would need to raise revenues & rates. Gering would then be below what's needed to run a business of this size. The policy is something that is self-imposed, to pay attention to and not ignore. The Electric Utility impacts all businesses and customers. As Council can see, Line 38 is well above line 39 and 40. That's another thing they track also; at this time, it does not appear that a rate adjustment is needed. He further reviewed the NMPP minimum cash reserve policy on the lower left table. This was adapted by the National American Public Power Association as a really good cash reserve policy. It's good to know why reserves are needed. He noted that a cash reserve policy should not be stagnant.

There are four months of O&M (33%), which is working capital (line 1 on the table). If the City gets a power bill from MEAN and WAPA, it might be 45 days before the City collects the money that's associated with that. There's 3% on line 2 for storm contingency. It's not just hail, it can also be snow and especially ice. This half million is truly an emergency fund (line 2 on the table). Deposits are carried in a reserve. The City doesn't have any current debt service, otherwise they would recommend one year of P and I. There are also contingency reserves which are okay to have, even if they're stagnant. Slide 6 and 7 are probably the most subjective. Those are the capital of a one-year and five-year basis. There should be 10% to 20% in reserves for capital. That also gives the City more favorable borrowing terms in the event the City would have to borrow. Debt may seem like a four-letter word, but it can be a fantastic tool for a municipal because municipals are tax exempt and also get to spread large purchases out over time. They are not recommending debt at this time; he's just saying it is a very useful tool. These are reasons to have reserves. Line F shows a lot of different scenarios. Once this model is built, it gives a lot of analytical ability. Regarding Electric, they feel strongly that there is no need for a rate adjustment at this time. They don't think Gering will potentially need a rate adjustment for next year either. In 2026 and 2027, that net income and cash starts to kick in a little bit. By 2026 and 2027, they think Gering may be needing some small adjustments. It's good to do this financial planning cost of service process about every year or every other year.

Just because the City is not raising rates in electricity, that doesn't mean they can't do a rate design for Gering. They can clean up the ordinance and tweak the rates to make them more equitable to

align them more with Gering's costs. The whole point of a cost-of-service study is to align the municipal's costs to their charges, so the City is charging its customers fair and equitable, as close as City officials can, to what the City's cost is to that customer. Not all customers cost the City the same thing. A residential customer uses electricity differently than a grocery store. A grocery store uses electricity differently than a grain operation. These things cost different in capital and meters, etc. It's their job to look at that to determine the City's costs and how to best reflect that in the rates.

Councilmember Wiedeman asked how the future solar array will impact rates. Mr. Ross replied that solar is defined as what's behind the meter. The generation of that solar farm that the City installs is going to offset or back down the energy that the City buys from MEAN (wholesale provider). Discussion followed about capacity and demand and the concentration for solar – even a large solar farm isn't producing a lot of electricity in comparison to the community.

Councilmember Backus brought up the electrical upgrade that's been going on for three or four years (costs are rising and supply is limited). He asked if the City is doing a disservice by not pushing that upgrade through quicker. Mr. Ross stated that he would have to speak to Electric Superintendent Parker about the specific danger of the timing of the upgrade. He thinks that this is a good time to invest some capital. From a financial perspective, the City has good reserves and good spreads on net operating incomes. He doesn't see it as a hurry from a financial perspective. Things are getting more expensive and the lag time of materials is an issue. In his opinion, the biggest timing issue right now is lead time for transformers. The key to the timing is matching up the lead times on materials.

Continuing on, Mr. Ross stated the "what" is no increase, the "why" is because the City has good net operating incomes and good cash reserves, and the City has done a good job adjusting rates. Wholesale prices are in a more stable environment now. He then talked about the table on rate classes. They designed a net-zero adjustment. He reminded Council that just because there's no rate increase, it doesn't mean the City can't change the rates and make them better and clean up the ordinance. He then reviewed the adjustments, summer rates, residential, winter rates (existing and proposed). Some rates were changed for the better. Summer is considered as June through September (specific to electricity). All other months are considered winter. Shoulder low-use months are October and April. MEAN eliminated seasonal rates in 2015; they were a "dual peaker" themselves. Relative to this study, NMPP is starting to move the City of Gering away from winter/summer rates as well. If the City isn't being charged differently, then there's really no reason to charge customers differently. Winter is up with this rate design, and the summer is down. Very nominal, small impacts. The middle tables show impacts to customers on an annual basis. Commercial will get some reprieve in the summer time and a little more in the winter, but the overall impact is negative or very small. They also changed the structure. It was unnecessarily complex before. It's more simplified now. This will also help with fixed revenues.

Councilmember Gillen stated regarding the residential, we're talking about 1% and rural residential is seeing a decrease. People in the City limits are paying taxes that provide other City services. He'd like to see them receive less of an impact than those who've chosen to live outside the city limits but still utilize City services. Mr. Ross said he agrees, but to keep in mind that the Rural is well above the City to a point that it's gotten a little lop-sided. The Rural Residentials are paying a lot more than the "in-city". This was an opportunity to make a minor adjustment. Their job is to look at cost of service. The cost to serve those loads is not that much more expensive (than in-city). Rural is paying 50% more on their customer charge every month.

SEWER: Mr. Ross reviewed the Sewer Rate Study. There's \$1.3 million in sales. The metrics are similar to the previous study. After the financial process, they're proposing a 9% adjustment for sewer. Each utility should stand on its own. They believe a 9% adjustment is merited. What does this mean to a customer, what is the impact? These rates are less complex than Electric, when looking at the rate design, they tend to be a little more straight forward. There's a structural change on the

sewer and water side that they addressed with this ordinance and this study. He highly recommends looking at this again in a year to see how that structural change played out. He thinks it's merited to do this process again, especially on water and sewer. There is currently a charge, acting as a customer charge, it includes the first 4000 gallons. Gallon 1 costs exactly the same as gallon 3999. That's not cost for service; it's an antiquated model. The minimums need to be built into the customer charge. Mr. Ross stated they got rid of that 4000-gallon minimum and reduced the customer charge and reduced the commodity. They removed the 4000 gallons being free. The City's sewer department is not metered, no one knows the exact amount of water that's going through the City's sewer. What the utility does, very similar to other utilities, is it calculates the City's sewer use based on the winter water use. In the case of Gering, February's use will be looked at. February's water use is going to be what a customer pays for sewer. Why February? It's highly unlikely that anyone is irrigating their yard in January. That's the only water use that really shouldn't go through the drain, is outside irrigation. Looking at February is how they base that. They calculate the use based on that and remove that minimum of 4000 gallons. A 9% adjustment is going to hit the middle tier of impacts. He recommended Council review the far right column of the bottom the table (provided to them as a hardcopy and also shown on the overhead screens). Most of the impacts are going to be about a \$5 adjustment on average use. They did put some thought to small users (on the sewer side); the ones that are 1000 to 2000 gallons or less. Users under 1000 will see a reprieve; 2000 is about even.

The "rurals" were way over the cost of service; they are way over what the City is. That can be looked at down the road. As far as Gering's impact, it's not going to change things dramatically at all; they're very small amounts. He showed a graph comparing Gering's Utilities to other cities.

The \$10 and \$20 days in sewer are somewhat over unless you are still on a lagoon system. Things are moving more towards \$30 through \$50. Percentages and analytics can be discussed, but the reality is infrastructure needs to be reinvested in. Water, Sewer and Electricity are absolutely critical for our economy, to our way of life, and those costs are going up. He noted that the proposed commercial rate is still beneath the average.

WATER: Mr. Ross stated that the recommendation is 6% for an increase this year. Net incomes are healthy but it's really driven by cash. He reviewed the Water Utility data sheets. They recommend the City start getting away from the minimums being free. It's more about the meter charge and a differentiation on those. To put it into perspective, the City of Gering will sell one thousand gallons of potable water delivered to its customers' home for \$1.53 (in comparison to a 16 oz. bottle of water for a dollar or two). There is more of a recommended adjustment to commercial, due to the size of the line.

8000 gallons is Gering's average. He showed a graph (Gering is light blue). Even with the increase, Gering would still be below the average in cost among cities he's comparing to. It's best to keep up with the rate increases so the City's not making large increases all at once down the road. If Council looks at it as we're "in the black", Gering won't be ready for a large capital item when it happens eventually. Gering can't look at it that way. The City has to keep up with steady increases. Gering is in good shape; their recommendation is to keep us there.

Councilmember Backus stated that he appreciated the study and that staff had this done. He's been here seven years and rates have been increased based on the state of the budget; this is very helpful.

Mr. Ross said the ordinances have been drafted, these would go into effect October 1. Councilmember Gillen said he thinks the rural residential rates still need to be looked at. He understands why but they are enjoying other services that they are not paying for; that's why they are higher. He doesn't think they should have such a huge rate decrease. Mr. Ross replied that one recommendation is that he could redesign an ordinance that still has the structure change but offers no reduction, it would hold the rural the same. Councilmember Gillen said he would be more in favor

of that; the City's asking our city limit residents to pay more. Mr. Ross said his recommendation to that would be we would have the rates that we have now (of the design) and there would be a case 2 that would have no reduction on rural accounts. He would just hold their rates, but still do the structural changes, but they wouldn't get a decrease (it would just be flat for them). He thinks that would appease both things.

Consensus: Council agrees with Mr. Ross's recommendation (shown above).

Councilmember O'Neal asked what that would do to the City rates. Mr. Ross replied, nothing. It's not going to impact. If anything, the City will collect a few more dollars on the whole, but very nominal. It won't change the big picture. This would hold them at a net zero.

Pat thanked Mr. Ross. He and his staff did a great job with this study. There's a lot to digest. City staff will definitely look at these again next year to make sure these changes we've made are doing what they're supposed to be doing and to see where we're sitting.

Administrator Heath's Budget Packet Letter to the Mayor and Council:

The attached information is a presentation of the proposed budget for fiscal year 2024 beginning October 1, 2023 and ending September 30, 2024. A summary of budget information and highlights is listed below.

In preparing this budget we have attempted to be conservative in our estimates taking into consideration many factors including but not limited to national, regional and local economic factors and indicators, agricultural industry trends and input from local business representatives. In addition, we closely monitor trends in consumer spending and related sales tax revenues, gas tax receipts and rising costs in the fuel industry.

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

Fiscal Year 2024 Budget Information:

- 2022 Consumer Price Index for December 2022 was 6.1%
- Social Security Administration COLA for 2023 was 8.7%
- Proposed Cost of Living increase is as follows:
 - General non-union employees 5.0%
 - Police union employees 5.0%
 - IBEW union employees 5.0%(projected cost of 5.0% COLA city-wide and scheduled merit increases \$907,753)
- Anticipated increase in premiums/claims exposure for employee health insurance – 8.0% (projected cost of increase \$139,200), no change to employee's premiums deducted, City will absorb cost increase

Total cost of employee wages & benefits city-wide:

- FY2024:
 - Total payroll: \$6,906,428
 - Total payroll & benefits: \$9,947,403
- FY2023:
 - Total payroll: \$6,126,364
 - Total payroll & benefits: \$9,367,970

Two FTE positions have been added to this FY2024 budget – one for the Parks Department and a second part-time position has been turned in to a full-time position at the Library. The Electric Department removed one position and the Fire Department removed one position.

- LARM Insurance renewal quote (city-wide):
 - 37.6% increase to property and vehicle insurance (total cost \$359,302)
 - 8.4% increase to liability insurance (total cost \$196,887)
 - 3.6% decrease to workers comp insurance (total cost \$195,072)

- Capital Improvement Budget information:
 - FY2024
 - Infrastructure, buildings & structures: \$5,156,904
 - Equipment & vehicles: \$2,875,500
 - FY2023
 - Infrastructure, buildings & structures: \$5,973,056
 - Equipment & vehicles: \$3,723,349

- Debt Service Budget information:
 - 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
 - FY2023
 - 2021 CURB Bonds (Water, Wastewater): \$4,825,000
 - 2018 Leasing Corp (Ballfield/Quad Field): \$3,130,000
 - 2016 Leasing Corp (Golf Course): \$385,000
 - 2012 Solid Waste Bonds (Sanitation): \$145,000

Enterprise Fund Proposed Rate Increase

Proposed Monthly Residential Customer Charge:			Per Month
	Current	Proposed	Increase
Environmental services	\$ 24.16	\$ 25.37	\$ 1.21
Stormwater surcharge	\$ 2.00	\$ 2.25	\$ 0.25
Proposed Monthly Gallonage Charges (3,000 gal use):			Per Month
	Current	Proposed	Increase
Wastewater	\$ 25.51	\$ 28.33	\$ 2.82
Water	\$ 20.60	\$ 26.59	\$ 5.99
Proposed Monthly Gallonage Charges (10,000 gal use):			Per Month
	Current	Proposed	Increase
Wastewater	\$ 44.05	\$ 47.72	\$ 3.67
Water	\$ 33.20	\$ 37.30	\$ 4.10
Proposed Monthly Electric Charges:			Per Month
	Current	Proposed	Increase
Electric (500 kWh use)	\$ 92.51	\$ 89.90	\$ (2.60)
Electric (1,000 kWh use)	\$ 155.61	\$ 154.80	\$ (0.81)
Electric (5,000 kWh use)	\$ 653.61	\$ 674.00	\$ 20.39
Typical Residential Bill (winter months):			Per Month
	Current	Proposed	Increase
Electric (1,000 kWh use)	\$ 155.61	\$ 154.80	\$ (0.81)
Water (5,000 gallons)	\$ 24.20	\$ 29.65	\$ 5.45
Sewer (5,000 gallons)	\$ 28.60	\$ 33.87	\$ 5.27
Sanitation	\$ 24.16	\$ 25.37	\$ 1.21
Stormwater	\$ 2.00	\$ 2.25	\$ 0.25
	\$ 234.57	\$ 245.94	\$ 11.37

Budgeted Tax Revenue Information:

- City Tax Revenues:
 - FY2024:
 - Property Tax: \$2,098,571 (*final amt determined with Assessor valuation*)
 - 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)
- FY2023:
 - Property Tax: \$1,907,582
 - General Sales Tax: \$1,200,000
 - Motor Vehicle Sales Tax: \$310,000
 - LB840 Sales Tax: \$300,000
 - LB357 Sales Tax: \$350,000
 - Gas Tax Receipts: \$1,153,523 (budget amt provided by State)
 - Other Tax Receipts: \$200,500
 - Municipal Equalization Payment: \$520,423 (budget amt provided by State)
- Enterprise Fund Transfers:
 - FY2024: \$2,060,000
 - FY2023: \$1,930,000

Putting our budget together for our next fiscal year was a bit of a challenge given a lot of unknowns and uncertainties, rising costs of materials and supplies in addition to fuel costs. We feel we have created a balanced and efficient budget that will not require any reduction of workforce or services the City currently provides. We are optimistic about the City's tax revenues holding up and will monitor those closely making mid-year adjustments if warranted.

Sincerely,

Pat Heath
City Administrator

A 5% increase in Recycling is also being proposed.

Councilmember Gillen asked if all the Sanitation Rates, outside of Gering, have been adjusted to the City's rate changes - have those been renegotiated? Administrator Heath replied that Lyman has been renegotiated. Lyman is equivalent to our rate plus 5%. The City is still under contract with Mitchel and Bayard. Staff are adjusting them per the agreement which is the CPI. He believes Bayard will go up 6.1%, he's not sure when Mitchell's CPI takes effect – later this year. He thinks both of those contracts are out to 2025.

Councilmember Wiedeman asked why there's a difference between the revenue on LB840 and LB357; they are both half cent sales tax. Administrator Heath explained there's a cap on what can go into the LB840 Fund (\$300,000).

Councilmember Bohl asked about the balance in the LB357 Fund. Acting Finance Director, Elizabeth Loutzenhiser, stated that there's roughly \$400,000 in that fund. Administrator Heath explained that that's restricted to only the infrastructure projects. Costs have increased considerably since 357 was passed. The City can't do all the projects we'd hoped to do because of costs. The City will be doing a study and needs that study in order to apply for some of the Transportation Funds and other grants. The City's only going to be able to do about half of what we planned to do if we go ahead and

try to do them now. We're trying to get the biggest bang for our buck and maybe get some of this infrastructure funding to help compensate for the price increases. That money is being set aside and will be there for use when we do those projects. We do not have any planned this year other than we're going to do the study.

CAPITAL:

Administration (page 74): Administrator Heath stated that staff have talked about getting a generator for City Hall for years. City Hall will be the incident command center if there's an emergency. Staff are applying for a grant; there would be a 25% match on that, or \$87,500. It would be about a \$350,000 project. That would put a generator behind the building. It would provide power in the event of an emergency.

The roof on City Hall has to be replaced; there has been wind damage. It's not certain what insurance will pay on that damage yet. \$60,000 has been budgeted; it doesn't include the section over the chambers, but it would do most of City Hall.

There will be some security improvements, but that will come from some of the ARPA funds. It will include safer access into the Administrative and Utility offices. Locks will be changed on the exterior doors so there will be a better way to access the building from the outside.

Cemetery: \$300,000 is budgeted for asphalt overlays and small items and equipment.

Civic Center: Minor building and gutter repairs are needed.

Plaza: Minor additions for power (for vendors) are needed.

Electric Department: \$350,000 is budgeted for an Electric Distribution System Study. Staff want to be sure the City has good lines. With the upgrade, we want to make sure we're in good shape.

Central Stores: Garage door replacements.

Library: New circulation desk, ADA access and a ramp into the basement of the building.

Parks Department: A new storage shed is needed. Renovations are needed at Diamond 1. The field isn't level anymore and could eventually become dangerous for players.

Police Department: \$235,000 is budgeted for two marked squad cars. This figure is high because the Department hasn't received the cars that were ordered for this year; staff had to carry over that amount. If those come in prior to the end of this fiscal year, that additional money will not be spent from the carry over.

RV Park: Entrance sign needs replaced. Repairs/improvements are needed to the log cabin or there will be problems with the building.

Sanitation Department: Need to replace the baler. Staff are also budgeting \$750,000 for the purchase of property for a future landfill.

Street Department: Asphalt overlay at various locations.

Tourism: \$40,000 is budgeted mainly for ADA upgrades at the amphitheater. Councilmember Wiedeman asked about the line item for sidewalks at the Trading Post. Tourism Director, Karla Niedan-Streeks, replied that staff carried that over not knowing for sure what will be done there.

Water Department: A second water tank is needed. Our facility will not run without a tank - the tank that was constructed in 2009 will need to go off-line to be re-painted and have some repairs done. Staff are budgeting \$461,000 in the Water Fund and \$1.3 million in ARPA funds for that. The Water system could never have come up with that much for this project in the next four to five years.

Wastewater: Regarding the sewer jet replacement, those pieces of equipment are extremely expensive. Staff are looking at replacing that. The cover on one of the particular basins, which is a major portion of our treatment process, needs replaced. Staff budgeted \$380,000 for that. There are large pumps at that facility. Those could be rebuilt for \$45,000 in the past, now it's \$100,000. A pump is showing wear and will need to be rebuilt in the next year. \$50,000 is also budgeted for over-sizing costs for a sewer line for the Crossroads Coop project. There's also a stormsewer project in Monument Heights that staff would like to get done to help alleviate flooding issues there.

Public Safety Fund: A few items are shown in the packet that will come out of this fund.

Councilmember Shields asked about stacking higher at the landfill. Administrator Heath replied that the City is only permitted to go so high; we only have so much life left in the landfill. We will only go to our permitted life. The Landfill is right about the four-year mark. She asked about hiring extra employees to pick up trash and/or putting up a higher fence. Administrator Heath said we have about as high a fence as we can put in. We can put in higher screens but it's extremely expensive. Staff did talk about hiring extra employees to pick up trash - 15-20 hours per week. Staff plan to do that and he thinks that will work. It's more exposed to the wind now so we need to put in the extra effort to keep the trash contained. Staff have done a good job this summer; we hope we can maintain that this winter.

Civic Center: Rick Keller was present. Councilmember Wiedeman said at one time there was talk about the fountain; there are fountain repairs on the budget. She also asked about the landscaping. Administrator Heath said staff put some money in the fountain and it's running, thanks to Mike Davies and his staff. It leaks a little and it's hard to maintain. It's hard to keep debris out of it. We may consider putting landscaping in it. Staff will try to come up with a plan, we just wanted to have some funds in there for repairs and a plan.

Councilmember Wiedeman asked about starting to replace old playground equipment. Administrator Heath replied that Amy's working on that and plans to utilize some grant funds.

Councilmember Backus stated that he'd like to see something in Electric for buying transformers. Administrator Heath said staff have \$1.6 million in there for "transformer purchase" under 7200-volt conversion. It may not buy enough to convert everything over, but with the study, we should be able to get enough to finish next year. We're looking at 2025 or 2026 for the substation conversion. Staff would like to see the study first. We will get more transformers which will keep our guys busy. The only way to do it sooner is to hire it done, but that's very expensive. Councilmember Gillen stated that he agrees with Councilmember Backus on this. Every time we turn around, we talk about the cost of goods increasing. If we're planning on finishing the upgrade, is there a reason we can't buy them all now and lock in our price; as Ben said, they don't go bad. He doesn't want to hamstring it so we're raising rates to buy these. Administrator Heath said we need to maintain a healthy balance; we don't want to deplete that too much. They can usually only guarantee a set number of transformers per order. We'll still have several years before we can get this conversion done. We can run on three or even two subs. We don't have to have the fourth sub right away. That's why we want to hold off and to see the study to see what we really need. Councilmember Backus said he'll hold off a year, but by next year he'll really be pushing to buy more.

OUTSIDE AGENCY REQUESTS:

HEA: Administrator Heath stated that they're doing a good job promoting the expansion. Councilmember Wiedeman asked why the request is a little more. Engineer Folck replied that it's based on population, there were a few more than last year. Councilmember Shields asked if the City of Scottsbluff and Alliance contribute to HEA. Administrator Heath replied yes, they do.

Keep Scottsbluff/Gering Beautiful: Administrator Heath stated they provide school and litter control programs. They also label the City's stormwater inlets. They are providing a good service for the City; staff recommends continuing to support them. Councilmember Wiedeman added that they do a household waste (chemicals), prescription and sharps take back.

PADD: PADD provides a lot of services and grant writing for our community. They provide a great service for the region. They are not asking for an increase this year.

Riverside Discovery Center: These funds come out of LB840. Staff recommends supporting them. They provide a good service for the area and region. Councilmember Morrison asked if any other communities contribute. Administrator Heath replied that Scottsbluff does, but he's not sure of other communities. Councilmember Backus asked if the Lodging Occ Tax can be used. Tourism Director, Karla Niedan-Streeks, replied that's designed for heads on beds.

Scotts Bluff County Transit: Director, Curt Richter, was present. He said their stats are broken down by zip code. Covid hit them hard, but they've bounced back. They had just over 34,000 trips in the last year. 30-40% have been Gering pick-ups, stops and drop-offs. They have some big projects coming; they're looking at a transit hub. He stated that they appreciate the previous help from the City.

TCD: Administrator Heath stated that he asked TCD Executive Director, Jordan Diedrich, to attend. They have done a really good job over the last year and a half. They've done a great job with economic development and housing and working with staff on various projects. Mr. Diedrich addressed the Council and stated that they have a potential for five or six housing projects in Gering. He further expanded on the various activities TCD has been doing and areas where they provide assistance and promotion of Gering. He thanked the Mayor and Council.

Councilmember Shields wanted to know more about what they've done with Aulicks and the Casino. He explained that they're going to help Aulicks partially fund the housing project with Rural Workforce Housing Funds. Regarding the casino, they've been working with Brian Jordy and giving site information to potential businesses, and more. Councilmember Wiedeman asked if there are any properties that have gone into the land banks. He replied that they're still working on the board and getting that all set up. Councilmember Backus stated he has seen TCD evolve and asked if they've talked about a re-branding - they are regional, not just twin city. Mr. Diedrich replied in their strategic plan, they have a re-branding planned in the next couple of years. Councilmember Gillen stated that he works with Jordan a lot. WNED had a big shift and the changes that have been made are good. Jordan was integral in having conversations on child care and housing. Administrator Heath stated that staff recommends continued support of \$50,000 for the next year.

United Chamber of Commerce: Administrator Heath said the Chamber provides a good service for our community. They are in the process of looking for a new executive director.

Senior Center: Pat said the Senior Center has turned things around, they're doing very well. They are in the process of making needed improvements. The City sinks a lot of money into facilities for youth and kids, not as much for older people. Scottsbluff is using Gering's facility as well, for meals. They perform a good service. Their request has gone down as they're getting caught up on the improvements. Staff recommends continued support.

<u>Agency</u>	<u>FY23 Actual</u>	<u>FY24 Request</u>	<u>Council's Recommendation</u>
HEA – Heartland Expressway Assoc. (Transportation Dept.)	\$2,971.44	\$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	\$7,536.32	\$7,536.32	\$7,536.32
Riverside Discovery Center (LB840)	\$50,000.00	\$50,000.00	\$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	\$4,129.00	\$4,129.00	\$4,129.00
Gering Senior Center	\$14,400.00	\$12,000.00	\$12,000.00

Consensus: Approve all Outside Agency requests as presented.

Wholesale water rate for Terrytown: It was recommended that Gering increase the wholesale rate from \$.68 per thousand to \$.81 per thousand. The Terrytown Engineer requested the increase be made over a two-year period. Administrator Heath stated that it costs the City of Gering over \$1.21 to produce a thousand gallons of water with fluoride. We generate our own chlorine which involves purchasing salt in bulk. Council needs to consider if we jump the full \$.13 or spread it out over two years.

Property Tax levy: Staff are proposing no change in the levy.

Pat thanked staff, Liz and Cheri for their work as well as the Council. Councilmember Gillen thanked Liz. Council has really appreciated the budgets that have been prepared and presented over the last two years and getting the budget where it's supposed to be. Her work is greatly appreciated. Councilmember Wiedeman added that she thinks Liz has done a great job for Gering, she has brought us into the 21st century.

Mayor Ewing noted the Budget Public Hearing will be held on September 6th at 5:15 p.m.

The Budget Work Session adjourned at 11:17 a.m.

Submitted by,

Kathy Welfl, City Clerk