

Finance Committee Meeting

**Douglas County, Nebraska**

Tuesday, June 28, 2016

The meeting convened at approximately 11:33 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 23, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were Jim Cavanaugh, P.J. Morgan, Clare Duda, Mike Boyle, Mary Ann Borgeson, Chris Rodgers, and Marc Kraft. Others present at the meeting were Kent Holm, Environmental Services; John Ewing and Tim Cavanaugh, Treasurer's office; Patrick Bloomingdale, Joe Lorenz, Catherine Hall, and Marcos San Martin, County Administration; Mark Conrey and Kyle Kramer, 911; Mark Foxall, Debbie Otwell, John Hubbard, and Amber Michalski, Corrections; Jerry Leahy and Jeff McGill, Public Properties; Paul Johnson, Emergency Management; Doug Kagan, Nebraska Taxpayers for Freedom; Chris Burbach, *Omaha World Herald*; and Constance Mierendorf, Douglas County Clerk/Comptroller's Office. Mike Boyle and P.J. Morgan chair the Committee.

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

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

**Bond**

Joe Lorenz began the meeting by saying that the Bond is coming in at \$45 million and Jerry Leahy will explain how that number came about.

- Jerry Leahy said as the committee has discussed, over past months, the number for the Bond has been between \$42 and \$45 million (see Attachment A):

\$20 million for Construction at the Fitzgerald Home  
\$15 million for 911-Radios and equipment for Sheriff and Corrections  
\$10 million for Corrections

- Mr. Leahy said he and Jeff McGill had estimated \$7 million for Corrections, but sought professional advice to see what was needed and that number came in closer to \$10 million.
- Commissioner Morgan said if the construction cost at 156<sup>th</sup> and Maple Street is \$20 million, and the area is 60,000 square feet, then the County is spending over \$300/ square foot for the renovation. He said can build a building for ½ that amount/sq. ft. The County would be spending a lot of money per square foot on the Fitzgerald Building.
- Commissioner Boyle said when the Wiesman Company came out several years ago; it advised that a better investment would be to build a new building. The cost would be much less than remodeling the present structure.
- Commissioner Morgan said the Con Agra building has just been listed for sale at \$200/square foot.
- Mr. Leahy said the actual renovation of the building is \$13.8 million (See Attachment B). The square footage is 83,190 sq. ft. bringing the cost to \$166/sq. ft. Additional costs at the Fitzgerald Home include site work, fees, surveys, testing, fixtures, furniture and equipment as well as the geothermal

infrastructure bringing the figure to \$20 million. There are special construction factors associated with the 911 space as well as other energy efficiencies.

- Commissioner Cavanaugh asked if the equation of \$20 million and 60,000 square feet is correct. It's actually a bigger footprint because it includes the whole building and the grounds.
- Jeff McGill said the \$20 million figure includes the grounds, furniture, fixtures, geothermal, etc. If that is pulled out, the cost is \$13.8 million. The \$20 million includes the whole package at the Fitzgerald Building.
- Commissioner Cavanaugh said the vanilla box build out would be \$13.8 million for 58,881 sq. ft.; that would be \$234/sq. ft.
- Commissioner Morgan said a building could be built for approximately \$200/ sq. ft.
- Mr. Leahy said the cost would actually be \$166/sq. without parking and geothermal.
- Commissioner Boyle said the \$20 million covers everything for all departments and the drive through. If 911 and the radios were separated out, what would that cost be?
- Patrick Bloomingdale said the cost of the radios is now \$15.8 million. The City anticipated a fire grant of \$2 million, but it only got \$1.2 million, so the additional \$800,000 is in the equipment cost.
- Mr. Leahy said the 911 building costs are not isolated from the whole. All construction costs still pertain.
- Jeff McGill said if all entities except the 911 offices were taken out, the savings would be less than \$1 million. The costs to renovate those areas piecemeal would be much more down the road.
- Commissioner Boyle said the cost would be \$19 million. Everything but 911 should be delayed. The Bond is going to face opposition from the City and voters when they hear about plumbing and moving the Treasurer's office. They are not Public Safety. Make it a strict 911 Bond and then come back later and do the other offices, but let's go ahead and include everything.
- Commissioner Cavanaugh said the Committee has had these discussions over and over. It makes no sense not to do the whole building. Projects excluded from the Bond would have to be paid out of general fund property tax dollars. Label it a Public Safety and Public Property Upgrade Bond. Dr. Foxall presented the current census at Corrections at a several year high—1,300.
- Commissioner Cavanaugh said the facility is at its limits and the Public Safety pipeline has a big hole at the end. It is responsible for the Board to fine tune the Bond. Consensus was reached at the last Finance Committee meeting on July 21 and now it seems this is back to square one, redoing the Bond over and over again.
- Commissioner Boyle said the Bond would increase taxes.
- Mr. Lorenz said it could.
- Commissioner Boyle said this is a mistake. The only thing that should be included is 911.
- Commissioner Rodgers said passing the Bond would be ultra hard. The Bond should be kept to basics. It's an issue of what the public can stomach. It's going to mean a tax increase.
- Commissioner Cavanaugh said it is totally irresponsible not to go out for the entire package.
- Commissioner Kraft brought up the idea of risk management. The Corrections facility must be maintained. Doors and plumbing do need to be attended to. The population is at 1,306 with a maximum of 1,453. He asked Dr. Foxall how much of the facility needs repair.
- Dr. Foxall said 2/3 of the facility has problems.
- Commissioner Kraft said all it takes is one law suit and that would cost the County \$1 million.
- John Ewing asked if it would cost \$2 million to put the Treasurer's office in the Fitzgerald Home because that is the amount the County could save in lease payments and utilities over 20 years if it stays in its present location.
- Commissioner Kraft said that \$2 million does not include any escalator clause in the lease payment or utilities. The actual savings might be as much as \$4 million.
- Tim Cavanaugh said in his experience trying to piecemeal HVAC never works. If a building is going to be done, it should be done all at once.

- Commissioner Rodgers said if it's not Public Safety it's a threat to the deal. It's 2 separate Bonds. He opposes any additional space at the Corrections Center. Funding should go to getting people out of Corrections at a more efficient rate.
- Commissioner Morgan said he is concerned about the safety of workers and inmates at the correctional facility. He is opposed to raising property taxes.
- Dr. Foxall said the population has generally trended down. The actual number of sentenced people is 160-180, a very low number. There has been a spike in the female population which he hopes is a temporary trend. All 29 units are open. The population is the highest it has been since 2008-09, Capacity is not actually 1,453 because of the various classifications that demand space modifications.
- Commissioner Cavanaugh asked Mr. Lorenz how much the Bond would cost to service per year.
- Mr. Lorenz said that for the first few years—up to 5—the County would pay interest only and that cost would be about \$900,000/ year. At the end of that period, current debt obligations would wind down. That debt is currently down to \$46 million. The County is currently paying off \$4-5 million/year on that debt.
- Commissioner Morgan said this is the best interest rate the County will see.
- Commissioner Cavanaugh said he looked at spending this past year; it appears the County had \$7 million that was not spent.
- Mr. Lorenz said he thought the budget would be flat at \$180-181 million because revenue has to be offset. The budget will come in net at \$2-3 million this year.
- Commissioner Cavanaugh said the County can do the Bond without a tax increase.
- Mr. Lorenz said that amortizing the \$45 million debt over 17 years would cost about \$3-4 million/year. This year the County is paying a little over \$4 million in principle. As the current debt gets paid down, it would be replaced with the new Bond payment. The County will have the flexibility to make the Bond fairly manageable. Commissioner Boyle asked why Emergency Management should move to the Fitzgerald Building.
- Mr. Bloomingdale said there are a number of issues with the present location under the parking garage including water damage and odor issues. It is essentially a storage area and employees should not be down there. His predecessor wanted to move Emergency Management out of there but did not have the resources.
- Paul Johnson said the Emergency Management move would help in dealing with its partners—the Engineer, Sheriff, 911, and Environmental Services. The new location would allow more public access. Part of the mission of Emergency Management is to work with the public and develop volunteer groups.
- The Emergency Operation Center located in its present location is essential for weather events: information gathering and resource procurement.
- Commissioner Boyle said the Mayor has asked that Commissioners Borgeson, Morgan and he go to see her. Let's go ahead with the whole package as everyone wants to.

The meeting adjourned at 12:09 P.M.