

MCCOOK CITY COUNCIL

REGULAR MEETING

**Monday, January 18, 2021
5:30 PM - City Council Chambers & Audio Conference**

Stream Meeting Here REQUIRED PASSWORD 69001

Call to Order and Roll Call.

Mayor's Statement and Open Meetings Act Announcement.

Pledge of Allegiance.

Items.

1. Citizen Comments.
2. Announcements & Recognitions.
3. Presentations.
 - A. Annual Cashflow Analysis for the Water and Sewer Utility Funds, as prepared by PFM Financial Advisors, LLC.
4. Consent Agenda.
 - A. Approve the minutes of the January 4, 2021 regular City Council meeting.
 - B. Authorize Great Plains Communications to occupy city right-of-way for the installation of underground coax cable along the east side of Airport Road and authorize the Mayor to sign the Application to Occupy Right-of-Way.
 - C. Receive and file the claims for the month of December 2020 as published January 12, 2021.
 - D. Approve an agreement with the McCook Humane Society that amends the contractual term to allow for automatic extensions on a yearly basis.
 - E. Receive and file information regarding the Sparq Data Solutions City of McCook's Public Page for access to agenda and minutes for City Council, Planning Commission, and Board of Zoning Adjustment meetings.
 - F. Receive and file the 2021/2022 Council Radio Show Schedule.
5. Regular Agenda.
 - A. Discussion in regard to holding a special City Council meeting for orientation and continuing education purposes.
 - B. Council Comments.

Adjournment.

**CITY MANAGER'S REPORT
JANUARY 18, 2021 CITY COUNCIL MEETING**

ITEM: 3.A.

RECOMMENDATION:

RECEIVE AND FILE THE ANNUAL CASHFLOW ANALYSIS FOR THE WATER AND SEWER UTILITY FUNDS, AS PREPARED BY PFM FINANCIAL ADVISORS LLC

BACKGROUND:

Since 2005, the Water and Sewer Enterprise Funds have used the services of PFM Financial Advisors LLC to aid in determining the "health" of both the Water and Sewer Utility Funds. *The Financial & Capital Cashflow Analyses* has been a valuable tool that places a bundle of information in one place. The document allows the reader to see usage, revenues, expenditures (capital and operating), debt and cash balances for both the Water and Sewer Enterprise Funds.

The Cashflow Analyses also provides a look forward, showing what rates will do several years out based on current trends. In the past, the report has been a corner stone to getting loans. In 2016, the PFM Cash Flow Analyses was one of the tools used to get Standard & Poor's Global Rating of A+. Armed with the A+ Rating we were able to refinance both water and sewer debt at a very favorable rate. This resulted in savings to the rate payers.

For City staff, the model provides a roadmap that shows the past and predicts the expected future. For current and potential lenders, the document shows expenditures as compared to revenues. This helps to determine our debt coverage ratio. Simply put, our ability to repay loans.

The 2020/21 budget year Financial & Cashflow Analyses will be presented by Matthew R. Stoffel, CFA at PFM Financial Advisors LLC. Matt's presentation will be via Zoom.

FISCAL IMPACT:

APPROVALS:



Jesse Dutcher, Utilities Director

1-13-21

Date



Lea Ann Doak, Clerk/Treasurer

1/13/2021

Date



Nate Schneider, City Manager

1-13-21

Date



City of McCook, Nebraska

Financial & Capital Cashflow Analyses

Prepared by: PFM Financial Advisors LLC

Presented by: Matthew Stoffel, CFA

January 18, 2021

PFM Financial
Advisors LLC

801 Grand Avenue
Suite 3300
Des Moines, IA

www.pfm.com



Water Utility Fund



January 18, 2021

Mr. Nate Schneider, City Manager
City of McCook, Nebraska
505 West C Street
McCook, NE 69001

Dear Nate,

Attached for your review is an update to the Water Enterprise Fund Financial and Capital Planning Model which was previously presented to the McCook City Council on October 21, 2019. Based on this analysis PFM recommends implementing a 2.50% rate increase to all rate categories in May 2021. This recommendation represents a decrease from our projected 3.50% rate increase listed in the prior year's analysis – the result of strong water consumption in FY 2020.

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In updating this model, PFM Financial Advisors LLC ("PFM") has reviewed and incorporated information from the City's FY 2019 Audited Financial Statements, FY 2020 unaudited actual performance, and the FY 2021 Budget. In addition, we have incorporated the current capital improvement plan for the Water Enterprise Fund. The important points of the update are summarized below.

(i) Usage

- a. Total water sales increased by 22.5% in FY 2020 after decreasing by <6.9%> in FY 2019. Actual usage has been volatile year-to-year, but FY 2020 represents the most water sales since FY 2014 and corrects a previously downward trend of <4.0%> over the previous five years, to a slightly upward trend of 1.0%.
- b. PFM & City staff has made the assumption that future usage will be approximately 65 million cubic feet and remain flat from at that level.
- c. We have stress tested the cash flow between the range of selling 60 million cubic feet and to 75 million cubic feet. We observe that usage regularly fluctuates between 10% to 15% depending on the weather.

(ii) Revenues

- a. FY 2020 operating revenues were up 20.8% from the prior fiscal year after decreasing <1.8%> in FY 2019.
- b. On average, operating revenues have increased approximately 4.5% annually over the last 4 years and have exhibited volatility year to year.

(iii) Expenditures

- a. FY 2020 operating expenditures (excluding depreciation and sales tax) increased by 7.0% from the prior fiscal year after moderate increases averaging 1.7% over the prior three fiscal years.
- b. The FY 2021 budget includes an 8.4% estimated growth in total operating expenditures which is slightly above our long-term target.



- c. In FY 2022 and thereafter, this analysis assumes a conservative 7.0% annual growth rate for all operating expenditures.

- (iv) Debt service coverage
 - a. Coverage of 2.46 times in FY 2020 and budgeted 2.15 times FY 2021, is strong for a water system of this size.
 - b. In FY 2022 and future years, PFM is projecting adequate coverage of averaging approximately 2.00 times annually. The projected decrease in coverage over time is due to conservative assumptions on both the revenue and expenditure side.

- (v) Other Considerations
 - a. The Water Enterprise Fund loaned \$450,000 money to the Self-Health Insurance Fund from its Debt Fund (Reserve) in FY 2018. This internal loan is being paid back over a 5-year period with payments of approximately \$95,000 per year with FY 2022 as the final year.
 - b. Pursuant to City staff's recommendation, we have assumed capital costs in the future will be \$250,000 per year. In addition, we have assumed \$120,000 will be transferred each year into the Water Plant Replacement Fund for future improvements, and \$200,000 into the Capital Replacement Fund.
 - c. In order to mitigate the impact to operating cash from the City's planned water capital expenditures of \$1.7 million in FY 2021 and, PFM has assumed that the Water Plant Replacement Fund will be drawn down by approximately \$583,000 in FY 2021.
 - d. In September 2020 the City decided redeem half of its outstanding 2013 Water SRF Loan. The City plans to pay off the remaining balance with a new amortization schedule plus an additional \$50,000 per year until the loan is fully paid off in 2026. This is eight years ahead of schedule.

- (vi) Annual Surplus/Deficit
 - a. FY 2019 ended with an operating cash surplus of \$66,284 versus a projected deficit of <\$73,188> from our analysis last year.
 - b. With a 6.0% rate increase implemented in FY 2020, a strong year of water sales, and a delay to some capital projects, the current fiscal year unaudited results indicate a surplus of \$382,398 vs a projected deficit of <\$713,618>.
 - c. Projected future operating deficits in FY 2022 – FY 2026 are expected to trend grow due to conservative growth assumptions. This projection includes annual transfers totaling \$320,000 to build the cash balances in the Water Plant Replacement Fund and Capital Replacement Fund.



- (vii) Cash Balance
 - a. Ending operating cash balance on September 30, 2020 was \$2,356,581 which represents 180%, or approximately twenty-two (22) months, of operating expenditures.
 - b. Overall, total cash in the Water Enterprise Fund is expected to increase slightly to \$6.08 million in FY 2020.
 - c. Operating cash is expected to trend moderate downward over the six-year planning period ending FY 2026 to approximately \$0.9 million. During that time total cash balance is expected to decrease to \$5.7 million even after expending \$2.9 million on capital projects over that time period.
 - d. Through conservative financial management the \$120,000 annual set-aside to the Water Plant Replacement Fund will build this fund's cash balance to \$1.6 million in FY 2026 , and the \$200,000 annual set-aside to the Capital Replacement Fund will help build this fund's cash balance to \$1,800,000 in FY 2026.

- (viii) Recommended Future Rate Increases
 - a. Based on the assumptions listed above, PFM is recommending a smaller rate increase during FY 2021 and a slightly higher than inflationary rate increases in the coming years. This assumption is heavily reliant on trends in future water usage, realized growth in future operating expenditures, and planned capital expenditures for water system improvements and repairs.
 - b. In the table below, we have incorporated the following rate adjustments as compared to the prior rate adjustments suggested in the October 21, 2019 study.

<u>Applicable Fiscal Year</u>	<u>October 21, 2019 Analysis</u>	<u>January 18, 2021 Analysis</u>
FY 2020-21	3.50% (all rates)	2.50% (all rates)
FY 2021-22	3.50% (all rates)	3.50% (all rates)
FY 2022-23	3.50% (all rates)	3.50% (all rates)
FY 2023-24	3.50% (all rates)	3.50% (all rates)
FY 2024-25	3.50% (all rates)	3.50% (all rates)
FY 2025-26	N/A	3.50% (all rates)



The Water Enterprise Fund is well positioned to accommodate future capital improvements while maintaining healthy cash balances. Through continued strong management practices, coverage is decline slightly but remain at a level that is more than adequate to make debt service payments, cover estimated capital expenditures, and maintain on average approximately \$5.5M of total cash. If total water sales to customers should decrease meaningfully or if expenses increase at a rate greater than 7.0%, larger rate adjustments may be needed in future years.

Please feel free to contact me with any questions regarding PFM's analysis and summary review. I look forward to presenting this Water Enterprise Fund Financial and Capital Planning Model to the City Council at its upcoming meeting.

Sincerely,

Matthew Stoffel, CFA
Sr. Managing Consultant

PFM Financial Advisors LLC

stoffelm@pfm.com | 515 724 5737 **OFFICE** | 515 201 0772 **CELL**

801 Grand Ave, Suite 3300 | Des Moines, IA 50309



City of McCook, Nebraska

EXHIBIT 1

Water Enterprise Fund

Growth Assumptions	
Water Sales & Customer Growth	0.00%
Operating Expenses	7.00%
Interest Earnings	1.00%

Water Rate Adjustments			
1-Oct-17	0.00%	1-Dec-21	3.50%
1-Dec-18	3.00%	1-Oct-22	3.50%
1-Jan-20	6.00%	1-Oct-23	3.50%
1-May-21	2.50%	1-Oct-24	3.50%

		Audited	Audited	Audited	Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Water Rates:		10/1/2016	11/1/2017	12/1/2018	1/1/2020	5/1/2021	12/1/2021	10/1/2022	10/1/2023	10/1/2024	10/1/2025
First 5,000 cu. ft.	1	\$1.716	\$1.716	\$1.767	\$1.873	\$1.920	\$1.987	\$2.057	\$2.129	\$2.203	\$2.280
Over 5,000 cu. ft.	2	\$1.271	\$1.271	\$1.309	\$1.388	\$1.423	\$1.472	\$1.524	\$1.577	\$1.633	\$1.690
Ready-to-Serve Monthly Fee	3	\$16.820	\$16.820	\$17.320	\$18.360	\$18.819	\$19.478	\$20.159	\$20.865	\$21.595	\$22.351
Avg. Number of Water Customers	4	3,597	3,612	3,616	3,608	3,608	3,608	3,608	3,608	3,608	3,608
Ave. \$ / 100 Cubic Ft. (w/o Base)	5	\$1.7316	\$1.7193	\$1.7502	\$1.8813	\$1.9283	\$1.9958	\$2.0657	\$2.1380	\$2.2128	\$2.2903
Ave. \$ / 100 Cubic Ft. (w/ Base)	6	\$2.7353	\$2.8356	\$2.9875	\$2.8897	\$3.1817	\$3.2930	\$3.4083	\$3.5276	\$3.6510	\$3.7788
Total Water Sales (Cubic Feet)	7	72,337,684	65,219,108	60,709,016	74,364,513	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000	65,000,000
Operating Revenues	8	4.1%	(5.2%)	(1.8%)	20.8%	(2.4%)	3.2%	3.2%	3.2%	3.2%	3.2%
Retail Sales to Customers	9	\$1,252,598	\$1,121,337	\$1,062,546	\$1,399,047	\$1,253,416	\$1,297,286	\$1,342,691	\$1,389,685	\$1,438,324	\$1,488,665
Ready-to-Serve Fee	10	726,035	728,020	751,134	749,852	814,675	843,188	872,700	903,244	934,858	967,578
Sales Tax	11	107,240	103,567	101,089	112,598	134,426	139,131	144,000	149,040	154,257	159,656
Other Misc. Operating Revenues	12	132,470	148,999	148,598	231,622	229,750	229,750	229,750	229,750	229,750	229,750
Total Operating Revenues	13	\$2,218,343	\$2,101,922	\$2,063,366	\$2,493,119	\$2,432,267	\$2,509,355	\$2,589,141	\$2,671,719	\$2,757,188	\$2,845,649
Operating Expenses	14	1.4%	6.8%	(2.9%)	7.0%	8.4%	7.0%	7.0%	7.0%	7.0%	7.0%
Personal Services	14	\$431,171	\$456,818	\$464,378	\$485,985	\$568,671	\$608,478	\$651,071	\$696,646	\$745,412	\$797,590
Plant Chemicals	15	208,881	204,629	207,500	232,177	210,000	224,700	240,429	257,259	275,267	294,536
Pumping Power	16	148,112	137,588	140,000	142,197	155,000	165,850	177,460	189,882	203,173	217,396
Other Services & Charges	17	166,560	235,275	183,396	212,297	234,998	251,448	269,049	287,883	308,034	329,597
Supplies	18	14,404	12,005	13,950	12,525	14,100	15,087	16,143	17,273	18,482	19,776
Repairs & Maintenance	19	109,608	105,464	108,720	110,688	113,450	121,392	129,889	138,981	148,710	159,119
Sales Tax	20	109,381	108,074	110,000	113,263	134,426	139,131	144,000	149,040	154,257	159,656
Depreciation/Amortization	21	835,097	840,825	845,544	904,732	968,063	1,035,828	1,108,336	1,185,919	1,268,934	1,357,759
Total Operating Expenses	22	\$2,023,214	\$2,100,678	\$2,073,488	\$2,213,864	\$2,398,708	\$2,561,913	\$2,736,377	\$2,922,884	\$3,122,269	\$3,335,429
Net Operating Income	23	\$195,129	\$1,244	(\$10,122)	\$279,255	\$33,558	(\$52,558)	(\$147,236)	(\$251,164)	(\$365,081)	(\$489,780)
Non-Operating Items	24	\$54,762	\$112,832	\$139,625	\$64,743	\$30,884	\$30,884	\$30,884	\$30,884	\$30,884	\$30,884
Interest on Reserves	24	\$54,762	\$112,832	\$139,625	\$64,743	\$30,884	\$30,884	\$30,884	\$30,884	\$30,884	\$30,884
Add Back: Depreciation	25	835,097	840,825	845,544	904,732	968,063	1,035,828	1,108,336	1,185,919	1,268,934	1,357,759
Revenue Available for Debt	26	\$1,084,988	\$954,901	\$975,047	\$1,248,730	\$1,032,506	\$1,014,153	\$991,983	\$965,639	\$934,737	\$898,863

City of McCook, Nebraska

Water Enterprise Fund

EXHIBIT 1

Growth Assumptions	
Water Sales & Customer Growth	0.00%
Operating Expenses	7.00%
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Water Rate Adjustments			
1-Oct-17	0.00%	1-Dec-21	3.50%
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		Audited	Audited	Audited	Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Revenue Available for Debt	27	\$1,084,988	\$954,901	\$975,047	\$1,248,730	\$1,032,506	\$1,014,153	\$991,983	\$965,639	\$934,737	\$898,863
Parity Debt Obligations											
2006 SRF Loan - D311039	28	\$233,372	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2013 SRF Loan - D311560	29	94,304	93,716	93,117	69,432	45,968	45,650	45,326	44,995	44,657	44,313
Series 2016 Refunding Bonds	30	<u>215,329</u>	<u>445,173</u>	<u>442,173</u>	<u>438,873</u>	<u>435,273</u>	<u>436,373</u>	<u>432,103</u>	<u>427,528</u>	<u>427,495</u>	<u>421,915</u>
Total Parity Debt Service	31	\$543,004	\$538,889	\$535,290	\$508,304	\$481,241	\$482,023	\$477,428	\$472,522	\$472,152	\$466,228
Debt Coverage Ratios											
Parity Debt Coverage	32	2.00	1.77	1.82	2.46	2.15	2.10	2.08	2.04	1.98	1.93
Cashflow After Debt	33	\$541,983	\$416,012	\$439,757	\$740,426	\$551,265	\$532,131	\$514,555	\$493,117	\$462,585	\$432,635
Total Capital Expenditures	34	(\$228,554)	(\$320,889)	(\$150,143)	(\$261,869)	(\$1,696,692)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Administrative Fee	35	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Transfers In / (Out)	36	87,374	14,151	5,624	0	0	0	0	0	0	0
Loan to Self-Health Insurance	37	0	(363,234)	88,354	89,970	91,617	93,293	0	0	0	0
Loan to General Fund	38	52,047	57,464	57,464	57,464	57,464	0	0	0	0	0
Other Cash Adjustments	39	(14,464)	35,423	(15,334)	(70,111)	0	0	0	0	0	0
SRF Loans/Construction Loans	40	0	0	0	(500,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(35,582)
Loan Forgiveness	41	0	0	0	0	0	0	0	0	0	0
Total Trans. From / (To) Restricted	42	<u>(693,781)</u>	<u>370,556</u>	<u>(299,438)</u>	<u>386,518</u>	<u>257,803</u>	<u>(51,842)</u>	<u>(323,200)</u>	<u>(323,200)</u>	<u>(323,200)</u>	<u>(323,200)</u>
Annual Surplus / (Deficit)	43	(\$315,395)	\$149,483	\$66,284	\$382,398	(\$848,543)	\$213,582	(\$168,645)	(\$190,083)	(\$220,615)	(\$236,147)
Beginning Cash Balance	44	\$2,073,811	\$1,758,416	\$1,907,899	\$1,974,183	\$2,356,581	\$1,508,038	\$1,721,619	\$1,552,974	\$1,362,891	\$1,142,275
Annual Surplus / (Deficit)	45	<u>(315,395)</u>	<u>149,483</u>	<u>66,284</u>	<u>382,398</u>	<u>(848,543)</u>	<u>213,582</u>	<u>(168,645)</u>	<u>(190,083)</u>	<u>(220,615)</u>	<u>(236,147)</u>
Ending Cash Balance	46	\$1,758,416	\$1,907,899	\$1,974,183	\$2,356,581	\$1,508,038	\$1,721,619	\$1,552,974	\$1,362,891	\$1,142,275	\$906,128
Cash Balance as % O&M	47	148.0%	151.4%	160.8%	180.0%	105.4%	112.8%	95.4%	78.5%	61.6%	45.8%

City of McCook, Nebraska

EXHIBIT 1

Water Enterprise Fund

Growth Assumptions	
Water Sales & Customer Growth	0.00%
Operating Expenses	7.00%
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Water Rate Adjustments			
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		Audited	Audited	Audited	Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Transfers From / (To) Other Funds											
Water Quality Solution Fund	48	(\$1,594)	\$75,169	(\$200)	\$250	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Sinking Fund	49	18,903	1,049	1,140	(19,530)	(6,884)	0	0	0	0	0
Debt Reserve Fund	50	(534,068)	0	0	0	0	0	0	0	0	0
Debt Fund (Reserve)	51	0	363,234	(88,354)	(89,970)	(91,617)	(93,293)	0	0	0	0
Debt Fund (Bond Proceeds)	52	36,840	36,252	35,653	511,968	(11,496)	266,251	0	0	0	0
Deep Injection Well Closing Costs	53	(205)	(348)	(4,408)	0	0	0	0	0	0	0
Repermitting Fund	54	(2,500)	27,225	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)
Capital Replacement Fund	55	(91,157)	(12,025)	(120,069)	107,000	(212,000)	(101,600)	(200,000)	(200,000)	(200,000)	(200,000)
Water Plant Replacement Fund	56	(120,000)	(120,000)	(120,000)	(120,000)	583,000	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Total Restricted Transfers	57	(\$693,781)	\$370,556	(\$299,438)	\$386,518	\$257,803	(\$51,842)	(\$323,200)	(\$323,200)	(\$323,200)	(\$323,200)
Restricted Cash											
Debt Service Sinking Fund	58	\$157,219	\$156,170	\$155,030	\$140,385	\$147,269	\$147,269	\$147,269	\$147,269	\$147,269	\$147,269
Debt Reserve Fund	59	534,068	534,068	534,068	534,068	534,068	534,068	534,068	534,068	534,068	534,068
Deep Injection Well Closing Costs	60	77,321	77,669	82,077	82,307	82,307	82,307	82,307	82,307	82,307	82,307
Total Restricted Cash	61	\$768,608	\$767,907	\$771,175	\$756,760	\$763,644	\$763,644	\$763,644	\$763,644	\$763,644	\$763,644
Designated Cash											
Water Quality Solution Fund	62	\$165,353	\$90,184	\$87,063	\$86,813	\$86,813	\$86,813	\$86,813	\$86,813	\$86,813	\$86,813
Debt Fund (Reserve)	63	500,000	136,766	225,120	315,090	406,707	500,000	500,000	500,000	500,000	500,000
Debt Fund (Bond Proceeds)	64	838,628	802,376	766,723	254,755	266,251	0	0	0	0	0
Repermitting Fund	65	30,000	2,775	5,975	9,175	12,375	15,575	18,775	21,975	25,175	28,375
Capital Replacement Fund	66	658,198	670,223	790,292	683,292	895,292	996,892	1,196,892	1,396,892	1,596,892	1,796,892
Water Plant Replacement Fund	67	1,260,000	1,380,000	1,500,000	1,620,000	1,037,000	1,157,000	1,277,000	1,397,000	1,517,000	1,637,000
Total Designated	68	\$3,452,179	\$3,082,324	\$3,375,173	\$2,969,125	\$2,704,438	\$2,756,280	\$3,079,480	\$3,402,680	\$3,725,880	\$4,049,080
Total Cash Balance	69	\$5,979,203	\$5,758,130	\$6,120,531	\$6,082,466	\$4,976,120	\$5,241,543	\$5,396,098	\$5,529,215	\$5,631,799	\$5,718,852

City of McCook, Nebraska

Water Enterprise Fund

EXHIBIT 1

Growth Assumptions	
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1-Jan-20	6.00%	1-Oct-23	3.50%
1-May-21	2.50%	1-Oct-24	3.50%

Audited	Audited	Audited	Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26

Operating & Maintenance Cap. Ex. (70-050-56040)

Future Replacement Cap. Ex. Placeholder	\$0	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Line Stop Equipment	66,700	0	0	0	0	0	0	0	0
JD Backhoe Repairs	15,839	0	0	0	0	0	0	0	0
Tractor Mounted Plate Packer	5,294	0	0	0	0	0	0	0	0
Tractor Mounted Jack Hammer	6,969	0	0	0	0	0	0	0	0
Hypo CL Generator Parts WTP	6,187	0	0	0	0	0	0	0	0
Cordless Hammer Drill & Battery	638	0	0	0	0	0	0	0	0
14in Handheld Concrete Saw	2,119	0	0	0	0	0	0	0	0
60hp VFD	9,346	0	0	0	0	0	0	0	0
Emergency Purchase - JD Backhoe	84,420	0	0	0	0	0	0	0	0
Single Axle Dumb Truck (6-8 yrd capacity)	0	60,000	0	0	0	0	0	0	0
Replace ZTR Mower	0	15,600	0	0	0	0	0	0	0
18'x12' Overhead Door	0	14,000	0	0	0	0	0	0	0
Miscellaneous	0	8,800	0	0	0	0	0	0	0
Total O & M Projects	\$197,512	\$98,400	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

Replacement Cap. Ex. (70-053-56030)

Future Replacement Cap. Ex. Placeholder	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Upgrade Water Meters	43,588	60,000	0	0	0	0	0	0	0
Fire Hydrant Replacement	4,127	0	0	0	0	0	0	0	0
Rehab High Service Pump	13,726	0	0	0	0	0	0	0	0
W. 5th Transmission Main	922	433,000	0	0	0	0	0	0	0
Water Main E 14th C to D and D to Gemini	0	171,826	0	0	0	0	0	0	0
Rehab Water Main Valves	2,738	0	0	0	0	0	0	0	0
Uncommitted Emergency Reserve	(744)	230,466	0	0	0	0	0	0	0
Total Replacement Projects	\$64,357	\$895,292	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

WTP Replacement Reserve Cap. Ex. (70-053-54685)

Hypo CL Electrodes	\$0	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Update Tonka SCADA Controls	0	42,000	0	0	0	0	0	0	0
Update controls for Wells, Water tank levels, High Service Booster pumps	0	70,000	0	0	0	0	0	0	0
Rebuild HSB Pump 1	0	20,000	0	0	0	0	0	0	0
Replace Cation and Anion	0	555,000	0	0	0	0	0	0	0
Endress + Hauser Main influent flow meter for WTP	0	4,000	0	0	0	0	0	0	0
Uncommitted	0	0	0	0	0	0	0	0	0
Total Replacement Projects	\$0	\$703,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Sewer Utility Fund



January 18, 2021

Mr. Nate Schneider, City Manager
City of McCook, Nebraska
505 West C Street
McCook, NE 69001

Dear Nate,

Attached for your review is an update to the Sewer Enterprise Fund Financial and Capital Planning Model which was previously presented to the McCook City Council on October 21, 2019. Based on this analysis PFM recommends implementing an inflationary 3.00% rate increase to all rate categories in May 2021. This recommendation is in line with the projected 3.00% rate increase listed in the prior year's analysis.

In updating this model, PFM Financial Advisors LLC ("PFM") has reviewed and incorporated information from the City's FY 2019 Audited Financial Statements, FY 2020 unaudited actual performance, and the FY 2021 Budget. In addition, we have incorporated the current capital improvement plan for the Sewer Enterprise Fund. The important points of the update are summarized below.

- (i) Usage
 - a. Sewer usage increased slightly by 0.7% in FY 2020 after a decline of <1.0%> in FY 2019.
 - b. Apart from FY 2018 through FY 2020, usage has been on a slow downward trend for many years but has appeared to stabilize at approximately 30 million cubic feet. We have projected future usage at 30 million cubic feet but we may want to consider assuming a small decline in future growth if usage continues to drop below this level.
- (ii) Revenues
 - a. FY 2020 operating revenue increased slightly over the prior fiscal year but has been relatively flat at \$1.42M over the past four years.
 - b. FY 2021 operating revenues are projected to increase by 2.1% over FY 2020 due to the 3% rate increase implemented in January 2020 and the proposed 3% increase for May 1, 2021.
- (iii) Expenditures
 - a. FY 2020 operating expenditures (excluding depreciation and sales tax) were down by <1.6%> from the prior fiscal year after increasing 3.0% in FY 2019 and a 1.5% in FY 2018.
 - b. The FY 2021 budget includes a conservative 10.6% estimated growth in total operating expenditures which is higher than our long-term expectations.
 - c. In FY 2022 and thereafter, this analysis assumes a conservative 6.0% annual growth rate for all operating expenditures.

pfm

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Suite 3300
Des Moines, IA 50309
515.243.2600

pfm.com



- (iv) Debt service coverage
 - a. Coverage of 2.87 times in FY 2020 and a projected 2.59 times in FY 2021, is strong for a sewer system of this size.
 - b. In FY 2022 through FY 2026, PFM is projecting adequate coverage of approximately 2.35 times annually. Projected coverage also includes a \$450,000 proposed SRF loan to be issued in calendar year 2021.
 - c. FY 2026 is the final debt payment has a larger principal payment due to the release of the debt service reserve fund causing coverage to be approximately 1.37 times.
- (v) Other Considerations
 - a. In order to mitigate the impact to operating cash from the City's planned sewer capital expenditures of \$1.3 million in FY 2021, PFM has assumed that \$450,000 of debt is issued in FY 2021 for the new Sewer Main on West S Street.
 - b. As part of the Series 2016 refunding bond issuance the City used cash on hand in the Sewer Enterprise Fund to deposit \$166,257 into the required debt service reserve fund.
- (vi) Annual Surplus/Deficit
 - a. FY 2019 ended with an operating cash surplus of \$54,263 versus a projected surplus of \$28,308 from our analysis last year.
 - b. FY 2020 unaudited results indicated a surplus of \$247,112 vs a projected deficit of <\$330,230>. This difference is largely due to several capital projects being pushed back by one year.
 - c. Projected future operating results in FY 2022 – FY 2026 are expected to be approximately flat after inclusion of annual transfers totaling \$85,000 to build the cash balances in the Capital Replacement Fund and newly created Equipment Reserve Fund.
- (vii) Cash Balance
 - a. Ending operating cash balance on September 30, 2020 was \$1,099,995 per the unaudited internal documents which represents 138.9%, or over sixteen months, of operating expenditures.
 - b. Overall, total cash in the Sewer Enterprise Fund increased by approximately \$269,744 to \$1,778,560 in FY 2020.
 - c. Operating cash is expected to be drawn down in FY 2021 and then remain level over the six-year period ending FY 2026 at approximately \$868,481. However, this projection is heavily dependent on actual future usage.
 - d. During the same six years total cash balance is expected to decrease in FY 2021 and then grow modestly to \$1.5 million even after expending nearly \$2.2 million on capital projects over that time period.
 - e. Through conservative financial management the \$15,000 annual set-aside to the new Equipment Reserve Fund will help build this fund's cash balance to \$105,000 by FY 2026.



- (viii) Recommended Future Rate Increases
- a. Based on the assumptions listed above, PFM is recommending only small inflationary rate increases in the coming years. This assumption is heavily reliant on trends in future sewer usage, realized growth in future operating expenditures, and planned capital expenditures for sewer system improvements and repairs.
 - b. In the table below, we have incorporated the following rate adjustments as compared to the prior rate adjustments suggested in the October 21, 2019 study.

<u>Applicable Fiscal Year</u>	<u>October 21, 2019 Analysis</u>	<u>January 18, 2021 Analysis</u>
FY 2020-21	3.00% (all rates)	3.00% (all rates)
FY 2021-22	3.00% (all rates)	3.00% (all rates)
FY 2022-23	3.00% (all rates)	3.00% (all rates)
FY 2023-24	3.00% (all rates)	3.00% (all rates)
FY 2024-25	3.00% (all rates)	3.00% (all rates)
FY 2025-26	N/A	3.00% (all rates)

The Sewer Enterprise Fund is well positioned to accommodate future capital improvements while maintaining healthy cash balances. Through continued strong management practices, coverage is expected to remain at a level that is more than adequate to make debt service payments, cover estimated capital expenditures, and still generate an operating cash surplus. If total usage should decrease meaningfully or if expenses increase at a rate greater than 6.0%, larger rate adjustments may be needed in future years.

Please feel free to contact me with any questions regarding PFM's analysis and summary review. I look forward to presenting this Sewer Enterprise Fund Financial and Capital Planning Model to the City Council at its upcoming meeting.

Respectfully,

Matthew Stoffel, CFA
Sr. Managing Consultant

PFM Financial Advisors LLC
stoffelm@pfm.com | 515 724 5737 **OFFICE** | 515 201 0772 **CELL**
 801 Grand Ave, Suite 3300 | Des Moines, IA 50309



City of McCook, Nebraska
Sewer Enterprise Fund

EXHIBIT 1

Growth Assumptions	
Water Sales & Customer Growth	0.00%
Operating Expenses	6.00%
Interest Earnings	1.00%

Sewer Rate Adjustments			
1-Oct-18	2.00%	1-Oct-22	3.00%
1-Jan-20	3.00%	1-Oct-23	3.00%
1-May-21	3.00%	1-Oct-24	3.00%
1-Dec-21	3.00%	1-Oct-25	3.00%

		Audited Financial Statements			Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Residential:		10/1/2016	11/1/2017	12/1/2018	1/1/2020	5/1/2021					
First 333 cu. ft.	1	\$15,279	\$15,737	\$16,050	\$16,530	\$17,026	\$17,537	\$18,063	\$18,605	\$19,163	\$19,738
Additional 100 cu. ft.	2	\$3,299	\$3,398	\$3,466	\$3,570	\$3,677	\$3,787	\$3,901	\$4,018	\$4,139	\$4,263
Commercial:											
First 333 cu. ft.	3	\$22,259	\$22,927	\$23,390	\$24,090	\$24,813	\$25,557	\$26,324	\$27,114	\$27,927	\$28,765
Additional 100 cu. ft.	4	\$3,299	\$3,398	\$3,466	\$3,570	\$3,677	\$3,787	\$3,901	\$4,018	\$4,139	\$4,263
Avg. # Residential Customers	5	2,910	2,926	2,930	2,921	2,921	2,921	2,921	2,921	2,921	2,921
Avg. # Commercial Customers	6	409	413	417	422	422	422	422	422	422	422
Avg \$ / 100 Cubic Ft. (w/o Base)	7	\$2,283	\$2,223	\$2,107	\$2,064	\$2,126	\$2,190	\$2,256	\$2,324	\$2,394	\$2,466
Avg \$ / 100 Cubic Ft. (w/ Base)	8	\$4,492	\$4,400	\$4,377	\$4,376	\$4,468	\$4,670	\$4,811	\$4,955	\$5,104	\$5,257
Total Sales (Cubic Feet)	9	28,782,706	30,205,375	29,900,704	30,108,982	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Operating Revenues		10.7%	(0.6%)	0.0%	0.5%	2.1%	4.4%	2.9%	2.9%	2.9%	2.9%
Retail Sales to Customers	10	\$657,046	\$671,485	\$629,896	\$621,324	\$628,500	\$657,000	\$676,800	\$697,200	\$718,200	\$739,800
Base Charge (Residential)	11	525,598	543,494	561,197	575,254	588,147	614,754	633,192	652,192	671,753	691,909
Base Charge (Commercial)	12	110,249	113,934	117,612	121,033	123,757	129,352	133,235	137,233	141,348	145,589
Sales Tax	13	91,551	84,013	82,539	83,447	84,982	88,830	91,501	94,252	97,084	100,001
Other Misc. Operating Rev.	14	43,592	6,679	28,665	25,328	31,300	31,300	31,300	31,300	31,300	31,300
Total Operating Revenues	15	\$1,428,036	\$1,419,604	\$1,419,909	\$1,426,386	\$1,456,686	\$1,521,236	\$1,566,028	\$1,612,177	\$1,659,685	\$1,708,599
Operating Expenses		7.5%	1.5%	3.0%	(1.6%)	10.6%	6.0%	6.0%	6.0%	6.0%	6.0%
Personal Services	16	\$396,132	\$409,818	\$414,099	\$426,331	\$449,075	\$476,020	\$504,581	\$534,856	\$566,947	\$600,964
Other Services & Charges	17	133,485	126,202	144,296	130,045	164,737	174,621	185,098	196,204	207,977	220,455
Pumping Power	18	89,727	90,426	88,661	85,763	94,000	99,640	105,618	111,956	118,673	125,793
Supplies	19	17,015	16,684	16,921	15,355	20,050	21,253	22,528	23,880	25,313	26,831
Repairs & Maintenance	20	52,383	56,213	56,120	51,085	55,800	59,148	62,697	66,459	70,446	74,673
Sales Tax	21	80,095	84,423	81,697	83,305	84,982	88,830	91,501	94,252	97,084	100,001
Depreciation/Amortization	22	372,660	367,315	382,998	405,978	430,337	456,157	483,526	512,538	543,290	575,887
Total Operating Expenses	23	\$1,141,497	\$1,151,081	\$1,184,792	\$1,197,862	\$1,298,980	\$1,375,669	\$1,455,549	\$1,540,144	\$1,629,730	\$1,724,605
Net Operating Income	24	\$286,539	\$268,523	\$235,117	\$228,524	\$157,706	\$145,568	\$110,478	\$72,033	\$29,955	(\$16,006)

City of McCook, Nebraska
Sewer Enterprise Fund

EXHIBIT 1

Growth Assumptions	
Water Sales & Customer Growth	0.00%
Operating Expenses	6.00%
Interest Earnings	1.00%

Sewer Rate Adjustments			
1-Oct-18	2.00%	1-Oct-22	3.00%
1-Jan-20	3.00%	1-Oct-23	3.00%
1-May-21	3.00%	1-Oct-24	3.00%
1-Dec-21	3.00%	1-Oct-25	3.00%

		Audited Financial Statements			Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Net Operating Income	25	\$286,539	\$268,523	\$235,117	\$228,524	\$157,706	\$145,568	\$110,478	\$72,033	\$29,955	(\$16,006)
Non-Operating Items											
Interest on Reserves	26	\$12,086	\$26,339	\$33,998	\$26,689	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Add Back: Depreciation	27	372,660	367,315	382,998	405,978	430,337	456,157	483,526	512,538	543,290	575,887
Revenue Available for Debt	28	\$671,285	\$662,177	\$652,113	\$661,191	\$593,042	\$606,724	\$599,004	\$589,571	\$578,245	\$564,882
Parity Debt Obligations											
SRF 2000 Loan - C317150	1	\$26,793	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SRF 2007 Loan - C317349	2	126,924	0	0	0	0	0	0	0	0	0
Series 2016 Refunding Bonds	3	107,854	229,843	227,843	230,643	228,683	225,518	222,648	219,573	216,190	382,500
Prop. SRF 2021 Loan	4	0	0	0	0	0	30,629	30,340	30,245	29,941	29,831
Total Parity Debt Service	5	\$261,572	\$229,843	\$227,843	\$230,643	\$228,683	\$256,146	\$252,988	\$249,819	\$246,133	\$412,333
Debt Coverage Ratios											
Parity Debt Coverage	6	2.57	2.88	2.86	2.87	2.59	2.37	2.37	2.36	2.35	1.37
Cashflow After Debt											
Total Capital Expenditures	8	(40,961)	(241,152)	(380,635)	(116,752)	(1,310,851)	(190,000)	(190,000)	(190,000)	(190,000)	(190,000)
Transfers to General Fund	9	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Other Transfers In / (Out)	10	(739)	47,729	920	0	0	0	0	0	0	0
Loan to Solid Waste Fund	11	18,482	18,851	19,229	19,613	0	0	0	0	0	0
Bond Proceeds	12	0	0	0	0	450,000	0	0	0	0	0
Transfer From / (To) Designated Cash	13	(165,637)	51,373	50,742	(21,542)	265,696	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
Transfer From / (To) Restricted Cash	14	(139,712)	583	(817)	(1,090)	47,015	0	0	0	0	166,257
Misc Sources / (Uses) of Cash	15	(157,497)	12,506	554	(3,665)	0	0	0	0	0	0
Annual Surplus / (Deficit)	16	(\$136,351)	\$262,225	\$54,263	\$247,112	(\$243,780)	\$15,578	\$11,017	\$4,753	(\$2,888)	(\$16,195)
Beginning Cash Balance	17	\$672,746	\$536,395	\$798,620	\$852,883	\$1,099,995	\$856,215	\$871,794	\$882,810	\$887,563	\$884,675
Annual Surplus / (Deficit)	18	(136,351)	262,225	54,263	247,112	(243,780)	15,578	11,017	4,753	(2,888)	(16,195)
Ending Cash Balance	19	\$536,395	\$798,620	\$852,883	\$1,099,995	\$856,215	\$871,794	\$882,810	\$887,563	\$884,675	\$868,481
Cash Balance as % O&M	20	69.8%	101.9%	106.4%	138.9%	98.6%	94.8%	90.8%	86.4%	81.4%	75.6%
Restricted Cash											
Debt Service Reserve Fund	21	\$166,257	\$166,257	\$166,257	\$166,257	\$166,257	\$166,257	\$166,257	\$166,257	\$166,257	\$0
Debt Service Sinking Fund	22	67,037	66,454	67,271	68,361	21,346	21,346	21,346	21,346	21,346	21,346
Total Restricted Cash	23	\$233,294	\$232,711	\$233,528	\$234,618	\$187,603	\$187,603	\$187,603	\$187,603	\$187,603	\$21,346

City of McCook, Nebraska
Sewer Enterprise Fund

EXHIBIT 1

Growth Assumptions	
Water Sales & Customer Growth	0.00%
Operating Expenses	6.00%
Interest Earnings	1.00%

Sewer Rate Adjustments			
1-Oct-18	2.00%	1-Oct-22	3.00%
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		Audited Financial Statements			Unaudited	Budget	Projected	Projected	Projected	Projected	Projected
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Designated Cash											
Capital Replacement Fund	24	524,520	471,835	421,068	427,596	146,900	216,900	286,900	356,900	426,900	496,900
Equipment Reserve Fund	25	0	0	0	15,000	30,000	45,000	60,000	75,000	90,000	105,000
Capital Development Fund	26	0	1,312	1,337	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Total Designated Cash	27	\$524,520	\$473,147	\$422,405	\$443,947	\$178,251	\$263,251	\$348,251	\$433,251	\$518,251	\$603,251
Total Cash Balance	28	\$1,294,209	\$1,504,478	\$1,508,816	\$1,778,560	\$1,222,069	\$1,322,647	\$1,418,664	\$1,508,416	\$1,590,528	\$1,493,077
Operating & Maintenance Cap. Ex.											
Half Ton 4WD Pickup					\$26,602	\$0	\$0	\$0	\$0	\$0	\$0
Vactor Truck Jetter Hose					1,866	0	0	0	0	0	0
BAF Blower Shaft Seals					8,963	0	0	0	0	0	0
Riding Mower					13,000	0	0	0	0	0	0
Refrigerated Sampler					6,129	0	0	0	0	0	0
Karrer Park Lift Station Pump Rehab					19,000	0	0	0	0	0	0
Upgrade SCADA Control					0	35,000	0	0	0	0	0
Miscellaneous Capital Equipment					0	23,950	0	0	0	0	0
Future O&M Cap. Ex. Placeholder					0	0	45,000	45,000	45,000	45,000	45,000
Total O&M Projects					\$75,561	\$58,950	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Replacement Cap. Ex.											
Repair Underground Clarifier					\$25,925	\$0	\$0	\$0	\$0	\$0	\$0
West Golf Course Station					15,266	220,000	0	0	0	0	0
West S Street - New Sewer Main					0	450,000	0	0	0	0	0
Digester valves					0	15,000	0	0	0	0	0
Hire contractor to land apply sludge & clean digesters					0	50,000	0	0	0	0	0
Miscellaneous/Uncommittee					0	146,901	0	0	0	0	0
Replace Outfall Line WWTP					0	70,000	0	0	0	0	0
Rotary Filter Press - Sludge Drying					0	300,000	0	0	0	0	0
Rehab Lift Station (Barnett L S)					0	0	0	0	0	0	0
Future Replacement Cap. Ex. Placeholder					0	0	145,000	145,000	145,000	145,000	145,000
Total Replacement Projects					\$41,191	\$1,251,901	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000

**CITY MANAGER'S REPORT
JANUARY 18, 2021 CITY COUNCIL MEETING**

ITEM: 4.A.

Approve the minutes of the January 4, 2021 regular City Council meeting.

BACKGROUND:

Receive and approve the minutes.

**FISCAL
IMPACT:** None.

APPROVALS:



Lea Ann Doak, City Clerk

January 14, 2021

McCook City Council
January 4, 2021
5:30 PM Central

A MEETING OF THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA convened in open, regular/audio conferencing, and public session at 5:30 o'clock P.M. in the City Council Chambers.

Present: Mayor Gonzales, Councilmembers Calvin, Weedon, Muehlenkamp, Rambali.

Absent: None.

City Officials present: City Manager Schneider, City Attorney Mustion, City Clerk Doak, Fire Chief Harpham, Senior Services Director Siegfried, and Police Chief Smith.

Present via audio conferencing means: Library Director Crocker, Utilities Director Dutcher, and Public Works Director Potthoff.

Notice of the meeting was given in advance thereof by publication in the McCook Daily Gazette on December 31, 2020, the designated method of giving notice, a copy of the proof of publication being attached to these minutes. Advance notice of the meeting was also given to the Mayor and members of the City Council and a copy of the Acknowledgement of Receipt of such notice is attached to these minutes. Availability of the agenda was communicated in the advance notice to the Mayor and Council. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

Mayor Gonzales announced that pursuant to the executive order issued by Governor Ricketts on December 1, 2020, City Council members and the public may attend in person. Additionally, the meeting is open to members of the governing body and the public via audio-conferencing means. We welcome your attendance via audio-conferencing means and ask that you mute your microphones so as not to disrupt the meeting progression.

In accordance with Section 84-1412 of the Nebraska Revised Statutes, a current copy of the Open Meetings Act is available for public review at the entrance to the Council Chambers and on the City of McCook's website. Following the Pledge of Allegiance to the flag of the United States of America, Mayor Gonzales called the meeting to order.

1. Citizen Comments.

Dawson Brunswick, McCook Chamber of Commerce President, thanked Public Works Director Potthoff and his staff for their help with Santa Claus Lane, without them it would not have happened.

2. Announcements & Recognitions.

City Manager Schneider informed the Council that a Board of Zoning Adjustment meeting is scheduled for this Thursday, January 7, 2021 at noon.

3. Consent Agenda.

Mayor Gonzales requested that Item B be removed from the Consent Agenda and placed on the Regular Agenda.

Motion to approve the consent agenda. This motion, made by Weedon and seconded by Muehlenkamp, passed.

Gonzales: YEA, Calvin: YEA, Weedon: YEA, Muehlenkamp: YEA, Rambali: YEA
YEA: 5, NAY: 0

- 3.A. Approve the minutes of the December 21, 2020 regular City Council meeting.
- 3.C. Authorize the Mayor to sign the Certificate of Compliance for the 2020 Maintenance Agreement between the City of McCook and the Nebraska Department of Roads.
- 3.D. Approve the renewal of Maintenance Agreement No. 17 between the Nebraska Department of Roads and the Municipality of McCook and authorize the Mayor to sign.

4. Regular Agenda.

- 3.B. Approve a request from MEDC to allow Vision McCook funds to be used for promoting the community.

Mayor Gonzales noted that \$387.23 was the City's portion of the \$1,307.98 left in the Vision McCook account and that the funds will be used in the same manner as the original marketing and promotional program.

Motion to approve a request from MEDC to allow Vision McCook funds to be used for promoting the community. This motion, made by Gonzales and seconded by Calvin, passed.

Gonzales: YEA, Calvin: YEA, Weedon: YEA, Muehlenkamp: YEA, Rambali: YEA
YEA: 5, NAY: 0

- 4.A. Presentation from City Attorney Nathaniel Mustion regarding LB424, legislation amending the Nebraska Municipal Land Bank Act allowing all Nebraska communities to acquire, clean, maintain, and dispose of nuisance property.

City Attorney Mustion gave a presentation regarding LB424 which amended the Nebraska Municipal Land Bank Act allowing communities to acquire, clean, maintain, and dispose of nuisance property.

Discussion included how it would be funded; possibility of utilizing ACE funds for McCook's portion of the funding; the last large demolition project for McCook was completed using

Neighborhood Stabilization Program (NSP) grant funds; will the proposed communities be able to afford the funding; should the proposed area be larger, more of SW Nebraska; checking with Loop City to see how many communities/counties are included in the proposed area, the status of the proposed land bank program, and it was funded; possibility of utilizing Mr. Mustion's legal firm as the administrator, they have expertise in the various areas required for administration of a land bank and paying them as needed versus an entire staff would be more cost effective.

Andy Long, McCook Economic Development Corporation Executive Director, encouraged the Council to think bigger. A bigger service area would provide a larger pool to build up the needed initial capital for completion of projects.

It was the consensus of the Council to have Mr. Mustion contact other communities to see who would be interested in joining a land bank and bring back to the Council at a later date as an action item.

4.B. Discussion regarding potentially rescheduling a capital improvement strategic planning meeting.

The Council set February 18, 2021 at 7:00 P.M. for a capital improvement strategic planning meeting. Locations considered were the auditorium, the upstairs conference room at the Municipal Center, and the Senior Center.

4.C. Council Comments.

The Mayor wished all a Happy 2021 and stated he had a citizen inquire about the red and white reflective tape on the posts of several stop signs.

Public Works Director Potthoff stated the tape has been placed on the posts of stop signs at several of the busier intersections and that it brings more attention to them when driving at night.

Adjournment.

There being no further business to come before the Council, Mayor Gonzales declared the meeting adjourned at 6:22 P.M.

Michael D. Gonzales, Mayor

ATTEST:

Lea Ann Doak, City Clerk-Treasurer

**CITY MANAGER'S REPORT
JANUARY 18, 2021 CITY COUNCIL MEETING**

ITEM: 4.B.

RECOMMENDATION:

AUTHORIZE GREAT PLAINS COMMUNICATIONS TO OCCUPY CITY RIGHT OF WAY FOR THE INSTALLATION OF UNDERGROUND COAX CABLE ALONG THE EAST SIDE OF AIRPORT ROAD AND AUTHORIZE THE MAYOR TO SIGN THE APPLICATION TO OCCUPY RIGHT OF WAY.

BACKGROUND:

Great Plains Communications is asking permission to occupy City of McCook Right of Way to install an underground coax cable to serve Red Willow Chemical.

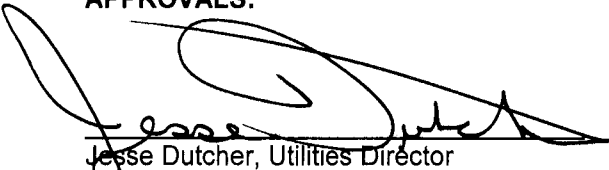
The proposed coax cable will run across along the east side of Airport Road beginning approximately 200 feet northeast of the East "J" Street intersection and ending approximately 600 feet southwest of the Airport Road and East "J" Street intersection. This project will include the installation of a new pedestal that will be 1' x 1' by 3' tall. This pedestal will not create any site vision problems for the area.

This permit is only for City owned ROW. Great Plains will also be responsible for obtaining permits or permissions from all other property owners that may be utilized for this project.

Great Plains Communications has attached an aerial map to identify the location. A \$2,500.00 performance guarantee has also been requested.

**FISCAL
IMPACT:** None.

APPROVALS:



Jesse Dutcher, Utilities Director

January 8, 2021



Kyle Potthoff, Public Works Director

January 8, 2021



Nate Schneider, City Manager

January 8, 2021



P.O. BOX 1059 • 505 WEST C • McCook, NE 69001-1059 • PHONE (308) 345-2022 • FAX (308) 345-1461

APPLICATION TO OCCUPY RIGHT-OF-WAY

APPLICANT NAME: Great Plains Communications DATE: 12-22-2020
ADDRESS: 1009 West B St McCook PHONE: 402-278-2325
FAX: _____ START DATE: January 2021 FINISH DATE: January 2021

A CASH BOND IS REQUIRED FOR ALL RIGHT-OF-WAY ENCROACHMENTS

Type: (circle) Over-Cross <u>Under-Cross</u> <u>Occupy</u> Miscellaneous	With a: (circle) Water Line Sewer Line <u>Gas Line</u> <u>Coax</u> Telephone Line (Underground) Aerial	Tree Trimming/Removal Grading Other Electric Line (Underground Aerial)
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Location: Beginning 200 feet (East) West North South of Intersection E J St
and ending (East West North South) 600 feet of Intersection
E J St & Airport Road.

Requirements: The applicant agrees to complete this work in accordance with the terms and conditions of the City of McCook. Any permit issued will be cancelled if the work specified is not completed within the term listed on the permit or within any additional length of time granted. Request for an extension of time to complete the work must be made in writing. Any extension granted will be acknowledged in writing by the City of McCook. The Applicant may cancel the permit with written notification at any time prior to beginning work on right-of-way.

Performance Guarantee: (Make Payable to City of McCook)
Amount: \$ _____ Check No. _____ Or FID No. _____
This guarantee is for the faithful compliance by the Applicant to the terms of the permit. It is understood that should the Applicant fail to perform the work as set forth in the permit, the City of McCook will have the right to keep the performance guarantee as liquidated damages for its necessary supervisory and inspection expenses and to initiate such legal proceedings as are necessary to secure either performance of the work in compliance with the terms of the permit or the restoration of the right-of-way to its previous condition prior to the activities of the Applicant.

NOTE: Please provide a location plan for over-cross or under-cross of location to occupy City of McCook right-of-way. When your project requires engineering plans, please submit four sets of plans, no larger than 18"x24". The engineering plans shall show the general features of the work to be completed and all information such as sizes, distances, dimensions, sleeves, cuts and fills, erosion control measures, etc., when applicable. City of McCook Municipal Code §94.34.

[Signature]
Applicant's Signature

Recommended By _____ Date _____ Director of Public Works Approval _____

