

# Norfolk Insider

City of Norfolk, NE

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## “Details of \$3.4 Million Savings on Recreation Bond”



When City of Norfolk officials recently announced a savings of \$3.4 million on the Recreation Bond passed by voters in 2010 to fund renovations to Memorial Field and Memorial Baseball Field, AquaVenture, and Ta-Ha-Zouka ballfields, the news was met by some confusion.

“It’s a large amount of money and some citizens have since asked for more details,” Mayor Sue Fuchtman said.

Randy Gates, City of Norfolk Finance Director, said the savings was the result of several factors including lower interest rates. The average interest rate on the 2010 bond issue was 3.5% compared to 1.7% expected on the new bond issue.

The new occupation tax revenue on lodging, prepared food and beverages also came in higher than expected.

“We really didn’t know how much occupation tax and lodging tax we’d collect because there were no exact numbers for us to go by. We wanted to be conservative in our estimates. For planning purposes the first year we estimated \$900,000 would be collected. We were almost at that amount in the first seven months,” Gates said.

During the full fiscal years of 2012 and 2013 about \$1.6 million in occupation taxes was collected. Then came the hailstorm of 2014 and increased events in Norfolk that brought visitors to town and \$1.75 million in occupation tax was collected in 2014 and \$1.79 million in 2015.

The City still had to wait for the bond’s five year anniversary to refinance the loan so the extra monies collected were put into a debt service fund. By December 2015, a total of \$3,235,000 was paid in principal and \$2,525,310 in interest towards the total \$16.4 million bond with \$2 million saved up in the debt service fund.

“We can refinance the bonds, make a \$2 million principal payment in January 2016 and amortize the new loan for just eight more years instead of 15 which saves a lot of interest,” Gates said. Over \$3.4 million in interest was saved.

Fuchtman said the increase in activity in the City also had a part in boosting the occupation taxes collected.

“Our Visitors’ Bureau does a great job of bringing events to the City and those people stay in our hotels and eat at our restaurants. The Chamber of Commerce, our businesses, schools and industrial base are all incredible partners in welcoming people to our community,” Fuchtman said.

According to the Nebraska Visitors’ Bureau, lodging tax receipts across the state were up 5.7% in 2015 from 2014.

“If you factor in the hotel rooms used by the one act play championships and the roofers who were here for months repairing hail damage and all of the other increased interest in Norfolk we’ve seen the past few years, it all results in an increase in the occupation tax we collected. It was a community effort,” Fuchtman said.