

## Finance Committee Meeting

### Douglas County, Nebraska

Tuesday, June 14, 2016

The meeting convened at 12:04 P.M. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the June 7, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were P. J. Morgan, Jim Cavanaugh, Clare Duda, Mike Boyle, and Marc Kraft. Others present at the meeting were Kent Holm, Environmental Services; Patrick Bloomingdale; Karen Cole, Joe Lorenz, Catherine Hall, Diane Carlson, and Marcos San Martin, County Administration; Mark Foxall and Amber Michalski, Corrections; Tim Cavanaugh and John Ewing, Treasurer's Office; Marty Bilek, Mayor's Office; Paul Johnson, Emergency Management; Jerry Leahy and Jeff McGill, Public Properties; Doug Kagan, Walter Gail and Jim Sazama, Nebraska Taxpayers for Freedom; Dan Esch and Constance Mierendorf, Douglas County Clerk/Comptroller's Office. P.J. Morgan and Mike Boyle chair the Committee.

A video recording of the meeting is available on the Douglas County Website:

<http://commissioners.douglascounty-ne.gov/board-meetings/videos>.

### County Bond Offering

Joe Lorenz said the meeting will cover two areas: the Bond and the budget. The Bond topic most discussed is reaching a definition of the scope of what the Bond should encompass.

- Jerry Leahy said he would have final numbers on the architect's estimate for Corrections on June 28. He is working to pull components out of the Fitzgerald Home construction costs.
- Mr. Lorenz said there are two approaches: 1) a Public Safety Bond that only includes 911 and Corrections and 2) a Bond that sees the opportunity to redo the Fitzgerald Home and open space for Environmental Services, Emergency Management and the Treasurer.
- Commissioner Boyle said the Bond should be only Public Safety and should not include anything but 911. He believes the Crime Lab will be lost. Including all of the elements is dishonest; call it public facilities.
- Commissioner Morgan said he believes plumbing at Corrections is definitely a Public Safety issue for inmates and personnel, particularly as the Corrections Center faces overcrowding issues. He agrees with Commissioner Boyle on omitting the other offices.
- Commissioner Cavanaugh said the Board should take a long view of the Bond and what the Board is trying to do. Looking forward, the Bond could be called something other than a Public Safety Bond; it could be a Public Safety and County Efficiency Improvement Bond Issue. The Board should rebrand it to cover unmet and overdue needs of deferred maintenance and work on some buildings that we should get rid of. It is fiscally responsible to do this Bond so the County does not have to raise property taxes to get the work done. Commissioner Cavanaugh

opposes increasing property taxes. He said the Board could call the Bond something besides Public Safety and market it as whatever needs to be said to get done what needs to be done. This is a fiscally responsible Bond initiative that is better for taxpayers than paying later with a property tax increase.

- Doug Kagan said that 2 years ago he took a tour of the Fitzgerald Home. If the County can show the long term saving to tax payers, he could support the Bond. Itemize and prove to the tax payers that the Bond will save money in the long run by putting as many offices out there as possible instead of having to fix all of the other buildings that are scattered throughout the County. The Fitzgerald Home is built like a fortress. Interest rates are low. Mr. Kagan supports expanding the Bond if the County can show how it would save money in the long run.
- Mr. Lorenz asked how the move to the Fitzgerald Home would benefit the Treasurer and taxpayers of Douglas County.
- John Ewing agrees with Doug Kagan and Commissioner Cavanaugh on the long term benefits of the Bond. He said the Treasurer's office is looking at the Fitzgerald Home move over the long term and in terms of saving money. The Treasurer's Maple Street location currently costs \$72-\$73,000 per year in lease costs. This does not account for any rise in rental fees over the next years. The Treasurer's office would also be ready for an RFP from the State for a Motor Vehicle Super Center. This would possibly generate rent income for the County. Having the Sheriff's inspection station and Motor Vehicles and the Treasurer's Office in one location would be a great service to West Omaha tax payers. The State is moving toward one major location in the County for drivers' licenses.
- Mr. Lorenz said that 5 years ago the Bond to fund DOT.Comm was done by the City without a vote for about \$8 million. This was to fund IT equipment. The County has been paying 50% of the debt service on this Bond.
- Commissioner Boyle said he understood the Omaha Police were considering a precinct at the West Maple campus location and that should trigger some Bond cooperation with the City. The County needs the City's help to pass the Bond.
- Marty Bilek said the City has been discussing the Bond for about a month. It is still undecided about the need for encryption. The Police Department is talking about the need for an infrared capability on the helicopter—a Flare—that costs about \$500,000. It identifies hot spots on the ground at night. They are trying to decide if the Flare is more important to the public than radio encryption. All law enforcement agencies need to be on the same encryption code. The City is interested in the Bond, but the Police Department is still considering its position and has not yet presented a package to the Mayor. The Mayor would like to be familiar with the Bond in its entirety so she can speak to it intelligently at community meetings. Mr. Bilek said he is sure the County would like the support of Chief Todd Schmaderer and others. The goal is to have an informed, positive message for the public.
- Commissioner Boyle said the County definitely needs the City's support; it cannot go it alone.
- Mr. Lorenz asked if the City is considering the Flare in lieu of the encryption system in the bond and Mr. Bilek confirmed this.
- Commissioner Boyle said the County should pay for the Flare.

- Commissioner Kraft said the only Bond the City can issue without a vote is a revenue Bond where there is off-setting revenue.
- Mr. Bilek said the greater the Public Safety component, the more acceptable the bond will be to taxpayers. Whatever the County decides to do, he will take it to the Mayor and City Council, explain it and see what level of support it has.
- Mr. Lorenz said the drive-through and move from 108<sup>th</sup> and Maple Street of the Treasurer's office would be a benefit to taxpayers.
- Commissioner Duda said the repair costs for the Corrections Center are Public Safety. Commissioner Cavanaugh said the original package including Environmental Services and Emergency Management are Public Safety when the County is dealing with tornadoes, flash floods, or other disasters. The Treasurer is paying rent on an undesirable property. The Fitzgerald property also has the opportunity to pick up a paying tenant, the DMV. It is a large, structurally sound building in the geographic center of the County and would benefit both City and County. There is a way to do all of this; the Bond does not have to be exclusively Public Safety. The County needs a forward looking, strategic way to brand Public Safety and Modernization or it happens on the backs of the tax payers as a property tax increase. The Board should do what needs to be done to fund the Bond.
- Dan Esch said that a lot of what Environmental Services does is Public Safety. Threats to the public that are direct public safety are flashfloods and noxious weeds. It is not a stretch to say Environmental Services is Public Safety. The Menke Circle property is not desirable and could be sold.
- Commissioner Kraft said Menke Circle could be declared surplus, sold, and put back on the tax rolls. If a disaster occurs, the landfill is essential to Public Safety. Emergency Management is Public Safety and if the plumbing goes out in Corrections, the Center could be forced into overcrowding posing a threat to Public Safety and public health.
- Doug Kagan said he is more likely to support the Bond if the Treasurer and other departments are included. The important thing is to itemize the savings and project the future savings. This would be a good way to market the Bond.
- Mark Foxall said the Corrections Center is a 1978 building and the wear and tear on the building over nearly 40 years has created safety issues for inmates as well as staff. Visibility of cells is impaired because of the age of the glass; old furniture has sharp edges; some of the locks on doors are outdated causing fire and safety issues; effective lighting so staff can see activity is needed; and there is need for roof replacement. Looking to the future 10-20 years out, improvements must be made.
- Commissioner Morgan said that the Bond needs to be decided by August 1 and, like any campaign, the Bond campaign must be organized. Taxpayers are unhappy about the 7% increase in property valuation and they don't even know who to blame, so the campaign will be tough.
- Commissioner Boyle said he senses a consensus to do the suggested expanded Bond. He wants it to pass and it has to be "sexy." The Board should decide and then talk to the Mayor.
- Commissioner Cavanaugh said he and Commissioner Boyle have been in contact with the First Responders Foundation. The Finance Committee should invite Chuck Sederstrom, Board Chair,

First Responders Foundation and Ray Somberg, President and Executive Director, First Responders Association to meet with the Committee regarding the Bond. Patrick Bloomingdale and Diane Carlson will be getting information to them in the next few days. Commissioner Cavanaugh asked that all stakeholders bring their best numbers of costs and savings with regard to the Bond request to the next Administrative Services Committee meeting on June 28 so that the Board can come to a definitive conclusion about the Bond's scope by July 1.

- Paul Johnson said Emergency Management would benefit from being located at the Fitzgerald Home. Being close to 911, the Environmental Services department, and the Sheriff would be a distinct advantage since these are the other agencies Emergency Management works with on a regular basis. The current environment is not good particularly when Emergency Management is working with community partners.
- Kent Holm said there are safety concerns and operational efficiencies to be considered in moving Environmental Services to the Fitzgerald Home. Volunteers come to the office, especially in the evening, and the Menke Circle Building is less than desirable. There is a problem separating public space from other space. The safety of staff and the public are compromised.
- From a cost saving perspective, Environmental Services would benefit from being located at the Fitzgerald Home in the geographic center of the County. It is also adjacent to the engineering garage for fueling and maintenance. The Fitzgerald location would reduce travel time for a majority of employees by ½ -1 hour. Parking and Accessibility are also improved at the Fitzgerald Home.
- Commissioner Kraft said if Environmental Services is not moved from Menke Circle, it will need major renovations.
- Mr. Lorenz asked Jerry Leahy and Jeff McGill how the County would benefit from an efficiency standpoint in renovating the Fitzgerald Home all at one. Mr. Leahy confirmed that there is efficiency in renovating the whole building all at once. He said there is a Master Plan concept of the campus. Lease payments on other buildings go up and up. The Treasurer does not want to stay at 108th and Maple Street. If the office does not move, rent may go up to \$100,000/ year.
- Mr. Ewing said the 84<sup>th</sup> and Cass street location and the 108<sup>th</sup> and Maple location are only 1 ½ miles apart. The Treasurer does not want to remain at the 108<sup>th</sup> Street location. The Fitzgerald Home is perfectly located. It would better serve the taxpayers of western Douglas County with the possibility of extended hours and a drive through.
- Mr. Leahy said the lease savings, the utility savings, the sale of the Menke building, and not pumping money into a building that should be sold are all positive for the County.
- Commissioner Kraft asked how long the Treasurer's office been in the building. The answer is 20 years, so in that time the County has spent \$1.5 million in rent. Looking to the future, a 20 year lease would be 10% of the bond.
- Commissioner Boyle said each affected department should write a brief description about the savings and what the department gets out of the move. The Board should talk about the Election Commission office and Assessor's office as well.
- Commissioner Cavanaugh asked that those comments be directed to Diane Carlson who is working on the talking paper. She can get it to First Responders.

- Commissioner Morgan would like Mr. Sederstrom and the First Responders to come to the Finance Committee Meeting on the afternoon of June 28 to go through the numbers with them.
- Diane Carlson said she has a working draft and she would like to know when it should be sent to the First Responders. She wanted to wait until the scope of the Bond was determined.
- Commissioner Boyle said the decision has been made and everything is being included.
- Commissioner Cavanaugh said go ahead and send all of the Public Safety component information to the First Responders. They are not so concerned with non-Public Safety elements.
- Jim Sazama said the Bond campaign should be run like a business. The County should save money and do it efficiently. He hopes to be of help to the Board. The public will stand behind the Bond if they believe the County is looking out for them.
- Commissioner Boyle said things have been cleared up today and the Board is heading in the right direction.

**Budget Update**

Joe Lorenz presented the Douglas County Budget Update (See Attachment A). The numbers are the same as they were last week.

- The Request over Target is \$5,689,673. Revenue Projections have increased:

Election Commission	\$415,000
Environmental Services	\$250,000
<u>Public Properties</u>	<u>\$ 59,600</u>
Increased Revenue	\$724,600

- Proposed Expense Decreases

\$ 619,000	Public Properties/ Capital Improvement
\$ 115,000	Election Commission
\$ 250,000	Employee Fringe Benefits
\$ 300,000	Corrections
\$ 250,000	Assessor/Register of Deeds
\$ 275,000	Sheriff
\$ 100,000	County Attorney
<u>\$ 30,000</u>	<u>County Court</u>
\$ 1,939,000	Expense Decreases

- Increased Revenue+ Expense Decreases

\$724,600	Increased Revenue
<u>\$1,939,000</u>	<u>Expense Decreases</u>

\$2,663,600	Modification
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- Deficit-Modifications

\$4,170,733	Budget Deficit
<u>-\$2,663,600</u>	<u>Modification</u>
\$1,507,133	Revised Deficit

- Mr. Lorenz said these are the numbers that were discussed last week. Corrections is getting 70% of its requested overage. The Assessor/Register of Deeds office is remaining at a flat budget. The Sheriff may not need 4 additional officers if the City is now annexing 8 more subdivisions. 25% of unincorporated Douglas County will have been annexed and the need for more officers may be a point for discussion.
- Commissioner Cavanaugh asked about the progress on consolidating the G.I.S. (Geographical Information Services) offices and moving staff out of the Assessor/ Register of Deed's Office. Karen Cole responded that she is trying to schedule a meeting between Diane Battiato and Commissioner Borgeson. Currently it looks like the meeting may be set for the second week in July.
- Commissioner Cavanaugh asked about what the savings would be by consolidating the two departments. Mr. Lorenz said it could save possibly 2 headcount. There are 4 employees in each of the departments currently. The Assessor/Register of Deeds office said the salaries of their 4 employees are \$333,000 plus fringe benefits at a previous meeting.
- Commissioner Boyle said the Board should move on the consolidation of the G.I.S. departments. He questioned the needs of the Sheriff's office in light of Dan Kutilek's presentation at the Board meeting earlier that mentioned 4-5 developers who are active in the western part of the County.
- Commissioner Duda said, with regard to the Sheriff's department, what if the census has gone up? The County needs to find out whether the proposed annexations will affect the population numbers the Sheriff is responsible for. The growth in the area seems to be in the western part of the County. Development is occurring and population is rising in rural Douglas County. He said the County should not make decisions about the needs of the Sheriff without the facts. MAPA should be able to provide the County with accurate numbers. The Board needs to get the data to make decisions.
- Commissioner Cavanaugh asked Mr. Lorenz if the revised deficit amount is \$1.5 million and he responded that this was the case and agreed that this could be covered by the reserves.
- Commissioner Kraft said he was not comfortable with decreasing the Capital Improvements budget since they are so far behind in deferred maintenance. Mr. Lorenz responded that the budget was double what it was last year. The original request was for \$1.8 million. Some of the Capital Improvements request is for Corrections projects that may be covered in the Bond, so the actual decrease may be a little less than \$619,000.

- Commissioner Cavanaugh asked about where the \$250,000 reduction in Employee Fringe benefits was coming from. Mr. Lorenz said this was coming from the increase in percentage paid by retirees for health insurance. The retirees currently pay 35% and they would begin to pay 50%.
- Mr. Lorenz also said there was an increase from \$5/quarter to \$2/month for employees in the Health Savings Account with UBT (Union Bank and Trust). This fee will be paid by employees. Mr. Lorenz said he would get the numbers behind this change.
- Diane Carlson said she would investigate different banks for a better fee, but some fee would be likely for administration. About 50 employees participate in this plan.

The meeting adjourned at 1:14 P.M.