

**JOINT MEETING
LINCOLN CITY COUNCIL/OMAHA CITY COUNCIL
MINUTES**

**THURSDAY, NOVEMBER 1, 2007
HAYMARKET PARK STADIUM**

Lincoln City Council Present: Dan Marvin, Chair; Robin Eschliman, Vice Chair; Jon Camp; Jonathan Cook; Doug Emery; John Spatz; and Ken Svoboda.

Omaha City Council Present: Dan Welch, President; Jim Suttle; Jim Vokal; Franklin Thompson; Chuck Sigerson.

Others Present: Rick Hoppe, Lincoln Mayoral Aide; Joan Ross, Lincoln City Clerk; Diane Gonzolas, Lincoln Public Information Services Director; Buster Brown, Omaha City Clerk; Jack Cheloha, Lobbyist; Warren Weaver, Chief of Staff; Rod Austin, Staff Assistant; Mary Meyer, City/County Clerk; and other interested parties.

Lincoln City Council Chair Marvin opened the meeting at 1:37 pm. He presented gifts to the Omaha City Council of Lincoln made products. Self introductions of attendees.

Charlie Meyer, Haymarket Park President

(Handout of Haymarket Park Saltdogs 2007 Program and Baseball)

Meyer gave brief history of Haymarket Park, Lincoln's baseball and community facility. The cost was approximately \$35 million; baseball stadium approximately \$17 million; softball stadium \$4 million; and infrastructure and architectural fees. The bridge connection allows for parking and events being looked at in the West Haymarket area. Approximately 400,000 people go through Haymarket Park every summer. Meyer stated the Haymarket staff would certainly be glad to assist in any way as Omaha looks at a similar facility.

Sports Facility Funding and Construction Options

Marvin stated Lincoln is exploring an indoor arena facility and interested in Omaha's experiences. Welch stated they are very pleased with their arena, having the highest attendance the first few years, with 18 top rock bands plus an outstanding sports facility. Future events include the 2008 swimming Olympic trials and the college basketball regional, March Madness. Do hope managements of Lincoln's and Omaha's arenas would work in cooperation

Camp asked for break out of operating budget versus their capital. Welch replied with the arena and moderate convention center successes they have been in the black. MECA runs the arena, showing a profit which is used for facility upgrades to stay competitive. Plus, giving money to Omaha for the debt service on the building.

Omaha is behind, or not doing as well in paying off the debt, due to the original payment formula of building debt service being somewhat flawed and did not have the projected arena revenue. Last year asked the Legislature to rework the formula in order to receive more dollars for attracting people to Omaha. The Mayor indicates still not enough to pay for the building debt service, but a good start in the right direction.

Camp asked if Omaha lags on the capital, building-campus? Welch replied the debt service was difficult, and did refinance. Sigerson added with refinancing and the hotel success taxes have not increased. Very imperative to have a hotel large enough to accommodate all convention requirements. Welch added with many larger conventions Omaha not as competitive as a result of not having a large enough convention center/hotel.

Svoboda stated Lincoln thinks of arena size/seating capacity. With Omaha adding 15,000 seats, any regrets not building larger? Welch replied management found the need for capacity to attract certain events. Can now solicit NCAA events. Be cognizant when building, what it looks like, and who you want to attract.

Suttle added to first deal with a public private partnership on capital expense. Secondly, stretching out annual operating performance. Third is market. Even with a great facility if the market isn't tapped the revenue stream for operation and debt service not there. Look at the market, understand the dynamics.

Thompson asked how Lincoln will balance an arena with the Devaney Center? Marvin replied the Devaney Center serves the University, community, and state-wide initiatives. Pershing is Lincoln's concert facility with seating for 4,500 to 6,000. The consultant, CSL, indicated Lincoln could handle 12,000 to 15,000. Devaney is 13,500. Spatz added the University is interested and would like to attach a process facility. Welch encouraged good city presentations. Omaha held public workshops and believe if this approach isn't taken a major city expenditure will fail. When people, the public, understand they come around.

Eschliman asked if Omaha was on target projecting construction costs and revenue, but off on state contribution? Welch replied on target with facility cost, off target on revenue generated through a formula, which included seed taxes and turn back from the state. The formula included tracking people brought in which was a problem. Did go back to the state requesting a different formula, which was changed last year.

Cheloha stated the original turn back bill only qualified the convention center. Omaha had to generate 50.1%, or greater, attendees from out of Nebraska for the state to turn back revenue and the state capped at \$75 million over the life of the bonds. Had hoped to capture \$3 million/year from the state but average \$400,000. Went back to the Legislature, explained the factors/numbers. The Legislature was interested, letting Omaha qualify if 30% or more brought in from out of state, but didn't pass in 2006. This year worked with the Speaker of the Legislature and others, scrapped original formula, and figured out sales tax generated as a result of the Qwest Center and hotel. Do get a percentage, but capped at \$75 million.

Camp inquired if MECA manages the old civic center? Sigerson replied yes, making a profit. Camp asked with Qwest, the convention center, Council Bluffs, LaVista, and possibly Lincoln, how would Omaha judge the marketplace to be handled by all, being complimentary? Sigerson replied different market niches. Qwest is larger than some but does compete somewhat at lower end/mid-level. Thompson added it would be ideal to have a regional council coordinating, meeting periodically. Camp asked about administrators and managers? Sigerson said Omaha deals with competitive forces, some work with us, others do not.

Eschliman asked about intangibles. Can Omaha point to the ripple effect, saying why a company came to Omaha? If not, how are you explaining that you may raise taxes? Welch replied he doesn't know if taxes will rise, and the Chamber may have numbers. Example, the College World Series brings in \$38 million every year with the exposure of the road to Omaha, seen on ESPN. The Omaha spotlights are immeasurable. People spend money which translates into tax dollars, helping to grow the local economy plus seeing Omaha's identity.

Union Contracts and Negotiations

Camp said in Lincoln's budget about 72% is personnel cost and are facing a budget challenge. Curious of the process of Omaha's negotiations. Welch stated Omaha's contract lengths are 3 years with the current contract terms expiring in December. The contracts on police and fire coming up. The Omaha 2004 Council put together a bad contract, with fire personnel costs going from \$48 million to \$64 million. A major issue as 60% of personnel in Omaha is police and fire. Spatz asked who does Omaha's negotiations? Welch said Human Resources and the attorney for Omaha, there are labor lawyers but Omaha doesn't use them.

Spatz asked what was the driving increase? Welch replied wages, pension caps, percentages, retirement age down, longevity pay, speciality pay, holiday pay, and leave time up. Omaha did not raise taxes as there was no salary increase for 2004 but in return gave 6 weeks vacation, 14 holidays, increased speciality pay and pension payoff. Spatz wondered if this was prevalent in comparable cities and therefore needed in contract? Welch replied most union contracts are similar with the categories, plus they are very hard to understand.

Sigerson said now Omaha's fire and police contracts have public awareness even though negotiated between the unions and the city. Do have a fiduciary responsibility to solve the pension problem, but will only solve

with help of the unions, and being somewhat public the unions understand. The public wants police and fire to retire at base pay, but now retiring at base pay plus.

Marvin asked if Omaha civilians, non police, are on a defined pension or defined contribution plan? All employees in Omaha on defined pension. Marvin stated Lincoln civilian employees are on defined contribution plan, with a 2 to 1 match. Camp said in working with the CIR sees how Lincoln and Omaha working together could provide leadership throughout the country. Would lead by example, working with the Legislature in making modifications to the CIR, and bring in the union leadership to arrive at a solution. Do need partnerships with employees but with Lincoln and Omaha's combined leadership do have legislative representatives and can work on a constructive basis to stop the continual rise. The CIR arose because our predecessors didn't want to handle labor negotiations and created this level.

Welch asked about Lincoln's police and fire pensions. Marvin answered it's the highest times 64%, with 25 service years and 50 being the earliest retirement age, plus the COLA adjustment is a huge expense. Cheloha asked if Lincoln's police and fire were excluded from Social Security with Marvin replying yes. Sigerson added Omaha carries their health insurance until age 65, with Camp commenting Lincoln has the PEHP plan. Sigerson asked if Lincoln carries past the age of 65 or quits with Medicare age? Marvin stated at Medicare age and Lincoln did switch to a self insured plan. Sigerson commented Omaha is self insured and working well with this year's cost containment pretty dramatic.

Camp stated Lincoln models, projects investment returns, salary change, and the employee puts in a certain amount, and any other costs the City carries the risk. Had lean years, when the City was under-funding. Sigerson asked if Lincoln's employees can retire at 50? Camp replied with a certain amount of service years. Weaver said in Omaha can retire at 45, with 25 service years, and structured for the highest 26 pay periods, not consecutively, but within 5 years of retirement. They receive 75% of the compensation allowed, believing the all time spiker was 212% of base in his last year.

Emery stated he has actually dealt with 7 unions at the same time and part of the way one is ultimately successful is cultivating relationships with your unions. Would think of ways to cultivate relationships making them understand this has to be a win-win. Welch added sometimes the only way to get movement with unions is with the people power. If you don't talk about in the papers people don't know what's going on, especially with our current contracts. Emery stated use the papers to let people know the concerns, but would be careful not to create a situation which one can't get to the table.

Camp asked if there is something Omaha would like to do in the next legislative session? Possibly talking about the CIR? Cheloha responded in his experience of working 13 years for Omaha there usually are a number of bills introduced by either unions or management relative to the CIR. Essentially both sides run into a brick wall and the legislators have been reluctant to do much reform on the CIR. He added one thing favored from management was narrowing down and making regional in terms of comparable cities. This is even frustrating as the Legislature hasn't bought into bills like this. Camp added not sure of the solution but generally to tone down the way comparability is handled. Whatever government is doing it just can't operate without some reference point to the private sector.

Spatz stated there are two issues. The issue with what the law actually says, and the issue of interpretation of that law. If the law is changed it still may not change how interpreted. Need a common sense approach with a variety of issues which could be addressed at the state level, but would take a united effort between Lincoln, Omaha, the State Chambers, Chambers of Commerce in other communities. Not one solution, one piece of legislation seen which would change this, but think it would make sense for every public entity in the state, to take a look.

Infrastructure Issues and Needs

Marvin heard if cities and counties worked cooperatively together on building roads we would be far ahead. In the last couple of years Lincoln had cooperative efforts with Lancaster County. The County can build a road

for approximately \$270,000/ \$300,000 a mile, dramatically less than an urban road. We are now working with the concept on newer roads of doing an offset to more county standard at the front end. Will not have curbs, or gutters, but with a minimal sidewalk. Probably not many lights in at the front end, but as landscape develops will offset with two lanes of an urban roadway, with curb and gutters. Then, 25 years later, with the country road worn out, can throw away the asphalt and have two lanes. Have tried in concept, and hopefully it defers up front dollars to stretch out a longer period of time.

Welch commented 3 or 4 years ago Omaha had the development fee/assessment. Weaver stated the SID's are building Omaha's infrastructure, and in a sense we come and annex after. Do have the 1% impact fee, which is paid back, and used in those areas. There is a wheel tax fee, not the wheel tax. The wheel fee was extended, beyond city limits and used for feeder roads into Omaha. Marvin asked if there is a high participation rate? Weaver replied people do have an option to opt out, and the problem of some people have 3 or 4 farm vehicles and legitimately can be opted out, through a process, which is filed and reviewed carefully. We projected \$2.3 million, and pleased it came to the number projected. But is a regionalism issue and there are lots of people on the outskirts of Omaha using those roads daily.

Marvin added Omaha is in a different class and Lincoln cannot extend the wheel tax to the 3 mile. Svoboda asked if Omaha has a tax and a fee, or changed the wheel tax structure to the unit fee? Reply being the boundary was changed. Eschliman questioned if the user fee is strictly for roads, no trails or sidewalks? Weaver answered only for roads.

Camp asked how Omaha does on their structured budget? Suttle stated it is \$38 million a year and putting \$8 million on streets, not new construction but increased capacity. Not addressing long term residential street maintenance. Cook added Lincoln had \$1 million a year for residential rehab, but Lincoln was spending far less in previous years, and should spend \$4 million, or more, a year to do the current basic residential. Marvin stated on water and sewer believes Lincoln has a problem, with a plan but playing catchup. Lincoln's neighborhood parks are well covered, some created with land donations. Cook stated there is a problem with park maintenance, as 5,000 maintenance hours were cut last budget, and may cut 10,000 more. With the parks program the grasses grow wild, but with expansion there is a limit as to just how much people want prairie.

Camp asked if Omaha sees relief on the sewer issue? Suttle stated parts of Omaha have huge problems. The decision was made to gradually increase sewer use fees, and now ready to start construction contracts. Omaha's dilemma is the public expects zero sewer backups. Discussed at \$1.5 billion and concerned it will grow.

Cook asked who's responsibility is maintenance of Omaha sidewalks? Omaha replied the residents. Cook added Lincoln had two separate votes which require City maintenance for sidewalks. What is the City of Omaha responsible for if residents are responsible for repairs? Omaha responsibility is primarily intersections, and intersection ramps. Sigerson stated Omaha has an ongoing program, agreeing to do so many a year, and we continue with \$3.5 million a year. Camp said Lincoln's citizens put the responsibility for all sidewalk repair to the government, and the City, and is a difficult situation as we really don't have the budget.

Marvin said Lincoln put in \$1 million a year for 10 years, trying to catch up. Sigerson stated he thought an idea which would sell to the public would be, if you don't require us to do the sidewalks, there will be a 3% property tax reduction, or something like that. Marvin replied Lincoln had the two votes and it goes back to a Public Works Department zealous to go out. Once it was the City's responsibility the separation began.

Mutual Legislative Interests

Cheloha stated LB439 is pending in the Legislature, with Senator Raikes sponsoring, which would create a task force to study the existing formula, we have the hope of seeing fairness in that we don't think metropolitan areas are getting their fair share. The bill is stuck in status and if there is anyway we could boost, it would be a tiny step towards possibly helping us with infrastructure. If we could get them to look at the formula, which has been in place for 4 years.

Cheloha commented Omaha and Lincoln have worked united in the past. Items we can work on together include funding for the infrastructure, or trying to obtain assistance from State Senators and the Governor's office relative to road construction funds. Then another favorite topic is the storm water run off mandate. A bill is pending, LB534, which we convinced a senator to lead, which allows cities who are under the mandate to set up a program, as a utility, to help pay for the mandate. It is still pending.

Other items to look at together include the CIR. At this point Omaha is in the process of working on their 2008 legislative package and will receive input from the Mayor, the cabinet, and department heads to see if they are looking for bills. A lot of times we try to work together with Lincoln and as Omaha is in the metropolitan class we usually ask if Lincoln wants to be included. If anyone has anything more specific, will try and address. Or, if you want to share ideas or concerns.

Marvin stated every year we hear about taxes, \$1.00, for 911 emergency calls on landlines. When switching to a cell phone money is paid but never receive any money back. Heard there is a hundred million dollars in a bank account, and frustrated to create a 911 center and need \$5 million to upgrade equipment and told we'll pay by issuing data on the general obligation bond and charging property tax. So, have a cell phone issue.

Cheloha replied as you go on landlines, cities are allowed to have a fee, up to \$1, with the exception of metropolitan class cities, like Omaha. This was an amendment Chambers put had which said we could go up to a dollar but would need a vote of the people. Knowing people we tried to change the law, but it didn't go anywhere. In the meantime, technology changed. A number of people no longer have landlines, relying on their digital or mobile phone all the time. As the technology advanced, and the Legislature did studies based on federal law and listened to the telephone companies, and we tried to give input, the state decided to set the fee at .50 cents per month on each wireless phone, which could raise to a dollar once accepted. But they keep the money, and it's frustrating for local governments as we're not allowed to use to fund our 911 centers, even though cell phones are used to ask for emergency services as much as a landline. Part of the reason given was the wireless phone companies are under mandate to do digital tracking and be able to pinpoint where the call originated from, but we need funds to help us technology wise, to meet the mandate, which was one reason why the state wanted to keep the money. They wanted to award out on a grant basis to help companies come up with new technology and eventually distributing this money.

Weaver stated Douglas County applied for and received a couple grants, and Lincoln may want to check with your grant people. Marvin said he checked with the finance director and we have this large upgrade based on need, and supposedly need the equipment. Need it so badly that in the future may put on a bond issue and ask the voters to approve by increasing property taxes. Seems to be a relatively high level need, but not enough for the state. Weaver stated he has a telephone number of a person to call who works well for Douglas County.

Welch added before never felt as though we accomplished a lot, and so last year the City Council as a whole made and used a wish list containing important items and had great success. Our lobbyists were focusing on a couple of seriously important items for Omaha. Also last year in terms of City Council meetings did talk about Omaha and Lincoln working together on issues we feel are important to eastern Nebraska. If we were able to focus on two or three different areas, making a decision of this being something we all want, and then all of us as legislators talk to the state senators for this type of reform, believe we would have some luck. One of the things most interested in, is #439, and the idea of changing the formula on the gas tax. Welch added they get as much money out west as we do. If Omaha and Lincoln Councils work jointly to push the State Senators it may make a difference. We did talk last year as to the people in Western Nebraska probably needing help on water issues. For us in Eastern Nebraska we should help but they need to know we need a little help on the road issues now, and possibly they could help. Will be sending out all information to pinpoint what's most important and hopefully we can come up, and push on two or three issues.

Camp said maybe there's an incremental change, gradually modified, on getting things to the Legislature, with the allocation. The other item is with our two cities know the Highway Trust starting to empty and with what they're doing we're going to have less, but we need for our major thoroughfares. Agree with the idea of

understanding Legislators so we can work together and see their priorities, and ours, and do some compromising.

Suttle stated there's an excellent counter out between the east transportation and maybe the water in the west. If we want to take care of our destiny we're better off letting the feds deal with themselves, and we decide what we want to do, biting the bullet if it's a bond program, with the main item being our transportation business. We need for our people and we have to determine the funding source, bring back to where we have the experience and needs along the Interstate 80 corridor, and across our east and west.

Spatz added as he looks at Lincoln, and probably Omaha to a certain degree, is the fact we have a lot of alcohol consumption, with the state bringing in between \$28 and \$30 million on the alcohol tax, above and beyond the sales tax. Pennies per keg, very small. Would like to find a way to tap into, not suggesting raising but tapping into. If the state could take half and distribute back to where it is being consumed we would have \$15 million with Lincoln and Omaha making up a large chunk. Welch stated we would have to give a good reason for them to let go. Spatz replied there's lots of reasons, this goes right in their general fund and think some issues associated with it, the enforcement and a variety of other issues, is a reason. Eschliman stated she's not sure she wants to be dependent on people with alcohol problems to fund her city. Spatz answered they have alcohol problems anyway.

Welch said we will have to make the decision on what's most important. There's one other item, the City of Omaha has a problem in settling lawsuits if there's an innocent third party injured as a result of the police. These innocent third parties are sometimes sitting next to, or out drinking, using drugs, or whatever. Sigerson added there's a strict liability law in the State of Nebraska saying we have to compensate innocent third parties. Don't know how much Lincoln has paid in settlements over the last few years, but Omaha pays \$100,000/\$200,000 every month. One reason Omaha funds the helicopters is to eliminate high speed chases and believe the official policy is if it turns into a high speed chase the police officer backs off. Don't know why Omaha has this huge number. Sigerson stated the problem is it is strict liability. Camp added possibly on a long term basis would be something legislatively we need to change.

Chair Marvin thanked everyone for attending and to have a great time on the tour of the facility.

Meeting adjourned.

Mary Meyer
Clerk