

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING, ROOM 113
TUESDAY, SEPTEMBER 20, 2011
3:00 P.M.**

Commissioners Present: Deb Schorr, Chair
Bernie Heier, Vice Chair
Brent Smoyer
Jane Raybould

Commissioners Absent: Larry Hudkins

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
Dan Nolte, County Clerk
Cori Beattie, Deputy County Clerk
Ann Taylor, County Clerk's Office

The Chair opened the meeting at 3:02 p.m.

AGENDA ITEM

1 APPROVAL OF THE MINUTES OF THE THURSDAY, SEPTEMBER 15, 2011 STAFF MEETING

MOTION: Heier moved and Smoyer seconded approval of the minutes of the September 15, 2011 Staff Meeting. Smoyer, Heier, Raybould and Schorr voted aye. Hudkins was absent from voting. Motion carried 4-0.

2 ADDITIONS TO THE AGENDA

- A. Legal Opinion Regarding the "20-Acre Rule" for Acreages
- B. Correspondence Regarding a Motocross Racetrack on West Wittstruck Road (Exhibit A)
- C. Report on the Chair and Vice Chair's Meeting with the County Engineer

MOTION: Smoyer moved and Heier seconded approval of the additions to the agenda. Raybould, Heier, Smoyer and Schorr voted aye. Hudkins was absent from voting. Motion carried 4-0.

3 COMPREHENSIVE PLAN UPDATE - Sara Hartzell, Planner; Marvin Krout, Planning Director

Sara Hartzell, Planner, presented a summary of the Draft 2040 Lincoln-Lancaster County Comprehensive Plan (LPlan 2040) (Exhibit B). She also gave an overview of the Comprehensive Plan by each chapter:

Chapter 1 Vision and Plan

This chapter is an executive summary of the plan and contains the City and County land use maps and growth tiers maps.

Chapter 2 The Community

This chapter contains a brief history, growth projections, and guiding principals for community form. It also includes language to reflect the work of the Nebraska Innovation Zone Commission (NIZC) (see Page 2.2).

Chapter 3 Environmental Resources

Local food was added to this chapter as a resource feature for the County (see Page 3.11). Additional language was added to the Greenways and Open Spaces section and the Haines Branch Corridor, from Pioneers Park through the Village of Denton and ending at Spring Creek Prairie, is highlighted (see Pages 3.14-3.25).

Chapter 4 Placemaking

A new chapter was added defining the unique aspects of the community and how to highlight those features.

Chapter 5 Business and Economy

This chapter discusses future employment and industries. Additional language was added to emphasize the role that agriculture plays in Lancaster County's economy (see Page 5.4).

Heier said the County recently adopted a "10-acre rule" to allow for businesses outside the incorporated towns and asked how that would fit with the language. Hartzell said it is addressed in the third bullet, which states: *Continue to encourage and permit accessory home businesses, and locate businesses within the commercial areas of incorporated towns as they expand beyond the definition of home occupation.*

Heier referred to language on Page 5.5 which states: *It is the policy that Commercial and Industrial Centers in Lancaster County be located within the City of Lincoln or incorporated Villages.* He said he would not want to pass-up opportunities for industrial/commercial development in the County and suggested at the September 15th Staff Meeting that consideration be given to commercial/industrial development at 162nd Street and Highway 2 (commonly known as the Bennet Corner). Hartzell said language on Page 5.18 addresses the need to be prepared for potential large employer opportunities that couldn't be accommodated within a town. Marvin Krout, Planning Director, added that specific sites have been identified that have potential advantages, such as rail access (see Map on Page 1.8). He cautioned that it will be expensive to provide infrastructure to those sites.

Chapter 6 Mixed Use Redevelopment

This new chapter discusses the concept of mixed use redevelopment.

Smoyer asked whether it would limit the ability of businesses to grow, citing the downtown corridor as an example. Hartzell said she believes it will open new markets by creating businesses around residential populations.

Chapter 7 Neighborhoods and Housing

Language from the "Guiding Principles for Rural Areas" section of the 2030 Comprehensive Plan is included but has been reformatted. Hartzell said the Planning Department will prepare a resolution to amend the Plan to remove the following language at the request of the Board (see Page 7.13): *Consider all proposals for new acreage development in undesignated areas at one time as part of the Comprehensive Plan Annual Review.*

Heier said he would like to see the following language deleted on Page 7.12: *For areas outside of the Lincoln three mile jurisdiction but inside a future Lincoln growth tier, the County should consider adopting and applying "build-through" standards. The build-through model includes provisions that are intended to facilitate a later transition to urban densities when city services are extended, including: A preliminary plan lot layout that accommodates first phase subdivisions on a portion of the land area with rural water and sewer systems, and shows how future urban infrastructure will be built through the land to permit further subdivision and annexation when appropriate.* He said he would also like to see the following language deleted on Page 7.13: *Areas not designated for acreages should remain agriculturally zoned and retain the current overall density of 32 dwellings per square mile (1 dwelling unit per 20 acres).* In response to a question from Schorr, Heier said the "build-through" concept did not exist before 1999 and it has never been in place in the County. Krout said it is

suggested that as the City and County plan for long-term growth, areas that are outside the growth tiers but are in a drainage basin and may eventually be served by Lincoln's sewer and water should be designed with the same "build-through" standards that are already in place in the City. Heier said he does not believe it is appropriate in the County, outside the City's three-mile jurisdiction. Krout asked Heier whether he would be willing to limit the deletion to the following sentence: *For areas outside of the Lincoln Three mile jurisdiction but inside a future Lincoln growth tier, the County should consider adopting and applying "build-through" standards.*, noting the remainder of the language refers mostly to areas in the City. Heier asked the Planning Department to provide a map depicting those areas.

Chapter 8 Community Facilities

This chapter includes information on the rural fire and school districts (see Pages 8.5 and 8.8).

Chapter 9 Parks, Recreation and Open Space

A section was added regarding county recreational amenities (see Page 9.13).

Chapter 10 Transportation

This chapter serves as the 2040 Lincoln Metropolitan Planning Organization (MPO) Long-Range Transportation Plan (LRTP), the blueprint for the area's transportation planning process over the next 30 years. There are references to the rural road network on Pages 10.14-10.16; Page 10.43-10.45; and Page 10.63. The South and East Beltways are discussed on Pages 10.38-10.39. A map of the county trails system was also included (Page 10.28).

In response to an inquiry from Smoyer, Krout said the City will be looking at existing and additional bike lanes in the downtown area in the future.

Chapter 11 Energy and Utilities

This new chapter discusses energy uses and potential for renewable energy resources and energy conservation. Rural and town water services are discussed on Page 11.9. Rural and town wastewater services are discussed on Pages 11.11-11.12.

Chapter 12 Plan Realization

This chapter provides detailed descriptions of land uses and growth tiers and includes links to rural communities (see Page 12.5).

Schorr noted Heier expressed interest at the September 15th Staff Meeting in changing the land use designation for land in the vicinity of Highway 2 and 148th Street from agricultural to commercial/industrial, which would impact the Village of Bennet. She said she apprised Pat Rule, Bennet Village Clerk, and Rule said she would like to take the issue before her Board when they meet on September 28th. Rule said it is something Bennet would be interested in looking at, noting Bennet's Comprehensive Plan was last updated in 2008 and there have been changes on the Bennet Village Board and Planning Commission since it was last discussed. Schorr said she is hesitant to make a change in designation without input from Bennet and suggested the Board schedule a meeting with their Village Board and Planning Commission within the next six to ten weeks. Heier said the land is currently shown as Agricultural Residential (AGR) and believes there should be an indication that commercial/industrial development is a possibility before more development takes place. Hartzell noted the Board has scheduled a public hearing on this matter on October 11th. She said property owners within a one mile radius of a proposed land use change must be notified ten days in advance so they will need clarification of where the change could occur by the end of September.

NOTE: A copy of the Draft LPlan 2040 is on file in the County Clerk's Office. It is also available at: <http://lincoln.ne.gov/city/plan/lplan2040/index.htm>.

ADDITIONS TO THE AGENDA

A. Legal Opinion Regarding the "20-Acre Rule" for Acreages

MOTION: Heier moved and Smoyer seconded to request a legal opinion on what procedures would need to be followed to change the Comprehensive Plan and Lancaster County Zoning Regulations with regards to the minimum lot size for a single-family dwelling in Agricultural (AG) zoning district. Heier, Smoyer and Schorr voted aye. Raybould voted nay. Hudkins was absent from voting. Motion carried 3-1.

4 PAYDAY LENDER LEGISLATION - Kit Boesch, Human Services Administrator

Kit Boesch, Human Services Administrator, discussed legislation held in the Legislature's Banking Committee (Legislative Bill 553) that would regulate payday lenders and create a database that would be used to enforce current laws, rules and regulations regarding the industry and create annual reports. She also presented a fact sheet regarding payday lending and a proposed Credit Union Quick Cash Program that could serve as an alternative (Exhibit C).

In response to a question from Heier, Boesch said the typical payday lending customer is middle class, with an annual income of just under \$50,000. Most are in their mid 30's and are employed and have children. She said an Omaha study showed the highest users of payday lending institutions are teachers.

Smoyer said he has received inquiries from state senators and other interested individuals on whether the County has taken an official position on this matter. Boesch said it has not and said she does not testify on matters before the Legislature without the permission of the County Board.

RETURNING TO ITEM 2A

Eagan said the Lincoln Journal Star Newspaper has requested a copy of the legal opinion request. He noted the legal opinion request is covered by attorney-client privilege (keeps communications confidential). The Board approved the request.

ADMINISTRATIVE OFFICER REPORT

A. 2012 Legislative Priorities

There was consensus to approve the list of legislative priorities (see agenda packet).

B. Citizen Recognition

Item was held.

C. Coast2Coast Prescription Card Update

Gwen Thorpe, Deputy Chief Administrative Officer, reported there have been 1,001 claims paid through the period of July-August, 2011, noting an additional 243 claims were submitted within the last week. She said she anticipates the County will receive its first revenue check from Coast2Coast by the end of September. Thorpe also reported that the County's National Association of County Officials (NACo) Rx card is still active, with 381 claims submitted last month, even though NACo was sent a letter of termination. The Board decided to resend the letter with a copy of to Chris Rodgers, NACo Second Vice President.

ADDITIONS TO THE AGENDA

- B. Correspondence Regarding a Motocross Racetrack on West Wittstruck Road (Exhibit A)

Raybould agreed to contact Joe Kelly, County Attorney, and Mike Thew, Chief Deputy County Attorney, regarding the concerns expressed in the letter and will report back.

- C. Report on the Chair and Vice Chair's Meeting with the County Engineer

Schorr said she and Heier met with Don Thomas, County Engineer, and discussed questions that had been submitted in writing by Raybould. She said they will share the responses with Raybould. Thomas is still researching the cost of inventory on hand and the amount of work performed in-house versus work contracted with the private sector. Schorr said Thomas indicated he is reducing the number of districts and making changes to job classifications to reduce costs. Thomas also indicated a willingness to have an audit.

- 5 LABOR NEGOTIATIONS** - Mark Koller, Personnel Director; John Cripe, Classification and Compensation Manager; Nicole Gross, Compensation Technician; Tom Fox, Deputy County Attorney

MOTION: Smoyer moved and Heier seconded to enter Executive Session at 4:17 p.m. for the purpose of protecting the public interest with regards to labor negotiations.

The Chair restated the motion for the record.

ROLL CALL: Smoyer, Raybould, Heier and Schorr voted aye. Hudkins was absent from voting. Motion carried 4-0.

MOTION: Heier moved and Smoyer seconded to exit Executive Session at 4:29 p.m. Heier, Raybould, Smoyer and Schorr voted aye. Hudkins was absent from voting. Motion carried 4-0.

6 ACTION ITEMS

There were no action items.

7 CONSENT ITEMS

There were no consent items.

8 ADMINISTRATIVE OFFICER REPORT

- A. 2012 Legislative Priorities
- B. Citizen Recognition
- C. Coast2Coast Prescription Card Update

Items A-C were moved forward on the agenda.

9 PENDING

There were no pending items.

10 DISCUSSION OF BOARD MEMBER MEETINGS

- A. Lincoln Independent Business Association (LIBA) Budget Monitoring Committee - Smoyer

Smoyer said he urged LIBA to support the County's legislative proposal to reduce the county employee pension match for new employees.

- B. General Assistance (GA) Monitoring Committee - Hudkins, Raybould

Raybould said they discussed pharmaceutical costs, formularies and difficulty in finding appropriate substitutions for certain psychotropic medications. She said they also discussed the need for legislation to extend 2011 LB 465 (eliminate provisions relating to eligibility of non-United States citizens for public assistance) to include GA.

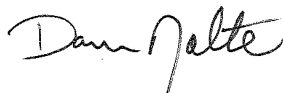
Eagan noted they are beginning the process to review the GA Guidelines.

11 EMERGENCY ITEMS

There were no emergency items or other business.

12 ADJOURNMENT

MOTION: Heier moved and Raybould seconded to adjourn the meeting at 4:31 p.m. Raybould, Smoyer, Heier and Schorr voted aye. Hudkins was absent from voting. Motion carried 4-0



Dan Nolte
Lancaster County Clerk





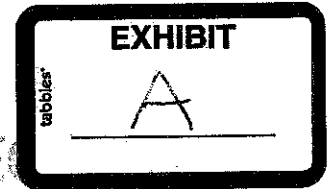
SCOTT A. BURCHAM, PC, LLO

Attorney at Law

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September 14, 2011

Joseph Kelly, Esq.
Lancaster County Attorney
575 South 10th Street, Fourth Floor
Lincoln, NE 68508



REC

SEP 15 2011

LANCASTER COUNTY
BOARD

✓ Ms. Jane Raybould
Lancaster County Commissioner
County-City Building
555 South 10th Street, Room 110
Lincoln, Nebraska 68508

**Re: *Motocross Racing Course Constructed by
Ryan D. Gustafson at 11501 West Wittstruck Road
in violation of the Lancaster County Zoning Resolution***

Dear Mr. Kelly & Ms. Raybould:

This letter is a follow-up to my letter dated 7/7/11 directed to Mr. Kelly regarding the above-referenced matter.

For the reasons I outlined in my 7/7/11 letter, I continue to feel that there is substantial merit for the objections the surrounding landowners have raised relative to Mr. Gustafson's motocross race course, and I would greatly appreciate it if the appropriate Lancaster County representative would provide me with a written response addressing the questions that were discussed at the conclusion of that letter.

In my 7/7/11 letter, I made a request on behalf of the landowners in our area for the Building & Safety Department or the Lancaster County Sheriff's Department to investigate Mr. Gustafson's property, the use of that property, and the issue of whether Mr. Gustafson had followed County ordinances in advance of constructing the motocross racecourse on his property.

I would greatly appreciate it if you would provide me with the following information regarding the above matter:

1. Did the County conduct the requested investigation? If so, please provide me information on the results of the investigation. If a report was generated regarding the investigation, I would also appreciate receiving a copy of the report. If any communications were generated or exchanged by the County and Mr. Gustafson or his attorney regarding the use of his property, I would appreciate receiving copies of these communications as well.



2. If no investigation was ever pursued by the County, please explain the reason or reasons why the matter was not investigated;
3. Were the results of the investigation of Mr. Gustafson's property and the use of that property subsequently reported to the appropriate County agency or department for further handling? If so, please provide me with information on any further action the County has taken in response to the investigation;
4. Has the County determined whether the current zoning provisions apply to Mr. Gustafson's property and the use of that property? If not, please explain why the ordinances do not apply;
5. If the current zoning provisions do apply, has the County made a determination regarding whether or not Mr. Gustafson's motocross track is in violation of the current zoning provisions? If so, what additional action does the County intend to take as a result of the violation?
6. If the applicable County ordinances do not apply, has the County investigated or tried to determine whether Mr. Gustafson's land and land use are distinguishable from the facts that were before Judge Burns in the Samani case? If so, has any determination been made regarding whether Mr. Gustafson is in violation of the basic land-use rules that were established in the Samani case relative to motocross racecourses?

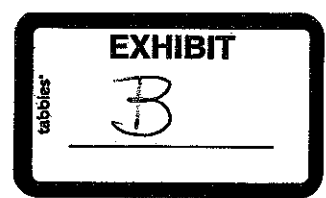
This matter remains of considerable importance to the landowners. If sections 4.007-bb, 13.001, and 13.016 of the current Lancaster County Zoning Resolution do not apply to Mr. Gustafson's use of his property, the landowners would greatly appreciate knowing the specific reason or reasons for this conclusion.

Once again, the above provisions were adopted by the County a few years after the Samani decision was rendered, and the landowners feel that these provisions clearly prohibit Mr. Gustafson from maintaining a motocross racecourse on his property.

Thank you for your assistance with this matter, and your ongoing consideration.

Cordially,


Scott A. Burcham



LPlan 2040

September 7th Planning Commission Recommended Draft of the Lincoln and Lancaster County Comprehensive Plan

Vision and Plan

This is a new chapter, but is largely made up of language from the 2030 Comp Plan. You will find nine Vision Statements and goals that support them. A brief description of the County and City Future Land Use Plans and the Future Growth Tier Map for Lincoln are included along with the maps themselves. Finally, a brief description of information to be found in the eleven chapters that follow is included.

The Community

Introduces the reader to the community of Lincoln and Lancaster County: its history, place in the larger region, people, employment, and general urban and rural form. This chapter includes discussions on changing demographics, their possible effect on future development and the need for regional planning within the greater southeast Nebraska area.

p. 2.2 – Description of the activities of the Nebraska Innovation Zone Commission – language added to reflect the continued work of this group.

p. 2.7 – Guiding Principles for Community Form: The Rural Environment – nearly identical to 2030 language (page 8a) with addition to bullet five of projected 4% percent population in other Lancaster County Towns

Environmental Resources

Includes an outline on the guiding principles for environmental resources, a discussion of environmental resource features and a long range planning and implementation approach with associated strategies entitled “The Greenprint Challenge.”

p.3.11 Addition of Local Food as a resource feature – emphasis placed on building a strong local food network, including prime farmland in the county and strengthening markets for locally grown agricultural products.

p. 3.12 More specific language added to the Greenways and Open Spaces chapter describing an implementation strategies for moving forward this 50 year old concept in the Comprehensive Plan. The Haines Branch Corridor from Pioneers Park through Denton and ending at Spring Creek Prairie is detailed as a promising segment with multiple benefits.

Placemaking

Describes principles and strategies intended to preserve and enhance the community’s unique character – its sense of place – through preservation of cultural and historic resources and focused attention to the quality of public and private development through urban design.

Business and Economy

Lays out the Plan's strategy for economic development and additional commercial and industrial activities. Different types of commercial and industrial centers are described in this chapter.

p. 5.4 Lancaster County, Outside of Lincoln – addition of paragraph 3 emphasizing the impact of agriculture on the local economy and the importance of supporting that industry. Fourth bullet under strategies was added for the same purpose.

Mixed Use Redevelopment

Develops the strategy for mixed use redevelopment that strives for compatibility with surroundings while accomplishing various principles of the Plan. Mixed use redevelopment focuses primarily on the Greater Downtown area and nodes and corridors identified elsewhere in the city for redevelopment.

Neighborhoods and Housing

Discusses the desired pattern of development in existing and developing neighborhoods and rural areas and describes strategies for meeting future housing demand.

p. 7.12 Rural Areas – Language from the "Guiding Principles for Rural Areas" section (page 69) of the 2030 plan has been reformatted into the body of the section, but remains essentially the same. The fourth bullet under strategies (TDR) has been expanded to include the phrase "while also respecting property rights by compensating owners who agree to transfers." A resolution to amend the Plan and remove the third bullet will be prepared and available for action by the County Board.

Community Facilities

Reviews the projected status of community facilities such as libraries, fire services, law enforcement, health care, schools and public buildings and proposes a series of principles and strategies to meet the community's future health, safety, and educational needs

p. 8.5 Rural Fire – additional description of current rural fire services

p. 8.8 Rural School Districts – additional description of rural schools, adapted from 2030 Education chapter, page 144.

Parks, Recreation and Open Space

Describes principles and strategies for acquiring and managing parks, recreation and activity centers, open space, greenways, and other recreational facilities in the community.

p. 9.13 Additional County Recreation Amenities – adds description of State and NRD recreation and wildlife management areas in the county.

Transportation

Serves as the Long Range Transportation Plan (LRTP) for Lincoln and Lancaster County, together with the LRTP Technical Report in Appendix A. This chapter examines multiple modes of travel and lays out the transportation vision to 2040 based on future land uses.

p. 10.14 Description of the existing rural roadway system.

p. 10.13 Goals, Objectives, and Evaluation Criteria – Describes the evaluation process and describes the 7 goals developed to reflect the transportation vision for Lincoln and Lancaster County.

p. 10.28 Countywide Trails Plan – addition of the county trails plan

p. 10.43 Rural Road Network – 2040 Needs – describes the rural roadway projects needed to provide a balanced transportation system to 2040.

p. 10.63 Rural Road Network – 2040 Financially Constrained – identifies the road improvements that can be accomplished given financial constraints.

Energy and Utilities

Examines energy and individual utilities including water, wastewater, watershed management, solid waste, electrical services, information technology, and natural gas service.

p. 11.9 – describes Rural and Town Water Services – similar to 2030 language, page 77.

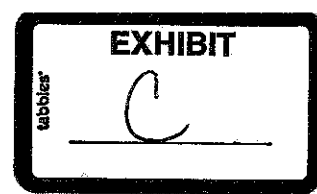
p. 11.11 – describes Rural and Town Wastewater Services – similar to 2030 language, page 78.

Plan Realization

Explores the means for bringing about the Vision described throughout this plan and ways to ensure that the community continues to view the Vision and the Plan as remaining current and pertinent.

p. 12.11 – Strategies for Financing Rural Infrastructure – taken from the Guiding Principles for Financing Rural Infrastructure, page 147 in the 2030 Comp Plan.

Economic Justice Team – Lincoln, Lancaster County, NE*
PAYDAY LENDING FACT SHEET



Questions Often Asked:

Why has the Industry grown?

- Withdrawal of finance companies and banks from offering small loans has provided an opportunity gap for alternative providers to meet the demand.
- Over 19 million US households take out payday loans annually.

Who are the customers?

- Typically middle class working persons with steady employment; annual incomes under \$50,000; female; renter; average age of 36; living with children; poor credit history and an active checking account.

What is the Problem?

- Fees are excessive and loan rollovers occur at a very high rate of frequency.
- Payday lenders charge fees equivalent to 410% APR in Nebraska.
- 91% of the loans go to borrowers with 5 or more transactions each year.
- 70% of the loans are taken out to pay back other payday lenders.
- On a typical \$325 loan Nebraskans pay an average of \$793.
- A payday loan borrower uses 6 more community services a year.

Payday Lending Industry Today:

Today over 10,000 payday loan businesses operate in the US – which is more than Starbucks and McDonalds combined! There are 111 payday loan outlets in Omaha and 31 in Lincoln.

Today loan volume is projected to be 374,500 generating over \$121 million in loan proceeds and over \$21.5 million in loan fees per year. According to the Center for Responsible Philanthropy, in 2009, \$49 million walked out of Nebraska with the assistance of Payday lenders! That is \$2,491 per household.

Today 15 states and the District of Columbia, The Virgin Islands and Puerto Rico have banned payday lending. In Congress, payday lending has been banned for service members and their families.

Today we have 31 outlets in Lincoln. 13% of our households in poverty (or 2,856 people) will take out payday loans. Using an estimate of 5 loans per borrower (\$2,125), approximately \$6,069,000 will leave our community. It should also be noted of those who take out payday loans, will use 6 more community services than those who don't.

Payday Lending Fact Sheet for Lincoln, NE

Copies of the Alternative Funding Study in Lincoln can be found at: www.hsfed.org

Payday Past:

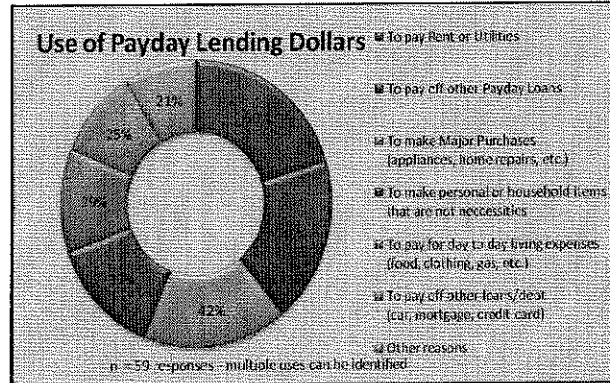
Why has the industry grown?

- Withdrawal of finance companies and banks from offering small loans over the past twenty years provided an opportunity, and alternative providers grew to meet demand.
- Over 19 million US households took out payday loans in 2007.¹

Who are the customers?

- Typically middle class working person with steady employment, annual incomes under \$50,000, female, renter, average age of 36 with children living in the household, poor credit history and an active checking account.²

What is the problem?



- Problem is two-fold – fees are excessive and loan rollovers occur at a high frequency.
- Payday lenders in Nebraska charge \$15 per \$100 borrowed which can equate to annual interest rates of 460 percent.
- The typical payday borrower repays \$793 on a \$325 loan.⁴
- Ninety one percent of payday loans go to borrowers with five or more transactions per year.⁵
- In Lincoln, 50% used payday loans for rent/utilities.
- In Lincoln, 46% have used payday loans to pay off payday loans.
- In Lincoln, 50.6% of payday users knew of no other choice.

Payday Today:

What is the demand in Lincoln, Lancaster County?

- Low income families in Lincoln est. borrowing \$1,213,000 from payday lenders each year.
- NE Credit Unions have stepped up with an alternative small loan – no credit check – low interest 90 day return time.

¹ Stegman, Michael, Payday Lending Realities and Challenges Conference, November 14, 2008.

² Lawrence, Edward and Elliehausen, Gregory, "A Comparative Analysis of Payday Loan Customers", *Contemporary Economic Policy*, Vol. 26, No. 2, April 2008, 299-316.

³ The Human Services Federation, "Alternative Financial Services Report 2010".

⁴ King, Uriah, and Parrish, Leslie and Tanik, Ozlem, "Financial Quicksand: Payday lending sinks borrowers in debt with \$4.2 billion in predatory fees every year", Center for Responsible Lending, November 30, 2006.

⁵ Ibid.

Financial Stability Partnership™

Payday Lending Fact Sheet for Omaha Metro Area

Copies of Payday Lending's Economic Impact on the Omaha Metro Area are available at www.uwmidlands.org.

Payday Past

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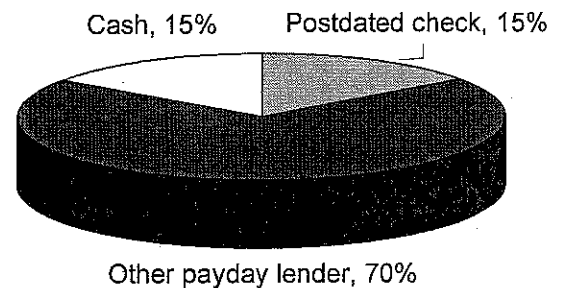
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- The typical payday borrower repays \$793 on a \$325 loan.³
- Ninety one percent of payday loans go to borrowers with five or more transactions per year.⁴
- Multiple loans and loan renewals occurred with over 70 percent of borrowers surveyed in Omaha metro area, evidence that repeat borrowing and associated additional fees did not eliminate original indebtedness.⁵
- Only 15 percent of Omaha respondents indicated their payday loans were repaid with original post dated check.

Repayment of Payday Loans



Source: FSP Survey, 2008

Payday Today

What is the demand for payday loans in Douglas and Sarpy County?

- 107 store locations with an estimated 46,000 payday customers.
- The Omaha metro area has more payday lending stores per households (2,300) than the national average (3,500) showing a strong local demand for this type of product.
- Total loan volume projected to be 374,500 generating over \$121 million in loan proceeds and over \$21.5 million in loan fees per year.
- The majority of payday lending stores are located west of 72nd Street.

¹ Stegman, Michael, Payday Lending Realities and Challenges Conference, November 14, 2008.

² Lawrence, Edward and Elliehausen, Gregory, "A Comparative Analysis of Payday Loan Customers", *Contemporary Economic Policy*, Vol. 26, No. 2, April 2008, 299-316.

³ King, Uriah, and Parrish, Leslie and Tanik, Ozlem, "Financial Quicksand: Payday lending sinks borrowers in debt with \$4.2 billion in predatory fees every year", Center for Responsible Lending, November 30, 2006.

⁴ Ibid.

⁵ Honey Creek Resources, Inc., "Payday Lending's Economic Impact on the Omaha Metro Area", December 2008.

What is the economic impact of payday lending to Omaha metro area?

- Over \$19 million in excessive fees (fees only for 5+ loans/year) paid in 2008 are lost to the community.
- Total foregone economic impacts are over \$26 million in annual output, \$6.5 million in earnings and 180 jobs lost.
- Net annual losses of roughly \$11 million in Omaha area after contributions of payday industry were considered.
- These impacts are not uniform across the Omaha economy. Approximately 1/3 of the negative impact is estimated to accrue to the health care industry. A smaller, but significant portion of the adverse impact is estimated to accrue to eating and drinking establishments.
- Comparison of Omaha area household income and expenditures shows that low, middle as well as upper income households are having difficulty covering overhead expenses.
- Two-parent/two child households in the Omaha metro area need an annual household income of over \$42,000 to cover basic costs.⁶
- After payday loans, both households earning annual incomes of \$40,000 and \$100,000 showed monthly deficits.

	\$40,000	\$100,000
Annual Gross Income	\$40,000	\$100,000
Net Monthly Income	\$2,595	\$5,847
Essential Expenditures		
Food	\$509	\$893
Housing	\$617	\$1,839
Child Care	\$560	\$680
Medical/Health Care	\$237	\$343
Transportation	\$620	\$1,313
Utilities	\$297	\$415
Taxes	\$11	\$33
Total Expenditures	\$2,850	\$5,515
Amount Remaining	-\$255	\$332
Amount Due in 2 Weeks	\$382	\$382
Monthly Deficit	-\$637	-\$50

Payday Future?

Can traditional financial lenders offer viable alternatives?

- Omaha has an opportunity to create a local economic stimulus by providing alternative options for short-term loans.
- A comparison of loans with a credit union alternative showed a net contribution to the economy of over \$24 million due to more disposable income being retained and spent by local households, rather than leaking from the local economy.
- It is not recommended that payday lenders be eliminated. It was found in states that banned payday lending, households had more bounced checks, more complaints about lenders and more Chapter 7 bankruptcies.⁸
- Policies are needed to pro-actively protect the financially vulnerable and put individual households and the state, as a whole, in a better economic condition.

⁶ Huddlestone-Cass, University of Nebraska-Lincoln, Family Economic Self Sufficiency Standard, October, 2008.

⁷ US Bureau of Labor Statistics (BLS). Consumer Expenditure Survey, 2006, BLS CPI Inflation Calculator, USDA Economic Research Service, Food Price Outlook 2008, Omaha World-Herald Consumer Preference Study, 2007, National Association of Child Care Research, NE 2008.

⁸ Morgan, Donald P. and Strain, Michael R., "Payday Holiday: How Households Fare After Payday Credit Ban", Federal Reserve Bank of New York, Staff Report #309, November 2007.

Credit Union Quick Cash

General Terms

Fee: \$20.00 (to all applicants)

Rate: 18% (on all CUQC loans)

Amounts Available: \$500 (only amount available)

* Term: 60 day single pay note with option for payment installments (no other terms available)

Min. Fin. Charge: None

No prepayment penalty

Underwriting

Membership required for at least 30 days

Must be 18yrs of age or older

Direct deposit to share/savings account required

Proof of income required (no minimum time on the job required)

* Credit report not required

Must advance funds to checking or savings account

Must wait 30 days from paying off one loan to receive another

Late fee of \$10 after 10 days delinquent

If loan was 30+ days past due, must wait 60 days for next loan

Lincoln Credit Unions & FOM Who Currently Plan on Participating in Credit Union Quick Cash Program

Peoples Choice Federal Credit Union – Community Charter, Family Members

Liberty First Credit Union – Community Charter, Family Members

LincONE Federal Credit Union – Community Charter, Family Members

University of Nebraska Federal Credit Union – UNL Faculty, Family Members and Students

MembersOWN Credit Union – Community Charter, Family Members

State Employees Credit Union – State Employees, Family Members

Lincoln Public Schools Credit Union – LPS Employees, Family Members

Projected Timeline for Offering Program

As soon as possible - Goal is to have all credit unions “online” by October 3, 2011

Schedule press conference to announce program on October 20 – International Credit Union Day

Commitment to participate in Payday Lending Alternative Summit