MCCOOK CITY COUNCIL

REGULAR MEETING

Tuesday, September 8, 2026
5:30 PM - City Council Chambers

Call to Order and Roll Call.
Excuse Absences.
Open Meetings Act Announcement.
Invocation - McCook Ministerial Association - Jeff Donelan, McCook Evangelical Free Church.
Pledge of Allegiance.
Items.

1. Public Hearings.
    A. Public Hearing - FY 2026/2027 Annual Budget.
        1. Adjourn the Public Hearing.

Adjournment. **THE REGULAR CITY COUNCIL MEETING WILL START IMMEDIATELY**
FOLLOWING THE CONCLUSION OF THE BUDGET HEARING

CITY MANAGER'S REPORT
SEPTEMBER 8, 2025 CITY COUNCIL MEETING

ITEM: 1.A. Public Hearing - FY 2026/2027 Annual Budget

BACKGROUND:

Public Hearing - FY 2026/2027 Annual Budget

Each governing body, after the filing of the proposed budget statement, shall each year conduct a public hearing for the purpose of hearing support, opposition, criticism, suggestions, or observations of taxpayers relating to the proposed budget.

FISCAL IMPACT: None.

APPROVALS:

Lea Ann Doak

Lea Ann Doak, City Clerk — September 2, 2026

Tera Koetter (lad)

Tera Koetter, Assistant City Manager — September 2, 2026

Nathan A. Schneider, City Manager — September 2, 2026

EXHIBIT #1

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City of McCook
IN
Red Willow County, Nebraska

NOTICE OF BUDGET HEARING AND BUDGET SUMMARY

PUBLIC NOTICE is hereby given, in compliance with the provisions of State Statute Sections 13-501 to 13-513, that the governing body will meet on the 8th day of September 2026, at 5:30 o'clock P.M., at City Council Chambers for the purpose of hearing support, opposition, criticism, suggestions or observations of taxpayers relating to the following proposed budget. The budget detail is available at the office of the Clerk during regular business hours.

2024-2025 Actual Disbursements & Transfers	$	40,628,115.00
2025-2026 Actual/Estimated Disbursements & Transfers	$	49,675,973.00
2026-2027 Proposed Budget of Disbursements & Transfers	$	93,927,735.00
2026-2027 Necessary Cash Reserve	$	1,482,308.10
2026-2027 Total Resources Available	$	95,410,043.10
Total 2026-2027 Personal & Real Property Tax Requirement	$	2,810,965.73
Unused Budget Authority Created For Next Year	$	112,332.81

Breakdown of Property Tax:

Personal and Real Property Tax Required for Non-Bond Purposes	$	2,810,965.73
Personal and Real Property Tax Required for Bonds	$	-

NOTICE OF SPECIAL HEARING TO SET FINAL TAX REQUEST

PUBLIC NOTICE is hereby given, in compliance with the provisions of State Statute Section 77-1632, that the governing body will meet on the 8th day of September 2026, at 5:30 o'clock P.M., at City Council Chambers for the purpose of hearing support, opposition, criticism, suggestions or observations of taxpayers relating to setting the final tax request.

	2025	2026	Change
Operating Budget	99,957,260.00	93,927,735.00	-6%
Property Tax Request	$ 2,742,408.56	$ 2,810,965.73	2%
Valuation	623,274,911	639,869,659	3%
Tax Rate	0.440000	0.439303	0%
Tax Rate if Prior Tax Request was at Current Valuation	0.428589		

EXHIBIT #2

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CITY OF MCCOOK
BUDGET PROPOSAL
FISCAL YEAR 2026 - 2027

TRANSMITTAL LETTER
SEPTEMBER 8, 2026

Mayor and City Council Members:

Staff has prepared this transmittal letter to provide a brief, written summary of the proposed budget for Fiscal Year 2026-2027.

I want to express my appreciation to the Department Heads and Supervisors for putting together their proposals. In particular, I want to thank City Clerk Lea Ann Doak and Assistant City Manager Tera Koetter for their hard work and dedication to the City of McCook's budget process. But for Lea Ann Doak's and Tera Koetter's efforts, the budget process would be nearly impossible to complete. Presenting a completed budget is a long process that begins in May and requires numerous hours of work in the evenings and during weekends. The City budget is the City's financial road map for the coming fiscal year, October 1, 2026 through September 30, 2027 and is the most important task the City of McCook undertakes annually.

As required by LB 34, the City of McCook's preliminary property tax request authority for FY 26-27 is the amount of property taxes levied in FY 25-26 plus the State and Local Consumption Expenditures and Gross Investment rate ("SLCE") and real growth. The effective SLCE rate for this year is 5.26%, which reflects the inflationary challenges our country continues to face. McCook's real growth rate is .50%. By adding last year's property tax request (ie. $2,742,408.56), McCook's allowable property tax increase due to inflation, and McCook's allowable property tax increase due to growth, the City of McCook's allowable property tax request is formulated. Nebraska's municipalities are authorized to except out certain expenses, most notably public safety expenses. McCook's FY 26-27 budget does not contain any exceptions.

General Fund

In order to meet the demands expected of the City of McCook's general fund departments, the proposed 2026-2027 Fiscal Year budget anticipates the municipal property tax levy rate to be set at .439303 cents per $100 of valuation which will generate approximately $2,810,965.73 in property tax revenue. The proposed property tax levy for FY 2026-2027 is a reduction to the property tax levy set by the City Council for FY 2025-2026. With the uncertainties surrounding our national and local economies, it is important that the City of McCook make efforts to be mindful of the needs of our community in conjunction with the impact of continuing inflationary concerns. While it is our goal to minimize our property tax request to reduce the financial impact on McCook's citizens, we must be careful not to sacrifice our ability to provide needed services to our citizens. Every budget season, McCook's department heads present their proposed budget requests to the City Manager, Assistant City Manager, and City Clerk for consideration. Following these initial discussions, McCook's administrative team compares the department heads' proposed budget expenses to McCook's anticipated general fund revenues. McCook's administrative team and department heads spend the remainder of the budget season prioritizing each departments most pressing needs. Following the establishment of these priorities, city staff presents a comprehensive budget to the City Council for consideration. Over the course of August and September, said time period including a budget retreat and three readings of the budget ordinance, McCook's final fiscal year budget is passed. The budget retreat and three ordinance readings are held during special and regular McCook City Council meetings which are open to the public and advertised as required by law. The process is transparent and comprehensive. McCook's City Council and staff take pride in holding property tax requests at a minimum, but the commitments our community has made over the decades dictate our current budget needs. The detailed process McCook follows year after year has served to produce budgets that assure McCook's general fund departments run efficiently and to the level expected by our citizens.

With respect to total governmental revenues, McCook's anticipated general fund receipts and other revenues for FY 2026-2027 is $16,103,150. McCook's proposed general fund expenses for FY 2026-2027 is $14,620,842. The difference between the budgeted revenues and budgeted expenses is $1,482,308.

There are some additional takeaways from the Fiscal Year 2026-2027 anticipated revenue section of the budget. The City of McCook anticipates Equalization Funding from the State of Nebraska at $500,000, a slight increase from the prior fiscal year. Typically, the Municipal Equalization Fund receipts vary based upon property tax levy rates, with more Equalization Funds allocated to communities that demonstrate a need for property tax revenue. Ultimately, the State of Nebraska determines the amount of Equalization Funds a community receives, with little certainty or guidance from the State from year to year. Another interesting development is the continued growth in McCook's sales tax receipts. With respect to the local option sales tax rate of 1.5% that was enacted in 2007 and extended in 2015, it is anticipated that the City of McCook will collect approximately $3,600,000 in sales tax revenue for current Fiscal Year 2025-2026, which would mark the highest sales tax receipts recognized by the City of McCook since establishing McCook's current local option sales tax rate in 2007. Based on the increased sales tax receipts, McCook's Fiscal Year 2026-2027 budget includes an anticipated increase to McCook's sales tax revenue. The increase in sales tax receipts allows the City of McCook to reduce its property tax request. In addition to the voter approved 1.5% local option sales tax, Fiscal Year 2026-2027 will mark the fourth year of the voter approved .5% local option sales tax. The additional .5% local option sales tax approved in 2022 is specifically dedicated to the construction of new recreational amenities for McCook's youth. The City of McCook has made significant progress toward this pledge, as the McCook Aquatic Park opened in July of 2024 and the P.F.C. Gerald L. Walters Youth Sports Complex opened in August of 2026. It is anticipated that the newly established .5% local option sales tax will generate over $1,125,000 in Fiscal Year 2026-2027 to help pay for the issuance of the voter authorized recreational bonds.

The Fiscal Year 2026-2027 budget continues the trend of accounting for the unusual inflationary forces experienced during the past five years following the Covid-19 pandemic. Specifically, due to the inflationary pressure recognized over the past few years and instability in the labor market, the McCook City Council has prioritized ensuring the general fund departments are sufficiently staffed to meet the needs of McCook's citizens. To this end, the City of McCook implemented the results of a professional wage study completed during the Spring of 2024 to assure compliance with the State of Nebraska's Wage and Labor Act, said necessary adjustments made during the FY 2024-2025 budget process. Prior to making the Wage and Labor Act adjustments, the City of McCook sat in the bottom 1/3 of its array for most of its Full Time Equivalent positions wages; subjecting the City of McCook's budget to uncertainty if the City's staff members' wages were appealed to Nebraska's Commission of Industrial Relations for falling below the midpoint of our array. As a result of the City of McCook's lower than average wages, both the general fund departments and enterprise fund departments struggled hiring qualified employees. On numerous occasions, the City of McCook received no applications when jobs were advertised, complicating the City's ability to fulfill the duties set by current and past City Councils. The FY 2026-2027 budget continues to prioritize adequate staffing to meet the demands of the public. The City of McCook cannot function properly without operating at proper staffing levels, and this budget stresses continuity in McCook's general fund services through appropriate staffing in each department at rates that should provide uninterrupted service.

While wages have been an important focus of the most recent budgets, the FY 2026-2027 budget includes capital outlay items that will guarantee McCook's General Fund departments will be sufficiently equipped to perform their required tasks. The FY 2026-2027 budget includes capital outlay as follows: 1) Police Department - this year's general fund budget for the police department includes necessary computer and server updates, the second annual payment for McCook's in-car camera updates, an impound yard update to protect the City of McCook from liability claims, seven ballistic vests, battery backup units, and an AXIS camera server; 2) Fire/Ambulance Department - for the Fire/Ambulance Department, this year's budget includes the second annual payment required by the FY 2024-2025 ambulance purchase, four sets of turnout gear, the rehabilitation of McCook's ARFF truck, and a new pumper truck if McCook is successful in securing an AFG Grant; 3) Library Department - the budget includes funds to repair the concrete shade pedestals located at the front of the library; 4) Public Works Department - the FY 2026-2027 general fund budget includes a carry over from the prior year's budget for a mower and dump truck, a mower, a pickup, and a UTV for the Street Department; a pickup and a diesel mower for the Cemetery Department; a field grooming machine and the commitment of general fund dollars in the amount of $76,500 to account for unforseen needs at the P.F.C. Gerald L. Walters Youth Sports Complex for the Ball Parks Department; shelter house improvements, a pickup, security cameras, and a mower for the Parks/Pool Department; and a paving project and one UTV with blades for the Airport Department.

As has been the case for years, McCook does not have a levy for bonded general obligation debt. Freedom from general obligation debt has been a priority of the City of McCook in order to avoid an additional property tax imposition on McCook's real property owners. The proposed budget also continues the tradition of following the established policy of setting aside funds for potential City Council contingencies in the amount of $250,000. Over the past two fiscal years, the City of McCook has used a significant portion of these contingency funds to support continued operations at the McCook Ben Nelson Regional Airport after the Fixed Base Operator (FBO) filed bankruptcy in the Fall of 2024. The McCook City Council filled the void left by the FBO, ensuring continued operations necessary for our airport to function remained in tact. Staff is pleased to announce that a new FBO is under contract with the McCook Economic Development Corporation. The new FBO will commence operations in Mid-September. Securing a new FBO will improve efficiency at the McCook Ben Nelson Regional Airport and take pressure of the City of McCook's general fund budget.

Additionally, as in prior years, the General Fund reserve is being increased by $75,000 in the proposed budget, raising the overall General Fund reserve to $1,482,308. The City Council continues to fund the General Fund reserve in order to comply with best practices suggested by our auditor, which calls for three months of reserves set aside for an emergency. Every year we get closer to this established goal without sacrificing the city's present needs.

Personnel Changes

This budget does not contemplate the addition of any new personnel, keeping in line with the past four fiscal year budgets. The City of McCook understands the addition of new employees becomes a long-term commitment. New positions are not added without extreme need and discussions with McCook's department heads and the City

Council at scheduled, public meetings.

Enterprise Funds - Water and Sewer

It is very important to understand that if the rates of the enterprise funds are not reviewed annually and rate changes are not enacted in a prudent manner, the potential need for large rate increases escalate. Debt payments and increases in operating costs are reviewed yearly with the City of McCook's utilities advisor, PFM Financial Advisors. The relationship between the City of McCook and PFM dates back to the early 2000's when the City was grappling with its pervasive water issues. The City of McCook has relied on PFM's expertise to adequately budget for our community's water and sewer enterprise funds' needs. The need for financial modeling has become more important recently as the City of McCook moves forward with the construction of its new Water Resource Recovery Facility (WRRF) and essential upgrade projects at its 20-year old Water Treatment Plant (WTP). With respect to the City of McCook's WRRF system, McCook's Rotating Biological Contactors (RBC) plant is at the end of its useful life. The majority of McCook's RBC plant is between 50 and 70 years old. The discs that comprise the RBC plant are failing, with a number of discs having collapsed and removed from the treatment system's train. As more discs fail, it will become impossible for McCook to comply with the required federal mandates for degrading organic pollutants in our waste water. Anticipating the need to address the RBC plant's obsolescence, the City of McCook entered into an engineering agreement with Miller & Associates following a competitive RFQ process in 2022. After completing its due diligence during 2023, the McCook City Council publically determined the best route for McCook's wastewater needs was to retire its RBC plant and construct a Sequencing Batch Reactor (SBR) plant, treating wastewater in timed batch cycles. It was determined that the City of McCook's project qualified for USDA loan consideration, reducing the financed costs associated with constructing the SBR plant. To qualify for USDA financing consideration, the USDA required the City of McCook to finance half of the SBR costs through the private sector, prompting the City Council to select Northland Securities as its private lender for the project. The initial financing phases occurred at regularly scheduled meetings in 2024, with the McCook City Council passing a Resolution at its May 20, 2024 meeting accepting a funding recommendation. The most affordable option for McCook's rate payers was selected, in sum providing for a $30 per month savings opposed to utilizing the State Revolving Loan Fund as the main financing tool. Per the Resolution, the City Council authorized the execution of the necessary documents to apply for $14,497,000 for construction of the new WRRF plant. Two ordinances authorizing the issuance of Combined Utilities Revenue Bonds followed on June 17, 2024 to pay for the construction costs associated with the WRRF project. On the planning side of the project, Miller & Associates provided updates at City Council meetings to ensure transparency in the WRRF/SBR design phase. At multiple City Council meetings, Miller & Associates provided estimates to McCook's citizens for the project, settling in at the aforementioned estimated cost of $14,500,000. Simultaneously, the City of McCook worked with PFM to formulate rate schedule adjustments to account for the Combined Utility Revenue Bonds necessary to pay the future outstanding debt associated with the WRRF/SBR construction project. As such, in Fiscal Year 2023-2024, sewer rates were increased by 7.5% in anticipation of the WRRF/SBR project. In Fiscal Year 2024-2025, sewer rates were increased by 7.5% again to pay for the project. In Fiscal Year 2025-2026, sewer rates were adjusted by 8% in preparation of the WRRF/SBR project. Based on advice from PFM and to account for the debt repayment required by the WRRF/SBR project, the Fiscal Year 2026-2027 budget includes an 8% increase to rates to ensure appropriate funding for debt repayment. All of these adjustments occurred at regularly scheduled McCook City Council meetings with PFM providing empirical data underlining the need for the rate changes. City staff and the City Council understand McCook's citizens desire to keep rates as flat as possible, and in response, adopted the approach outlined above to avoid massive increases to sewer rates in the out years. In the end, the City of McCook is attempting to avoid the large scale rate hikes that hampered the WTP construction project in the mid-2000's. It must be noted that McCook is no different than any other municipality in Nebraska. All of Nebraska's communities employ the same approach to pay for federal and state regulated utility projects.

Regarding the water utilities, McCook's WTP is 20 years old. Staff and the City Council are sensitive to the critiques of its citizens regarding water quality and have taken significant steps to assure our most valuable resource is maintained at the highest levels. To accomplish this goal, city staff and the City Council have worked with Miller & Associates to determine priority projects associated with the WTP revitalization efforts. A public meeting was held on July 22, 2025 to establish McCook's priority WTP needs, with Miller & Associates leading the discussion. Based on the recommendations of Miller & Associates and the input from the City Council, staff, and the public in attendance at the July 22, 2025 meeting, the initial focus of the WTP upgrading project has been the replacement of the media resin that cleans the WTP's well water of harmful chemicals prior to distribution, water vessel reconstruction, and the replacement of the hypochlorinator which is used to disinfect the drinking water and control biological contamination. Among additional needs earmarked by the City Council is the installation of a manganese filtration system that will aid in addressing McCook's discolored drinking water. Unfortunately, when the WTP was designed and constructed in the mid-2000's, a manganese filtration system was not included as part of the WTP. It must be noted that none of the current City Council members, nor were any of McCook's current city staff members, part of the failure to appropriately account for manganese filtration. That said, the City Council and city staff are presently trying to address the lack of foresight by adding a manganese filtration system at the head works of the WTP. In total, Miller & Associates estimates the needed WTP improvement projects will cost approximately $20 million. For the WTP updates, the City of McCook is currently working through initial plans prior to taking similar steps outlined for the WRRF/SBR project. Because we are aware of the costs associated with the upgrades, PFM and Miller & Associates have assisted the City of McCook with its future budgeting efforts. The needed investments at the WTP have precipitated the water rate increases customers are experiencing. In Fiscal Year 2023-2024, water rates were increased by 8.5% in anticipation of an upcoming WTP project. In Fiscal Year 2024-2025, water rates were increased by 8.5% again to prepare for the future debt associated with the WTP. In Fiscal Year 2025-2026, water rates were increased to 10% on the advice of PFM. The Fiscal Year 2026-2027 budget includes a 10% increase again to help pay for the needed WTP infrastructure projects. Our hope is to avoid massive rate increases in the future as a result of these needs.

To reduce the burden on McCook's rate payers, the City has actively sought outside funding for the WTP upgrades. Most notably, the City of McCook secured a $3.2 million appropriation from the EPA in the Spring of 2026 to assist with our WTP efforts. The City of McCook is grateful to Senator Deb Fischer for advocating on McCook's behalf during the appropriation process.

Staff and the City Council have heard from individuals suggesting the City of McCook privatize its utilities. While it is understandable to look at options, privatizing our utilities will not serve to decrease costs. More than likely, costs would increase at a much higher rate due to profit motives associated with privately ran utility companies. The same holds true for McCook's general fund departments.

In the end, the City Council and city staff members have heard the public's demand for upgrades to the WTP. To address the concerns that have been raised by the public, consistent and transparent action has been taken over the course of the past four budget cycles to pay for the upgrades. Without the rate adjustments, the improvement projects will not be able to move forward.

Enterprise Funds - Solid Waste Collection and Disposal

It is proposed that the Residential Trash Collection will increase from$29.75 per month to $31.25 per month which includes a $2.00 per month recycling fee. The fee for Household/Commercial Waste will increase from $92.00 per ton to $98.00 per ton. The fee for yard waste collection services will remain at $6.00 per month. The reason for these adjustments are numerous, and in most cases, out of the control of the City of McCook. The Transfer Station hauls 4 semi loads of solid waste to J Bar J Landfill near Ogallala per day, Monday thru Thursday. If needed, the City of McCook runs trucks on Friday and Saturday, depending on the amount of solid waste that is brought in each day. The landfill is located approximately 105 miles northwest of McCook making each round trip 210 miles. The J Bar J contract is increasing by $.94 per ton. In 2025, the State of Nebraska increased the fee for each receipted ton that is deposited into a landfill, bumping its fee from $1.25 per ton to $2.34 per ton. Also in 2025, Perkins County (home to J Bar J Landfill) implemented a $1.00 per ton host fee. This fee was a new fee that had not been a part of our contract with J Bar J in prior years. The majority of our solid waste fee increases have been made to account for these outside modifications. When taking into account the rapid increases in fuel prices, the rate adjustments are necessary to properly run the Transfer Station.

The Transfer Station is a perfect example of why privatization is not always the best policy when it comes to governmental type activities. Prior to 2013, the City of McCook contracted with a private trucking firm to haul McCook's solid waste. At that time, the private trucking company McCook utilized was unable to keep up with the demand placed upon it due to the large volume of solid waste. Trash accumulated at a rate that became a concern. Because of the unpredictability associated with a private hauling operation, in 2013 the City Council determined the best route forward was for the City of McCook to haul our community's solid waste to J Bar J, ensuring compliance with state solid waste requirements. The change from private to public hauling operations has made our Transfer Station operations more efficient, and the issues experienced by the City of McCook related to unreliable service was eradicated. This is a prime example of a pitfall associated with the privatization of certain public services.

Group Health Insurance and Benefits

Brown and Brown continues to serve as the City of McCook's health insurance broker. During Fiscal Year 2024-2025, there were numerous large claims that contributed to increases in the City of McCook's health insurance costs. To offset these concerns, the Fiscal Year 2025-2026 budget increased the City of McCook's self-insurance threshold from $45,000 to $55,000 per employee. Additionally, the Fiscal Year 2025-2026 budget included an increase to McCook's employee's maximum out of pocket contribution, adjusting the rate from $1,000 to $3,000 for an individual and from $3,000 to $6,000 for a family. To offset the out of pocket increases, the plan included a co-pay for basic visits, limiting the one-time cost associated with a basic medical consultation. For Fiscal Year 2026-2027, the proposed budget contemplates an increase of 12% to the City of McCook's health insurance costs. This is a decrease from the recognized rate increase in Fiscal Year 2025-2026. It is staff's hope that the rate reduction signifies a downward trend in the City of McCook's year over year rate increases.

Property, Liability, and Workers Compensation Insurance Costs

Ellerbrock-Norris Insurance continues to serve as the City of McCook's property and liability insurance broker. Prior to finalization of the budget, representatives with Ellerbrock-Norris met with City of McCook personnel to discuss renewal estimates. Travelers quoted premium increase for Fiscal Year 2026-2027 is 15%. Like the City's health insurance, McCook's property and casual insurance increase is a reduction from the two previous years which saw bumps of approximately 25% to 30%. Some of the increases can be attributed to the large number of claims the City of McCook experienced as a result of the hail storm that hit McCook in September of 2025. Another contributing factor to the rate increase is bump-ups in workman's compensation claims over the preceding five years. The City of McCook is working with Ellerbrock-Norris to reduce our workman's compensation exposure, although some of the risks are tied directly to the type of services the City of McCook provides (ie. public safety employees).

Sales Tax Revenues

Pursuant to the passage of the 2015 sales tax ballot initiative, McCook's residents authorized a renewal of the 1.5% local option sales tax. The 1.5% local option sales tax is set to expire in 2033. 5/6th of the total sales tax receipts generated through the City's local option sales tax are utilized for the following purposes: property tax relief, capital improvement projects, capital outlay purchases, and debt reduction. The remaining 1/6th of the total 1.5% sales tax receipts are utilized to fund economic development through a voter approved LB 840 Program administered by the McCook Economic Development Corporation. Some of the recent LB 840 economic development projects that have benefitted from local option sales tax include: 1) the Northpoint Subdivision, Quillan Courts Subdivision, and Clary Subdivision housing projects, 2) the expansion of the McCook Business Park with its first new tenant, Performance Plus, beginning operations this past year, 3) daycare initiatives to increase the number of daycare openings for Southwest Nebraska's families, 4) an early childcare development project in partnership with the newly refurbished YMCA, 5) grants and loans to area businesses in need of gap financing to proceed with business transitions and expansion, 6) assistance with debt repayment associated with the P.F.C. Gerald L. Walters Youth Sports Complex, and 7) retention of a retail consultant to assist in locating new businesses to McCook. This list is not exhaustive, but offers a glimpse into the benefit McCook's LB 840 program provides our community. Without LB 840 and Tax Increment Financing, there would be very few development projects locating to McCook.

As previously mentioned, for Fiscal Year 2025-2026, staff estimates the total sales tax receipts attributable to the 1.5% local option sales tax at $3,600,000. Staff proposes allocating $1,805,100 of local option sales tax revenue to the General Fund. By implementing this allocation, the City of McCook will be able to provide for property tax relief, undertake capital improvement projects, assist in debt reduction, and purchase necessary capital outlay. Developing new sales tax revenues is integral to reducing property taxes, as has been stressed time and time again by Governor Jim Pillen during his tenure as Governor.

While the local option sales tax is necessary to supplement the City's General Fund, the proposed budget acknowledges the continued importance of funding capital improvement projects. As has been tradition, local option sales tax funding is slated for street improvements and maintenance in the amount of $500,000 and drainage improvements in the amount of $40,000. The proposed budget also includes earmarking $100,000 of uncommitted sales tax that the City Council can apply to projects during the upcoming fiscal year.

Aside from the original 1.5% local option sales tax, the voter approved .5% local option sales tax authorized in 2022 by McCook's voters for recreation projects has been recognized as a line item in the Fiscal Year 2026-2027 budget. A portion of the recreation bond proceeds were used to construct the McCook Aquatic Park. The remainder of the .5% local option sales tax proceeds are marked for the construction of the now completed P.F.C. Gerald L. Walters Youth Sports Complex. Not only will the P.F.C. Gerald L. Walters Youth Sports Complex provide opportunities for Southwest Nebraska's youth, it will also open additional sales tax revenue streams to assist with community development and reduce future property tax requests.

Salary Adjustment Recommendations

The proposed budget contemplates a cost of living adjustment of 2% for non-collective bargaining unit employees and 2.5% for collective bargaining unit employees with the potential for merit wage increases anywhere between 0% and 2.5% for high achieving employees. Longevity continues to be factored at 1% for every five years of employment. As mentioned earlier in this Transmittal Letter, it is important the City of McCook offer competitive wages in order to attract and maintain good employees. With the steps taken to implement the findings of the 2024 wage study and following the wage guidelines provided in the City of McCook's Employees Handbook, the City is in a good position to compete for high quality workers.

Conclusion

Staff looks forward to working with the McCook City Council in the final stages of the budget process and reviewing and adopting the City Budget for the Fiscal Year 2026-2027. If any members of the public have questions regarding the budget, they are encouraged to reach out to the City Council or staff members.

Respectfully Submitted,

Nathan A. Schneider
City Manager