

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
ROOM 113
TUESDAY, JULY 11, 2000
8:30 A.M.**

Commissioners Present: Kathy Campbell, Chair
Larry Hudkins
Linda Steinman
Bernie Heier
Bob Workman

Others Present: Kerry Eagan, Chief Administrative Officer
Dave Kroeker, Budget & Fiscal Officer
Dave Johnson, Deputy County Attorney
Bruce Medcalf, County Clerk
Gwen Thorpe, Deputy County Clerk
Ann Taylor, County Clerk's Office

AGENDA ITEM

1 RURAL FIRE DISTRICT BUDGET TAX REQUESTS - Malcolm and Raymond Fire Districts

Dave Kroeker, Budget & Fiscal Officer, said the Malcolm Fire District has indicated that it would like to stay around 9.5 cents, per \$100 of value. He noted that the County Board has discussed shifting 3.5 cents of the 15 cent allocation of levy to the Lancaster County Agricultural Society.

Dan Cerny, Malcolm Fire District, explained that his district could continue to operate within the General Fund if there is a reduction, but said it would limit the district's ability to plan for future equipment purchases by accumulating monies in the Sinking Fund. Reducing the district's levy allocation to 8 cents would result in a loss of \$13,500.

In response to a question from Steinman, Cerny said his district does not have a formal schedule for fire truck replacement.

Campbell asked whether there has been a reduction in the size of the district due to annexation.

Cerny said no, but the increased population has resulted in increases in frequency and distance of calls.

Steve Bjorkman, a certified public accountant representing the Raymond Fire District, said annexation has impacted the district and legal counsel has been retained to work on the issue of compensation.

Hudkins noted that the Malcolm and Raymond Fire Districts respond to calls at the Pawnee Lake and Branched Oak Lake recreational areas and sections of the Interstate.

Larry England, Raymond Fire Department, presented a breakdown of the 212 calls the Raymond Volunteer Fire Department responded to during the period of July 4, 1999 to July 4, 2000 (Exhibit A).

In response to a question from Workman, England said it is not anticipated that the recent award of the City's ambulance contract to the Lincoln Fire Department will lessen the district's responsibility for Interstate response.

Bjorkman explained that the Raymond Fire District also maintains a Sinking Fund for replacement of equipment. He said the budget includes \$83,000 for the General Fund (\$75,000 from tax dollars) and \$225,000 for the Sinking Fund (\$103,000 from tax dollars) with \$36,000 deducted for debt service. There is also one bond that must be accounted for in the budget process. Bjorkman said future equipment needs include a grass rig (\$33,000), rescue tools (\$20,000) and other equipment (\$30,000 - \$40,000). Long range plans include replacement of an ambulance (\$95,000).

England said it cost \$154,000 to replace a fire truck damaged in an accident. Insurance covered \$84,000 of this amount, including \$15,000 for on-board equipment that was damaged.

Bjorkman said the district's proposed budget would require a levy allocation of 8.8 cents, excluding debt service. Reducing the levy allocation to 7.5 cents would result in a loss of approximately \$17,000. He said a reduction to 8 cents, per \$100 of value, would result in a loss of approximately \$9,000. Bjorkman said the loss would primarily impact the Sinking Fund.

In response to a question from Workman, Bjorkman said the Sinking Fund had a balance of \$147,000, as of July 1st, but a \$52,000 payment will reduce this amount. He indicated it is necessary to retain at least \$40,000 in this fund to cover outstanding bonds.

Heier asked Cerny and England whether their districts have retirement plans.

Both indicated that they did not, but said it would aid in recruitment and retention of volunteers.

Campbell asked about other revenue sources.

Bjorkman said Raymond has some income from rent. He said both districts received bequests from an estate, but spending is restricted to the income.

NOTE: Dayle Johnson and James Kumm, Raymond Fire District, were also in attendance.

2 LANCASTER COUNTY AGRICULTURAL SOCIETY FUNDING FOR EVENTS CENTER

Charles Willnerd, Lancaster County Agricultural Society Building Committee Chair, presented a breakdown of Phase I costs and a list of estimated activities for the Events Center -2001 (Exhibit B). Willnerd said \$3,876,000 is requested for Phase I, which does not include these items which are projected to cost an additional \$400,000:

- Projected increase in asphalt due to higher fuel costs
- Fencing for the entire site
- 100-200 R.V. hookups
- An increase in costs for geo-thermal well fields

In addition, storage and maintenance areas that are estimated to cost \$200,000 - \$400,000 are desired. Willnerd said the storage space would be made available to youth groups, filling a need in the community. He also stated that paving of Havelock Avenue to the first driveway, a condition of annexation, was not included in the Phase I costs and estimated this cost at \$30,000 - \$40,000.

Hudkins said the County Engineer has recommended that this paving be extended to the bridge, which would increase costs to \$80,000.

Steinman asked how much has been raised through fundraising.

Willnerd said \$410,000 to date, although it is spread out over a 1-2 year period. He said some of those funds have been expended for interest costs on financing, leaving a balance of approximately \$150,000 - \$180,000. Willnerd added that fundraising is ongoing, noting an additional \$60,000 - \$70,000 in commitments have been received.

Alan Wood, Lancaster County Agricultural Society, said the Internal Revenue Service has afforded them tax supported public entity (509A1) status and contributions are tax deductible.

Steinman asked how the net profit projection for concessions was arrived at.

Willnerd said it was based on information from operators, vendors and the experience of the Events Center's Managing Director. He said the facility will need to gross \$650,000 to break even, excluding debt service. Willnerd added that income has been estimated conservatively.

Workman noted that a similar facility in Denver has provided revenue to that city.

Willnerd said that is correct. He said the Denver facility is self-supporting and conducts an annual fundraising campaign.

In response to a question from Hudkins, Willnerd said the Events Center will bring dollars to the community, but since it is a family oriented facility many of the visitors will be budget minded.

Campbell said it is crucial for the Board to look at worst case scenarios and future funding requirements in making budget decisions. She asked Willnerd whether future phase costs have been determined.

Willnerd said no, but future phases will likely involve partnering with private enterprise.

Bill Giovanni, Ameritas Investment Corporation, said an additional financing option has been identified. An interlocal agreement could be created between Lancaster County and the Ag Society which would create a separate governmental body with bonding authority. He said security for the tax exempt bonds could be the 5 cent levy that is authorized for interlocal governments under LB 1114, a mechanism that is not currently utilized. Giovanni said a \$4 million bond issue could fund the \$3,876,000 requested by the Ag Society. He said if the bond issuance was set at 10 years, with an average interest rate of just under 5 percent, the average debt service would be \$500,000 each year. He added that a levy of just under .45 cents of the 5 cents levy authority would be required, based on an \$11 billion of value. Giovanni estimated that it will take 90 days to put all of this into place.

In response to a question from Hudkins, Giovanni said financing and interest will total \$1.1 million.

Hudkins asked about costs to create the structure and the legal costs involved in following the bond issuance through.

Lauren Wismer, Cline Williams Law Firm, said it is difficult to estimate. He noted that the County is already involved in an interlocal agreement with the City of Lincoln and Lincoln Electric System (LES) for the District Energy Corporation, although that is an operating entity and this would involve a pass-through of funds.

Giovanni said the \$4 million figure leaves a cushion for these type of expenses.

Bill Austin, Lancaster County Agricultural Society, questioned whether the Ag Society is a public agency for definitional purposes under the Interlocal Cooperation Act.

Wismer said three factors must be met to qualify as a political subdivision for tax purposes:

1. Board elected by the public
2. Ability to request the County Board to levy a tax
3. Powers of eminent domain

He said further research is necessary to determine whether the Ag Society would also qualify as a political subdivision under the Interlocal Cooperation Act.

Campbell said the agreement could be structured to require the Ag Society to contribute financially if they show a profit. She added that this would create a structure for the County and Ag Society to jointly plan for the future.

Scott Keene, Ameritas Investment Corporation, noted there has been discussion of shifting the Railroad Transportation Safety District's allocation to the Ag Society and said these funds would have to be replaced at some point.

Wismer added that the replacement may be at an inflated cost.

Hudkins asked whether the Rural Library could also be funded under the 5 cent levy authorized for interlocal governments.

Kroeker said the County currently contracts for this service, but it could be rewritten as an interlocal agreement.

The Board asked Giovanni, Wismer and Dave Johnson, Deputy County Attorney, to continue to research whether this is a viable option.

Kroeker asked whether the Ag Society expects the County to pay for the paving project, noting no funds have been budgeted for this expense.

Willnerd said yes, noting traffic is currently restricted.

Kroeker asked whether this expense could also be covered by the bonds.

In response to a question from Campbell, Willnerd said \$3.8 million is what is needed to open the facility.

NOTE: Also in attendance were Terry Adams, Deputy County Treasurer; Eric Bergquist, Cline Williams Law Firm; and Chris Hain, Lincoln Journal-Star Newspaper.

3 OTHER LANCASTER COUNTY BUDGET CONSIDERATIONS

Dennis Keefe, Public Defender, presented *Lancaster County, Indigent Defense Screener, Proposed Budget and Weekly In-Court Screener Times* (Exhibit C). He noted that Judith Leech, County Court Judicial Administrator, and Judith Beutler, Supreme Court Administrator's Office, believe the part-time position is needed. He added that volunteers, a work-study student or a Lincoln School of Commerce contract could be utilized.

Kroeker suggested creating a separate agency in the budget for the expense.

MOTION: Hudkins moved and Workman seconded to authorize proceeding with the plan for the Indigent Defense Screener, with the proposed budget. Hudkins, Heier, Workman, Steinman and Campbell voted aye. Motion carried.

Kroeker briefly reviewed *Calculation of Restricted Funds* (Exhibit D), noting the Road, Bridge and Highway Fund Budget may impact these numbers. He said the value is estimated at \$11,313,000,000, which would make the tax rate .2766, an approximate 1.82 cents per \$100 of value increase, which equates to \$2 million. Kroeker noted an 11.17 percent increase in restricted funds and said the lid allows for 2.5 percent, plus growth.

Kroeker reported a negative cash fund balance in the amount of \$266,000 for Lancaster Manor, noting a \$700,000 loss. He said the principal payments for debt service will come out of the Renewal & Replacement Fund and a retroactive payment of \$450,000 is needed to maintain the same level. Kroeker said a letter was received from Pat Snyder, Executive Director of the Nebraska Healthcare Association, indicating that the State plans to cap reimbursements.

Hudkins suggested it may be possible to lobby to against this change.

Kroeker referred to *Lancaster County, Comparison FY01 to FY00 Revenue Budget* (Exhibit E), and said the Clerk of the District Court's revenue had been adjusted \$192,098, but an additional \$100,000 may be realized. He also indicated a \$300,000 increase in revenues for the County Treasurer. These revenues would reduce the \$2 million figure to \$1.6 million.

Campbell suggested that the Board take another look at the agency budgets in trying to find these dollars.

Brief discussion took place on the proposal to relocate the Adams Street Clubhouse in the former Jacob North Printing Building at 26th & "O" Street. Campbell noted that the County Attorney's Office has been asked to research the issue of a property trade and said they should be apprised of the fact that there is party that has expressed interest in bidding for the existing property.

Kroeker said Dean Settle, Community Mental Health Center Director, is preparing a list of definite and possible revenue sources. He said he has reviewed a funding history and said the County is contributing at a higher level than the State.

Kroeker reviewed *Keno Fund, FY01 Proposed Budget* (Exhibit F), noting that the cost of the paving project in Waverly is estimated at \$190,000, rather than \$183,000.

Board consensus to include the cost of the Comprehensive Plan revision in the list of Keno Fund expenditures.

Kroeker estimated the Keno Fund balance at \$110,000, after commitments.

The Board asked Kroeker to prepare a list of possible reductions from the agency budgets.

Kroeker also presented the Board with copies of *Budget Comparisons for FY 2000-01, Including Actual Obligations from FY 1999-00*.

4 ADJOURNMENT

By direction of the Chair, the meeting was adjourned.

Bruce Medcalf
Lancaster County Clerk