IN LIEU OF
DIRECTORS’ MEETING
JANUARY 16, 2012

I. CITY CLERK

II. MAYOR
1. NEWS RELEASE. Nominations due by Friday for Mayor’s Arts Awards.
2. NEWS RELEASE. Tree recycling to continue at Hofeling Enterprises.
3. NEWS ADVISORY. Mayor Beutler will hold a news conference Thursday, January 12th, at 555 S. 10th Street, to discuss a proposed format for the City’s zoning code and the high rankings the City has received.
4. NEWS RELEASE. Proposed format changes make zoning code more user-friendly.
5. The Best and Worst Run Cities in America.

III. DIRECTORS

FINANCE DEPARTMENT
1. Memo on agreed upon procedures report regarding Impact Fees from HBE Becker Myer Love, LLP.

HEALTH DEPARTMENT
1. Lincoln-Lancaster County Health Department meeting minutes of December 13, 2011.

PLANNING COMMISSION

PUBLIC WORKS AND UTILITIES
1. Lincoln Water & Wastewater Systems Fiscal Year 2010-11 audits. (Copy of complete report available at the City Council office for review)

PUBLIC WORKS AND UTILITIES/ENGINEERING
1. District proposed assessment before the Board of Equalization at the January 23, 2012 meeting.

IV. COUNCIL MEMBERS

V. MISCELLANEOUS

VI. CORRESPONDENCE FROM CITIZENS
1. Reply from Lincoln Electric System (LES) to Mr. Russ Pinyan regarding questions on LES’ Customer and Facilities charge. (Mr. Pinyan’s letter listed on Council’s 01.09.12 Directors’ Addendum)
   a) Earlier letter to Mr. Pinyan from LES, dated December 9, 2011.
   b) InterLinc correspondence from Mr. Pinyan on December 8, 2011.

VII. ADJOURNMENT
FOR IMMEDIATE RELEASE: January 10, 2012
FOR MORE INFORMATION: Deb Weber, Lincoln Arts Council, 402-434-2787

NOMINATIONS DUE BY FRIDAY FOR MAYOR’S ARTS AWARDS

The deadline to submit nominations for the 34th annual Mayor’s Arts Awards is Friday, January 13. The awards program, presented by the Lincoln Arts Council (LAC) Wednesday June 6, 2012, formally recognizes artistic contributions and achievements in the Lincoln area. Nomination forms are available by calling the LAC at 402-434-2787 or printing a form from the LAC website, www.artsene.org. A list of previous winners also is available at that website.

Judges will select winners in the following categories:
• The Arts Organization Award recognizes an arts group that has made significant contributions to Lincoln’s arts community over a period of years.
• The Artistic Achievement Award - Visual Arts recognizes excellence and accomplishment in any of the visual arts, including theatre and film.
• The Artistic Achievement Award - Youth recognizes excellence and accomplishment in any arts discipline by a young person age 18 or younger.
• The Artistic Achievement Award - Performing Arts recognizes excellence and accomplishment in any of the performing arts, including film.
• The Gladys Lux Education Award recognizes special initiatives in or dedication to arts education and is endowed by the Gladys Lux Foundation.
• The Heart of the Arts Award recognizes an individual or organization for outstanding volunteer dedication to the arts or for making a major overall impact on the arts in Lincoln.
• The Outstanding Event Award recognizes a performance, exhibition or project in the previous year (2011) that will be notable in the community memory for years to come because of its content or cultural significance.
• The Halcyon Allsman Benefactor of the Arts Award honors an individual, family, organization or business making significant financial contributions to the arts.
• The Oliva “Arts for Kids” Award honors an individual from outside of the arts professions whose leadership has enhanced arts activities and experiences for children

Nominations from the previous year are automatically resubmitted, and updates to the 2011 nominations will be accepted. The public also is encouraged to submit names of members of the Lincoln arts community who have died since the last awards ceremony in June 2011 for memorial recognition at the event.
FOR IMMEDIATE RELEASE: January 10, 2012
FOR MORE INFORMATION: Gene Hanlon, Recycling Coordinator, 402-441-7043
Scott Hofeling, Hofeling Enterprises, 402-432-0806

TREE RECYCLING TO CONTINUE AT HOFELING ENTERPRISES

Due to continuing demand, trees will be collected and recycled at no cost through Tuesday, January 31 at Hofeling Enterprises, 2200 South Folsom Court. The tree recycling program at the seven City sites ended Sunday, January 8.

Trees will be accepted at Hofeling Enterprises only from 7 a.m. to 6 p.m. Monday through Friday.

Hofeling Enterprises donated its wood-chipping services and is distributing mulch at no cost to Lincoln residents on a first-come, first-served basis at its facility.

More information on the tree recycling program or the City’s recycling program in general is available at recycle.lincoln.ne.gov or from the Recycling Hotline at 441-8215.

- 30 -
Mayor Chris Beutler will discuss a proposed new format for the City’s zoning code to make it easier to understand and implement at a news conference at 10 a.m. Thursday, January 12 in Room 303 in the County-City Building, 555 S. 10th St. The Mayor also will discuss recent high rankings the City has received from national organizations.
OFFICE OF THE MAYOR
555 South 10th Street, Lincoln, NE 68508, 402-441-7511, fax 402-441-7120

FOR IMMEDIATE RELEASE: January 12, 2012
FOR MORE INFORMATION: Diane Gonzolas, Citizen Information Center, 402-441-7831
Marvin Krout, Planning Department, 402-441-7491

PROPOSED FORMAT CHANGES MAKE ZONING CODE MORE USER-FRIENDLY

Mayor Chris Beutler today said a proposed format change to the City’s zoning code will help developers and individuals by making the code less confusing, more consistent and easier to interpret. He said the organization of codes by “use groups” also will make the process more efficient and will reduce the need for amendments to the code.

“The use group format represents the first major update of the City zoning ordinance in the last 30 years,” Beutler said. “Whenever we can make a process more citizen-friendly or more business-friendly, we send the message that we have our priorities straight, that we understand the value of time to the entrepreneurs who are building our community and the neighborhood leaders who are improving the City’s quality of life.”

Since 1979, the ordinance has been amended more than 530 times, and the Mayor said that can lead to significant staff time spent on interpretation as well as delays to the public.

The Lincoln-Lancaster County Planning Commission has participated in several workshops on the changes, and the Planning Department has met twice with neighborhood representatives. The Planning Commission will have a public hearing on the changes at a future meeting, and the changes would require approval by the City Council and County Board.

The new format would organize the existing 270 land uses into 14 use groups:
- Agriculture
- Household Living
- Group Living
- Utilities
- Civic Services
- Education and Instruction
- Office
- Retail Sales and Services
- Food and Drink Establishments
- Commercial Recreation and Entertainment Facilities

- more -
• Major Entertainment and Events
• Heavy Commercial Services
• Manufacturing, Processing, Storage and Distribution
• Waste Management and Extractive Services.

“We want to emphasize that use groups is a format change, not a new type or method of zoning,” said Marvin Krout, Planning Director. “By making the list all-encompassing, we reduce the possibility that a use isn’t listed. We also have an issue today with too many similar uses being treated very differently. Organizing by user groups promotes the equal treatment of these similar uses.”

Although the proposed changes are mainly related to the code format, Krout said the reorganization has led to a few proposed changes in where and how some uses are allowed. These include the areas of contractor services, health care facilities, services stations and auto body repair. The term “urban garden” also has been added to the zoning code.

More information on the use groups proposal is available at planning.lincoln.ne.gov or by contacting Christy Eichorn in the Planning Department at 401-441-7603.

- 30 -
Many qualities separate the best-run and worst-run cities. But perhaps the most important is access to jobs. The economies of the best-run cities fall into two categories. They either have a booming industry or are near other major urban areas that create employment opportunities. The worst-run cities simply do not have the same access to jobs. 24/7 Wall St.’s analysis of the best-run and worst-run cities demonstrates that encouraging businesses to prosper and create jobs is the most important function of local government.

24/7 Wall St. has completed its first annual ranking of the best-run and worst-run cities in America. We reviewed the local economies, fiscal discipline and standard of living of the 100 largest cities by population to determine how well each is managed. Based on these data, 24/7 Wall St. ranked the 100 cities from the best to worst run. The best-run city is Virginia Beach, Va. The worst-run city is Miami, Fla.

Four of the 10 best-run cities are the economic centers of their regions. Madison, Wis., is one of the best-run cities on our list, and its businesses employ the most people in the area. Six of the best-run cities serve as residential communities for larger metropolitan areas that are the economic centers. Scottsdale, Ariz., is a large city in its own right, but is often referred to as a suburb of Phoenix.

Frequently, these so-called “edge cities” have also developed their own vibrant economies. Plano, Tex., is part of the Dallas-Fort Worth metropolitan area. However, the city has a booming tech community and large offices of major corporations such as HP and Dell.

Nine out of the 10 worst-run cities on this list rely on older industries that are shrinking. Hialeah, Fla., was an important textile hub in the 1960s through the 1980s. Cleveland, Ohio, was one of the nation’s leaders in steel production. Detroit, Mich., of course, manufactured cars. Since their booms, all of these cities have shed tens of thousands of jobs.

Many of the worst-run cities have been in bad shape for years. While residents who were able to moved away, those without resources remained. As a result, the cities’ expenses remained high while their tax bases shrunk. The populations of four of the worst-run cities decreased between 2000 and 2010. Detroit lost just under 240,000 residents. On the other hand, the populations of all the best-run cities increased.

While there is a strong relationship between high median income and high ranking, there is an even stronger relationship to poverty. While a majority of the best-run cities have more households making over $200,000 per year than the national average, none of the top 10 cities have high poverty rates. For example, Lincoln, Neb., has only the 33rd highest median income among the largest cities, but the 11th lowest percentage of households making less than $10,000 per year.
For the most part, the best-run cities manage their debt and resources well. The worst-run cities do not. Moody’s provided credit ratings and analysis for 16 of the 20 cities on our list. The two cities that are the best-run and that do not have credit ratings, Fremont and Irvine, Calif., do not have a need to finance government projects through debt. Their wealthy and large tax base would suggest that is the case. Hialeah, Fla., one of the worst-run cities according to our ranking, told 24/7 Wall St. that it did not issue city debt because it had other debt instruments to raise money for government projects. San Bernadino, Calif., the other worst-run city without a credit rating, did not return 24/7 Wall St.’s calls.

These are the best- and worst-run cities in America.

**Best:**
1. Virginia Beach, Virginia
2. Irvine, California
3. Madison, Wisconsin
4. Fremont, California
5. Lincoln, Neb.
6. Chesapeake, Virginia
7. Seattle, Washington
8. Scottsdale, Arizona
9. Chandler, Arizona
10. Plano, Texas

Lincoln, Neb., is one of only two state capitals to make our best-run cities list. It also has a much lower median household income compared to the very high incomes of most of the best-run cities on our list. Lincoln’s income is just $47,526, ranking only 35th among the 100 largest cities in the country. Despite the less affluent tax base, however, Lincoln’s economy is healthy. The city had an average unemployment rate of just 3.73% over the past 12 months, the lowest among the 100 cities considered, as well as the fourth-lowest vacancy rate. Mayor Chris Beutler explained to 24/7 Wall St., “Over the past five years, we’ve incorporated citizen input into a multifaceted outcome-based budget process where we ask residents what their priorities are and what they want their city to be. It’s been very well received and has helped build a culture of citizen ownership and involvement that has guided our decision making and solidified citizen support.” Moody’s has awarded an Aaa rating to the city’s debt, explaining: “The city’s financial position will remain sound given management’s conservative budgeting practices, ample revenue-raising flexibility and alternate liquidity provided in the Special Revenue fund.”
Memo
January 11, 2012

To: City Council Members
From: Audit Advisory Board
CC: Mayor Beutler, Mayor’s Office

Re: Agreed-Upon Procedures Partial Response to City Council Resolution A-86267

Recommendations of Audit Advisory Board

On December 14, 2011, the Audit Advisory Board met and reviewed the Agreed-Upon Procedures Report regarding Impact Fees from HBE Becker Myer Love LLP. The Report did not note any exceptions and there were no recommendations.

The scope of this audit/engagement with HBE Becker Meyer Love, LLP, was limited to the provision of a Report and a Finding of Agreed-Upon Procedures regarding Impact Fees. After reviewing this Report, the Board makes the following findings regarding those items found in L.M.C. Section 4.66.040 (d) (1) (i) and (ii):

1) Impact Fee activities and programs are being conducted and funds expended in compliance with applicable laws;

2) Impact Fee revenues are being properly collected, deposited and accounted for.

This Board did not make findings regarding those items found in L.M.C. Section 4.66.040 (d) (1) (iii) and (iv) as those items were not addressed by the scope of this engagement.

As required by L.M.C. Section 4.66.040 (d) (2) a copy of the final audit report is attached. Since there were no exceptions noted in the report, the auditee did not issue a response.

Because of the scope of this engagement this Board did not create a separate listing of any irregularities or failures to comply with legal or administrative policies as required by L.M.C. Section 4.66.040 (d) (3).

Since no exceptions were found, the Board’s recommendation as required by L.M.C. Section 4.66.040 (d) (4) is that the Public Works Business Office be commended for their handling of Impact Fees.
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
AND
FINDINGS OF AGREED-UPON PROCEDURES
CITY OF LINCOLN

June 1, 2008
through
May 31, 2011

HBE BECKER MEYER LOVE LLP
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON APPLYING AGREED-UPON PROCEDURES

The City Council
City of Lincoln
Lincoln, Nebraska

We have performed the procedures enumerated below, which were agreed to by the City of Lincoln and the Lincoln, Nebraska City Council, solely to assist you with determining if Impact Fees are being properly assessed and distributed for the period of June 1, 2008 through May 31, 2011. The City of Lincoln’s management is responsible for the Impact Fees. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

1) Perform a walkthrough of three Impact Fee applications, from beginning to end, and determine that internal controls as described by City Personnel are accurate.

2) Review 10 Building Permit applications that do not include Impact Fees and determine that Impact Fees were properly excluded.

3) Randomly select 25 residential and 25 commercial Impact Fee applications and verify that:
   a) Impact Fees were properly calculated in accordance with the fee schedule.
   b) Exemptions were proper per Section 27.82.060 of the Lincoln Municipal Code.
   c) Amount of Impact Fees collected agrees with the amount calculated on the application.
   d) Impact Fees collected were distributed to the proper districts and in the correct amounts.

4) Review 25 expenditures of Impact Fees and verify that:
   a) Expenditure was for the proper use.
   b) Expenditure was within the proper district.
   c) Any refunds were proper.

5) Review “Impact Fees—Compliance with Spending Time Limit” worksheet prepared by City staff and verify that Impact fees are being spent within the proper time limits per Section 27.82.080(a) of the Lincoln Municipal Code.
We have attached a summary of our findings and recommendations on pages 3 through 7.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on Impact Fees being properly assessed and distributed for the period of June 1, 2008 through May 31, 2011. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Lincoln and the Lincoln, Nebraska City Council and is not intended to be and should not be used by anyone other than those specified parties.

November 7, 2011
SUMMARY:

HBE obtained a memo from City of Lincoln personnel which described the internal control procedures over the Impact Fee application process. HBE randomly selected three Impact Fee applications and performed a walkthrough of those applications, from beginning to end, to determine that internal controls as described by City personnel are accurate.

FINDINGS:

No exceptions were noted.
SUMMARY:
HBE randomly selected five Impact Fee applications and five Building Permit applications that did not include Impact Fees and determined that Impact Fees were properly excluded.

FINDINGS:
No exceptions were noted.
City of Lincoln

Procedure #3

SUMMARY:

• HBE randomly selected 25 residential and 25 commercial Impact Fee applications.

• HBE recalculated the Impact Fee based on the use of the property noted on the application.

• If any reductions in the fee were included in the calculation, HBE obtained support for the reduction from the Impact Fee Administrator and recalculated the reduction amount.

• HBE verified that any exemptions included in the calculation agreed with the exemptions reported on the GIS mapping system and verified the exemption was allowed per Section 27.82.060 of the Lincoln Municipal Code.

• HBE obtained invoices from the Impact Fee Administrator supporting the amount of impact fees due and paid to verify the fee collected agreed with the fee calculated.

• HBE traced the amount deposited into each district’s account.

• HBE investigated any unpaid fees.

• HBE verified the Impact Fees collected were distributed to the proper district and in the correct amounts.

FINDINGS:

No exceptions were noted.
City of Lincoln
Procedure #4

SUMMARY:

HBE reviewed 25 expenditures of impact fees and verified that the expenditure was for the proper use, made within the proper district and any refunds were proper.

For the Water, Wastewater and Street Funds:
- HBE randomly selected 21 transfers in total for all three funds.
- HBE agreed the total project expenses to the total impact fee transfer.
- In order to verify that the expenditure was for the proper use, HBE performed the following procedures:
  - HBE obtained the Proof of Payment Report totaling all expenses to a specific project ID number and the invoices that related to each transfer selected.
  - HBE verified the amount on the Proof of Payment Report to the total expenses reported on the Transfer Listing.
  - HBE viewed the invoices and verified that total invoices exceeded the amount of the transfer and the invoice was related to the coded project ID number.
  - HBE also ensured that the invoices were approved by an appropriate manager.
- To verify that the expenditures were being made within the proper district:
  - HBE obtained the journal entry that was posted into the JD Edwards Accounting Software for each transfer selected. HBE verified that the designated funds went into the correct district.
  - HBE compared the project address listed on the Job Cost Report to a district map.

For the Park Fund:
- HBE obtained the Account Ledger reports for all Districts from the Business Manager. The total expenditures per District agreed to the amount listed on the Impact Fee Spenddown Analysis.
- In order to verify that the expenditure was for the proper use HBE performed the following procedures:
  - HBE obtained the interdepartmental charges report for four transfers and viewed the related invoices.
  - HBE verified that the total invoices agreed with the payment made to the Parks department.
  - HBE also ensured the invoices were approved by an appropriate project manager.
- To verify that the expenditures were being made within the proper district HBE compared the project address listed on the invoice to the district map.

Per discussions with the Business Manager, there were no refunds.

FINDINGS:

No exceptions were noted.
SUMMARY:

HBE reviewed the “Impact Fees – Compliance with Spending Time Limit” worksheet prepared by the City of Lincoln staff and verified that Impact Fees were spent within the proper time limits established by Section 27.82.080(a) of the Lincoln Municipal Code.

FINDINGS:

No exceptions were noted.
I. ROLL CALL

The meeting of the Board of Health was called to order at 5:06 PM by Karla Lester at the Lincoln-Lancaster County Health Department. Members present: Doug Emery, Tony Messineo, Jacquelyn Miller, Lisa Peterson, Ed Schneider, Deb Schorr, David Smith, Heidi Stark, Brittany Behrens (ex-officio), Trish Owen (ex-officio), Tim Sieh (ex-officio) and Karla Lester.

Staff Present: Judy Halstead, Scott Holmes, Steve Beal, Gwendy Meginnis; Steve Frederick, Kathy Cook, Andrea Mason, Keerun Kamble and Elaine Severe.

II. APPROVAL OF AGENDA

Dr. Lester asked if there were any other additions or corrections to the Agenda.

Motion: Moved by Mr. Messineo that the Agenda be approved as mailed. Second by Dr. Peterson. Motion carried by acclamation.

APPROVAL OF MINUTES

Dr. Lester asked if there were any additions or corrections to the Minutes.

Motion: Moved by Dr. Peterson that the November 8, 2011 Minutes be approved as mailed. Second by Dr. Schneider. Motion carried by acclamation.

Ms. Burke introduced Ms. Kamble, the City’s Wellness Coordinator. She began employment in November.

PUBLIC SESSION

DEPARTMENT REPORTS

A. Health Director Update

The Legislative session begins on January 4, 2012. Staff will again monitor legislation for the Department and the City of Lincoln. Ms. Halstead reported she and Mr. Baker met with the Parks & Recreation Advisory Board regarding smoke free play areas for children in City parks. Four members of the Parks Board have expressed an interested in meeting with the Board of Health to discuss the issue further. Dr. Peterson and Dr. Miller will meet with the Parks Board members.

Ms. Halstead stated the Health Management Associations (HMA) study continues. HMA was hired by the Community Health Endowment to review physical and mental health services in the community. A final draft report will be presented to the Community Health Endowment in late January. The report will be made
Mr. Messineo complimented staff on the development of facebook pages for Department programs, i.e. Healthy Child Care Environments. He encouraged staff to focus on marketing of Department services. Dr. Schneider expressed disappointment in the 26% rate of tobacco sales to minors. Ms. Burke responded the average is 14% per year in the City and 3-4% per year in the County.

Dr. Peterson asked about the Department’s use of electronic health records and whether we can follow the patients progress, etc. Ms. Mason responded yes. Dr. Peterson also commented on the Colon Cancer Program and asked staff to assure other options are given to patients for cancer screening including the use of hemocults. Ms. Burke stated staff will do so.

VI. CURRENT BUSINESS (Action Items)

A. Proposed Revisions to LMC 6.08.040 - Issuance of License (Dog); LMC 6.10.090 - Confiscation; and LMC 6.12.050 - Information Required; Receipt; Tag (Cat)

Mr. Beal stated staff are proposing three amendments to the Lincoln Municipal Code including confiscation of dangerous dogs, license requirement of spayed and/or neutered cats and dogs. The Animal Control Advisory Committee has reviewed the amendments and supports the changes. He distributed a revised version of the changes including “the Dangerous or Potentially Dangerous dog in violation and the Director may order that the Dangerous or Potentially Dangerous Dog be destroyed”. These changes clarify “dog in violation” and replaces “shall” with “may”. Mr. Sieh stated we will need to set up a set of criteria for confiscation of the animals in violation. This will be prepared and presented to the Board of Health in January.

VII. CURRENT BUSINESS (Information Items)

A. Animal Control Division Report

Mr. Beal provided an update on the Animal Control Program. He noted four main points: 1) connecting Animal Control and Public Health; 2) increasing pet owner responsibility; 3) current and emerging issues; and 4) Animal Control’s role in regulation and enforcement. Highlights included bites/attacks, license defects, website highlights, customer service & office efficiency, collaborative efforts with other agencies in the community, current issues and future trends. Mr. Emery thanked Mr. Beal and the Animal Control staff for all they do for the community.

B. Responsible Beverage Server Training

Mr. Holmes stated the Department is working with the Lincoln Police Department, the City Council and retail liquor license holders in the City regarding required training and permits for servers. A community informational meeting was held on November 30 to present the proposed requirements to assure all establishments are
aware that their employees will be affected by the proposed changes. Sixty individuals attended the meeting. Another meeting will be held in January.

C. National Public Health Performance Standards Program Sub-Committee Update

Dr. Schneider stated the Sub-Committee met again prior to the Board of Health meeting and completed the review of the Government Instrument of the National Public Health Performance Standards Program. The Sub-Committee members will review the final document and forward it to the Centers for Disease Control. He thanked Dr. Lester and Dr. Peterson for serving on the Sub-Committee and Mr. Holmes, Mr. Beal, Ms. Cook, and Ms. Mach for providing staff assistance.

D. Lincoln Corporate Partnership Plan Update

Dr. Schneider provided an update on the Lincoln Corporate Partnership Plan. A meeting was held with the Mayor’s Office. Items discussed included advertising, vending machines, healthy food choices. Healthy food choices will be provided in vending machines in recreation centers and other health facilities. Additional meetings are scheduled at a later date.

VIII. FUTURE BUSINESS

Mr. Messsineo asked for an updated Board of Health Roster/Department Pairings and an Updated Organizational Chart.

Ms. Halstead stated the Ten Essential Services for Public Health - Performance Standards will be on the January 10, 2012 agenda.

IX. ANNOUNCEMENTS

The next meeting is January 10, 2012 - 5:00 PM.

X. ADJOURNMENT

The meeting was adjourned at 6:25 PM.

Elaine Severe
Recording Secretary

Heidi Stark
Vice-President
HEALTH DIRECTOR

- Staff are beginning budget preparations for the FY2012-2014. This is the first time the City will prepare a two year budget.

- The Health Director met with the Mayor’s Office to discuss health issues for the 2012 Legislative Session. The 2012 session begins January 4, 2012. Staff will review and monitor legislation relative to the Department and the City.

- The Health Director continues to meet with the Community Health Endowment regarding the Health Management Association Study.

- The Combined Charitable Campaign was completed. Health Department staff donated $12,394.00 to the campaign. For the City, the average donation per participant increased by 17% and dollars donated increased by 2%.

- To enhance collaboration with Lincoln Fire and Rescue (LFR), the Fire Chiefs at LFR will be meeting with the Director and Division Managers every other month starting in January. Areas for collaboration include Fire/Burn Prevention, HazMat, changes in community availability to services, etc.

- In January, Fire Captain Jeremy Gegg will be working with the Health Department to pre-plan the building in the event of another fire emergency.

- Employee of the Month - Doug Tangeman - Environmental Public Health Division.

ANIMAL CONTROL

Animal Control Dec Stats

|                               | Sep 09- Nov 09 | Sep 10- Nov 10 | Sep 11- Nov 11 |
|                               |                |                |                |
| Pet Licenses Sold             | 13,928         | 13,678         | 14082          |
| Cases Dispatched              | 4455           | 4156           | 5738           |
| Investigation                 | 5540           | 4637           | 6210           |
| Animals Impounded             |                |                |                |
| Dogs                         | 515            | 490            | 424            |
| Cats                         | 466            | 567            | 471            |
| Court Citations Issued       | 60             | 148            | 42             |
Animal Control officers and dispatchers started training on the use of the new Investigative Report Forms in December. Three more sessions are planned and when complete the officers and dispatchers will have gained new computer reporting skills and biter/attack/neglect files will be more accessible to all that need to use them.

The Manager and the Director of Capital Humane Society will be meeting with the Executive Committee, Emergency Vet Services for the purpose of making a presentation on a proposed spay/neuter program that would increase the number of low and limited income dog/cat owners having access to assistance for spay/neuter procedures. The program would include volunteer services from local veterinarians.

The final changes were made to the Animal Control Website and it will soon be live along with many new and improved updates to the Health Departments overall website. Plans continue for hosting the National Animal Control Association Level II training in February. John Mays, Executive Director and several NACA staff will be in Lincoln to conduct the training.

COMMUNITY HEALTH SERVICES

Program Changes

CHS was informed that NDHHS' Division of Medicaid will not fund our Medicaid Public Health Outreach (MPHO) grant beyond December 31, 2011. In the last few years, the amount of grant money has dwindled and we've changed our services to match the state's priorities and their new electronic application process. CHS will continue Presumptive Eligibility (PE) services for poor and uninsured pregnant women as we are still an

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</table>
approved PE provider and doing so meets our division's overall goal: to connect vulnerable populations to a source of care.

- At the same time, nursing triage in the Information & Referral Call Center (I&R) needs to expand for two reasons; the number of people needing help in accessing health care has increased and many of those who are poor & uninsured do not access care unless they have an urgent medical need. I&R nurses work to address the clients’ immediate, most pressing medical needs while working with other community resources to help the client establish a medical home. Three nurses will provide I&R services; two nurses will take incoming calls and one nurse will follow up with patients using outgoing calls/in-house visits as needed. CHS has already successfully piloted a more extensive follow-up program for clients utilizing Clinic with a Heart services. Becky Hansen will be reassigned from Maternal-Child Health Services to the I&R in January 2012. Becky has been, and will continue to be, a great asset to our department. Her knowledge and experience as a public health nurse will continue to be well utilized as I&R expands.

DENTAL HEALTH AND NUTRITION SERVICES

WIC

- Social media such as Facebook is one avenue to reach the public with health and nutrition information. If used properly social media has the potential to “cultivate communities” and engage the public in meaningful and advantageous conversations. LLCHD WIC has launched a Facebook page and we hope you will “Like” us, but more importantly we want you to support our efforts to engage the public in meaningful conversations that can help empower WIC families and all Lincoln families to be healthy. You can find us at WIC - Lincoln-Lancaster County Health Department Facebook.

Dental Health

- During the month of November, dental staff assisted with school based dental screenings at Rousseau, Norwood, Elliott, Randolph, Hartley, Eastridge and Clinton Elementary Schools.

- Most of the school based dental screenings have been occurring during the months of October and November, with the help of community volunteer dentists. Once the nurses compile their schools screening results, the nurses will be notifying the families and making referrals, as needed. The administrative staff of LPS Student Health Services recently committed to working more collectively with LLCHD to assure follow-up and
access for the students’ dental needs.

- What is new this year in school based dental screenings is the Nebraska Department of Health and Human Services data collection project. This project involves Nebraska schools to collect and submit dental screening data on students in grade 1, 4, 7, and 10. The data will be used to assess the prevalence of need for dental referral among Nebraska youth according to screening results of an open mouth inspection at school. Such data can be used in state-level discussions with community leaders, policy makers, and school board members about the extent to which Nebraska children may be affected by poor dental health - known to cause absenteeism and illness among children. What has been missing in the past in Nebraska has been an on-going collection of quality data across our State, allowing for the examination and discussion of barriers that affect children’s dental health and their access to dental care at the local and state levels.

- School participation in the project will be voluntary and school-specific information will not be made public. However, an aggregated report of all the data collected from participating schools will be published by the summer of 2012.

ENVIRONMENTAL PUBLIC HEALTH

Land Use Planning, Public Health, and our Environment

- In October, the City Council and County Board adopted the LPlan 2040. Health Department staff was actively involved in the LPlan 2040 process. Dr. Schneider and Dr. Cantarero participated in several LPlan 2040 meetings. The core promise embedded in LPlan 2040 is to maintain and enhance the health, safety and welfare of our community during times of change, to promote our ideals and values as changes occur, and to meet the needs of today without sacrificing the ability of future generations to meet their needs. The LPlan 2040 includes Vision Statements and goals that are worded as descriptions of the desired future conditions. The vision statements for a “Healthy Community” and for “Environmental Stewardship and Sustainability” are extracted from the report and included below.

Healthy Community

- The interaction between people and their environments, natural as well as human-made, has re-emerged as a major public health issue. A healthy community is one that continuously creates and improves both its physical and social environments. It also
provides easy access and connectivity to other communities – places where every person is free to make choices amid a variety of healthy, available, accessible, and affordable options. Since 1900, life expectancy in the United States has increased by approximately 40 years. Only 7 of those years can be attributed to improvements in disease care; the rest are the result of improved prevention efforts and improved environmental conditions, including sanitation and water. Examining the interaction between health and the environment requires considering the effects of factors in the broad physical and social environments, which include housing, urban development, land use, transportation, industry, and agriculture.

The following goals are based on this Healthy Community statement:

- Urban design encourages walking and bicycling which improve environmental and physical health.
- Neighborhoods are friendly to pedestrians, children, bicycles, the elderly and people with disabilities.
- Redevelopment projects consider the use of existing infrastructure and buildings in their design.
- Mixed use communities that integrate a variety of housing types and commercial services and serve a variety of income levels allow people to live, work and shop within walking and biking distance.

Environmental Stewardship and Sustainability

- LPlan 2040 commits Lincoln and Lancaster County to sustainable growth through preservation of unique and sensitive habitats and the encouragement of creative integration of natural systems into developments. The importance of building sustainable communities — communities that conserve and efficiently utilize our economic, social, and environmental resources so that the welfare of future generations is not compromised – has long been recognized. This concept has grown in importance with increased understanding of the limits to energy supplies and community resources, the likelihood that energy costs will continue to increase in the future, the climatic impacts of energy consumption, and the impacts on the physical and economic health of the community. LPlan 2040 describes a community that values natural and human resources, supports advances in technology, and encourages development that improves the health and quality of life of all citizens.

The following goals are based on this Environmental Stewardship and Sustainability statement:
Natural and environmentally sensitive areas are preserved and thrive. Wetlands, native prairies, endangered species, and stream (riparian) corridors are preserved to ensure the ecological health of the community.

Residents and visitors to the city and county enjoy an interconnected network of trails, parks, open space and natural resources called the Salt Valley Greenway that contributes to the community’s unique sense of place.

Natural features such as tree masses in areas for future development are integrated into new development to provide for green spaces within the built environment.

Incentives are used to encourage more projects and neighborhoods that incorporate best practices for mixing uses and reducing vehicle trips, which will reduce energy demands and harmful emissions.

Local food production is encouraged, building a stronger relationship between city and rural communities and greater security for our food supplies.

Reduced energy consumption is encouraged in new building construction and in retrofitting existing buildings.

Re-use, recycling, and conservation of natural resources and man-made materials are encouraged.

Efforts are made to attract new and expanding industries that serve the emerging market for more sustainable products and services.

HEALTH DATA & EVALUATION

The MAPP (Mobilizing for Action through Planning and Partnerships) Steering Committee is answering a survey to determine health priorities in the community. The survey asks members to score each of the 72 listed health issues or behaviors utilizing four criteria suggested by the Nebraska Department of Health and Human Services. When combined with three other criteria based on the recent data, the scores will be used to highlight areas of focus. The prioritization of health issues is one of the last steps in the MAPP process. After the list of priority health issues is established the next step is to determine root causes of the issues, and to set strategic health priorities for the next three to five years. The strategic priorities will be used to create a Community Health Improvement Plan, which will be the goal of our efforts over the next nine to ten months.

There’s progress in finding a host site for the dashboard that was developed with the Public Health Association of Nebraska (PHAN) as it appears that an outside provider of hosting services will be contracted with for at least a year while other options are discussed with the Nebraska Department of Health and Human Services (NDHHS) or some other organization. The NDHHS website has recently undergone quite a bit of change including their URLs as has the look of the homepage for the Centers for Disease
Control and Prevention (CDC). If you are interested in either the link to NDHHS is [http://dhhs.ne.gov/publichealth/Pages/public_health_index.aspx](http://dhhs.ne.gov/publichealth/Pages/public_health_index.aspx) and the CDC’s home page is [http://www.cdc.gov/](http://www.cdc.gov/).

There has been no flu activity locally although Nebraska is reporting sporadic activity. Nevertheless, it is a good time for people to seek a flu shot or nasal spray to help reduce the chance of catching seasonal flu, which is likely to begin picking up in January and February, which is the recent pattern. There have been several cases of an H3N2 novel flu strain that has gotten the attention of the CDC, but so far there have been no cases in Nebraska.

**HEALTH PROMOTION & OUTREACH**

**Tobacco Prevention**

- In response to on-going calls from the public regarding smoking near entrances of buildings, the Tobacco Prevention staff has created a Smoke-Free Entrances Resource Guide. This guide explains that while there are no distance stipulations in the local or state laws, organizations have the authority to enact and enforce their own policy designating a reasonable distance from entrances as no-smoking areas. The guide also provides sample policy language and suggestions for promoting and enforcing the policy in a manner which will increase compliance.

- Staff coordinated a tobacco compliance check with the Lincoln Police Department and three youth volunteers. Seven out of 42 businesses sold tobacco products to the youth for a 17% non-compliant rate (83% compliant). Staff continued follow-up visits with businesses who sold during the October compliance check. One small business owner is sending all the employees from the business to the December tobacco and ID check training. These trainings are a collaborative effort between LLCHD Tobacco Prevention staff and Lincoln Police Department and are held three times per year.

**Injury Prevention**

- Staff along with members of the Safe Kids Fire/Burn Prevention Task Force viewed a landlord tenant training presented by the Tualatin Valley Fire and Rescue in Portland, Oregon. Participants from the task force included representatives from Lincoln Fire and Rescue, Southeast Community College Fire Protection Program, Fire Prevention Bureau, Stronger Safer Neighborhoods, and LLCHD. Safe Kids Fire/Burn Prevention Task Force is planning a similar training for Lincoln.

**Physical Activity/Lincoln On the Move**
- There are now 12 League of American Bicyclists Certified Instructors (LCIs) in Lincoln. The League certifies individuals in a nationally recognized training that provides for a range of bicycle education classes including programs from age 10 through adults. To receive this certification, students must successfully complete twenty hours of classroom and bicycle skills/safety training provided by a League of American Bicyclists (LAB) instructor. The LCIs for Lincoln include people from Parks and Recreation, Lincoln Public Schools, UNL Campus Rec, Southeast Community College, a local bike shop, and two local businesses. Preparations are underway to have the LAB certify an additional 12-16 individuals in March 2012. Staff will be working with the LCIs to provide bicycle skills and safety education to children and adults throughout the community.

INFORMATION & FISCAL MANAGEMENT

- Division Manager has created forms to assist with development of new biennial budget. Initial meetings with Divisions will be scheduled in January. The specific budget instructions will be provided by the City Budget Office in the middle of January and the deadline for submitting the budget is March 9, 2012. This is two weeks later than past years.

- We are interviewing applicants for the new Systems Specialist position (included in the FY 2011-2012 budget) that will help with the new Environmental Health system and with dashboard development. Interviews for the Fiscal Office Supervisor will be scheduled for late Dec./early January.

- Division Manager has been assisting City Information Services in the process of acquiring dashboard tools that will be available to all City Departments. This will also enable the Health Department to make dashboard information available on the City's website.
NOTICE: The Lincoln/Lancaster County Planning Commission will hold a public hearing on Wednesday, January 11, 2012, at 1:00 p.m., in the City Council Hearing Room, County-City Building, 555 S. 10th St., Lincoln, Nebraska, on the following items. For more information, call the Planning Department, (402) 441-7491.

The Lincoln/Lancaster County Planning Commission will meet on Wednesday, January 11, 2012, from 11:45 a.m. - 12:45 p.m. in Room 113 of the County-City Building, 555 S. 10th St., Lincoln, Nebraska, for a briefing by City staff on “Access Management Policy and proposed Design Standards Amendments”.

**PLEASE NOTE: The Planning Commission action is final action on any item with a notation of “FINAL ACTION”. Any aggrieved person may appeal Final Action of the Planning Commission to the City Council or County Board by filing a Notice of Appeal with the City Clerk or County Clerk within 14 days following the action of the Planning Commission.

The Planning Commission action on all other items is a recommendation to the City Council or County Board.

AGENDA

WEDNESDAY, JANUARY 11, 2012

[Commissioner Francis absent]

Approval of minutes of the regular meeting held December 14, 2011. **APPROVED, as amended, 8-0 (Francis absent)**
1. **CONSENT AGENDA:**

   (Public Hearing and Administrative Action)

**ANNEXATION WITH RELATED ITEMS:**

1.1a Annexation No. 11004, to annex approximately 418 acres, more or less, generally located at N. 48th Street and Superior Street.

   **Staff recommendation:** Approval
   **Staff Planner:** Tom Cajka, 441-5662, tcajka@lincoln.ne.gov
   **Planning Commission recommendation:** APPROVAL, 8-0 (Francis absent).

   **Public Hearing before City Council tentatively scheduled for Monday, January 30, 2012, 5:30 p.m.**

1.1b Change of Zone No. 11041, from AG Agricultural District, R-3 Residential District and H-4 General Commercial District to P Public Use District, on property generally located at N. 44th Street and Superior Street.

   **Staff recommendation:** Approval
   **Staff Planner:** Tom Cajka, 441-5662, tcajka@lincoln.ne.gov
   **Planning Commission recommendation:** APPROVAL, 8-0 (Francis absent).

   **Public Hearing before City Council tentatively scheduled for Monday, January 30, 2012, 5:30 p.m.**

1.1c Street & Alley Vacation No. 11012, to vacate N. 44th Street from the south lot line of Lot 68 I.T. to the north lot line of Morton Street, generally located at N. 48th Street and Superior Street.

   **Staff recommendation:** Conformance with the Comprehensive Plan
   **Staff Planner:** Tom Cajka, 441-5662, tcajka@lincoln.ne.gov
   **Planning Commission recommendation:** A FINDING OF CONFORMANCE WITH THE COMPREHENSIVE PLAN, 8-0 (Francis absent).

   **Public Hearing before City Council will be scheduled when the provisions of Chapter 14.20 have been satisfied.**
CHANGE OF ZONE:

1.2  Change of Zone No. 11043, from R-3 Residential District to O-2 Suburban Office District, on property generally located at S. 80th Street and Pioneers Boulevard.

Staff recommendation: Approval, subject to a conditional zoning agreement
Staff Planner: Brian Will, 441-6362, bwill@lincoln.ne.gov

Removed from Consent Agenda and had separate public hearing.
Planning Commission recommendation: APPROVAL, subject to Conditional Zoning Agreement, as set forth in the staff report dated December 21, 2011, 8-0 (Francis absent).
Public Hearing before City Council will be scheduled upon completion of the associated Conditional Zoning Agreement.

PERMITS:

1.3  Special Permit No. 11032, for expansion of a non-conforming use into the required front yard setback to allow an outdoor play area associated with an early childhood care facility, on property located at 4701 Van Dorn Street.

*** FINAL ACTION ***
Staff recommendation: Conditional Approval
Staff Planner: Brian Will, 441-6362, bwill@lincoln.ne.gov
Planning Commission ‘final action’: CONDITIONAL APPROVAL, as set forth in the staff report dated December 22, 2011, 8-0 (Francis absent).
Resolution No. PC-01261.

MISCELLANEOUS:

1.4  Waiver No. 11026, to waive the requirements of the land subdivision ordinance for a sidewalk and pedestrian easement, on property generally located at NW Pemberly Ln and W. Highland Boulevard.

*** FINAL ACTION ***
Staff recommendation: Approval
Staff Planner: Tom Cajka, 441-5662, tcajka@lincoln.ne.gov
Planning Commission ‘final action’: APPROVAL, as set forth in the staff report dated December 27, 2011, 8-0 (Francis absent).
Resolution No. PC-01262.

2.  REQUESTS FOR DEFERRAL: None.

3.  ITEMS REMOVED FROM CONSENT AGENDA: (See 1.2 above)
AT THIS TIME, ANYONE WISHING TO SPEAK ON AN ITEM NOT ON THE AGENDA, MAY DO SO

PENDING LIST:

1. Change of Zone No. 11028, amending Section 27.35.025 of the Lincoln Municipal Code to allow the sale of alcoholic beverages for consumption on the premises in the B-4 Lincoln Center Business District as a permitted conditional use; and repealing Section 27.35.025 of the Lincoln Municipal Code as hitherto existing. *(11-30-11: Planning Commission voted 9-0 to continue public hearing on February 22, 2012 at the request of the applicant.)*

Planning Dept. staff contacts:

Steve Henrichsen, Development Review Manager . . . 441-6473 . . shenrichsen@lincoln.ne.gov
Nicole Fleck-Tooze, Long Range Planning Manager . 441-6363 . . ntooze@lincoln.ne.gov
Mike Brienzo, Transportation Planner . . . . . . . . . . 441-6369 . . mbrienzo@lincoln.ne.gov
Tom Cajka, Planner . . . . . . . . . . . . . . . . . . . . . . 441-5662 . . tcajka@lincoln.ne.gov
David Cary, Planner . . . . . . . . . . . . . . . . . . . . . 441-6364 . . dcary@lincoln.ne.gov
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Brandon Garrett, Planner . . . . . . . . . . . . . . . 441-6373 . . bgarrett@lincoln.ne.gov
Sara Hartzell, Planner . . . . . . . . . . . . . . . . . . . . . 441-6371 . . shartzell@lincoln.ne.gov
Rashi Jain, Planner . . . . . . . . . . . . . . . . . . . . . 441-6372 . . rjain@lincoln.ne.gov
Brian Will, Planner . . . . . . . . . . . . . . . . . . . . . 441-6362 . . bwill@lincoln.ne.gov
Ed Zimmer, Historic Preservation Planner . . . . . . . 441-6360 . . ezimmer@lincoln.ne.gov

The Planning Commission meeting which is broadcast live at 1:00 p.m. every other Wednesday will be rebroadcast on Sundays at 1:00 p.m. on 5 City TV, Cable Channel 5.

The Planning Commission agenda may be accessed on the Internet at [http://www.lincoln.ne.gov/city/plan/pcagenda/index.htm](http://www.lincoln.ne.gov/city/plan/pcagenda/index.htm)
PLANNING COMMISSION FINAL ACTION
NOTIFICATION

TO : Mayor Chris Beutler
     Lincoln City Council

FROM: Jean Preister, Planning

DATE: January 12, 2012

RE: Notice of final action by Planning Commission: January 11, 2012

Please be advised that on January 11, 2012, the Lincoln City-Lancaster County Planning Commission adopted the following resolutions:

**Resolution No. PC-01261**, approving Special Permit No. 11032, with conditions, requested by Lindsey Kubicek, on behalf of Jean Jeffrey, Trustee, for authority to expand a nonconforming use, together with a request to adjust the front yard setbacks of a nonconforming office building from 25 feet to zero feet to accommodate a play area associated with an early childhood care facility, on property located at 4701 Van Dorn Street.

**Resolution No. PC-01262**, approving Waiver No. 11026, requested by Don Johnson, for authority to modify the Land Subdivision Ordinance to waive the requirement that a pedestrian way be provided when a block length exceeds 1,000 feet, on property generally located near N.W. Pemberly Lane and Barons Road.

This is final action unless appealed to the City Council within 14 days of the action by the Planning Commission.

The Planning Commission Resolution may be accessed on the internet at [www.lincoln.ne.gov](http://www.lincoln.ne.gov) (Keyword = PATS). Use the “Search Selection” screen and search by application number (i.e. SP11032 and WVR11026). The Resolution and Planning Department staff report are in the “Related Documents” under the application number.
Memorandum

To: City Council Members

From: Fran Mejer
      Public Works & Utilities Business Manager

Subject: Lincoln Water & Wastewater Systems Fiscal Year 2010-11 Audits

Date: January 13, 2012

cc: Mayor Chris Beutler, Miki Esposito, Steve Hubka, Mary Meyer, Joan Ross

BKD, LLP has completed their audit of the Lincoln Water and Wastewater Systems for Fiscal Year 2010-11. Copies of the reports are available at both the City Clerk’s office and City Council secretary’s office for your review. Should you personally wish to have a copy of the financial reports, I have additional copies in my office.

Attached is the Post Audit Communication and Management letter, along with our response to their letter.

Should you have any questions regarding the audit, please do not hesitate to contact me at 402-441-7537.

Fran Mejer

P:\Files\OFFICE\e\AUDIT\Memo to City Council 2010_11 Water and WW System Audit Memo to Council Final.doc
January 9, 2012

The Honorable Mayor, Members of
The Audit Committee and Management
City of Lincoln, Nebraska

RESPONSE TO MANAGEMENT LETTER
DATED NOVEMBER 30, 2011

INTERNAL CONTROL OVER FINANCIAL REPORTING

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect and correct misstatements of the System’s financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

The following matters were considered to be deficiencies.

**Deficiencies**

**Calculation of Capitalized Interest**

An adjusting entry was required to record capitalized interest on projects specifically funded through proceeds from the Nebraska Department of Environmental Quality loans. We recommend any projects being specifically funded by loan proceeds be reviewed closely by management to ensure the proper accounting treatment.

**Business Office response:**
Due to the addition of several Nebraska Department of Environmental Quality loans, BKD recommended an alternate way to calculate capitalized interest. We have complied.

**Recording of Nebraska Department of Environmental Quality Project Loan**

An adjusting entry was required to record additional project loan payables and the related receivable under the Nebraska Department of Environmental Quality loan agreement for expenditures occurring prior to year-end. We recommend any expenditures occurring near year-end be reviewed closely by management to ensure the proper accounting treatment.

**Business Office response:**
We have complied and have put additional measures in place to assure these year-end expenses are recorded correctly.

Fran Mejer
Public Works & Utilities Business Manager
The Honorable Mayor and Members of the Audit Committee  
Lincoln Water and Wastewater Systems  
Lincoln, Nebraska  

As part of our audits of the financial statements of Lincoln Water and Wastewater Systems (collectively referred to as the System) as of and for the year ended August 31, 2011, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

*Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards Issued by the Comptroller General of the United States*

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

*Qualitative Aspects of Significant Accounting Policies and Practices*

*Significant Accounting Policies*

The System's significant accounting policies are described in Note 1 of the respective audited financial statements.

*Alternative Accounting Treatments*

No matters are reportable
Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following area involves significant estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates:

- Utility plant lives and depreciation methods

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Developer commitments
- Related party transactions

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. No audit adjustments were proposed for Lincoln Water System. All Lincoln Wastewater System audit adjustments proposed were recorded.

Areas in which adjustments were proposed for Lincoln Wastewater System include:

- Capitalized interest
- Nebraska Department of Environmental Quality project loan liability and related receivable

Auditor’s Judgments About the Quality of the System’s Accounting Principles

No matters are reportable

Other Material Written Communications

Listed below are other material written communications between management and us related to the audits:

- Management representation letters (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements of Lincoln Water and Wastewater Systems as of and for the year ended August 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the System’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control.
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the System’s financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System’s financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies.

**Deficiencies**

*Calculation of Capitalized Interest*

An adjusting entry was required to record capitalized interest on projects specifically funded through proceeds from the Nebraska Department of Environmental Quality project loans. We recommend any projects being specifically funded by loan proceeds be reviewed closely by management to ensure the proper accounting treatment.

*Recording of Nebraska Department of Environmental Quality Project Loans*

An adjusting entry was required to record additional project loan payables and the related receivable under the Nebraska Department of Environmental Quality loan agreement for expenditures occurring prior to year-end. We recommend any expenditures occurring near year-end be reviewed closely by management to ensure the proper accounting treatment.

**OTHER MATTERS**

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audits of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements if you require.
New Accounting Standards

Governmental Accounting Standards Board Statement No. 62

The Governmental Accounting Standards Board has issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in pre-November 30, 1989 FASB and AICPA pronouncements, which does not conflict with or contradict GASB pronouncements.

This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. This statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to governments, thereby resulting in a more consistent application of applicable guidance in financial statements of governmental entities.

This statement is effective for the System’s fiscal year ending August 31, 2013.

Governmental Accounting Standards Board Statement No. 63

The Governmental Accounting Standards Board has issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement amends the net asset reporting requirements in GASB Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, which was not addressed in previous accounting guidance.

This Statement is effective for the System’s fiscal year ending August 31, 2013.

**********

This communication is intended solely for the information and use of the Mayor, Audit Committee, and management and is not intended to be and should not be used by anyone other than these specified parties.

Bkd, Llp

November 30, 2011
CITY OF LINCOLN WATER SYSTEM
555 South 10th Street
Lincoln, Nebraska 68508

November 30, 2011

BKD, LLP
Certified Public Accountants
1248 'O' Street, Suite 1040
Lincoln, Nebraska 68508

We are providing this letter in connection with your audits of our financial statements as of and for the years ended August 31, 2011 and 2010. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.

2. We have made available to you:
   (a) All financial records and related data.
   (b) All minutes of meetings of the governing body held through the date of this letter.
   (c) All significant contracts and grants.
3. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
   
   (a) Misappropriation of assets.
   (b) Misrepresented or misstated assets, liabilities or net assets.

4. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

5. We have no knowledge of any known or suspected:
   
   (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
   (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Lincoln Water System received in communications from employees, customers, regulators, suppliers or others.

7. Except as reflected in the financial statements, there are no:
   
   (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
   (b) Material transactions omitted or improperly recorded in the financial statements.
   (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
   (d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.
   (e) Related party transactions, balances, arrangements or guarantees.
   (f) Agreements to purchase assets previously sold.
   (g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.
   (h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.
(i) Restrictions on cash balances or compensating balance agreements.

(j) Guarantees, whether written or oral, under which the Lincoln Water System is contingently liable.

8. Adequate provisions and allowances have been accrued for any material losses from:

(a) Uncollectible receivables.

(b) Reducing obsolete or excess inventories to estimated net realizable value.

(c) Sales commitments, including those unable to be fulfilled.

(d) Purchase commitments in excess of normal requirements or above prevailing market prices.

9. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

10. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

11. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

12. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
13. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

14. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

15. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.

16. We have a process to track the status of audit findings and recommendations.

17. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

18. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.

19. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect our present intent and ability to carry out specific courses of action relevant to and inherent in those assumptions.

20. The supplementary information required by the Governmental Accounting Standards Board, consisting of management’s discussion and analysis, has been prepared and is presented in conformity with the applicable GASB pronouncements. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. There has been no change from the preceding period in the methods of measurement and presentation.
21. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.

22. The amount allocated to Lincoln Water System is an appropriate estimate of the fund’s cost for other post employment benefits.

Miki Esposito  
Interim Director of Public Works & Utilities

Fran Mejer  
Public Works & Utilities Business Manager
CITY OF LINCOLN WASTEWATER SYSTEM
555 South 10th Street
Lincoln, NE 68508

November 30, 2011

BKD, LLP
Certified Public Accountants
1248 'O' Street, Suite 1040
Lincoln, Nebraska 68508

We are providing this letter in connection with your audits of our financial statements as of and for the years ended August 31, 2011 and 2010. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.

2. We have made available to you:
   (a) All financial records and related data.
   (b) All minutes of meetings of the governing body held through the date of this letter.
   (c) All significant contracts and grants.
3. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:

(a) Misappropriation of assets.

(b) Misrepresented or misstated assets, liabilities or net assets.

4. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

5. We have no knowledge of any known or suspected:

(a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

(b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Lincoln Wastewater System received in communications from employees, customers, regulators, suppliers or others.

7. Except as reflected in the financial statements, there are no:

(a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

(b) Material transactions omitted or improperly recorded in the financial statements.

(c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

(d) Events occurring subsequent to the balance sheet date requiring adjustment or disclosure in the financial statements.

(e) Related party transactions, balances, arrangements or guarantees.

(f) Agreements to purchase assets previously sold.

(g) Violations of law, regulations, contracts, grants or requirements of regulatory agencies for which losses should be accrued or matters disclosed in the financial statements.

(h) Unasserted claims or assessments that our attorneys have advised us are probable of assertion.
(i) Restrictions on cash balances or compensating balance agreements.

(j) Guarantees, whether written or oral, under which the Lincoln Wastewater System is contingently liable.

8. Adequate provisions and allowances have been accrued for any material losses from:

(a) Uncollectible receivables.

(b) Reducing obsolete or excess inventories to estimated net realizable value.

(c) Sales commitments, including those unable to be fulfilled.

(d) Purchase commitments in excess of normal requirements or above prevailing market prices.

9. Except as disclosed in the financial statements, we have:

(a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

10. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

11. With regard to deposit and investment activities:

(a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.

(b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

(c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

12. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
13. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

14. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

15. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.

16. We have a process to track the status of audit findings and recommendations.

17. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.

18. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.

19. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect our present intent and ability to carry out specific courses of action relevant to and inherent in those assumptions.

20. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is presented in conformity with the applicable GASB pronouncements. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. There has been no change from the preceding period in the methods of measurement and presentation.
21. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.

22. We represent the impact fees receivable of $686,631 is a current asset as they are expected to be received within the next fiscal year.

23. The amount allocated to Lincoln Wastewater System is an appropriate estimate of the fund’s cost for other post employment benefits.

Miki Esposito  
Interim Director of Public Works & Utilities

Fran Mejor  
Public Works & Utilities Business Manager
To: Board of Equalization  
From: Holly Lionberger, Engineering Services  
Subject: January 23, 2012 Board of Equalization Meeting  
Date: December 30, 2011  
cc: Mayor Beutler, M. Esposito, R. Figard, S. Hubka, D. Taute

The table below summarizes the proposed assessments for the districts which will be before the Board of Equalization at the January 23, 2012 meeting.

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Total Cost</th>
<th>City Subsidy</th>
<th>Assessed Amount</th>
<th>Proposed Assessment Rate</th>
<th>Original Estimated Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD#1185</td>
<td>$132,151.44</td>
<td>$0.00</td>
<td>$132,151.44</td>
<td>$41/FF</td>
<td>$74/FF</td>
</tr>
<tr>
<td>WD#1201</td>
<td>$153,521.54</td>
<td>$35,357.11</td>
<td>$118,164.43</td>
<td>$42/FF</td>
<td>$82/FF</td>
</tr>
<tr>
<td>ARPD#49</td>
<td>$54,108.78</td>
<td>$0.00</td>
<td>$54,108.78</td>
<td>$90/FF</td>
<td>$133/FF</td>
</tr>
</tbody>
</table>

All owners of record within these Districts have been notified of their proposed assessment and the time and location of the Board of Equalization meeting.

**Sewer District No 1185** was created 09/17/2009 at the request of Bus Whitehead with an estimated cost of $240,000 +/- . It was constructed by H.R. Bookstrom Construction Inc., with a final construction contract cost of $99,175.16 and the work was accepted 12/03/2010.

**Water District No 1201** was created 09/17/2009 at the request of Bus Whitehead with an estimated cost of $267,500 +/- . Lincoln Water System is subsidizing the cost difference of constructing a 16-inch water line opposed to a 12-inch line which would have been required in this area. It was constructed by H.R. Bookstrom Construction Inc., with a final construction contract cost of $121,908.70 and the work was accepted 12/03/2010.

**Alley Repaving District 49** was created on 09/17/2009 and ordered constructed on 02/24/2010 at the request of John Ball with an estimated cost of $80,000 +/- . It was constructed by Pavers Inc., with a final construction contract cost of $35,371.86 and the work was accepted 01/18/2011.
January 10, 2012

Mr. Russ Pinyan
2125 Gunnison Drive
Lincoln, NE 68521

Dear Mr. Pinyan:

I am responding to your question about LES' Customer & Facilities charge and the City Dividend for Utility Ownership on your electric bill submitted to the Lincoln City Council members and dated January 7, 2011. My response will be an expansion of the information I provided to you on the same subject on December 9, 2011 (enclosed for your reference).

The Customer & Facilities charge is our cost to connect to you and to manage your account. This charge includes accounting, meter reading, billing, an electric meter, the wires from the transformer to your premises and the transformer. The transformer is a rectangular or cylindrical container which transforms high voltage down to 240/120 volts. These costs are independent of your energy use. The Customer & Facilities charge for General Service class connections is $14.00 per bill. The Residential class has a Customer & Facilities charge of $9.45 per bill because the costs for this class are a little lower. We do not charge these costs by kilowatt-hour because these costs do not vary by the amount of energy you use. Energy rates are a little lower for the General Service class than for the Residential class due to the impact on LES.

Your accounts for these multi-unit buildings are for common spaces. These are not residential uses, but are General Service class uses. Residential Service is available to homes and rental tenants. Residential customers use this service for domestic purposes which are very much the same throughout the Residential class. The General Service class provides service to small business customers, or any non-residential use. General Service customers typically require larger equipment and put different demands on the electric system than do Residential customers. The electric rates for Residential Service and General Service classes reflect the average costs to serve customers in each class.

The City Dividend for Utility Ownership is also independent of the amount of energy used. The City Dividend is a fixed payment amount each month. All Residential class customers pay $2.00 per bill. All General Service class single-phase customers pay $3.25 per bill. All General Service class three-phase customers pay $9.80 per bill. General Service class customers are typically larger than residential customers and are...
charged a proportionately higher City Dividend. These amounts were determined to have the same average impact for each class. Within each class, individual customers could see a different impact. As a small customer in the General Service rate class, you see a greater impact from the City Dividend, and even the Customer & Facilities charge, than larger customers in that class. However, the overall impact to the classes is consistent. The City Dividend for Utility Ownership goes to the City of Lincoln with none of it staying with LES. A legal review consistent with the Nebraska Department of Revenue has determined LES must collect sales tax on the City Dividend for Utility Ownership and forward appropriate amounts to the State and to the City.

I hope this information has been helpful. Feel free to call me at 402-473-3471 if you would like to discuss this issue further.

Truly,

Richard A. Andrysik, P.E.
Manager
Rates, Forecasting & Load Research
RAA/jh

Enclosure

c: Lincoln City Council Members
   Kevin Walles, LES Administrator and CEO
Dear Mr. Pinyan:
I am responding to your question about LES’ Customer & Facilities charge and the City Dividend for Utility Ownership on your electric bill.

The Customer & Facilities charge is our cost to connect to you and to manage your account. This charge includes accounting, meter reading, billing, an electric meter, the wires from the transformer to your premise and the transformer. (The transformer is a rectangular or cylindrical container which transforms high voltage to 240/120 volts.) These costs are independent of your energy use. Your accounts for these six-plexes are probably for common spaces. These are not residential uses, but General Service class uses. The Customer & Facilities charge for General Service class connections is $14.00 per bill. The Residential class has a Customer & Facilities charge of $9.45 per bill because the costs for this class are a little lower. We do not charge these costs by kilowatt-hour because these costs do not vary by the amount of energy you use.

The City Dividend for Utility Ownership is also independent of the amount of energy used. The City Dividend is a fixed payment amount each month. All Residential class customers pay $2.00 per bill. All General Service class single-phase customer pay $3.25 per bill. All General Service class three-phase customers pay $9.80 per bill. These amounts were determined to have the same average impact for each class. Within each class, individual customers could see a different impact. As a small customer in your rate class, you see a greater impact from the City Dividend, and even the Customer & Facilities charge, than larger customers in that class. However, the overall impact to the classes is consistent. Remember, the City Dividend for Utility Ownership goes to the City of Lincoln with none of it staying with LES.

I hope this information has been helpful. I would be glad to talk with you more about these charges. Feel free to call me at the number below.

Richard Andrysik, P.E.
Manager, Rates, Forecasting & Load Research
Lincoln Electric System
(402) 473-3471
randysik@les.com

-----Original Message-----
From: WebForm [mailto:none@lincoln.ne.gov]
Sent: Thursday, December 08, 2011 6:46 PM
To: Council Packet
Subject: InterLinc: Council Feedback

InterLinc: City Council Feedback for General Council

Name: Russ Pinyan
Address: 2125 Gunnison Dr.
City: Lincoln, NE 68521
Comment or Question:
I have a concern about LES fees; I am asking the council because the answer(s) to my questions were not available at the LES office.
My wife and I are the owners of 2 six-plex properties here in Lincoln. On our monthly LES bill we are charged $14 for customer/facility charge and $3.25 for city dividend. These charges are more than what is paid at regular residential buildings like a single family dwelling. One of my properties uses under $10 in energy per month, but my total bill is around $29. The staff at LES was very polite and professional when I stopped in, but even after calling down someone from upstairs, they told me that they do not know why the charges would be different; it is the city that makes this determination.
1. My property uses less energy than most residential properties.
2. There is no special equipment at my property.
3. There is no extra labor to provide the energy for my property.
I feel that I have worked very hard and saved to be able to invest in these properties; I feel that it is unjust to assess a charge to me just because of the size of the building.

What is it that justifies the extra customer and facility charges and the extra dividend charge? Why not base it on the amount of usage or equipment or labor used to provide the energy.

Please respond or provide me with the name of who can explain. Also, someone at LES should be able to answer these questions.

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