

**Finance, Expenditure & Legal
Subcommittee Meeting
July 12, 2005
8:00 p.m.
Agenda**

Finance, Expenditure & Legal Subcommittee Members:

Dick Connealy, Chairperson
Tim Fowler, Vice-Chairperson
John Conley
Dorothy Lanphier
Jim Thompson

Alternate Members: John Schwope
Rich Tesar

Staff Liaison: Jim Becic *
Jerry Herbster
Jack Lawless
Trent Heiser

1. Meeting Called to Order – Chairperson Connealy
2. Quorum Call
3. Adoption of Agenda
4. Proof of Publication of Meeting Notice
5. Review and Update on Engineering Contract Fees with HGM Assoc. for Development of Washington County Rural Water #2 – Chris Koenig, HGM Assoc., and Dick Sklenar
6. Review and Recommendations on FY 2006 Budget – Steve Oltmans
 - a. Review and Recommendation of 1% Increase to the Budgeted Restricted Funds for Lid Calculation for FY 2006 Budget

NOTE: Dates to Remember for P-MRNRD FY 2006 Budget:

- Budget Hearing and Adoption of FY 2006 Budget at August 11, 2005 Board Meeting
- Set Tax Levy for FY 2006 at September 8, 2005 Board Meeting

7. Adjourn

MEMORANDUM

TO: Finance, Expenditure and Legal Subcommittee

FROM: Dick Sklenar

SUBJECT: Engineering Contract Fees with HGM Associates for Development of Washington County Rural Water #2

DATE: July 7, 2005

Previously, the Finance, Expenditure and Legal Subcommittee has requested that advance notice be given should engineering fees exceed the contracted amount for any project.

HGM Associates has been diligently looking at their fees as the development of Washington County Rural Water #2 has progressed during the course of this year. There have been some unexpected occurrences (as explained in the attached letter) that will likely exceed their original contract amount with the District. Additional work regarding the installation of a pump station in Blair, as well as a two week extension given to a contractor for additional pipeline work, are just a couple of reasons. A more definitive figure on the overage of the contract amount will be made to the Subcommittee in the upcoming months.

MEMORANDUM

TO: The Board

SUBJECT: FY 2006 Proposed Budget

DATE: July 6, 2005

FROM: Steven G. Oltmans, General Manager

Since the June 9, 2005 Board meeting there have been some changes, i.e., final insurance quotes, state aid, etc. I have listed these necessary adjustments to revenue and expenditures accounts separately for your review:

Necessary Adjustments - Revenue Accounts

	<i>Acct #</i>	<i>Description</i>	<i>Cuts (-) Adds (+)</i>
<i>Page 3</i>	<i>#3010</i>	<i>State Aid – Notification received from State. FY 2006 amount \$609,261.37 vs. 510,000 estimate</i>	<i>+99,261.37</i>
<i>Page 10</i>	<i>#3020</i>	<i>Floodway Purchase Program – Fed. Grants – Increased from 70,000 to 115,000 for additional FEMA grant dollars expected for West Papio Watershed Floodplain remapping project.</i>	<i>+ 45,000.00</i>
<i>Page 15</i>	<i>#3000</i>	<i>Papio Creek Watershed Partnership – Cash on Hand – Reduced \$450,400 to \$194,500 to account for future reimbursements to Omaha and P-MRNRD, less the receipt of annual contributions from other Partnership members and accumulated interest.</i>	<i>- 255,900.00</i>
<i>Page 15</i>	<i>#3131</i>	<i>Papio Creek Watershed Partnership – Misc. – Reduce from \$435,000 to \$345,000 to account for P-MRNRD annual contribution of \$90,000.</i>	<i>- 90,000.00</i>

Necessary Adjustments - Expenditure Accounts

	<i>Acct #</i>	<i>Description</i>	<i>Cuts (-) Adds (+)</i>
<i>Page 3</i>	<i>#4153</i>	<i>Workers Comp – Final quote - \$70,000. Add \$5,000 to initial quote. This is down \$28,000 from FY 2005 Workers Comp (\$98,000). (See Insurance Note)</i>	<i>+ 5,000.00</i>
<i>Page 3</i>	<i>#4250</i>	<i>Insurance – Final quote - \$153,401. Reduce budget figure to \$156,000 vs. 165,000. (See Insurance Note)</i>	<i>- 9,000.00</i>

Page 4	#4398	Special Planning/Engineering – Add \$20,000 for breach routing of watershed dams pursuant to LB 619 passing	+ 20,000.00
Page 4	#4486	Aerial Photography – Zero out account.	- 20,000.00
Page 6	#4226	I&E – Education Programs/Materials – add \$2,000 to Outdoor Classroom Grants pursuant to 6/9/05 Board action. Increase line item to \$23,500 vs. \$21,500	+ 2,000.00
Page 10	#4400	Floodway Purchase Program – Professional Services: Increase to \$500,000 vs. 390,000 for additional engineering services required for the West Papio Watershed Floodplain remapping project.	+ 110,000
Page 15	#4402	Papio Creek Watershed Partnership – Decrease from \$890,400 to \$600,100 due to reduction of income in Accts. #3000 and #3131, less anticipated reimbursement to the District of \$34,400.	- 290,300.00

Insurance Note: The District’s insurance agent, Keith Limbo - Dunbar Peterson, has done an excellent job in securing lower quotes for the District for FY 2006. In addition to our insurance package being \$9,000 lower, our workers comp package has decreased by \$28,000 from FY 2005. Overall our insurance package is \$37,000 under last year’s.

Budget Assumptions:

- ⊛ **5% increase in valuations is used to calculate the tax levy. The District has received a preliminary valuation from Sarpy County reflecting a 10.88% increase. Final valuations are not available until mid August. Last year’s valuation increase was 5.55%.**
- ⊛ **\$500,000 budgeted for Necessary Cash Reserve.**
- ⊛ **\$2,700,000 estimated for General Cash on Hand as of June 30, 2005.**
- ⊛ **The expense and revenue figures used are as of June 29, 2005 and do not reflect final figures. Final figures will not be available until after the July 14th Board meeting when June expenditures are approved.**

Once again, I would like to point out that there are still several unknowns, i.e., final revenues/expenditures, cash on hand, Treasurer’s balance, valuations, final IPA budgets, etc.

Dates to Remember for P-MRNRD FY 2006 Budget:

- Public Input Meeting at July 14, 2005 Board Meeting
- Budget Hearing and Adoption of FY 2006 Budget at August 11, 2005 Board Meeting
- Set Tax Levy for FY 2006 at September 8, 2005 Board Meeting

It is the recommendation of the GM that the Subcommittee recommend to the Board that the proposed FY 2006 budget be forwarded for review at the August 11, 2005, Budget Hearing with the provision that the GM be authorized to make

necessary adjustments once final figures are available to achieve compliance of state statutes regarding the lid.

MEMORANDUM

To: FEL Subcommittee

Subject: FY 2006 Budget – Lid Computation (1% Resolution)

Date: July 1, 2005

From: Steve Oltmans, General Manager

State statutes require that no governmental unit shall adopt a budget containing a total of budgeted restricted funds more than the last prior year's total of budgeted restricted funds plus allowable increases. All political subdivisions have the ability to increase their base restricted funds by 2.5%. If a political subdivision has allowable growth due to improvement to real property as a result of new construction, additions to existing buildings, any improvements to real property, and any increase in valuation due to annexation and any personal property valuation over the prior year above 2.5%, you can use the amount over the 2.5% increase as the base of restricted funds. Growth numbers are provided by the County Assessors on the Certification of Valuation. These numbers are not available until mid-August.

The Board did not approve the additional 1% increase for FY 2005's budget. At least 75% of the governing body is required to approve the additional 1% increase (this is 75% of the authorized board [8 votes] and not just 75% of those present). There is no special hearing or notice required to consider the additional 1% increase. Following is a history showing the Board's actions in allowing for the additional 1% increase:

FY 1998	Yes
FY 1999	Yes
FY 2000	No
FY 2001	Yes
FY 2002	No
FY 2003	Yes
FY 2004	No
FY 2005	No

The following items are lid exceptions that would apply to the District:

- Capital Improvements (acquisition and improvements to real property)
- Interlocal Agreements/Joint Public Agency Agreements
- Repairs to infrastructure damaged by a natural disaster.

The 2.5% lid applies to General expenditures such as:

- Directors' per diem and expenditures
- District's insurance coverage
- Equipment/vehicles
- Salaries
- Gas, oil and vehicle repairs

- Utilities

It would be beneficial to the District if the Board approves the additional 1% to help cover those general costs that exceed the 2.5% and to help build the base for restricted funds for the FY 2007 budget.

It is the recommendation of the GM that the Subcommittee recommend to the Board that the following resolution be adopted:

BE IT RESOLVED THAT the Board of Directors of the Papio-Missouri NRD approves an additional increase of 1% in the Total Funds Subject to Limitation, pursuant to Neb. Rev. State. §§ 13-518 through 13-522.