

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
ROOM 113
TUESDAY, SEPTEMBER 23, 2003
8:30 A.M.**

Commissioners Present: Larry Hudkins
 Bob Workman
 Deb Schorr

Commissioners Absent: Bernie Heier, Chair
 Ray Stevens, Vice Chair

Others Present: Kerry Eagan, Chief Administrative Officer
 Gwen Thorpe, Deputy Chief Administrative Officer
 Trish Owen, Chief Deputy County Clerk
 Ann Taylor, County Clerk's Office

Larry Hudkins, Acting Chair, opened the meeting at 8:34 a.m.

AGENDA ITEM

- 1 COST OF RURAL SERVICES** - Mike Siegel, Public & Environmental Finance Associates in Association with Duncan & Associates; Marvin Krout, Planning Director; Mike DeKalb, Planning Department

Mike Siegel, Duncan & Associates, gave an overview of the Cost of Rural Services Study (Exhibit A). He said three Fiscal Year 2000 budgets were considered (County, Waverly School District and the Southeast Fire District) in determining the extent to which the unincorporated areas pay for the cost of delivering services to new development within the unincorporated area. The study also attempted to determine the break-even value of a new unit of development (residential, industrial and commercial) in the unincorporated area of the County. The break-even amount is the property value at which revenues generated by a new unit of development fully support the cost of providing services to it. He said the overall break-even value for a new dwelling unit in the unincorporated area was determined to be \$283,700, compared to an average sales price of \$210,000 for newly constructed homes in the unincorporated areas.

Hudkins asked the Planning Department to supply the Board with a break-even value for the City for comparison.

Siegel said the County budget was allocated between the incorporated and unincorporated areas of the County, in terms of revenue and expenditures. He said the allocation information was determined through interviews with department heads, service data and other variables such as ratio of jobs, population and real property values. Siegel said the study allocated costs among the land uses (residential, industrial, commercial and agricultural sectors) in the unincorporated area and said the major cost that dominates the outcome of the study is county roads (\$5.8 million in capital costs and \$6.6 million in operating/maintenance costs in Fiscal Year 2002). The Sheriff's costs were second in terms of significance. He said real property tax, state gas tax and agency fees and charges are most significant on the revenue side. Siegel noted that: 1) Residents and businesses in the County's incorporated areas (primarily the City of Lincoln) support about \$6.6 million of the annual cost of providing county services in the unincorporated area; 2) Residents of the unincorporated area are estimated to have paid about \$0.7 million in sales taxes annually to the City of Lincoln.; and 3) A net transfer of \$5.9 million annually (does not include the cost of the municipalities providing services to individuals in the unincorporated areas).

Siegel said there have been a couple of questions raised since submission of the initial draft:

- 1) Whether personal property tax paid by agricultural land uses on farm equipment and machinery was considered.

Siegel said it was considered, but said the agricultural sector was not credited with those payments as it was deemed an inconsequential amount.

Hudkins disagreed. He said personal property tax is paid primarily by those in production agriculture and should be weighted.

Siegel said the figure for Agriculture in the line for Personal Property Tax in Table 9, Land Use Allocation, Incorporated Area, FY 2002-03 (Page 23) should be adjusted to show a figure of 2.00% - 3.00% (currently shown as 0.00%) with the other allocations adjusted accordingly. He said the study concluded none of the existing land uses in the unincorporated area of the County generated revenues equal to, or greater than, the cost of providing services to them, other than the agricultural sector. Siegel said although the payments are significant to the individual farmer, they don't effect the outcome of the study to a significant degree.

- 2) The County Engineer has questioned how trips were calculated and allocated and the difference between the traffic volume counts and the trip generation.

Siegel said this is partly a definitional issue and will not affect the transfer amount.

Hudkins asked whether weight was given to roads that are classified as county roads but serve the City of Lincoln.

Siegel explained that the approach was to attribute the cost of the budget to land uses in the unincorporated area of the County. He said rural residents drive on city roads but the costs of construction and maintenance were not attributed back to the unincorporated area.

Hudkins said he doesn't believe it is an even trade-off and should be looked at further.

Siegel noted that there has been a sizable effort to pave county roads in the last few years with costs supported by pay-as-you-go capital (financed out of current revenues). He said the current budget is more restricted so it may not be possible to continue outlays at the \$5 million plus level, which will reduce the transfer amount.

Schorr suggested that it might be helpful to look at a broader period.

Siegel said capital costs were amortized over a twenty year period with an interest rate of 4.50%.

The Board asked to see the average amount spent for paving over the past twenty years.

Hudkins questioned the methodology of costing roads out at current prices rather than crediting investments that were made in the county's road system over many years. He also asked how the study accounts for new development at the end of a paved road.

Siegel said the study did not look at unique circumstances or land uses, rather averages.

Marvin Krout, Planning Director, said the study did differentiate between an average house on a paved road and an average house on an unpaved road, with different break-even results.

Siegel said the Board may, as a matter of policy, want to encourage new development generating significant traffic to locate in areas served by paved roads or expected to be served by paved roads within five years.

In response to a question from Workman, Siegel said figures were based on the current costs of road maintenance, spread across the current road base.

Siegel said there are ways of recovering costs: 1) A special assessment, wheel tax or revenue stream that is unique to the unincorporated area of the county; or 2) Issuance of long-term bonds to level out annual expenditures.

Schorr asked whether the County's proposed Performance Standard "Point System" (allowing for higher density acreage development when certain criteria are met) meshes with the report's policy recommendation.

Krout said he believes it does.

Siegel said residential development typically doesn't pay its own way and the difference in cost is paid by non-residential land uses.

Kerry Eagan, Chief Administrative Officer, asked whether the cost of preserving floodplains or conservation easements could be added.

Siegel said only costs currently reflected in the budget were considered.

Krout noted that there will also be briefings on studies related to "Build Through" Design Standards (guidelines allowing for future acreage development to be converted to an urban-style configuration when they are brought into the City) and a Performance Standard "Point System". He recommended that the reports then be referred to the Planning Commission for public hearing and recommendation. He said the governing bodies may want to address some of the pending cases in the meantime, since the studies are completed and there is a better understanding of the issues.

There being no further business, the meeting was adjourned at 9:55 a.m.

Also in attendance were: Don Thomas, County Engineer; Larry Worrell, County Surveyor; Dave Kroeker, Budget and Fiscal Officer; Duncan Ross, Planning Department; Allan Abbott, City Public Works/Utilities Director; Kent Seacrest and Nate Jenkins, Lincoln Journal-Star Newspaper.

Bruce Medcalf
Lancaster County Clerk