

Finance Committee Meeting

Douglas County, Nebraska

Tuesday, June 21, 2016

The meeting convened at approximately 11:30 A.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 14, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were Jim Cavanaugh, Clare Duda, Mike Boyle, Mary Ann Borgeson, Chris Rodgers, and Marc Kraft. Others present at the meeting were Kent Holm, Environmental Services; Joe Lorenz, Catherine Hall, Diane Carlson, and Marcos San Martin, County Administration; Mark Foxall and Amber Michalski, Corrections; Jerry Leahy and Jeff McGill, Public Properties; Doug Kagan and Jim Sazama, Nebraska Taxpayers for Freedom; Chris Burbach, *Omaha World Herald*; Dan Esch and Constance Mierendorf, Douglas County Clerk/Comptroller's Office. Mike Boyle chaired the Committee.

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

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

Budget

Joe Lorenz said the meeting would cover the Budget and the Bond issue.

- Joe Lorenz said that last week there was consensus on the modifications to the budget including increases in revenue for Environmental Services, the Election Commission and Public Properties.
- Everyone is on board for the proposed expense decreases. Mr. Lorenz has spoken to everyone affected except the Assessor/Register of Deeds. Mr. Lorenz said efforts are being made to schedule a meeting; however, since the G.I.S. (Geographical Information Services) move is public information, he would contact Diane Battiato.
- Mr. Lorenz said there is a preliminary net shortfall of \$1.4 million in the proposed budget that will be funded from reserves knowing there may be an upside in property valuations in August. Last year the County gained \$1.2 million from increased valuations. The strong real estate market may have an effect and that will be known on August 20 when the Assessor's office announces final valuations.
- July 12 will be the date of the Public Hearing to take a formal vote of the Board of Commissioners to accept this budget.
- Commissioner Duda said he is not completely comfortable with the Sheriff's budget.
- Mr. Lorenz said the current annexation of an additional 6,000 people by the City and 26,000 people over the past 3 years should have an impact on the Sheriff's needs.
- Commissioner Boyle said MAPA should give the Board good numbers to work with regarding the shifts in population.
- Commissioner Duda said the Sheriff's Merit Commission approved 3 deputies and that process is ongoing.

- Mr. Lorenz said that originally the Sheriff's request was for additional equipment, not personnel. The equipment would have been purchased with drug forfeiture money, but that program has ended. The request is not consistent with the budget submission.
- Commissioner Duda said the numbers from MAPA should go back 10 years to give the Board a broad overview of the demographic trends.
- Commissioner Boyle said the Board is going to cut money for G.I.S. in the Assessor/Register of Deeds office.
- Mr. Lorenz said originally the request from the Assessor/Register of Deeds was \$250,000 over target. While that amount is not being funded, the budget target will be approved with fewer staff since 4 positions are being moved out of the Assessor/Register of Deeds office. Any additional costs the office has should be covered. Mr. Lorenz said he would speak with Diane Battiato.
- Doug Kagan said he would get his White Paper to the Committee before July 12.
- Commissioner Borgeson asked that Mr. Kagan forward any new items the Board has not seen before to them before July 12. This assumes no increase to the levy.

Bond

- Joe Lorenz said last week the Board was still talking about what was in and what was out of the Bond and came to a more inclusive version that included the Treasurer, Emergency Management, Corrections, 911, and Environmental Services. The recommendation was to do the entire Fitzgerald Building project. The final resolution language still needs to be finalized and analysis for costs and benefits to all affected offices is coming in. Commissioners Borgeson and Rodgers were not present at the last meeting.
- Commissioner Boyle said he was concerned with the ability to pass the Bond. First Responders are not interested in anything but Public Safety and he does not believe they will support the proposed inclusive Bond. There is a need for 2 Bonds. Public Safety and the 911 equipment can't go down. The radios are at their death dates. All offices should be removed from the Bond and the Board should talk to Bond counsel about 2 bonds.
- Jerry Leahy said he is about to get final numbers from the professional architects about Corrections and removing elements from the Fitzgerald project, but he believes the dollar amount is insignificant in the calculation of the build out. He should have those numbers next week. Emergency Services is only 2,400 square feet.
- Doug Kagan said he favored as much consolidation to the West Maple campus as possible. Consolidation saves money on utilities, parking lots, etc. He favors only one Bond; 2 Bonds would be confusing and would make it more likely that one of the bonds would fail. The renovation on a large scale would be more cost efficient per square foot.
- Mr. Leahy said taking the Treasurer's office out of the 108th and Maple Street location would be a savings. He calculated that location costs the County \$8555/month for the lease, taxes and insurance. Over 20 years, that amount is \$2 million. The Fitzgerald Home provides better service to the taxpayers in Western Douglas County. The sale of the Menke Circle building would also bring some revenue to the general fund and would reduce maintenance costs for that building. The Election Commission should not go to the Fitzgerald Home because of no bus service.
- Commissioner Boyle said there should be branch offices of the Election Commission including one at the Fitzgerald Home. Branches did work in the past.

- Commissioner Rodgers said the County has a limited window of opportunity. One Bond at a large amount is a “no go.” The western half of the County will vote the Bond down if it gets wind of non-Public Safety elements in the Bond. What would happen if the Bond failed?
- Mr. Lorenz said the County would have to buy \$15 million of equipment.
- Commissioner Rodgers said everything but 911 and Corrections should be taken out of the Bond. This is going to be ultra-hard.
- Commissioner Boyle said he opposed 2 Bonds. The Election Commission should be included.
- Discussion followed on setting up a specialized corporation to fund the equipment. There would be a ceiling, limits, and restrictions. Mr. Lorenz said he would speak to Bond counsel about it.
- Commissioner Boyle said if West Omaha does not get the Treasurer’s office at the Fitzgerald location, what does it get?
- Commissioner Cavanaugh said we’ve said this before, but the County is looking at a Public Safety and Property Improvement Bond package that is 1/10 the size of the Omaha Public School (OPS) bond. Lessons can be learned from the OPS bond that passed when the County’s Bond issue failed 2 years ago. The County can’t sell the Bond unless it is marketed correctly. The Fitzgerald Home is close to the center of the West Omaha population. This puts the County in a good position to bring services to these voters. The County has a good interest rate and it can prevent a property tax increase. On June 28th Administrative Services will be talking about the details of the finances of the Bond. Doing it all this time is good fiscal policy.
- Commissioner Kraft asked about what the feedback was on the geothermal at the Goodwill building since there would be geothermal at the Fitzgerald Home.
- Mr. Leahy said it was installed 11 years ago and is in its 5th year. It has had favorable results and geothermal would be a savings at the Fitzgerald location as well.
- Commissioner Kraft said he did not believe the majority of people would vote against the Public Safety Bond because there are facility improvements in it. Public Safety will catch their eye and everyone knows the County needs to maintain buildings.
- Doug Kagan said his trip to the Fitzgerald home was an eye opener. OPS strategized on its Bond so that everyone got something. The NRD did a “chicken little” strategy and it did not work.
- Commissioner Boyle said it appears that the Board has reached consensus on doing the entire Fitzgerald building.
- Commissioner Duda said the Bond is a property tax increase; the way the County pays for the Bond is through property taxes, so this is a property tax increase. He asked where the Mayor is in the discussion and said the County absolutely needs the City’s support.
- Commissioner Cavanaugh said the Bond is like mortgaging a house with a low interest rate over a long period of time instead of writing a check for the entire amount of the house on closing.
- Mr. Lorenz said that the way the Bond will be structured is, in the first few years, the payments will be interest only—less than \$1 million/year. 10 year Treasury bills are currently 1.7%; the Bond would be financed under 2%. A big attraction for West Omaha voters would be having a new drive-through at the Treasurer’s office and not having to go to the 108th and Maple Street location.
- Commissioner Kraft said it would be beneficial if Commissioner Borgeson invited the mayors, council members, and rural fire districts that are involved to discuss the Bond. He also asked Doug Kagan for a letter of support from his organization.
- Commissioner Boyle said that in a campaign like this there needs to be a marketing plan and a budget.

- Commissioner Cavanaugh said it is not the responsibility of the County to raise money, but there is a way to do that. People have been marketing Bonds in the community for a long time. The County needs to reach out to community leaders. First Responders do not have a stake in any financial gain if the Bond passes; they are interested for the good of the public.
- Doug Kagan said a third party should contact contractors who would have an interest in the Bond.
- Commissioner Boyle said the meeting with the First Responders would be rescheduled so everyone is included.
- Dan Esch asked that the Clerk's Office be called if no one from the Clerk's office is present at the beginning of the meeting to record the meeting by video.

The meeting adjourned at 12:22 p.m.