IN LIEU OF
DIRECTORS' MEETING
MONDAY, FEBRUARY 16, 2009

I. CITY CLERK

II. CORRESPONDENCE FROM THE MAYOR & DIRECTORS TO COUNCIL

PRESENTATIONS: None

MAYOR
1. Washington Report, February 6, 2009.

DIRECTORS

FINANCE/TREASURER
1. Monthly City Cash Report for the month of December, 2008.

URBAN DEVELOPMENT/HOUSING REHAB & REAL ESTATE DIVISION
1. Street and alley vacation No. 08011. Tallgrass Parkway north of Aster Road.

III. COUNCIL RFI'S & CITIZENS CORRESPONDENCE TO INDIVIDUAL COUNCIL MEMBERS

ROBIN ESCHLIMAN

*1. Request to Greg MacLean, Public Works & Utilities Director - RE: JAVA Meeting (RFI#19 - 01/30/09)**. - 1) See Response from Glenn Johnson, LPSNRD, JAVA Board Chair received on RFI#19 - 02/11/09.**

2. Letter & Spreadsheet of Cost Benefit For City Council Projects sent to County Commissioners, Lincoln Public School Board Members, and State Senators - RE: Tax Increment Financing (TIF).

DAN MARVIN
1. Request to Greg MacLean, Public Works & Utilities Director - RE: Questions on BKD Audited statements (RFI#14-02/06/09)

2. E-Mail & Study - RE: Tax Increment Financing (TIF) Study.

IV. CORRESPONDENCE FROM CITIZENS TO COUNCIL
1. InterLinc Correspondence from Jim Brandle on unfair manner of distributing higher rate for vehicle registration.
2. Email opposed on Matt Talbot Kitchen moving to the Clinton neighborhood and into the library.

3. InterLinc correspondence from Janet Kolarick opposed to the Matt Talbot Kitchen moving to the Clinton neighborhood.
4. InterLinc correspondence from Laura A. Moore inquiring if library used for Matt Talbot Kitchen will be wheelchair and scooter accessible. (Forwarded to Dave Landis, Urban Development Director on 02/10/09)
5. Letter from Harl Dalstrom researching adoption of standard time. (Forwarded to City Clerk on 02/10/09)
6. Letter received from LIBA regarding the status of the South and East Expressways. (Letters placed in Council file folders on 02/11/09)

V. ADJOURNMENT

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CITY OF LINCOLN
Washington Office

Volume 15, Issue 5
February 6, 2009

INSIDE:

SENATE CONTINUES TO DEBATE STIMULUS

CONGRESS

Stimulus still front and center on congressional agenda. Senate consideration of an economic stimulus package (see related story below) has been the focus in Washington this week, as the Democratic leadership works to meet the President's deadline of signing the measure by President's Day.

Meanwhile, House Democrats, having approved their own version of a stimulus bill last week, took the latter half of this week to conduct their annual policy retreat. The result was a relatively light legislative schedule on that side of the Capitol. Before adjourning, however, the House did manage to approve legislation (HR 2) to expand the State Children's Health Insurance Program (SCHIP) by $32.8 billion over the next four and a half years. President Obama quickly signed the bill into law, announcing that the measure would cover an additional 4.1 million children in families that are low-income, but not poor enough to qualify for Medicaid.

The President also signed a bill (S 352) into law this week to delay until June 12 the implementation of the transition from analog to digital television. The House last week had failed to garner the necessary two-thirds vote to approve the measure under expedited procedures (see January 30 *Washington Report* for details) but brought the bill back up this week with minor modifications and under "regular order" that required a simple majority for passage.

Finalizing a Cabinet has also been a priority for the new President, but the relative ease and swiftness in which the first wave of appointments were approved has been replaced with tax-related stumbles. Given the current state of the economy, Congress swallowed hard and approved Obama's designee for the Treasury Department, Timothy Geithner, while expressing dismay at his failure to report income to the IRS in past years. That event is probably what precipitated the shockingly swift fall of Obama confidant and former Senate Majority Leader Thomas Daschle (D-SD) as Secretary of Health and Human Services, as it was revealed he too failed to report significant income.

Now everyone with hopes of serving in the Obama Administration is scrubbing their tax returns and hoping that they have not made any mistakes. Consideration on the President's choice for Labor Secretary, Rep. Hilda Solis (D-CA) was postponed this week when it was discovered that her husband has tax problems and the pick for a new post of White House Performance Officer dropped out mere hours before Daschle.

The legislative agenda for next week is a bit up in the air as the stimulus package continues to take shape in the Senate. Members continue to aim for completion by the end of next week, and their reward would be a week-long recess in their districts. The House may also consider an omnibus lands bill (S 22) that was approved in the Senate last month. The measure contains over 150 lands-related measures, most of which were approved in the House during the 110th Congress but died in the Senate.

STIMULUS

Senate debate will continue through weekend; moderates tout $800 billion compromise. The Senate spent the bulk of this week debating economic stimulus legislation (S1) and working its way through a series of amendments to the bill. As the week progressed, most Senate Republicans remained steadfast in their opposition to the

Washington Report

Archived at:
www.capitaledege.com/archive.html

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bill, making it increasingly clear that Senate Majority Leader Harry Reid (D-NV) lacks the 60 votes needed to end debate on the bill. With ailing Senator Edward Kennedy (D-MA) absent and unlikely to cast any votes in the near future, Reid needs at least three Republican votes to overcome procedural obstacles and proceed to final consideration.

Reid's predicament empowered the dwindling corps of moderate Senate Republicans and late yesterday they seized that power and, along with a group of centrist Democrats, proposed an $800 billion bill that may break the log jam and allow for passage of the Senate bill. The package proposed by the moderates is not much smaller than the $819 billion package (HR 1) approved last week by the House or the $820 billion package that emerged last week from the Senate Appropriations and Finance Committees. However, it is considerably smaller than the bill's price tag after a week of Senate floor amendments, which increased its price tag to well over $900 billion.

The increase in the bill's overall price tag came despite repeated Republican attempts to drastically cut the size and focus of the bill. In many instances, Republican senators broke ranks to vote against amendments to strip spending from the bill while supporting amendments to add popular provisions to the bill, such as a $15,000 tax credit for all 2009 homebuyers.

The details of how the Senate bill's overall price tag will be trimmed by more than $100 billion have yet to be worked out. However, Reid expects a final vote on the bill no later than Sunday. If the Senate is indeed able to clear a compromise bill, the House leadership remains committed to sending President Obama a bill before the President's Day recess, saying they will bypass a formal Conference Committee and negotiate directly with their Senate counterparts and the White House if necessary to expedite passage of the bill. If, however, the Senate fails to reach an $800 billion compromise that can garner 60 votes, the congressional leadership and the White House will have to develop a new strategy.

As Senate negotiations move forward, it remains to be seen what will become of the various amendments that are still pending in the Senate, including an amendment to add $50 billion to the bill for infrastructure grants. In addition, several programs of interest to local government remain in limbo, most notably Community Development Block Grants (CDBG). The House-passed bill includes $1billion for CDBG, whereas the pending Senate bill includes no funds for that core local government program.

The final level of infrastructure funding also remains to be determined as does the allocation of such funds. Most notably, the Senate bill would sub-allocated a much larger portion of its highway funding to metropolitan areas than the House bill and also includes a $5.5 billion for multi-modal competitive transportation grants for which local governments would be eligible to apply.

The question of how to allocate water and wastewater infrastructure funds also remains to be determined. Both bills include language that would allow the states to make some of those funds available as grants or negative interest loans, but local governments continue to press for language requiring the states to make all of those funds available as grants, citing the billions of dollars of ready-to-go local government water and wastewater infrastructure projects that would immediately put people to work.

GRANTS AND NOTICES

Department of Energy

The Department of Energy's (DOE) Solar America Initiative announced the availability of technical assistance through Solar America Showcases (General) 2009. Technical Assistance will be awarded for large-scale, high-visibility solar installation projects that have the ability to impact the market for solar technologies. Eligible applicants include state and local governments, private sector for-profit and non-profit organizations, and trade and other associations. The DOE plans to award $2 million during calendar year 2009 in the form of 8 to 16 awards. There is no fixed limit on each award, but individual projects will likely receive no more than $500,000. Applications are due March 31, 2009 and must be submitted to the DOE Industry Interactive Procurement System (IIPS) website: http://e-center.doe.gov/.

Department of Justice

The Department of Justice's (DOJ) Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking is currently seeking applications for funding under the Comprehensive Approaches to Sex Offender Management Program. This program assists applicants in improving their adult and/or juvenile sex offender management policies and practices by critically examining existing approaches to monitoring and managing the population; identifying significant gaps and needs in the monitoring and management of sex offenders programs; and developing training programs to address the needs identified in existing programs. All applications are due March 18, 2009. The full grant announcement is available at: http://www.ojp.usdoj.gov/smart/funding/fy09casom.pdf.

Administration on Aging

The Administration on Aging (AoA) has released the Program Announcement and Grant Application Instructions for the 2009 Senior Medicare Patrol Projects. SMP projects recruit retired professionals as volunteers to educate beneficiaries and older consumers in their communities on how to prevent, detect and report health care fraud, error and abuse. Depending on the availability of federal funds, up to 28 new or competing continuation cooperative agreements will be awarded up to $180,000 per budget year of a three year project period. Prospective applicants must email a notice of intent to apply no later than March 2, 2009. Project applications are due March 13, 2009. To view the grant announcement visit: http://www.aoa.gov/doingbus/fundopp/announcements/2009/2009SMPAnnouncement_finalOGM.doc

OFFICE OF TREASURER, CITY OF LINCOLN, NEBRASKA

FEBRUARY 6, 2009

TO: **MAYOR CHRIS BEUTLER & CITY COUNCIL MEMBERS**

FROM: **FINANCE DEPARTMENT / CITY TREASURER**

SUBJECT: **MONTHLY CITY CASH REPORT**

The records of this office show me to be charged with City cash as follows at the close of business December 31, 2008

Balance Forward	$	$159,070,823.78
Plus Total Debits December 1-31, 2008	$	$23,679,811.97
Less Total Credits December 1-31, 2008	$	($35,367,887.76)
Cash Balance on December 31, 2008	**$**	**$147,382,747.99**

I desire to report that such City cash was held by me as follows which I will deem satisfactory unless advised and further directed in the matter by you.

U. S. Bank Nebraska, N.A.	$	$5,255,374.06
Wells Fargo Bank	$	($134,946.65)
Wells Fargo Bank Credit Card Account	$	$9,711.28
Cornhusker Bank	$	$3,608.78
Pinnacle Bank	$	$46,370.20
Union Bank & Trust Company	$	$211,190.59
West Gate Bank	$	$10,804.15
Idle Funds - Short-Term Pool	$	$9,921,897.09
Idle Funds - Medium-Term Pool	$	$131,358,698.22
Cash, Checks and Warrants	$	$700,040.27
Total Cash on Hand December 31, 2008	$	**$147,382,747.99**

The negative bank balances shown above do not represent the City as overdrawn in these bank accounts. In order to maximize interest earned on all City funds, deposits have been invested prior to the Departments' notification to the City Treasurer's office of these deposits; therefore, these deposits are not recorded in the City Treasurer's bank account balances at month end.

I also hold as City Treasurer, securities in the amount of $23,679,549.20 representing authorized investments of the City's funds.

ATTEST:

Joan E. Ross, City Clerk

CITY OF LINCOLN
FOUNDED JULY 29, 1867
SEAL
INCORPORATED APRIL 7, 1869
LANCASTER COUNTY, NEBRASKA

Melinda J. Jones, City Treasurer

CITY OF LINCOLN - PLEDGED COLLATERAL STATEMENT
AS OF DECEMBER 31, 2008

DESCRIPTION	CUSIP	MATURITY DATE	ORIGINAL FACE	CURRENT PAR	MARKET PRICE	MARKET VALUE
FHLMC FGLMC D67795	3128F7UU6	12/01/2009	$1,191,991.00	$11,783.21	1.01	$11,871.32
FHLMC GOLD POOL A61256	3128KRMD3	11/01/2036	$3,168,920.00	$2,851,958.09	1.03	$2,938,448.57
FNMA FNCL 254725	31371K4J7	05/01/2033	$500,000.00	$245,326.53	1.02	$251,248.27
FNMA FNARM 303824	31373UPH4	07/01/2025	$1,600,000.00	$20,271.04	1.00	$20,231.32
FNMA FNCL 703944	31401CBM4	05/01/2033	$8,365,000.00	$3,454,086.09	1.03	$3,541,026.82
FNMA POOL 761335	31403XY82	04/01/2019	$7,275,000.00	$3,705,047.21	1.03	$3,808,424.33
USBANK NE		**TOTAL PLEDGED**	**$22,100,911.00**	**$10,288,472.17**		**$10,571,250.63**
FNCL 257124 6.00%	31371NSM8	03/01/2038	$105,000.00	$97,014.71		$99,974.76
WELLS FARGO BANK NE		**TOTAL PLEDGED**	**$105,000.00**	**$97,014.71**		**$99,974.76**
FHLB 5.0%	3133XMEH0	04/04/2013	$500,000.00	$500,000.00		
FEDERAL FARM CREDIT BANK 4.5%	31331Y6T2	08/20/2012	$1,000,000.00	$1,000,000.00		
FHLB 4.30%	31339XRRQ5	04/16/2012	$1,000,000.00	$1,000,000.00		
CORNHUSKER BANK		**TOTAL PLEDGED**	**$2,500,000.00**	**$2,500,000.00**		
FHLB STEP UP 5.00%	3133X5C97	03/25/2011	$1,000,000.00			
FHLB LOC 16747		12/10/2009	$2,000,000.00			
WEST GATE BANK		**TOTAL PLEDGED**	**$3,000,000.00**			
FHLB DISCOUNT NOTE	313385CS3	03/06/2009	$20,000,000.00	$1,950,000.00		$19,964,733.00
TIER ONE BANK		**TOTAL PLEDGED**	**$20,000,000.00**	**$20,000,000.00**		

INTEROFFICE MEMORANDUM

TO:	Mayor Beutler & City Council Members	FROM:	Clinton W. Thomas
DEPARTMENT:	City Council Office	DEPARTMENT:	Housing Rehab & Real Estate Division
ATTENTION:		DATE:	February 5, 2009
COPIES TO:	Teresa J. Meier Marvin Krout John Hendry Byron Blum, Bldg & Safety Jean Preister, Planning	SUBJECT:	Street & Alley Vacation No. 08011 Tallgrass Parkway north of Aster Road

A request has been made to vacate a portion of Tallgrass Parkway north of Aster Road. The area was viewed and appeared as natural ground. Fire hydrants were in evidence along the area to be vacated as a water line was just being installed and what appeared to be rough grading for the road was the result of the water line installation.

Planning has indicated the existence of underground electric facilities and an easement for those facilities has been requested. Planning has also indicated this request for street vacation is a result of the final plat of a subsequent subdivision which will dedicate a street in approximately the same location. It has been requested the dedication be treated as an offset for the street which is being vacated. This is considered to be appropriate.

There have been no requests for utility easements other than the electrical utilities which exist. The existence of a water line in the area is cause for concern, but subsequent conversations with the owner's engineering firm have indicated the water line currently being installed is located within the area of the new street to be dedicated in the following plat. Therefore, it is recommended if the area be vacated it be deeded to the abutting property owner at no cost with the understanding a street will be platted as shown on the subsequent final plat.

Respectfully submitted,

Clinton W. Thomas

Clinton W. Thomas
Certified General Appraiser #990023

JAVA
Joint Antelope Valley Authority

RECEIVED
FEB 11 2009
CITY COUNCIL OFFICE

February 12, 2009

Robin Eschliman
Lincoln City Council Office
555 S 10th St, Room 111
Lincoln, NE 68508

RE: RFI#19 on JAVA Presentation to Pre-Council January 12, 2009

Q1 Mention was made in the presentation about a Cost Benefit Study. How many years ago was that?

A1 The U. S. Army Corps of Engineers Feasibility Study that calculated the flood control project's Benefit/Cost Ratio was completed in October 2000. Another study of the Economic Benefits of the entire Antelope Valley Project was completed by the Arter Group in January 2001.

Q2 There were three committees mentioned -- a Selection Committee, a Negotiation Committee and an Oversight Committee. The Selection Committee chose Parsons Brinckerhoff.

a) What other vendors did they choose?
b) Please give examples of what the Oversight and Negotiation Committees do / did.
c) Are these committees ongoing? Are they the same individuals serving over the years? Or do the committee members change with different topics? How frequently do they meet?

A2a The consultant selection process for both contracts followed the procedures required by FHWA and is overseen by Nebraska Department of Roads. Consultant selection committees are set for each Request for Proposal for professional services and may vary depending on the services being requested. The Committee reviews all consultant proposals submitted, ranks the proposals as to their qualifications and approach, selects a short list of consultants to make an oral presentation to the Selection Committee, then makes a final ranking of the interviewed consultants. The consultant that ranks first is notified and negotiations on scope and fees commence with this firm. If an agreement cannot be reached with the first ranked consultant, negotiations commence with the second ranked firm.

The City, on behalf of the Partners, issued Lincoln Executive Order No. 048053, effective January 25, 1995 and Executive Order No. 048120, effective February 9, 1995 (enclosed) which appointed members to the Selection and Negotiation Committees for professional consultant services to provide preliminary engineering, major investment studies and environmental impact studies for the Holdrege Bypass and Antelope Creek

Roadway Project. The Selection Committee included Bruce Michaelson, Deputy City Engineer, Chair; Roger Figard, RTSD Executive Director; Michael Meyer, Assistant Purchasing Agent; Richard Haden, Assistant Transportation Director; Duane Eitel, NDOR Roadway Design Engineer, Glenn Johnson, LPS-NRD General Manager, and Kim Todd, University of Nebraska. The Negotiating Committee included Michaelson, Figard, Meyer. This Selection Committee was only authorized to select a consultant for the needed professional services.

The Selection Committee for the consultant to complete the preliminary engineering, major investment studies and environmental impact studies selected the Parsons Brinckerhoff (PB) team which included PB as the prime consultant and subconsultant Olsson Associates. Negotiations and scoping identified specialized services that would be needed for the public process, legal matters and other services; PB added Kent Seacrest, Wallace Consulting and Logistics to the team.

JAVA formed a Selection Committee in 2003 for the selection of a consultant to complete construction administration and program management services. JAVA issued a Request for Proposals, received proposals and held interviews for these services in accordance with NDOR and FHWA procedures. The Parsons Brinckerhoff team was selected which included PB as the prime consultant and subconsultants Olsson Associates, HWS Consulting, and the Schemmer Associates. This Selection Committee only selected a consultant for the needed professional services.

A2b Negotiation committees for both contracts included contracting authority representatives, typically the contracting authority's Project Manager and Partners' staff, to hold scoping meetings with the consultant and to confirm the scope of services and evaluate proposed consultant costs to perform the scope. This is an often an iterative process. All final agreements, including scopes of work and estimated costs, are reviewed by legal counsel and the Nebraska Department of Roads Local Projects Division and the Nebraska Department of Roads Controller Division.

Oversight of the consultant contracts has been performed by City designated representatives on behalf of the Partners. Work was completed for a variety of services for planning and design (streets and bridges, flood control project components, parks and trails components.) Members from various City departments who are knowledgeable with the services review the consultant invoices.

A2c Consultant selection committees are set for each Request for Proposal on professional services and may vary depending on the services being requested.

Oversight is being performed on an ongoing and monthly basis, at several levels. The Partner's top level representatives, over the life of the project, have met as needed but generally on an annual basis. These would include the Mayor of Lincoln, the Chancellor of the University of Nebraska – Lincoln and the General Manager of the Lower Platte South Natural Resources District. When the Joint Antelope Valley Authority was created by the Partners in the Interlocal Agreement, the JAVA Board was formed to conduct the formal business of the partnership.

A JAVA Management Committee was formed as well consisting of JAVA Partners' staff that coordinates the development, design and construction issues of the Antelope Valley (AV) projects. This group meets monthly. The AV Finance Committee also meets monthly and includes the City AV Committee and Glenn Johnson, JAVA Board Chair. Lincoln City staff from the departments involved with AV (Public Works and Utilities, Parks and Recreation and Urban Development) and the Mayor's staff have a separate meeting on AV issues, which initially were weekly, and currently are once a month.

JAVA Management Committee members also meet monthly with the USACE, as required by the Flood Control Project Cooperative Agreement, to coordinate issues related to design and construction.

Q3 Did Parsons Brinkerhoff hire

a) Olsson
b) Kent Seacrest
c) Individuals involved in marketing efforts for Antelope Valley, or Purchasing contract separately on some or all of these?

A3 Parsons Brinckerhoff contracted with its subconsultants on both contracts for the services needed for study, community engagement, design and construction administration. These subconsultants included the firms Olsson Associates and Seacrest and Kalkowski. Parsons Brinckerhoff did not have a subcontract with any marketing firm.

Q4 Does the University share directly in costs associated with Antelope Valley like the City?

A4 The University shares in the JAVA Operating Budget costs. The University also has made contributions to the project including, but not limited to, in-kind donations of land, relocation of Transportation Services and other buildings, parking, and staff time. The University also has borne the costs of modifications of project design that were requested by UNL after the AV plans were complete.

Q5 Have there been, in the last year or two, any discussions on scaling down the project, i.e. 4-lane roads instead of 6-lane, reducing amenities involved in parks or trails, using less expensive design and materials for roads or other infrastructure, etc.

A5 The improvements and their amenities that are being built are the JAVA Priority Projects as approved by the FHWA and NDOR in the Environmental Impact Statement and Lincoln-Lancaster County Comprehensive Plan. All individual governing bodies of the three JAVA partners approved the Priority Projects. The Environmental Impact Statement is required by the National Environmental Policy Act (NEPA) which stipulates that federal agencies (FHWA and USACE on AV) integrate environmental values into their decision making processes. The transportation elements and urban environment enhancements for the AV projects were the result of this process.

There have been many instances of value engineering of the project plans and specifications that either directly provided a better improvement, reduced capital costs or saved on future operating and maintenance costs. Examples are described below.

The Partners did investigate the scenario of building fewer lanes for some of the new roadways during the design of the project. The investigation showed that it was not cost-effective to partially build a street facility as there are added costs to construct the final elements under traffic with the associated traffic control and inconvenience to the traveling public.

There were reevaluations made for some of the aesthetic elements of the project.

- The coating system for the bridge structures was modified to reduce initial and maintenance costs.
- Hardscape and landscape amenities of the North/South Roadway between K and Y Streets (the current X Street) were reevaluated to reduce initial and maintenance costs.
- Colored concrete was used for cross walks instead of pavers to reduce initial and maintenance costs.
- The street light poles and traffic signal elements initially were a custom color, but later a standard color, nearly the same as originally intended, was specified for the projects which resulted in significant cost savings.

Sincerely,

Glenn Johnson, LPSNRD, JAVA Board Chair

Enclosures: Lincoln Executive Order No. 048053
Lincoln Executive Order No. 048120

Copy: Christine Jackson, UNL, JAVA Board Vice Chair
Greg MacLean, Lincoln Director of Public Works and Utilities, JAVA Board Treasurer
Trish Owen, Mayor's Staff
Roger Figard, Lincoln City Engineer, JAVA Project Manager

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1/10/95

48053

EXECUTIVE ORDER NO. 048053

BY VIRTUE OF THE AUTHORITY VESTED IN ME by the Charter of the City of Lincoln, Nebraska,

Pursuant to the procedure established in Executive Order No. 44390, the selection and negotiating committees for professional consultant services to provide preliminary engineering, Major Investment Studies, and Environmental Impact Studies for the Holdrege Bypass and Antelope Creek Roadways Project (Project No. 542-320), shall consist of the following members:

Selection committee:	1.	Bruce Michaelson, Chair, Deputy City Engineer
	2.	Roger Figard, RTSD Executive Director
	3.	Michael Meyer, Assistant Purchasing Agent
	4.	Richard Haden, Assistant Transportation Director
	5.	Duane Eitel, NDOR Roadway Design Engineer
	6.	Glenn Johnson, LPS-NRD Director
Negotiating committee:	1.	Bruce Michaelson, Chair
	2.	Roger Figard
	3.	Michael Meyer

Dated this 25 day of January, 19 95.

Mike Johanns, Mayor

Approved as to Form:

Assistant City Attorney

Approved:

1/27 Richard A. Erikson by RAF
Director of Public Works/Utilities

Asst- Purchasing Agent

Finance Director

Staff Review Completed:

Mary A. Johnson
Administrative Assistant

mab01226.bem

1/30/95

48120

EXECUTIVE ORDER NO. 048120

BY VIRTUE OF THE AUTHORITY VESTED IN ME by the Charter of the City of Lincoln, Nebraska,

Pursuant to the procedure established in Executive Order No. 44390, the selection committee for professional consultant services to provide preliminary engineering, Major Investment Studies, and Environmental Impact Studies for the Holdrege Bypass and Antelope Creek Roadways Project (project No. 542-3206), is amended by adding Kim Todd, UNL Landscape Services to the list of members. The negotiating committee shall remain unchanged.

Dated this 9 day of february, 19 95.

Mike Johanns, Mayor

Approved as to Form:

Don W. Taute
Assistant City Attorney

Approved:

Richard A. Erixson by RAF
Director of Public Works/Utilities

Staff Review Completed:

Mary G. Johnson
Administrative Assistant

2/9

Ass't. Purchasing Agent

Finance Director

mab01273.bem

CITY COUNCIL OF LINCOLN NEBRASKA
555 South 10th Street • Lincoln, NE 68508 • 402-441-7515
FAX: 402-441-6533 • E-MAIL: council@lincoln.ne.gov

ROBIN ESCHLIMAN
City Council Member At Large

February 12, 2009

County Commissioners
County/City Building
555 South 10th Street - Room 110
Lincoln, NE 68508

Dear County Commissioners:

Because you have contributed with TIF and because you receive property tax from the projects the City Council approves, I thought you might like to see the projects that came forward to the City this year and how they will impact you.

Knowing that your eyes are probably glazing over, there are 3 lines of interest to you on the report: The line that talks about property tax for the City, because that's equivalent to what you get. There is a line under that that mentions you, but it is mixed in with the RTSD, etc. The third line to look at is lodging tax.

I know TIF has been a sore subject on occasion, but here's what I would say about that: You have every right to hold the City Council to the "But-For" rule. TIF shouldn't be requested unless the project just couldn't happen without it. If that is the case, you have nothing to lose.

The Council voted to approve 24 growth projects plus some preliminary approval to the proposed Assurity Security project in Antelope Valley. Of the projects, 9 are expected to use Blight and Tax Increment Financing* incentives. (One additional project was approved and then decided not to utilize the incentive.) In the 1970s and 1980s, the nationwide trend moved away from solely giving incentives to declining inner city areas and to giving the incentive to newer areas where infrastructure is lacking or non-existent. Of the 9 Lincoln projects, only two are located in poverty neighborhoods. Had it not been for the use of TIF incentives in the same manner that other communities around the country use it, Lincoln's projected growth stream of revenue--as well as the State's, Schools', and County's - - would have drained to a trickle in 2008.

On the last page you will note that the real winners when the City does a project are the State!

We are down quite a bit; however, we annexed a lot of land in 2006 and so are building that out. Also note that this will not come in immediately, it will come in as the projects get finished, which could be a year or could be 10 years. If you have any questions about the report, please call.

Sincerely,

Robin Eschliman

Robin Eschliman
Lincoln City Council Chair
420-3239

<dmarvin@neb.rr.com>
02/12/2009 01:21 PM

To <TBogenreif@ci.lincoln.ne.us>
cc
bcc
Subject TIF Study

History: This message has been replied to and forwarded.

Tammy,

Please put this study in the directors packet and forward to the council.

A year ago when people were getting cranked up about the city's use of TIF I looked up the experience in Missouri. There was a public back lash against the use of TIF in that state and this study looks at the use of TIF Missouri.

What I found interesting was that in that state the "problem" area for the use of TIF in Missouri was it's excessive use on the edge, not on core TIF projects.

Given that both Mayor Seng and Beutler have an established TIF policy of restricting the use of TIF on the edge only to projects that generate "primary employment" and in general would pay wages that are 110% of the county average wage, I believe that our current policy is not likely to lead to the problems that Missouri had.

If my council colleagues believe otherwise we can discuss this study or others at some future organizational meeting.

Dan

- Brookings report on TIF.pdf

RECLAIMING THE INTENT:
TAX INCREMENT FINANCE IN THE KANSAS CITY AND ST. LOUIS METROPOLITAN AREAS

Thomas Luce
Ameregis, Inc.

A Discussion Paper Prepared for
The Brookings Institution Center on Urban and Metropolitan Policy

April 2003

THE BROOKINGS INSTITUTION CENTER ON URBAN AND METROPOLITAN POLICY SUMMARY OF RECENT PUBLICATIONS *

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EXECUTIVE SUMMARY

Tax increment finance (TIF) is a popular and potentially powerful tool for places that need economic development the most yet have the least to spend. By allowing jurisdictions to use portions of their tax base to secure public-sector bonds, the mechanism allows fiscally strapped localities to finance site improvements or other investments so as to “level the playing field” in economic development.

However, poorly designed TIF programs can cause problems. Not only can they increase the incentives for localities to engage in inefficient, zero-sum competition for tax base with their neighbors. Also, lax TIF rules may promote sprawl by reducing the costs of greenfield development at the urban fringe. It is therefore critical that state legislatures design TIF rules well.

In view of this, an analysis of the way TIF is designed and utilized in Missouri shows that:

- **Missouri law creates the potential for overuse and abuse of TIF.** Vague definitions of the allowable use of TIF permit almost any municipality, including those market forces already favor, to use it. Weak limits on its use for inefficient inter-local competition for tax base touch off struggles between localities. And the inclusion of sales tax base in the program tilts it toward lower-wage jobs and retail projects, which rarely bring new economic activity into a region.

- **Thanks to these flaws, TIF is used extensively in high-tax-base Missouri suburban areas with little need for assistance in the competition for tax base.** This is especially true in the St. Louis metropolitan area. There, TIF money very frequently flows to purposes other than combating “blight” in disadvantaged communities—its classic purpose. In fact, less than half of the 21 St. Louis-area cities that were using TIF in 2001 were disadvantaged or “at-risk” when evaluated on four indicaters of distress. On another measure, just seven of the 20 suburban areas using TIF fell into the “at-risk” category.

- **TIF is also frequently being used in the outer parts of regions—particularly in the St. Louis area.** Most notably, only nine of the St. Louis region’s 33 TIF districts lie in the region’s core. Conversely, 14 of the region’s 38 TIF districts lie west of the region’s major ring road (I-270). These districts, moreover, contain 57 percent of the TIF-captured property tax base in the region. By contrast, the Kansas City region shows a pattern more consistent with the revitalization goals of TIF. The vast majority of the districts lie in the region’s center city, though the huge size of the city means many are still geographically far-flung.

In sum, poorly designed TIF laws are being misused at a time when state and local fiscal pressures require every dollar be spent prudently. As a result, a potentially dynamic tool for reinvestment in Missouri’s most disadvantaged communities threatens to become an engine of sprawl as it is abused by high-tax-base suburban areas that do not need public subsidies.

For these reasons, Missouri would be well-served by significant reforms in the laws governing TIF:

- **The allowable purposes for TIF should be more strictly defined to target its use to places with the most need for economic development.**

- **Higher level review of local determinations that TIF subsidies will support net contributions to the regional or state economy (the “but-for” requirement) should be implemented.**

- **Local TIF administrators should be required to show that TIF subsidies are consistent with land-use and economic development needs both locally and in nearby areas.**

If such reforms were put in place, TIF could be returned to its attractive main purpose: that of providing resources that would not otherwise be available to localities that badly need them to promote needed economic development and redevelopment.

TABLE OF CONTENTS

RECLAIMING THE INTENT:
TAX INCREMENT FINANCE IN THE KANSAS CITY AND ST. LOUIS METROPOLITAN AREAS

I. INTRODUCTION

Tax increment finance (TIF) is a method to finance part of the public and private costs associated with local economic development. It does this by removing tax base increases in areas designated as TIF districts from the general tax roles and using the revenues from this “captured” tax base to finance site improvements or other economic development costs. In the standard model, public-sector bonds are used to raise the money needed to finance site improvements at the beginning of the project. The revenues from the captured tax base are then used to repay the bonds. When the bonds have been retired, the captured tax base reverts to the general tax roles.

This study shows how TIF has been used in the St. Louis and Kansas City metropolitan areas. The following section, Section II, describes TIF in some detail, summarizes the pros and cons of the mechanism, and discusses three issues of special concern—allowable purposes for TIF districts, the “but-for” clause and project evaluation. Section III summarizes TIF rules in Missouri, describes the distribution of TIF activities in the Kansas City and St. Louis metropolitan areas and evaluates the effect of TIF on state aid to school districts in the areas that use TIF. Section IV provides concluding comments.

II. Advantages and Disadvantages of TIF

TIF is a popular tool for local governments because it provides a way for them to finance local economic-development initiatives by means other than disbursements from current tax revenues.[1] Indeed, from the local point of view, TIF appears to be a costless (or very low cost) way to finance economic-development programs—if tax base increases in the TIF district would not have occurred without the site improvements, then the money used to finance the bonds would not have been available in the absence of TIF. In other words, if the new tax base in a TIF district is truly base that would not have been available without the TIF funding, the local government gets something (funds for economic-development programming) for nothing (no decrease in the funds available for other purposes).

This feature of TIF is both its primary strength and its major weakness. It is a strength because TIF generates funding for economic-development activities that otherwise might not be available (especially at a time when assistance of this sort from higher levels of government is declining). This is especially important in fiscally stressed places that both need the economic development the most and have the fewest resources to spend. It is a weakness because it reduces the apparent costs of economic development activities that often generate no net additions to the overall regional or state economy. When the economic activity encouraged by TIF funding represents activity that would have occurred somewhere else in the metropolitan area or the state, then from the point of view of metropolitan or state officials, the TIF funding is simply an unneeded public subsidy. The larger the geographic scope of your point of view, the more likely it is that TIF will be viewed as simply another tool in the zero-sum competition for tax base that goes on in every part of the country.

One implication of the potential zero-sum nature of TIF benefits relates to school finance. If state governments distribute aid to localities or school districts based on local tax bases (excluding base captured in a TIF district), then total state aid is likely to be greater than it would have been in the absence of TIF. For instance, if a business locates in a TIF district in a St. Louis-area suburb and generates $1 million in TIF-captured tax base, this $1 million dollars of tax-base is not counted in the state school aid formula that determines the amount of aid received by the local school district. However, if that business had located in St. Louis (outside of any TIF district), then it would have been counted in the tax base used to calculate school aid to St. Louis, reducing the amount of aid received there. In general, the net effect of a business locating in a TIF district rather than outside of a TIF district is an increase in total school aid distributed by the state.[2]

TIF offers other important advantages. It is a powerful and flexible way for state and local governments to direct economic-development resources where they are most needed. It is powerful because it leverages private resources—TIF bonds are repaid with tax revenues generated by the

[1] By 1999 44 states had TIF legislation. Goshorn, Julie A. "In a TIF: Why Missouri Needs Tax Increment Financing Reform" *Washington University Law Quarterly* 77, p. 925.
[2] The actual situation in Missouri is more complicated than this because of the special treatment of selected "held harmless" school districts in the school aid formula. See Section III, part B.

private development fostered by the TIF district. It is flexible because the generated funds can be spent on a wide variety of activities, while many intergovernmental funding sources come with strings attached. In the end, local officials—the players best able to evaluate special local circumstances—determine how the money is spent.

Another strength of TIF is that projects it supports must weather a market test of a sort not often applied to spending from general fund budgets. Local economic-development officials must evaluate TIF projects to ensure that they will (or will be very likely to) generate the added tax base needed to finance the TIF bonds. If TIF expenses are financed with general obligation (GO) bonds—bonds backed by the assets of the issuing government—and the project fails to capture enough new tax base to finance the TIF bonds, the bonds must still be redeemed at some point from general revenues. Similarly, if TIF bonds are financed by revenue bonds—bonds backed only by the expected revenue stream from the project—then questionable projects are unlikely to generate support from private investors concerned with protecting their investment.

To be sure, economic-development projects funded from a city's annual general fund—for instance, from the local economic-development agency's annual budget—must also weather the reviews built into the budget process. However, this process is unlikely to compare the required current expenditures to the resulting future revenue increases in as rigorous a manner as TIF funding because failure would not put the same "lien" on future revenues that a TIF bond does.

The upshot of these advantages and disadvantages, then, is that states must design TIF rules well. Three related issues stand out: (1) the definition of allowable purposes for TIF districts; (2) the definition of "new" activity, or activity that would have occurred "but-for" the TIF subsidies; and (3) project evaluation requirements.

A. Allowable Purposes for TIF Districts

If TIF is to be something other than just another means for localities to "beggar-thy-neighbor" in the competition for tax base, it must be targeted in ways that limit its use to places with a compelling need for assistance in this competition. Different states define allowable purposes in a variety of ways, usually based either on the characteristics of the area to be included in the TIF district or the purposes for which the TIF funds will be used.

Local characteristics commonly used to define allowable purposes include blight (usually defined as fully developed areas with a significant percentage of substandard or vacant buildings), brownfields (areas with soil or other environmental remediation required) or activity in a targeted industry (usually declining industries such as manufacturing or mining). Allowable spending categories often include activities like low-income housing or industry retention. In addition, most states (including Missouri) also add the catch-all "economic development" as an allowable purpose. This category, or one like it, is often the loophole that enables non-stressed places to use TIF for greenfield development.

B. The “But-For” Clause

Most states require that TIF be used only to subsidize economic development that would not have occurred without the subsidy. The intent is to prevent TIF funds from being used simply to shift economic activity around a region in a zero-sum competition for tax base. Unfortunately, the “but-for” requirement is inherently difficult to verify. As a result, it often consists of little more than a requirement that TIF funds not be used to lure existing firms from another location within the same region or state.

The difficulty of enforcing the “but-for” requirement makes it very important to carefully define TIF’s allowable purposes. One way to minimize the costs of the violations of the “but-for” clause is to carefully target TIF to geographic areas that are struggling or where development or redevelopment is expensive but desirable for social reasons (such as redeveloping brownfields in areas with high unemployment). Another is to limit subsidies to activities that private markets do not serve well (such as very low-income housing). The difficulty in policing the “but-for” requirement is the primary reason that vague allowable purposes like “economic development” create so much potential for TIF to be misused.

C. Project Evaluation

There are two important parts of a good project review— appraising the financial viability of the project and evaluating the underlying economic development value of the proposed activity.

Because TIF often involves the use of GO bonds that put public assets at risk, it is very important that TIF projects be evaluated thoroughly enough to ensure a high likelihood that the TIF subsidies will generate the new tax base needed to finance the bonds. TIF projects that fail to do this increase local fiscal stress by requiring that funds be diverted from other purposes to finance the bonds. The need for thorough evaluation inevitably increases the difficulty and costs of TIF as an economic-development tool.

One way to ensure the proper evaluation is to require that TIF districts use only revenue bonds, rather than GO bonds. The use of revenue bonds forces TIF projects to pass a market test—potential investors must be convinced of the viability of the project itself, not simply of the financial viability of the issuing government. If an adequate evaluation of the project is not available or if the evaluation implies that the risk of default is significant, then investors are likely to require junk-bond level returns—very high interest rates that increase the costs of the project.

Because TIF is a financial tool, it is tempting to evaluate TIF projects on that basis alone. However, a potential TIF project should also be evaluated by how well it serves local land-use needs and by the net economic benefits it generates. The fact that a project that is viable financially does not necessarily imply that it represents the best use of available resources (such as land and public funds) or even that it is worth doing at all. For instance, a project that results in retail development that increases tax base by enough to pay off the public costs of the project—meaning that it is financially viable—may also consume land that would more appropriately be used for other purposes while generating only very low paying (or temporary) jobs with no real possibility of advancement for the workers that get them. In short, TIF projects should be evaluated in the context of a local land-use plan that specifies the preferred distribution of local economic activity and in the context of an economic development plan that spells out a preferred path for the local economy.

All of the issues described in this section interact in important ways. For instance, if the allowable purposes for TIF limit its use to areas with very high unemployment or other social needs, then the "but-for" requirement becomes less important because the economic-development activities are being targeted to areas where the social value is greatest. Similarly, if a way can be found to enforce the "but-for" requirement, then TIF is unlikely to be used for greenfield development in prosperous areas where development subsidies are unneeded.

III. TAX INCREMENT FINANCE IN MISSOURI

Missouri's TIF law is typical in some ways and unusual in others. The conventional features include the menu of allowable purposes for TIF and the treatment of the "but-for" requirement. A less common—and important—characteristic is the provision that allows localities to capture tax increments for taxes other than the property tax.

Allowable Purposes for TIF Districts: Missouri law allows localities to designate TIF districts in areas that fit into at least one of three designations: blight, conservation, and economic development. A blighted area is defined by statute as "an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use."[3]

The definition of conservation area is more specific. It requires that 50 percent or more of the buildings in the district must be 35 years old or more and that the area is likely to become a blighted area.[4]

To qualify as an economic development area, there must be a finding by the municipality that TIF will not be used to compete unfairly for tax base and that the economic-development activities are in the public interest because they discourage economic activity from leaving the state, increase local employment or preserve the local tax base. Finally, the TIF redevelopment area must have experienced either population decline or a decrease in the value of real property (inflation adjusted) during the 20 years prior to designation.[5]

Missouri's menu of allowable purposes is thus fairly typical. Most importantly, the menu is not especially restrictive. It is likely, for instance, that at least some part of most municipalities, even places that market forces already favor, could qualify for TIF under one or more of the allowable purposes. Overuse of the blight designation has come under particular criticism.[6]

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[3] MO. REV. STAT. § 99.805.1 (1994).
[4] MO. REV. STAT. § 99.805.2 (1994).
[5] MO. REV. STAT. § 99.805.2 (1994). See also Goshorn, Julie A. "In a TIF: Why Missouri Needs Tax Increment Financing Reform," *Washington University Law Quarterly* 77, 919–946 and Missouri Department of Economic Development, "Tax Increment Financing Program." Available at www.ded.state.mo.us/communities/ communitydevelopment/pdfs/tif.pdf
[6] See Goshorn, p. 923. Two local reviewers of this research also cited this as a serious concern.

The "But-For" Clause and Project Evaluation: The Missouri TIF statute requires that the local TIF commission prepare a redevelopment plan and determine whether TIF is needed to make the project feasible—whether the project would not occur "but for" the TIF funding. The "but-for" requirement may be met in several ways, "such as the lack of development at the project site; additional costs of redevelopment; lack of private funds for the project; a projected pro-forma indicating that the projected return on investment (without the TIF assistance) is below a market rate of return, or other methods."[7]

There are at least three serious shortcomings in this articulation of the "but-for" clause and the project evaluation element. First, the "but-for" determination is strictly local. It is the responsibility of the local TIF commission and the law makes no allowance for higher level review. This means that regional or state-level zero-sum concerns—the possibility that the development would occur elsewhere within the region or the state in the absence of the local subsidy—receives no consideration. Second, even the local "but-for" hurdle is vague and set very low. For instance, sites that meet the "lack of development at the project site" requirement could potentially include greenfield sites in relatively affluent areas. Finally, the redevelopment plan required by the law includes only the TIF site, with no reference to adjoining areas. While TIF commissions may have some incentive to relate TIF plans to more general local economic development objectives, they are not required to do so and they have no incentive to consider such concerns beyond municipal boundaries.

Potential Revenue Streams: As in most states, Missouri TIF districts may capture up to 100 percent of the increment in real property taxes generated by TIF-supported development. However, unlike most states, the Missouri law also allows districts to capture 50 percent of local sales and utility tax increments.[8] This creates an incentive for TIF users to implement sales-tax-intensive development strategies.[9] In most cases, this means retail development, a type of development that creates few high-wage jobs with strong career tracks. Competition for retail development is also very likely to represent a zero-sum game from the point of view of the region or the state—new development in one part of the region/state is likely to simply be displacing activity in another part of the region/state.

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[7] Missouri Department of Economic Development, "Tax Increment Financing Program," p. 2. Available at www.ded.state.mo.us/ communities/communitydevelopment/pdfs/tif.pdf

[8] Districts in St. Louis and Kansas City may also capture the increment in local income taxes—they are the only localities in the state with the authority to tax income.

[9] Municipalities in the Kansas City and St. Louis metropolitan areas that use the sales tax rely very heavily on the tax. In 1998, municipal sales tax revenues exceeded municipal property tax revenues by a factor of 2.8 in those places.

A. Distribution of TIF Districts and Captured Tax Base

As of February 1, 2001, there were 125 TIF districts in Missouri that had used a total of $341 million in TIF increments to finance economic-development costs.[10] Seventy-three of the 125 districts were designated as blighted, 24 were conservation areas, 11 were economic-development areas, and 15 were combinations of more than one designation.

TIF districts were located disproportionately in the Kansas City and St. Louis metropolitan areas. Eighty-nine of the 125 districts were in the two metropolitan areas: 40 in the city of Kansas City, 10 in Kansas City suburbs, six in St. Louis, and 33 in St. Louis suburbs. By 2000, some tax base had actually been captured in 76 of these 89 TIF districts. Table 1 shows the distributions of these districts by city and sector. The data show a relatively wide range of uses for TIF, with retail, office and combined office, and retail the most common. The extensive use of TIF for retail development is noteworthy given that retail development is unlikely to represent new activity in the regional economy that would not have occurred without the TIF subsidies.

Maps 1 through 4 show the geographic distribution of TIF districts and captured base in the two metropolitan areas. Table 2 shows a municipality-level summary of the TIF-captured tax base. The Kansas City metropolitan area shows a pattern very consistent with the generally stated goals of TIF. The vast majority of the districts lie in the core of the region—80 percent are located in Kansas City and 14 percent are located in first-ring suburbs (though the huge size of the city means many districts are still geographically far-flung). Only three districts lie in municipalities that do not border Kansas City—two in Excelsior Springs and one in Kearney—and these districts contain just 6 percent of the TIF-captured tax base in the region. (See Appendix A for a description of the methods used to compute TIF-captured tax base.)

The St. Louis region shows a much greater predominance of TIF districts in outer parts of the region. Only nine of the region's 33 TIF districts are in the region's core—six in the city of St. Louis, and three in Maplewood, a suburb bordering the city. These nine districts represented just 15 percent of TIF-captured tax base in the region. Conversely, 14 of the region's 38 TIF districts are outside the region's major ring road (I-270), and these districts contain 57 percent of the TIF-captured property tax base in the region.[11]

Although there are a greater number of TIF districts in the Kansas City region, communities in the St. Louis area have captured a significantly greater share of total tax base in TIF districts—10 percent, compared to 5 percent in Kansas City. Six St. Louis municipalities show capture rates in excess of 10 percent, compared to just one in Kansas City.[12]

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[10] Missouri Department of Economic Development, *2000 Annual Report: Tax Increment Financing Projects in Missouri*, p. 1, Available at http://www.ecodev.state.mo.us/cd/finance/tif.htm Reviewers noted that this source may not include all TIF districts in the state.

[11] Districts outside I-270 include those in Hillsboro, St. Charles, St. Peters, Chesterfield, Eureka, Ballwin, Fenton, Hazelwood, and Wentzville.

[12] The single very high capture rate in the Kansas City region—37 percent in Excelsior Springs—is the result of a very high measured rate for the sales tax base. This percentage may be the result of incorrect reporting in the

Table 1: Distribution of TIF Districts by City and Function

Metro Area	County	City	# of Districts	Percentage Distribution of Districts by Sector: Retail	Retail/Office Combined	Office	Industrial	Mixed	Other
K. C.	Clay	Excelsior Springs	2	100	0	0	0	0	0
K. C.	Jackson	Grandview	3	67	0	0	33	0	0
K. C.	Jackson	Kansas City	40	5	28	25	10	13	20
K. C.	Jackson	Lee's Summit	2	50	0	0	50	0	0
K. C.	Jackson	Raytown	2	50	0	0	50	0	0
K. C.	Total		49	16	22	20	14	10	16
St. L.	Jefferson	Hillsboro	1	0	0	0	0	0	100
St. L.	St. Charles	St. Charles	4	50	25	0	25	0	0
St. L.	St. Charles	St. Peters	2	0	50	0	50	0	0
St. L.	St. Louis	Brentwood	1	0	100	0	0	0	0
St. L.	St. Louis	Bridgeton	1	100	0	0	0	0	0
St. L.	St. Louis	Chesterfield	1	0	0	0	0	0	100
St. L.	St. Louis	Eureka	2	50	50	0	0	0	0
St. L.	St. Louis	Ferguson	1	100	0	0	0	0	0
St. L.	St. Louis	Kirkwood	2	0	50	0	0	50	0
St. L.	St. Louis	Maplewood	3	33	0	33	0	0	33
St. L.	St. Louis	Maryland Heights	2	0	50	0	0	0	50
St. L.	St. Louis	University City	1	0	0	0	0	100	0
St. L.	St.Louis City	St. Louis	6	33	0	0	0	17	50
St. L.	Total		27	30	22	4	7	11	26
	Total		76	21	22	14	12	11	20

Cities with TIF districts but no captured tax base include: Ballwin (1 district), Bel Ridge (1), Crestwood (1), Fenton (2), Hazelwood (3), Kearney (1), O'Fallon (1), Valley Park (2), and Wentzville (1). All except Kearney are in the St. Louis Metropolitan Area.

state report. When contacted, local officials provided a much lower estimate for the captured property tax base than that reported in the state report but they could not provide an alternative for the sales tax. The 45 percent figure for the sales tax should therefore be viewed with caution. Local officials were also contacted to confirm the very high percentages in the St. Louis area places with total percentages in excess of 20 percent. The reported percentages were confirmed in those places.

Table 2: 2000 Tax Base Captured in TIF Increments by City

Metro Area	County	City	# of Districts	Property Tax Base: Captured	Property Tax Base: Percentage of Total	Sales Tax Base: Captured	Sales Tax Base: Percentage of Total	Earned Income Tax Base: Captured	Earned Income Tax Base: Percentage of Total	Weighted Average Percentage
K. C.	Clay	Excelsior Springs	2	4,000,000	6	58,360,300	45			37
K. C.	Jackson	Grandview	3	9,771,225	6	12,469,950	5			5
K. C.	Jackson	Kansas City	40	209,045,399	8	n.a.	n.a.	643,167,653	4	5
K. C.	Jackson	Lee's Summit	2	30,314,264	4	75,030	0			4
K. C.	Jackson	Raytown	2	5,081,119	2	2,753,954	1			2
K. C.	Total		49	258,212,007	7	73,659,234	5	643,167,653	4	5
St. L.	Jefferson	Hillsboro	1	892,414	7	861,455	4			5
St. L.	St. Charles	St. Charles	4	20,207,273	3	51,926,000	6			5
St. L.	St. Charles	St. Peters	2	155,779,704	27	67,346,021	6			18
St. L.	St. Louis	Brentwood	1	68,826,502	39	120,880,521	51			47
St. L.	St. Louis	Bridgeton	1	25,505,404	8	20,513,550	3			6
St. L.	St. Louis	Chesterfield	1	239,863,408	23	137,557,168	19			22
St. L.	St. Louis	Eureka	2	49,222,713	43	74,265,266	58			52
St. L.	St. Louis	Ferguson	1	22,621,585	17	64,069,467	25			22
St. L.	St. Louis	Kirkwood	2	28,260,415	7	4,643,858	2			6
St. L.	St. Louis	Maplewood	3	7,694,200	10	0	0			10
St. L.	St. Louis	Maryland Heights	2	6,286,668	1	11,199,000	2			1
St. L.	St. Louis	University City	1	16,372,835	2	0	0			2
St. L.	St.Louis City	St. Louis	6	93,945,832	5	n.a.	n.a.	98,830,100	1	2
St. L.	Total		27	735,478,955	11	553,262,304	11	98,830,100	1	10
	Total		76	993,690,961	9	626,921,538	9	741,997,753	2	8

Cities with TIF districts but no captured tax base include: Ballwin (1 district), Bel Ridge (1), Crestwood (1), Fenton (2), Hazelwood (3), Kearney (1), O'Fallon (1), Valley Park (2), and Wentzville (1). All except Kearney lie in the St. Louis Metropolitan Area.

Weighted average percentages were computed using weights based on the revenues resulting from the captured tax base.

Sources: See Appendix A.

A primary objective of TIF is to "level the playing field" in the competition for tax base by helping fiscally stressed places with few resources to devote to the competition. It is therefore of interest to compare the characteristics of places that use TIF to those that do not. The TIF district maps suggest that TIF has been used much more extensively in St. Louis by suburban areas with little need for assistance in the regional competition for tax-base. Examining the characteristics of the municipalities that employ TIF confirms this. Table 3 shows how the cities that use TIF compare to the rest of their regions in four dimensions—their per-household property and sales tax bases, the level of poverty in their schools, and how that poverty level has changed over time. Tax base is a good measure of the fiscal condition of individual cities, and the school poverty is a good summary measure of the social needs they face.[13]

In Kansas City, TIF users tend to command lower tax bases than their counterparts who do not use TIF. Four of the six TIF cities have lower property tax bases and five of the six have lower sales tax bases. Three of the six show higher poverty rates and all of them show either increasing school poverty or smaller decreases than the average for non-TIF cities. Overall, four of the six are disadvantaged in either three or four of the four dimensions and these places represent 96 percent of TIF-captured tax base. Only Kearney and Lee's Summit fare well in the tax base and poverty comparisons, and their characteristics are relatively close to the averages for non-TIF cities.

The TIF-user profiles are significantly different in the St. Louis metropolitan area. Only six of the 21 cities that use TIF are disadvantaged in three or four of the four dimensions, and these places represent just 22 percent of the total tax base captured by TIF.[14] Indeed, five of the TIF cities are disadvantaged by *none* of the measures and these places contain 23 percent of the total captured base.[15] Another six places, representing 22 percent of captured base, are disadvantaged in only one dimension.[16] TIF is clearly being used extensively in the St. Louis area by cities that already fare relatively well in inter-local competition for tax base.

The community classification system developed by Ameregis for its recent study of the 25 largest U.S. metropolitan areas provides another way of examining these issues.[17] The classification system grouped suburban municipalities according to total tax base, tax base growth, population growth, student poverty, racial mix, population density and age of the housing stock. The resulting groups divided suburban municipalities into three "at-risk" categories (places showing clear signs of fiscal stress), a "bedroom developing" category (fast-growing places with average fiscal resources), and two "affluent job-center" categories (places with very robust tax bases and low public-service costs).

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[13] School poverty is measured by the percentage of elementary students eligible for free or reduced-price lunches under the federal Free Lunch Program.
[14] These cities are Bel-Ridge, Ferguson, Maplewood, University City, Valley Park, and St. Louis.
[15] Wentville, Brentwood, Crestwood, Eureka, and Fenton.
[16] O'Fallon, St. Peters, Ballwin, Bridgeton, Kirkwood, and Maryland Heights.
[17] Myron Orfield, *American Metropolitics: A New Suburban Reality* (Washington: Brookings Institution, 2002).

Table 3: Community Characteristics: Places with TIF Districts Compared to Those Without

Metro Area	County	City	Percent of Total Local Tax Base Captured by TIF	Share of Regional Captured Base	1998 Property Tax Base per Household	1998 Sales Tax Base per Household	School Poverty 1998	Change in School Poverty 1993--98
K. C.	Clay	Excelsior Springs	37	6	78,143	25,288	27	7
K. C.	Jackson	Grandview	5	2	90,031	28,080	39	12
K. C.	Jackson	Kansas City, MO	5	87	102,297	36,511	45	1
K. C.	Clay	Kearney	0	0	117,825	29,003	4	-2
K. C.	Jackson	Lee's Summit	4	3	133,332	22,831	7	-3
K. C.	Jackson	Raytown	2	1	93,553	20,959	16	5
K. C.	Total (Municipalities with TIF)		5	100	105,218	33,649	39	1
K. C.	Rest of Metropolitan Area		0	0	113,728	25,307	21	-4
St. L.	Jefferson	Hillsboro	5	0	82,337	31,353	21	-5
St. L.	St. Charles	O'Fallon	0	0	133,742	41,166	10	-5
St. L.	St. Charles	St. Charles	5	5	99,343	35,392	15	-4
St. L.	St. Charles	St. Peters	18	16	124,222	54,379	9	-6
St. L.	St. Charles	Wentzville	0	0	186,609	79,824	29	-10
St. L.	St. Louis	Ballwin	0	0	137,680	26,958	13	-7
St. L.	St. Louis	Bel-Ridge	0	0	55,858	7,635	73	-3
St. L.	St. Louis	Brentwood	47	14	155,986	65,890	19	-3
St. L.	St. Louis	Bridgeton	6	3	173,977	102,315	25	25
St. L.	St. Louis	Chesterfield	22	27	227,946	37,999	11	8
St. L.	St. Louis	Crestwood	0	0	154,683	80,960	19	-6
St. L.	St. Louis	Eureka	52	9	180,152	65,016	12	-16
St. L.	St. Louis	Fenton	0	0	435,872	354,755	13	-4
St. L.	St. Louis	Ferguson	22	6	68,635	28,194	46	5
St. L.	St. Louis	Hazelwood	0	0	195,963	39,850	12	4
St. L.	St. Louis	Kirkwood	6	2	140,947	24,420	15	-6
St. L.	St. Louis	Maplewood	10	1	60,464	28,197	45	6
St. L.	St. Louis	Maryland Heights	1	1	183,832	78,546	13	13
St. L.	St. Louis	University City	2	1	86,822	12,750	45	-10
St. L.	St. Louis	Valley Park	0	0	95,230	11,810	40	-24
St. L.	St. Louis City	St. Louis	2	14	53,322	25,373	78	0
St. L.	Total (Municipalities with TIF)		10	100	98,164	35,447	48	-3
St. L.	Rest of Metropolitan Area		0	0	114,287	56,866	29	1

Sources: See Appendix A.

In the Kansas City area, three of the five suburban areas using TIF (Excelsior Springs, Grandview, and Raytown) fall into Ameregis' at-risk categories, and the other two (Kearney and Lee's Summit) fall into the bedroom-developing category. In the St. Louis area just seven of the 20 suburban areas using TIF fall in the at-risk categories (Bel-Ridge, Brentwood, Ferguson, Kirkwood, Maplewood, University City, and Valley Park), nine are bedroom-developing (Hillsboro, O'Fallon, St. Charles, St. Peters, Ballwin, Chesterfield, Eureka, Hazelwood, and Maryland Heights), and four are affluent job centers (Wentzville, Bridgeton, Crestwood, and Fenton). These distributions support the analysis based simply on tax base and poverty—TIF is much more likely to be used by non-stressed localities in the St. Louis area than in the Kansas City area.

B. TIF and State Aid for Public Schools

TIF removes a portion of local tax bases from the general tax roles. In particular, in Missouri it removes tax base from the local school district property-tax roles that are used to compute state aid to school districts. This means that, unless all of the economic activity supported by TIF satisfies the "but-for" requirement *from the point of view of the entire state*, TIF activity increases the total amount of state aid that the State of Missouri distributes to local school districts.[18] (See Appendix B for descriptions of the Missouri School Aid Formula, the hold-harmless exclusion, and the method used to calculate the effects of TIF on school aid.)

There is an important exception to this rule. A number of school districts receive levels of state aid determined not by the formula in current law that accounts for local tax base but, instead, under a "hold harmless" clause in the law. When the current aid system was enacted in 1993, the tax-base-equalization portion of the new school-aid formula resulted in allocations of zero aid to a number of school districts—districts with relatively high local tax bases. To ensure that all school districts in the state receive at least as much equalization aid as they received in 1992–93, the law included a clause that held such school districts harmless by allocating aid to them based on an alternative formula that does not include tax base. Since increases or decreases in local tax base have no effect on school aid in these places, excluding TIF-captured tax base from the aid calculation has no effect on the aid that these districts receive.

The hold-harmless clause creates a paradox when evaluating the effects of TIF on school aids. When TIF is used in places with very high tax bases—places that would not normally be regarded as prime candidates for the benefits associated with TIF—it does not increase the amount of school aid that those places receive. Thus, there is a lower dollar cost to state government when TIF is used by these places than when it is used by places that are the primary targets of the TIF law—low-tax-base places that most need the advantages bestowed by TIF.[19]

[18] This assumes that the state does not adjust the state aid formula year-by-year in order to generate a specific total amount of state aid.
[19] To some extent this paradox is a short-run phenomenon. In the long run, TIF-captured tax base returns to the general tax roles. One outcome of a well-designed TIF system should be a more equal distribution of tax base across the state's school districts. A more equal distribution of tax bases means that there should be less need for tax-base-equalizing school aids. Therefore, it is possible that TIF actually reduces state school-aid costs in the long run.

Table 4 shows the results of simulations of the effects of TIF on school-aid levels to the school districts containing TIF-captured tax base. The analysis simulates the amount of school aid that each district would have received in 2001 with and without the exclusion of TIF-captured base from the school-aid formula. The analysis assumes that none of the TIF-captured tax base meets the "but-for" criterion from the point of view of the state as a whole. In other words, it assumes that, without TIF, all of the TIF-generated development would have occurred somewhere in Missouri. The measured effects therefore represent upper bounds on the extra costs to the state. If all TIF-generated tax base instead meets the state-level "but-for" requirement, then the state costs are zero. The actual situation almost certainly falls between the two extremes.

Overall, TIF increases state aid by up to 7 percent in the Kansas City-area school districts containing TIF districts, and by up to 5 percent to the districts in the St. Louis area with TIF-captured tax base. The district-by-district percentages vary significantly—from zero percent in hold-harmless districts up to 21 percent in the Fort Zumwalt District in the St. Louis area. The highest absolute cost is associated with the Kansas City School District, comprising roughly a third of the total cost for the two metropolitan areas combined. In most cases, however, the effects are relatively modest—between 2 percent and 5 percent.[20]

There are eight hold-harmless school districts that contain TIF districts in the St. Louis area. There are none in the Kansas City area. This is consistent with the patterns uncovered in Table 3. Relatively high tax-base places (especially places with high property tax base—the only tax base included in the school-aid calculation) are much more likely to be using TIF in St. Louis than in Kansas City. TIF-associated school-aid costs to the state for these places are zero. However, the characteristic that put these districts into the hold-harmless category (high property tax base per pupil) also means that they are not likely to be good candidates for TIF.[21]

[20] The total effect for all of the districts in Table 3, $22,609,829 represents 1.1 percent of aid distributed statewide under the equity formula in 2001 and .7 percent of total 2001 school aids.

[21] Two possible exceptions to this are the Maplewood-Richmond Heights and University City School Districts—two of the cities in these districts, Maplewood and University City, show modest tax bases and relatively high school poverty (see Table 3).

Table 4: 2000 Property Tax Base Captured in TIF Increments and Associated School Basic Aid by School District

Metro Area	School District	Captured Property Tax Base	Percentage of Total	2001 Formula Aid Calculation Excluding Captured Base	2001 Formula Aid Calculation Including Captured Base	Difference	Percentage Difference	Hold Harmless Districts
K. C.	Excelsior Springs 40	4,000,000	3	7,984,208	7,858,212	125,996	2	
K. C.	Grandview C-4	351,504	0	7,245,762	7,230,542	15,220	0	
K. C.	Hickman Mills C1	28,424,651	7	17,384,224	16,223,582	1,160,642	7	
K. C.	Kansas City	165,320,313	7	73,044,062	65,430,961	7,613,101	10	
K. C.	Lee's Summit R-VII	30,314,264	4	29,885,564	28,636,617	1,248,947	4	
K. C.	Liberty	10,636,220	3	12,741,804	12,333,372	408,432	3	
K. C.	Park Hill	4,365,952	1	7,355,526	7,166,627	188,899	3	
K. C.	Raytown C-2	14,799,103	3	14,447,228	13,888,659	558,569	4	
K. C.	Total	258,212,007	4	170,088,378	158,768,572	11,319,806	7	
St. L.	Brentwood	68,826,502	36	204,850	204,850	0	0	X
St. L.	Ferguson-Florissant	22,621,585	3	20,498,078	19,434,864	1,063,214	5	
St. L.	Ft. Zumwalt R-II	155,779,704	15	24,286,018	19,176,444	5,109,574	21	
St. L.	Hazelwood	25,505,404	2	23,320,061	22,235,515	1,084,546	5	
St. L.	Hillsboro R-3	892,414	1	6,640,101	6,614,462	25,639	0	
St. L.	Kirkwood	28,260,415	4	862,791	862,791	0	0	X
St. L.	Maplewood-Richmond Heights	7,694,200	5	371,653	371,653	0	0	X
St. L.	Pattonville	6,286,668	1	1,578,523	1,578,523	0	0	X
St. L.	Rockwood	289,086,121	14	9,297,391	9,297,391	0	0	X
St. L.	St. Charles County R-V	11,789,430	9	788,069	788,069	0	0	X
St. L.	St. Charles R-VI	8,417,843	1	6,079,079	6,079,079	0	0	X
St. L.	St. Louis	93,945,832	3	108,412,229	104,409,215	4,003,014	4	
St. L.	University City	16,372,835	5	4,721,300	4,721,300	0	0	X
St. L.	Total	735,478,955	6	207,060,143	195,774,156	11,285,987	5	
	Total	993,690,961	6	378,304,924	355,695,095	22,609,829	6	

School districts with TIF districts but no captured base include: Lindbergh R-VII (St. L., a Hold Harmless district), North Kansas City (K. C.) and Valley Park (St. L.).

Sources: See Appendix A.

IV. Conclusions

TIF has the potential to be a powerful tool to “level the playing field” in the competition for tax base that occurs in all U.S. metropolitan areas. It can provide resources that otherwise would not be available to fiscally stressed localities to promote economic development and redevelopment. However, poorly targeted TIF laws may also contribute to sprawl by subsidizing greenfield development in high-tax-base suburban areas that need no assistance to compete effectively. Poorly designed TIF laws can further tilt the playing field, increasing the incentives for inefficient inter-local competition for tax base.

The Missouri TIF law clearly creates the potential for overuse or abuse. The blight, conservation, and the catch-all economic development categories are all vaguely defined. In addition, whether a particular use of TIF will result in unfair competition for tax base or violate the “but-for” requirement is a strictly local determination. These factors ensure that the Missouri law invites abuse.

Moreover, it appears that such abuse is taking place in the St. Louis metropolitan area. Nearly 60 percent of the TIF-captured tax base in the St. Louis area is in the region’s outer areas. Similarly, nearly one-half of it lies in municipalities showing none or just one of the four indicators of stress shown in Table 3.

These patterns clearly imply that the law should be revised to: (1) narrow the scope of activities or types of places eligible for TIF; (2) require review of the “but-for” implications of TIF projects by some outside reviewer; and (3) require local TIF administrators to reconcile TIF plans with land use and economic development needs locally and in nearby areas.

If such reforms were put in place, TIF could be returned to its attractive main purpose in Missouri: that of providing resources that would not otherwise be available to localities that badly need them to promote economic development and redevelopment.

APPENDIX A: TIF-CAPTURED BASE CALCULATIONS

Data for TIF districts are from three sources. The Missouri Department of Economic Development's *1999 Annual Report: Tax Increment Financing Projects in Missouri* and *2000 Annual Report: Tax Increment Financing Projects in Missouri*—both available at www.ecodev.state.mo.us/cd/finance/tif.htm—provided data on revenue from TIF-captured tax base in 1999 and 2000 for all districts except those in Kansas City. Data for Excelsior Springs and Maplewood were subsequently modified based on conversations with local TIF administrators. Data for districts in the City of Kansas City came from the *Tax Increment Financing 2001 Annual Report, Volumes 1 and 2*, produced by the Economic Development Corporation, City of Kansas City.

Missouri Department of Economic Development reports do not provide direct estimates of TIF-captured tax base. Instead they show cumulative revenues from TIF-captured property and sales tax base.[22] The corresponding tax bases were estimated by computing revenues in 2000 alone (the difference between cumulative 2000 revenues and cumulative 1999 revenues) and dividing by the appropriate local tax rate.

Because data for Kansas City districts in the state reports were not consistent in the two years, annual reports from the Kansas City Economic Development Corporation were used in place of the state data. These reports show estimates of captured property tax base directly and revenue from captured income tax base.

Data on local tax bases, meanwhile, come from three sources. Local property tax rate and tax base data came from the relevant county assessor offices. Sales tax rate and revenue data are from the Missouri Department of Revenue. Income tax base for St. Louis and Kansas City were computed from revenue and rate data available at each city's web site. Poverty data reported in Table 2 are from the National Center for Education Statistics.

[22] Revenues from captured sales tax base are not shown for districts in St. Louis and Kansas City. Instead income tax revenues are shown.

APPENDIX B: MISSOURI SCHOOL AID CALCULATIONS

Missouri Basic School Aid Formula:

1. Foundation level of funding	Pupils * operating levy (actual levy or 2.75 mills, whichever is lower) * foundation tax base per pupil ($1,307.89 in 2001)
Plus	
2. Tax effort adjustment	Pupils * excess levy (actual levy – 2.75 mills or 0, whichever is greater) * foundation tax base per pupil ($1,307.89)
Minus	
3. Tax base adjustment	(lesser of 12/31/94 assessed value or prior year's AV) * income factor (an inflator for high-income places) * operating levy
4. Tax base growth adjustment	(prior year's AV – 12/31/94 AV) * income factor * operating levy
5. Other revenue	Intangible taxes + state railroad and utility taxes + federal property revenue + federal impact aid + proposition C funding + fair share funding + free textbook funding
Equals	
6. Basic Formula	(1 + 2) – (3 + 4+ 5) or 0 if (1 + 2) – (3 + 4 + 5) is less than or equal to 0
Plus	
7. At-risk adjustment	(20% of foundation level per pupil from step 1 * free or reduced lunch eligible students) + (30% of tax effort adjustment per pupil from step 2 * free- or reduced-lunch eligible students)
Equals	
8. Direct Apportionment	

“Hold Harmless” Calculations:

If the direct apportionment per eligible pupil is less than each of two hold harmless calculations then the district’s basic aid equals the greater of the two hold harmless indicators times the number of eligible students. (Districts in this category are the “Hold Harmless” districts.)

If the direct apportionment per eligible pupil is greater than each of two hold harmless calculations then the district’s basic aid equals the direct apportionment minus the at-risk adjustment (or step 8 minus step 7).

Calculation of the Effect of TIF on School Aid:

The effect of TIF on basic aid levels was calculated by calculating basic aid with and without including the captured tax base in the prior year assessed value in step 4. In hold harmless districts, TIF has no effect on basic aid because the hold harmless calculations (which do not include assessed value) replace steps 1 through 8.

Note: All of these calculations were made using the Basic School Aid Calculation Program available at the Missouri Department of Elementary and Secondary Education web site (www.dese.state.mo.us/divadm/finance/tools/).

COST BENEFIT FOR CITY COUNCIL PROJECTS

2008	Linscott **Extended Stay** **86th & Holdrege**	Mike Olderback Kelly Tollefson **Kabredlo's** **SW 6th & W A**	**Kabredlo's** **48th & Fremont**	Halperin Washington Square **S. 19th condos**	**Domiciliary** **S. 84th**
Date Approved	2/14/2008	3/10/08	3/10/08	3/17/08	3/24/08
#acres					
#homes or townhome units				16 units	57
#commercial square footage	85 rooms				
CITY COST:					
City's 14.5% share of TIF contribution				$ (43,500) *(1)*	
Impact fees received by City	$ 74,970	$ 13,710	$ 13,710	$ 6,600	$ 58,786
Subtotal City Investment	$ 74,970	$ 13,710	$ 13,710	$ (36,900)	$ 58,786
ANNUAL REVENUE INTO OUR ECONOMY:					
Annual ADDITIONAL property tax	$ 53,763	$ 7,000	$ 7,000	$ 16,000	$ 70,000
City 14.5%	*$ 7,796*	*$ 1,015*	*$ 1,015*	*$ 2,320*	*$ 10,150*
Schools 63.33%	$ 34,048	$ 4,433	$ 4,433	$ 10,133	$ 44,331
County and other agencies 22.17%	$ 11,919	$ 1,552	$ 1,552	$ 3,547	$ 15,519
Annual sales tax	$ 61,712	$ 18,000	$ 18,000	$ -	$ -
City 21%	*$ 12,959*	*$ 3,780*	*$ 3,780*	*$ -*	*$ -*
State 79%	$ 45,050	$ 13,140	$ 13,140	$ -	$ -
Annual lodging tax	$ 42,820			$ -	
Annual payroll	$ 1,300,000			$ -	$ 840,000
Other				$ -	
Subtotal Annual Revenue	$ 1,458,295	$ 25,000	$ 25,000	$ 16,000	$ 910,000
OTHER CONSIDERATIONS:					
Construction jobs, materials, furnishings, equipment	$ 6,500,000	$ 1,250,000	$ 1,250,000	$ 2,500,000	$ 4,000,000
Sales taxes from construction	$ 227,500	$ 43,750	$ 43,750	$ 87,500	$ 140,000
City 21%	*$ 47,775*	*$ 9,188*	*$ 9,188*	*$ 18,375*	*$ 29,400*
State 79%	*$ 179,725*	*$ 34,563*	*$ 34,563*	*$ 69,125*	*$ 110,600*
Number permanent jobs created	50	1	1	0	30
Cost to City per permanent job Year 1	0			$ -	0

(1) $300,000 total TIF; could be as high as $700,000. The County and Schools will have to wait up to 15 years for a payback on this project and the City, 11 years

2008	White **14th & Fletcher** **Office-retail**	**Arts & Humanities** **NW corner of Block 21** Sawmill Project	**N. 56th & Alvo,** **NWC. Northbank** **Junction** **NCS Equipment**	Hoppe **SEC 19th & L** **Antelope Valley** Office & banquet hall	**NEC NW. 48th** **& W. Holdrege** Retail-Office
Date Approved	3/17/2008	1/4 of city block	9/29/08	5/5/08	5/05/08?
#acres	1.5 acres	0	5 acres (7 acre	1.5 acres	11.18
#homes or townhome units		21,300 sf	change of zone &		
#commercial square footage	198,825		9.22 acre annex)	40,000	70,000
CITY COST:					
Stoplight	0	0	$ -	0	$ (200,000)
City's 14.5% share of TIF contribution	0	(39,585.00) *(2)*	$ - *(4)*	$ (81,925.00) *(6)*	
Impact fees received by City	$648,170	$0	$ 51,386	$0	$253,400
Subtotal City Investment	$648,170	($39,585)	$ 51,386	($81,925)	$ 53,400
ANNUAL REVENUE INTO OUR ECONOMY:					
Annual ADDITIONAL property tax	$ 397,650	$ 27,913	$ 25,507	$ 77,616	$ 175,000
City 14.5%	*$ 57,659*	$ 4,047	*$ 3,699*	*$ 11,254*	*$ 25,375*
Schools 63.33%	$ 251,832	$ 17,677	$ 16,154	$ 49,154	$ 110,828
County and other agencies 22.17%	$ 88,159	$ 6,188	$ 5,655	$ 17,207	$ 38,798
Annual sales tax	$217,000	$ 19,500	$ -	$0	$245,000
City 21%	*$ 45,570*	$ 4,095	*$ -*	*$ -*	*$ 51,450*
State 79%	$ 158,410	$ 15,405	$ -	$ -	$ 178,850
Annual lodging tax					
Annual payroll	$ 2,400,000	$ 792,000	$ 660,000 *(5)*	$ 350,000 *(7)*	6,580,000 *(8)*
Other					
Subtotal Annual Revenue	$ 3,014,650	$ 839,413	$ 685,507	$ 427,616	$ 7,000,000
OTHER CONSIDERATIONS:					
Construction jobs, materials, furnishings, equipment	$ 29,823,750	$ 2,700,000	$ 1,311,062	$ 4,184,000	$ 10,500,000
Sales taxes from construction	$ 1,043,831	$ 94,500	$ 45,887	$ 146,440	$ 367,500
City 21%	*$ 219,205*	$ 19,845	*$ 9,636*	*$ 30,752*	*$ 77,175*
State 79%	*$ 824,627*	$ 74,655	*$ 36,251*	*$ 115,688*	*$ 290,325*
Number permanent jobs created	150	48 *(3)*	20	120	175
Cost to City per permanent job		$ (1,649)	$ -	$ (683)	$ -

(2) $273,000 total TIF for this project, so schools, county and other entities contributing $260,415
(3) At public hearing, stated that probably only half of these are "new" jobs. Estimate is average City wage.
(4) $250,000 total TIF for 15 years approved for this project but owner decided not to utilize it.
(5) Payroll never provided by company so this is average annual City wage
(6) $565,000 total TIF for this project, so schools, county, and other entities contributing $483,705
(7) Provided by developer; expected to be higher
(8) Office: Assuming 35,000 SF, 1 person for every 250 SF, average pay of $35,000 annually. Retail: 3 FT employees for every 1000 SF @ $8/hr

	Stefan Gaspar	Mark Whitehead			
	Chateau Apts.	**U-Stop**	**Kaplan University**	**Family Drug**	*(1)*
	56th & Vine	**21st & K**	**18th & K**	**NWC 33rd & A**	
Date Approved	7/28/08	7/28/2008	7/28/2008	7/14/08	
#acres		1.47		0.13	
#homes or townhome units	144				
#commercial square footage			23,000	12,000	
CITY COST:					
Various	$ -	$ -	$ -	$ -	
Impact fees received by City	$ 244,944	$ 13,710	$ 9,430	$ 4,920	
Subtotal City Investment	$ 244,944	$ 13,710	$ 9,430	$ 4,920	
ANNUAL REVENUE INTO OUR ECONOMY:					
Annual ADDITIONAL property tax	$ 119,630	$ 7,000	$ 42,320	$ 11,000	
City 14.5%	*$ 17,346*	*$ 1,015*	*$ 6,136*	*$ 1,595*	
Schools 63.33%	$ 75,761	$ 4,433	$ 26,801	$ 6,966	
County and other agencies 22.17%	$ 26,522	$ 1,552	$ 9,382	$ 2,439	
Annual sales tax	$ 18,000	$ 18,000	$ 18,000	$ 18,000	
City 21%	*$ 3,780*	*$ 3,780*	*$ 3,780*	*$ 3,780*	
State 79%	$ 13,140	$ 13,140	$ 13,140	$ 13,140	
Annual lodging tax					
Annual payroll			$ 180,000	$ 180,000	
Other					
Subtotal Annual Revenue	$ 137,630	$ 25,000	$ 240,320	$ 209,000	
OTHER CONSIDERATIONS:					
Construction jobs, materials, furnishings, equipment	$ 12,000,000	$ 3,500,000	$ 6,000,000	$ 500,000	
Sales taxes from construction	$ 420,000	$ 122,500	$ 210,000	$ 17,500	
City 21%	*$ 88,200*	*$ 25,725*	*$ 44,100*	*$ 3,675*	
State 79%	*$ 331,800*	*$ 96,775*	*$ 165,900*	*$ 13,825*	
Number permanent jobs created	0	0	?	?	
Cost to City per permanent job	$ -	$ -	$ -	$ -	

(1) Not sure what this project is going to be yet. Taxes based on building to the east

	Seacrest/WRK Arts & Humanities Phase 2-Hotel 1/3 of city block	B & J Partnership Rosewood Flex	WRK 8th & M Office/commercial	Tech Park Perot	Casey's N. 56th & Cornhusker 10/6/08
Date Approved	11/3/08	7/21/08	11/2/08	9/8/08	
#acres				20.30	
#homes or townhome units					
#commercial square footage	166 rooms	22,000	44,000	150,000	$ -
CITY COST:					
City's 14.5% share of TIF contribution	$ (391,500) *(1)*	$ (43,500) *(2)*	$ (135,139) *(3)*	$ (435,000) *(4)*	
Impact fees received by City	$ -	$ 48,840	$ -	$ -	$ 13,710
Subtotal City Investment	$ (391,500)	$ 5,340	$ (135,139)	$ (435,000)	$ 13,710
ANNUAL REVENUE INTO OUR ECONOMY:					
Annual ADDITIONAL property tax	$ 311,000	$ 165,170	$ 117,019	$ 444,708	$ 7,000
City 14.5%	*$ 45,095*	*$ 23,950*	*$ 16,968*	*$ 64,483*	*$ 1,015*
Schools 63.33%	$ 196,956	$ 104,602	$ 74,108	$ 281,634	$ 4,433
County and other agencies 22.17%	$ 68,949	$ 36,618	$ 25,943	$ 98,592	$ 1,552
Annual sales tax	$ -	$ 18,000	$ 154,650	$ -	$ 18,000
City 21%	*$ 400,000*	*$ 3,780*	*$ 32,477*	*$ -*	*$ 3,780*
State 79%	$ -	$ 13,140	$ 112,895	$ -	$ 13,140
Annual lodging tax	$ 145,416				
Annual payroll	$ 864,000	$ 2,100,000	$ 1,645,000	$ 9,375,000	$ 16,000
Other					
Subtotal Annual Revenue	$ 1,320,416	$ 2,283,170	$ 1,916,669	$ 9,819,708	$ 41,000
OTHER CONSIDERATIONS:					
Construction jobs, materials, furnishings, equipment	$ 25,000,000	$ 2,200,000	$ 10,039,630	$ 22,135,000	$ 1,250,000
Sales taxes from construction	$ 875,000	$ 77,000	$ 351,387	$ 774,725	$ 43,750
City 21%	*$ 183,750*	*$ 16,170*	*$ 73,791*	*$ 162,692*	*$ 9,188*
State 79%	*$ 691,250*	*$ 60,830*	*$ 277,596*	*$ 612,033*	*$ 34,563*
Number permanent jobs created	42	105	47	150	1
Cost to City per permanent job	$ (9,321)	$ -	$ (2,875)	$ (2,900)	$ -

(1) TIF property. 15 years, $2,710,068 TIF project. Schools, County, and other entities to pay $2,318,500

(2) TIF property. $3,000,000 TIF project. Schools, County and other entities to pay $2,956,500

(3) TIF property. 15 years. $931,000 TIF project. Schools and county contributing $795,861.

(4) TIF property. 14-year, $3,000,000 TIF project

	Dave Schmidt **Bank of the West 14th & O**		Mike Marsh **70th & Pine Lake**		**NW 48th & W Adams**
Date Approved	10/12/08		10/26/08		10/20/08
#acres			9.4		8556 SF
#homes or townhome units	24		11		
#commercial square footage	7,500		53,000		2,500
CITY COST:					
City's 14.33% share of TIF contribution	$ 85,000	(1)	$ -		$ -
Impact fees received by City	$ -		$ 224,860		$ 224,860
Subtotal City Investment	$ 85,000		$ 224,860		$ 224,860
ANNUAL REVENUE INTO OUR ECONOMY:					
Annual ADDITIONAL property tax	$ 66,690		$ 106,000		$ 5,000
City 14.5%	*$ 9,670*		*$ 15,370*		*$ 725*
Schools 63.33%	$ 42,235		$ 67,130		$ 3,167
County and other agencies 22.17%	$ 14,785		$ 23,500		$ 1,109
Annual sales tax	$ -		$ 322,000		$ 322,000
City 21%	*$ -*		*$ 67,620*		*$ 67,620*
State 79%	$ -		$ 235,060		$ 235,060
Annual lodging tax					
Annual payroll	$ 660,000	(2)	$ 4,600,000	(3)	$ 4,600,000
Other					
Subtotal Annual Revenue	$ 726,690		$ 5,028,000		$ 4,927,000
OTHER CONSIDERATIONS:					
Construction jobs, materials, furnishings, equipment	$ 5,200,000		$ 5,200,000		$ 5,200,000
Sales taxes from construction	$ 182,000		$ 182,000		$ 182,000
City 21%	*$ 38,220*		*$ 38,220*		*$ 38,220*
State 79%	*$ 143,780*		*$ 143,780*		*$ 143,780*
Number permanent jobs created	20		20		20
Cost to City per permanent job	$ 4,250		$ 11,243		$ 11,243

(1) 15-year TIF in the amount of $595,000. Schools and County contributing $510,000

(2) Unknown but assume average city wage

(3) Assuming 30,000 SF office-1 employee for every 250 SF; 23,000 SF of retail-1 employee for every 500 SF

2008 Subbasin projects requiring infrastructure.

	City project	Rokeby	Carl Sjulin	Don Linscott	Don Linscott	
	Van Dorn-7th-10th-Hill	**N. 35th & Superior**	**62nd & Hwy 2**	**Wilderness Hts**	**Wilderness Commons**	
		R-3 to H-3	Mixed use office	**SEC 40th & Yankee**	**SWC 40th & Yankee**	
Date Approved	June 23 2008	6/16/08	6/16/08	12/15/08	12/15/08	
#acres	93	63.13	20	152.38	94	
#homes or townhome units	*no jobs yet for*	unknown	176,000 office	310	300 R-5	
#commercial square footage	*this area*	*widen channel*	44,000 retail	250,0000 SF B-2	600,000 B-2	
Hotel rooms		*stream to Turner*		(225,000 SF is retail)	(275,000 SF is retail)	
		Ditch				
CITY COST EVEN AFTER IMPACT FEES:						
Sanitary Sewer/Wastewater						
Water/Water Distribution						
Streets	$ (351,000)				$ (4,600,000)	*(1)*
Trail, park, lighting, signs						
Additional impact fees (parks, overage)			$ 796,400	$ -	$ 4,600,000	
			$ 796,400	$ -	$ -	
ANNUAL REVENUE INTO OUR ECONOMY:						
Annual ADDITIONAL property tax			$ 796,000	$ -	$ 1,755,000	
City 14.5%			*$ 115,420*	*$ -*	*$ 254,475*	
Schools 63.33%			$ 504,107	$ -	$ 1,111,442	
County and other agencies 22.17%			$ 176,473	$ -	$ 389,084	
Annual sales tax			$ 18,000	$ 3,150,000	$ 3,850,000	
City 21%			*$ 3,780*	*$ 661,500*	*$ 808,500*	
State 79%			$ 13,140	$ 2,299,500	$ 2,810,500	
Annual lodging tax						
Annual payroll			$ 25,428,480	$ 14,100,000	$ 56,100,000	
Other						
Subtotal Annual Revenue			$ 26,242,480	$ 17,250,000	$ 61,705,000	
OTHER CONSIDERATIONS:						
Construction jobs, materials, furnishings, equipment			$ 40,000,000	$ 37,500,000	$ 105,000,000	
Sales taxes from construction			$ 1,400,000	$ 1,312,500	$ 3,675,000	
City 21%			*$ 294,000*	*$ 275,625*	*$ 771,750*	
State 79%			*$ 1,106,000*	*$ 1,036,875*	*$ 2,903,250*	
Number permanent jobs created			836	775	2125	
Cost to City per permanent job			0	0	0	

(1) This number actually applies to both projects

Potential Dollar Value of Projects Approved by City Council in the year 2008:

Construction materials, construction jobs, interior finish	$	344,743,442
ONE year of taxes to the Schools	$	3,046,797
ONE year of property tax to Lincoln	$	697,592
Impact fees to Lincoln	$	7,302,406
Construction tax and ONE year of retail sales tax to Lincoln	$	4,719,675
Potential jobs due to space created (some projects unknown)		4,561
Potential payroll (some projects are unknown)	$	132,770,480
Taxes in ONE YEAR to the State of Nebraska		15,741,145.29
New homes		828

WebForm
<none@lincoln.ne.gov>

02/07/2009 07:35 PM

To General Council <council@lincoln.ne.gov> cc bcc

Subject InterLinc: Council Feedback

InterLinc: City Council Feedback for
General Council

Name: Jim Brandle Address:
5921 Sunrise Road City:
Lincoln, NE 68510

Phone: Fax:
Email: jbrandle@neb.rr.com

Comment or Question:

Last weekend by vehicle registration came just as it always does in Feb. And it reminded me that I contacted you last year at this time to raise the issue of the unfair wheel tax on non-commercial pickup trucks. I am not opposed to paying the tax and while I am not excited about the amount it does seem fair given the benefits I get. What makes me extremely upset is the unfair manner in which the higher rate is applied, just to pickup trucks.

When I have asked in the past it was explained several ways. As a commercial vehicle I use the roads more because I use it for business. Well my truck is NOT used for commercial purposes but it is my regular vehicle. And if the criteria for charging the higher rate is commercial use then there are many vehicles out there used for commercial purposes and not paying the higher rate. It used to be that you would see commercial plates on those vehicles but as they are not issued any longer it is hard to tell who is obeying the law and who is not. I would challenge almost any realtor to prove that they pay the higher rate. If the tax is to be based on use, then there MUST be a method to assure that those using a vehicle for commercial purposes pay the higher rate and those not using a vehicle for commercial purposes are charged the lower rate. I know that would be a nightmare to regulate and enforce.

The next time I asked I was told the higher rate on pickups was due to the greater weight that they can carry. I can't buy this as many SUVs that carry 7 or 8 passengers are far heavier than my mid-sized Dakota and probably carry a full passenger load far more frequently than I load my pickup. And I suspect that their load is far greater than I can get into the bed of my truck. Furthermore many of these vehicles, for example Chevy Surburbans, Ford Yukons, the Hummer, and my favorite, the Caddie Escalada weigh far more than my truck. If the rate is based on weight then these vehicles should be charged the higher rate.

If there is to be a higher rate it seems to me that you should have a FAIR and unbias set of criteria for the higher rate and not just an arbitrary charge on all pickups.

I suggest that in light of the great need for funding for our streets that we go to one rate for all. I would even go so far as to suggest that the city adopt the higher rate for all vehicles. I say this even though I also have a small PT on which I would have to pay the higher rate. Then maybe we could see some of the streets in our older neighborhoods repaired as well as building all those new streets in new areas that were suppose to pay for them selves.

Thanks for listening, again, and maybe this time something might happen.

Jim Brandle

<xnxaxnx@aol.com>
02/09/2009 08:31 PM

To <council@lincoln.ne.gov>
cc
bcc
Subject MTO

There is no doubt that we need to feed to poor. It's all about location. Clinton does not want the library altered. The library was to be a senior center. The library belongs to the neighborhood.

WebForm
<none@lincoln.ne.gov>
02/10/2009 11:44 AM

To General Council <council@lincoln.ne.gov>
cc
bcc
Subject InterLinc: Council Feedback

InterLinc: City Council Feedback for
General Council

Name: Janet Kolarick
Address: 1900 Griffith st.
City: Lincoln, NE. 68503

Phone: 402-325-6516
Fax:
Email: jktsda@yahoo.com

Comment or Question:
To all OF THE City Council, ARE YOU ALL CRAZY or JUST LOTS YOUR MINDS? What happened to doing your foot work on this one? Matt Talbot Kitchen coming into my Neighborhood! I'm very concerned about Matt Talbot coming to the Clinton Neighborhood. For one my Mother & Father lived at 201 no. 22nd st. My Father also took care of the 3 houses you moved from that neighborhood,after my father died my Mother lived there for many years until she had to move because of the Antelope Valley project, and she had drunks and transits stay on her front porch, after they finished going to Day Watch or Matt Talbots to eat. She would talk about people being found sleeping in garages in the neighborhood and some of them found died. We own 2 properties in the Clinton neighborhood and have been here for over 20 years. We have 4 grandchildren that go to school at Clinton.They go to and have activities at the Salvation Army,play in the park right there and so do hundreds of other children in the Clinton neighborhood. also we have trains that go through here. Have you ever heard of train hoppers? They come and go.So who in there right minds would want people like Terry Woods to move into there neighborhood? Not Me. I have spoke to lots and lots of people who live in the Clinton neighborhood and i have not gotten any good feed back from home owners or renters about them moving into are neighborhood. I do support there cause. but not in our neighborhood. Why don't you consider our children and the value of are property going down. We have enough drugs and crime in this area now, we don't need any more. Maybe you should do your foot work or home work before you jump into this. Have your meetings other then 1:30 in the afternoon so people that work can voice are opinion on this matter. And what about ST. Vincent De Paul Thrift Store that also helps out Matt Talbot Kitchen? After all they where there way before Matt Talbot Kitchen. What about the library that sits at that sight now? You spent all that tax money to move the only historic thing left on 27th st. Use more of our tax money to move it some where else? Leave it alone I don't want my tax money used for any of this project. "NOT IN ARE NEIGHBORHOOD" Think of are children "Please".

WebForm
<none@lincoln.ne.gov>

02/10/2009 12:37 PM

To General Council <council@lincoln.ne.gov>

cc

bcc

Subject InterLinc: Council Feedback

InterLinc: City Council Feedback for
General Council

Name: Laura A. Moore
Address: 3900 Prescott Ave.
City: Lincoln, NE 68506

Phone: 402-489-0336
Fax:
Email: lauramoore@windstream.net

Comment or Question:
Is the old library building into which the Matt talbot center is to be relocated wheelchair and scooter accessable? If not, it should be. I and many like me do not like it much if we cannot get in when we go places.

3022 Rainwood Road
Omaha, NE 68112
February 9, 2009

City Council Office
City-County Building
555 South 10th Street
Lincoln, NE 68508

Dear Sir or Madam:

I am doing research for a scholarly paper and a subsequent publication on the adoption of standard time in some of the larger communities in eastern Nebraska and western Iowa. On November 18, 1883 many of North America's railroads adopted standard time and other lines soon followed suit. The adoption of standard time initially had no legal stature; hence, towns and cities were at liberty to continue their traditional solar time or adopt the new system, but, of course, Central Standard Time became the norm in our area. My purpose in writing is to ascertain when and how (by ordinance or resolution) Lincoln's city council adopted standard time. I would appreciate a copy of this measure which was probably adopted in 1884. (On May 6, the Omaha City Council adopted a resolution establishing standard time, effective May 8, 1884.)

Thank you very much for your assistance. Please advise me of any charge for your service.

Yours truly,

Harl A. Dalstrom

Harl A. Dalstrom
Professor Emeritus of History
University of Nebraska at Omaha

Email: ekdalstrom@gmail.com

RECEIVED

FEB 10 2009

CITY COUNCIL
OFFICE

To: Lincoln City Council Members
Cc: Mayor Chris Beutler
Senator Bill Avery
Senator Kathy Campbell
Senator Colby Coash
Senator Tony Fulton
Senator Ken Haar
Senator Amanda McGill
Senator Danielle Nantkes
Senator Norm Wallman
From: LIBA Board of Directors
Date: February 9, 2009
Re: Lincoln South Expressway

The Lincoln Independent Business Association (LIBA) has a great concern relative to the status of the South and East Expressways. Particularly, the South Expressway is critical to the continued growth of Lincoln and necessary to alleviate congestion and dangerous conditions on Hwy 2, which creates a negative impact on the economic well-being of Lincoln.

Currently, there is approximately $8 million in Lincoln's special assessment funds that have accumulated for infrastructure use, and should be used for construction of the South Expressway.

However, there are numerous federal criteria that must be addressed at the state and local level if the federal funds are to be committed. As our local and state representatives, you have the authority to address these issues and help Lincoln access federal dollars.

LIBA strongly believes that the special assessment dollars should be set aside for the purpose they were raised and be used as seed money to start to move forward with the South Expressway.