

3. Does misrepresentation of information result in good decisions or just divisiveness? In the educational material about impact fees provided by city staff, the inference is that everyone else charges impact fees, including Omaha, so Lincoln should also, this is a case of comparing apples to oranges.

Identifying Collier County in Florida as an example that impact fees do not slow growth is a classic misrepresentation. Collier County contains the City of Naples, one of the richer communities in the United States; it is a misrepresentation indeed to imply that Lincoln, NE and Naples, FL are peer cities in any form or fashion, even relative to impact fees.

Likewise reporting that Omaha collects \$2,709 in impact fees is another misrepresentation. New development in Omaha, both commercial and residential occurs outside of the Omaha city limits in SID's. This is different from Lincoln where it occurs inside the city limits. The sales and property tax base of Omaha is not enhanced from new development like the City of Lincoln's tax base is. In fact it may be five to seven years before such new residential and commercial developments (think Home Depot) are annexed into the City of Omaha and a benefit is realized. MUD is a regional utility serving the Omaha area which desires to extend it's water and sewer service concurrently with new development and not years later when a subdivision is annexed into the City of Omaha. This cost is determined and paid for based upon a per lot fee schedule. The SID taxes the property value of the new development to pay the fee. This comes to the new homeowner in the form of "property taxes" not in the form of an impact fee that is rolled into the purchase price of the home as has been represented. The same thing happens for parks. Consider the math, Lincoln's impact fee proposal provides additional funds for the city above and beyond the increased sales and property tax base they realize from new development, yet this is not the case in Omaha. Lincoln appears a tad more piggish in nature than Omaha as Omaha will not realize the benefits of an enhanced tax base for some years until new developments are annexed into the city. Therefore portraying Omaha as having an impact fee is a misrepresentation of the facts. Yet it has been presented as justification that Lincoln is entitled to impact fees also!

Many citizens have been misled by the Duncan Study to believe that their neighborhood has been treated unfairly due to inaccurate representations about the cost of growth and who pays for growth. This study did not include the credit side of the ledger, only the expense side. Omitted was the fact that developers pay exactions in the range of \$1,100 to \$1,800 per lot plus new construction generates additional income through sales taxes and property taxes. This misrepresentation has resulted in a divisive spirit between old and new neighborhoods instead of seeking a fair solution for all.

The impact fees debate has unnecessarily resulted in a divisive spirit due to misinformation, unresolved legal concerns still remain, and impact fees have cascading consequences that make housing more expensive for all homeowners in Lincoln. For these reasons I oppose the impact fee ordinance as presently proposed.

Sincerely,

Mike Goings
President
Goings Custom Homes, Inc.
2801 Sw 72nd St
Lincoln, NE 68532

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Mike Fosdick"
<mfosdick@securityfe
deral.net>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Impact Fees

09/16/2002 09:13 AM

Dear Mr. or Mrs. Commissioner:

I am not sure that Impact Fees are a legal form to finance the growth of our City. If the Impact Fees were legal, I do not think that this form of financing is equitable to the homebuilders and those people that will initially pay for those fees in the construction of a new home or building. Please vote AGAINST the proposal by the City to charge impact fees until more research can be obtained to determine the most equitable manner to finance the expansion of our Coity. Thank you!

Sincerely,

Mike Fosdick
President
Security Federal
1330 N St
Lincoln, NE 68508

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Chad Lyon"
<planmanllc@aol.com
>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

09/16/2002 10:02 AM

Dear Mr. or Mrs. Commissioner:

We would like to voice our opposition to the proposed impact fees for the following reasons: 1. The legality of these fees has come into question and we believe that before the fees are imposed that these issues should be resolved. 2. This impact fee will penalize our business and new home owners for the City of Lincoln's misappropriation of City street funds over the past few decades. If this proposed new tax is not voted down, we will have no choice other than amending our contracts to pass the new taxes imposed by the City directly onto our clients.

With the cost of lots already substantially above those of comparable cities I am concerned that the new home market will not be able to withstand this type of add-on tax burden.

If the goal is to decrease the number of contractors, new homebuyers, new commercial businesses, and other sources of tax generating resources, this fee will accomplish the goal. The declines may not be seen immediately, but as demonstrated in various other localities i.e. Fort Collins, Colorado, the impact will be felt for generations.

We ask that you preserve the livelihoods of 3 out of 10 of our Cities citizens and vote NO on impact fees.

Respectfully Submitted,

Chad Lyon
Owner
Keystone Homes
5910 S 58th St Ste B-2
Lincoln, NE 68516

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Danny Petersen"
<dpetersen@neb.rr.co
m>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

09/16/2002 10:07 AM

Dear Mr. or Mrs. Commissioner:

The whole issue of impact fees on new construction is absurd. Only one argument needs to be made to show that anyone who supports the impact fees has no real comprehension of the economics of growth.

Simply stated, new home sales generate immediate taxation from material and services used in the construction of the residence. They continue to generate taxes in the form of real estate taxes, sales taxes and income taxes by the owners. By keeping new home sales prices as low as possible (which already occurs in Lincoln's competitive healthy market), many more people are able to purchase a new home than would be possible with the increased cost of impact fees.

Many of these new homes are purchased by people who are moving to Lincoln because of it's affordability and sustained growth. This brings in an enormous amount of taxes that would have otherwise not occurred. As new homes are constructed for those who are "moving up", their old homes are purchased by others. Many of these are first time owners who will be contributors to the real estate tax rolls for the first time.

This issue should not be that difficult to understand. Anything that makes home ownership more expensive, slows the industry, reduces population growth, reducing monetary flow into the community and results in less available tax dollars.

Growth pays for itself. This short sighted impact fee philosophy will cause a great deal of harm and should be tossed out just on the basis of plain economics.

Sincerely,

Danny Petersen
5560 Nw Tudor Ln
Lincoln, NE 68521

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Avon Vandewege"
<dsiavon@alltel.net>

09/16/2002 10:39 AM

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

Dear Mr. or Mrs. Commissioner:

Impact fees will be a completely unfair tax which will harm the welfare of the future of our great city. I strongly oppose impact fees.

Sincerely,

Avon Vandewege
President
Drywall Supply inc.
1610 Cornhusker Hwy
Lincoln, NE 68521

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Dennis Mathias"
<dennis@mathiaslink.
com>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Impact fees

09/16/2002 07:34 AM
Please respond to
"Dennis Mathias"

I'm writing as a resident of the Hawley neighborhood in response to the Planning Commission's consideration of impact fees for new development.

For too long now the smaller and older neighborhoods have been called upon to support new infrastructure development in Lincoln's new subdivisions. While we have seen many large and beautiful developments take place there has also been a decline in our neighborhoods almost across the board.

While many, including myself, consider impact fees as another form of taxation, I do NOT consider it in any way regressive. I believe these fees, fairly distributed, would benefit established neighborhoods so long neglected by the Planning Commission and the City of Lincoln. I would like to point out that I am unaffiliated with any organized neighborhood group although I carefully monitor their issues of which impact fees is one.

I am perfectly aware of the resistance to yet another 'tax' but fees charged developers would in the long run benefit them also. The public's perception of these targeted fees instead of broadly based tax increases would be supported by the general population.

Please consider voting in the affirmative for impact fees for the good of Lincoln and her older neighborhoods.

Sincerely,
Dennis & Carol Mathias
545 North 26th St. (The Hawley Neighborhood)
Lincoln, NE 68503

402-475-7035

cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Nadine Condello"
<nadinecon@aol.com
>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

09/16/2002 12:38 PM

Dear Mr. or Mrs. Commissioner:

Please vote no on Impact Fees.

Impact Fees are an unfair taxation on new construction.

New construction is an important industry in Lincoln. It provides jobs, homes and opportunities for families.

Our extensive research does not support the use of impact fees.

Thank you for your consideration.

Sincerely,

Nadine Condello
4811 Larkwood Rd
Lincoln, NE 68516

cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)

September 18, 2002

TO: Lincoln/Lancaster Planning Commission
FR: Steve Larrick, Salt South Creek Board
RE: Impact Fees

At its monthly meeting in June, the South Salt Creek Community Organization voted unanimously to support the implementation of Impact Fees in Lincoln.

Presented here are some of the rationales from our perspectives.

When I moved into the South Salt Creek neighborhood in 1979, our area had been considered outside the 100-year flood plain for decades. Public policy from the early 1950s through the 1970s had been to protect Lincoln's neighborhoods from flooding.

In recent years, however, private developers and their lawyers have petitioned for permission to fill in hundreds of acres of Lincoln's floodplain and to cover vast areas of farmland with impervious surfaces. Now Salt Creek is unable to handle the stormwater runoff from a 100-year rain without flooding older residential areas of Lincoln.

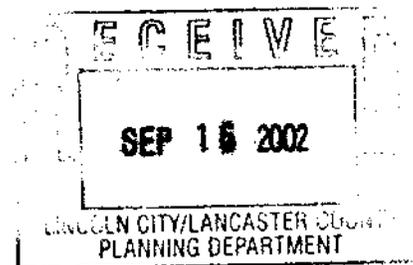
In fact, over 410 homes in our neighborhood have been pushed into the 40-year flood plain by insensitive, greed-driven developments. Low-income homeowners are now being required to pay flood insurance at a cost of \$300 to \$500 a year. Here is how much money this adds up over a 30-year period:

Flood insurance	Value @ 3% interest in 30 years	Value @ 6% interest in 30 years
\$300/year	\$14,568.42	\$25,112.88
\$500/year	\$23,892.21	\$41,185.12

This is a tax that Lincoln developers have brought upon older neighborhoods through their insensitive actions. Even more tragic is the fact that only about 10% of the homes in the South Bottoms Historic District are able to afford the flood insurance.

Lincoln developers claim to be paying their fair share, yet they have never offered to pay the mounting flood insurance costs stemming from their years of profiting from flood plain development. They have deep pockets to spend on misleading reports and legal stonewalling, but not for compensating families financially devastated by their actions.

Mayor Wesely's proposed impact fee is a small price to pay for the damage being done to older parts of Lincoln. Impact fees should rise to the \$9,000 figure recommended by the Duncan Study, but \$4,500 is a compromise that everyone should agree upon.



cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Bob Hampton"
<bhampton@hampton
lots.com>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

09/16/2002 09:06 AM

Dear Mr. or Mrs. Commissioner:

Impact fees will be very bad for commercial new growth. I have already seen several new building projects put on hold or left Lincoln because of the fear of impact fees. The city will lose the tax revenue that they have become dependant on. Impact fees should wait until a total solution package can be brought forward. There is a good chance the city will get sued because impact fees are not enabled by the legislature. Bill Austin should know. Please vote down impact fees.

Sincerely,

Bob Hampton
3411 Williamsburg Dr
Lincoln, NE 68516

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3300
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



Window
Technologies, LLC

3500 N. 44th
P.O. Box 4458
Lincoln, NE 68504

402.464.0202
Fax: 402.467.4101

Lincoln Planning Commission

9-16-02

Re: "Impact Fees".

Ladies and Gentlemen:

We are a Lincoln based Manufacturing company who's product is directly related to the housing industry. We employ over 100 skilled Nebraskans from the Lincoln area. This year we have added 24 people to our company workforce and our payroll of \$ 3.5 million rolls through the Lincoln economy many times over. Our property taxes hire several teachers for the Lincoln Schools.

Our workers want affordable housing for their families!

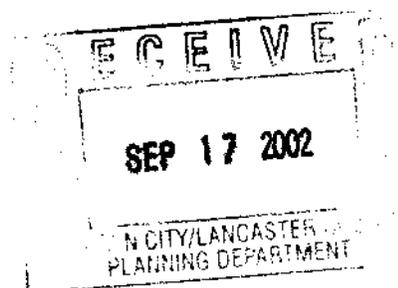
Impact Fees [an unspecified tax] add nothing of value to the home. They will slow the sale of homes, reduce our business volume and adversely affect the people we have the potential to employ.

These are all negative to our company and our people. We urge you to vote against this ill-advised program. Thank you.

Sincerely yours,

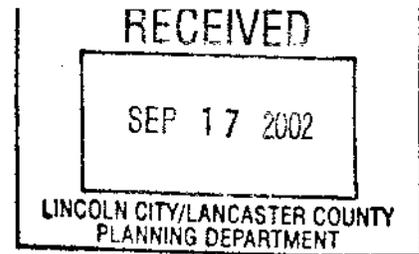
A handwritten signature in black ink, appearing to read 'C. Anderson'.

Craig Anderson. CEO



cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



Planning Commission

WHAT IMPACT FEES WILL DO FOR ME??

I live in northeast Lincoln and enjoy my neighborhood very much. I do not believe that we are a high maintenance neighborhood. Why? I do not see any maintenance being done in my neighborhood. I guess I really don't understand why the sidewalks are in such ill repair after we the voter's turned this project over to the city. Which by the way I am not the only individual that uses that side walks, therefore it would be a fare share project. This is just one of many project that are in a state of ill repair around the city. I do not believe that these funds will be left in the sector that they are intended for. They will get moved around and there will be sectors left with no funds. **I DO NOT SEE IMPACT FEES CHANGING THIS ANY TIME SOON!** Why should we continue to approve bond issues for such projects when they will be spent on projects such as ballparks, beautification of south 9th street ??, and improving the looks of Lincoln mall. I for one am tired of these tyrant tactics.

Impact fees are nothing more than an added tax to the tax role unevenly applied to portions of the community. The mayor has been quoted as saying that the impact fees would be assessed to the developers. I can not understand how this would be levied to only the developer when the permits are not issued until the builder or homeowner has applied for a permit for that parcel property. Who will be paying for the impact fees? I believe this is going to have a devastating effect on the contractor and the community as a whole.

When the city government comes up with a fare solution on a fare share fee, there should be a limit as to how high it may go in a reasonable amount of time. There should be a fare share paid by the commercial industry and developer. After all these people use OUR streets also.

I am sure that a community such a s Waverly, Eagle, Hickman, and these out lying communities would be glad to have these properties on their tax roles. Where will the developer, contractor or homeowner go to build their homes and business? These communities will prosper well with a TAX such as we are pondering.

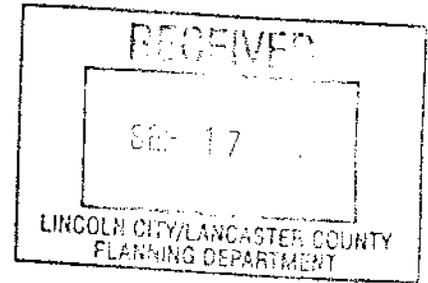
As a citizen of Lincoln I would urge you to take a serious look at the proposed impact fees and reconsider at a later date with a more fare solution. This is something that is not being taken lightly with the citizens of Lincoln. There is said to be a small group of backer to the impact fees. Where does the majority stand and where do you stand. I urge you to get out and see where your community stands as a whole.

I have not been convinced that the impact fees will benefit my community or me at this point. Thank you for your time.

Roy m. Coulter
6123 Kearney Ave
Lincoln, Ne

467-3251 Home
310-3918 Cell
477-2255 Work

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely



September 15, 2002

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)

Dear Mayor, City Council, & Planning Commission Members:

The impact fees being proposed for Lincoln would be an unfair taxation on a specific segment of the population. Too many people do not realize that new subdivisions are not getting a free ride. Developers (and therefore, builders and homeowners) already pay for local streets, sewer, water, storm sewer lines, storm water detention facilities, street lights, street trees, and sidewalks in each new development.

Lincoln is a great city, with dedicated hard-working people in all walks of life. We must all work together to maintain our quality of life for all citizens.

Boulder Works, is a small business, ran by me, and my wife. We sell landscape rock. We are very concerned that the people of Lincoln will not have enough left in their budget, after building their new home, to continue with their landscape project. This of course has a very negative impact on our business, and the businesses of many other hard working citizens. Impact fees will have an incalculable effect on the future of the city!

An unfair tax on new development would have a long-range negative impact on Lincoln's future!

Sincerely,

Mark Fowler
member HBAL

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



July 11, 2002

Lincoln/Lancaster County Planning Commission
c/o J. Greg Schwinn, Chair
County-City Building
555 South 10th Street
Lincoln, Nebraska 68508

Re: Impact Fees for our City

Members of the Commission:

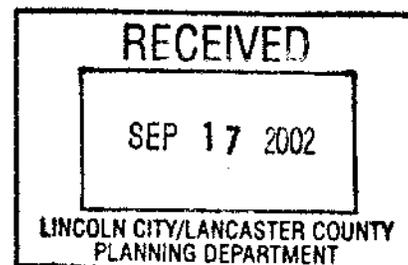
The Country Club Neighborhood Association (CCNA) supports the general concept of instituting an infrastructure financing system designed to recover from developers, all or a substantial portion of, the public costs associated with developing the public infrastructure (water, roads, waste water and parks and trails) required to support new development and/or construction in or immediately adjacent to the City of Lincoln.

Consistent with this objective, CCNA supports the passage of resolutions and ordinances necessary to authorize the levying of infrastructure impact fees, in conjunction with the issuance of building permits for new development, as outlined in the City of Lincoln, Infrastructure Financing Strategy, March 19, 2002, Draft Report.

For the Board of Directors,

Robert C. Ripley
Robert C. Ripley, President

cc: Lincoln City Council
Mayor Don Wesely
CCNA, Board of Directors



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cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



"Bob Coats"
<bchomes@juno.com
>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

09/17/2002 05:26 PM

Dear Mr. or Mrs. Commissioner:

I oppose the Impact fees being considered by the city. Feel this is putting an unnecessary burden the new home buyer. I feel the public has been misinformed.

Sincerely,

Bob Coats
8020 Bancroft Ave
Lincoln, NE 68506

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)



erickson.zink@att.net

To: plan@ci.lincoln.ne.us

09/17/2002 12:56 PM

cc:

Subject: Infrastructure Finance and Impact Fees

Lincoln - Lancaster County Planning Commission:

Back in May of this year, I send a letter to each of the Planning Commission members expressing the support of the University Place Community Organization for impact fees. Because it has been a relatively long period since I sent those letters, I am including the text of those original letters below. Please include this in the official documents related to Wednesday's public hearing on this issue.

***** text of original letter of support for impact fees *****

I am writing to express the support of the University Place Community Organization (UPCO) for the proposed adoption of a system of infrastructure impact fees and urge your support of these proposals when they are considered by the Planning Commission in the coming weeks. As one of Lincoln's oldest neighborhood organizations, and the neighborhood organization that represents the largest geographic area in our city, UPCO is very concerned about how the City can best balance the public investment necessary to maintain established neighborhoods with the public infrastructure investment required to support new growth and development. In this regard, UPCO applauds the work done by the Infrastructure Financing Study Advisory Committee in taking a detailed look at this issue. As the resolution below indicates, UPCO supports the general recommendations outlined in the Infrastructure Financing Strategy Draft Report as positive steps toward achieving a better public investment balance for Lincoln's future.

"The University Place Community Organization (UPCO) supports the general concept of instituting an infrastructure financing system designed to recover from developers all, or a substantial portion of, the public costs associated with developing the public infrastructure (water and wastewater, roads, and parks and trails) required to support new development and/or construction in, or immediately adjacent to, the City of Lincoln. Consistent with this objective, UPCO supports the passage of the ordinances and resolutions necessary to authorize the levying of infrastructure impact fees, in conjunction with the issuance of building permits for new development, as outlined in the City of Lincoln Infrastructure Financing Strategy, March 19, 2002 Draft Report." - passed by the UPCO Board, 4/9/02

Because the UPCO Board feels that this is an important issue for Lincoln's future, we are urging our members to become informed and involved in the public debate on this issue. On behalf of our members, we urge your support for an extensive public dialogue on these issues and your support for instituting the recommendation outlined in the City of Lincoln Infrastructure Financing Strategy, March 19, 2002 Draft Report. Thank you for your consideration of this issue.

Sincerely,

Larry K. Zink
President
University Place Community Organization

099

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)

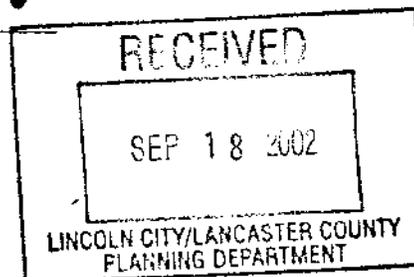


Lincoln Housing Authority

Executive Director
Larry G. Potratz

Commissioners:
Jan Gauger, Chair
William D. Blue, Vice Chair
Francene Blythe
Kent C. Thompson
Orville Jones, III

P.O. Box 5327 • 5700 R Street • Lincoln, NE 68505



September 17, 2002

Planning Commission
c/o Steve Henrichsen
Special Projects Manager
Lincoln-Lancaster County
Planning Department
555 South 10th Street, Suite 213
Lincoln, Nebraska 68508

Dear Members of the Planning Commission:

The board of the Lincoln Housing Authority, at its September 12, 2002 regular meeting, had the opportunity to review the draft Impact Fee regulations. The Lincoln Housing Authority is requesting that the Planning Commission and City Council make the following changes to the impact fee ordinance:

Request 1: Exemption from Impact Fees for Rental Housing. Please change page 16, Section 7(i) by striking "60% or less of median gross income...", and insert in its place, "80% or less of median gross income...". On page 16, Section 7(ii), please delete the entire section.

Reason for Request 1: There are very few federal, state or local housing production programs aimed at low and moderate income rental households. Because of limited allocation of these funds, the Housing Authority of the City of Lincoln needs the flexibility to utilize every low income housing production program available to LHA or the private sector. One such program that has been used in the past and may be used in the future is the Low Rent Public Housing program. This program has income limits of 80% of median income or below. This means household income in the units could vary upon initial occupancy or subsequent re-leasing to individuals with incomes from \$0 up to the HUD low income definition of 80% of median income. Under the present proposed rule as written, we would have to pay an impact fee equal to 50% of the current impact fee even though it is possible that all units could be occupied by households with zero incomes. In the federal Low Rent Public Housing program, we cannot limit participation at a standard income below HUD's regulations. In addition to the Low Rent Public Housing program, the

Housing Authority of the City of Lincoln may choose to develop affordable housing using proceeds generated by the sale of tax-exempt bonds which the Housing Authority is authorized to issue under Nebraska State Law.

The Lincoln Housing Authority favors these changes because the imposition of an impact fee on rent-restricted units may adversely affect our ability to provide needed affordable housing to Lincoln's lower-income citizens. The Housing Authority does not believe the changes proposed will affect significantly the amount of fees collected by the City. The Lincoln Housing Authority predicts that the number of units with rental restrictions between 61% and 80% of median income to be less than 25 units per year on average.

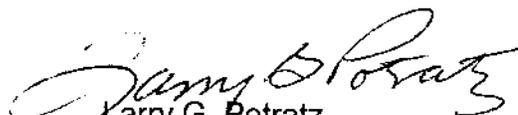
Request 2: Determination of Eligibility. On page 18, Section (d), the Lincoln Housing Authority is seeking an alternative verification process for low income rental housing exemptions. The following is recommended for your consideration:

"(d) Determination of Validity. The Impact Fee Administrator shall determine the validity of any claim for exemption pursuant to the criteria set forth in this ordinance. An exemption for low-income owner-occupied housing shall not become valid until after the City receives verification that such housing is occupied by an eligible household. An exemption for low-income rental housing shall become valid upon delivery to the Impact Fee Administrator of the applicable rent restrictions found in a land use restriction agreement, regulatory agreement, or other legal restriction to be recorded on the affordable housing project indicating the number and location of units and length of time that the units will be restricted to households at or below eighty percent (80%) of the area's median income."

Reason for Request 2: The affordable housing developers and the City do not need to have another layer of eligibility verification in the affordable housing development process. If the affordable housing developer provides a copy of the legal document restricting incomes and tenant eligibility of a property, that should be sufficient for determining the validity of the exemption from impact fees.

Your review and approval of these proposed changes to the impact fee ordinance will be greatly appreciated.

Sincerely,


Larry G. Potratz
Executive Director

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Cont'd Public Hearing: 9/18/02)

Lincoln-Lancaster Planning Department
Memorandum

TO: Planning Commission
FROM: Stephen Henrichsen *SH*
DATE: September 18, 2002
SUBJECT: *Annexation Agreements and Impact Fee Ordinance*
COPIES: Mayor Don Wesely
City Council
Kent Morgan, Mark Bowen, Mayor's Office
Allan Abbott, Steve Masters, Public Works & Utilities
Rick Peo, City Attorney

In response to a question at a previous meeting, attached are two lists relating to annexation agreements and impact fees. Property within "annexation agreements" approved prior to June 2002, are proposed for exemption from impact fees in each category that they contributed to these improvements. For example, if a developer agreed to contribute to some of the water and arterial street costs in an annexation agreement, then the property covered by that agreement would be exempt from water and arterial street impact fees.

The first attachment is a list of all the annexation agreements since 1992. Prior to 1992 annexation agreements were not used extensively.

The second attachment provides some examples of subdivisions that still have some unbuilt development. This review was done in June based on development as of May 2002.

There was approximately 8,000 potential unbuilt dwelling units and over 10 million square feet of potential commercial and industrial space. This is a preliminary review of the annexation agreements. This estimate includes some land that has not been preliminary platted or included in a use permit at this time, so the residential and commercial/industrial space was estimated using standard development ratios for new areas. In some cases the entire subdivision may not be covered by an annexation agreement, so only that part included in the boundaries of the agreement was included in the count.

Annexation Agreements Since 1992

September 18, 2002

Annex Number	Project Name	Approximate Location
92002	Southfork Estates	S. 70 th & Highway 2
92008	Grandview Heights	N. 1st & Superior
92014	South Ridge	S. 27th & Pine Lake Rd.
93001	Good Life Tours	N. 84th & Fletcher Ave
94003	Country Meadows	Highway 2 & Pine Lake Rd.
94004	Porter Ridge West	S. 27th & Pine Lake Rd.
95004	Rogge Industrial	N. 70th & Salt Creek
95005	Regent Heights/ Northern Lights	N. 84th & Holdrege
95005	Mt. Olive Church	N. 80th & Holdrege
96001	Cemetery & Pine Ridge	S. 14th & Pine Lake Rd.
96002	Edenton/ The Preserve/ Hartland Homes & Others	S. 80th & Old Cheney
96004	New Covenant Church	S. 84th & Old Cheney Rd.
96005	Vestecka Villa Van Dorn	S.W 15 th & W. Van Dorn
96006	King Ridge/ Northridge Heights/ LPS	N. 27th & Folkway
97002	St. Marks Church	S. 84th & Pioneers
97003	Horizon Business Center	S. 14th & Pine Lake Rd.
97010	Smith & Shuster	S.W 27th & West A
97011	N. 27th- Campbell	N. 27th & I-80
98002	Berean Church	S. 70th & Highway 2
98004	Horizon Business Center (Pickering)	S. 14th & Pine Lake Rd
98005	Pine Lake Heights South/Wilderness. Ridge	S. 14 th - 40 th & Yankee Hill Road
98013	State Farm	S. 84th & O Street
99001	View Pointe West	N. W. 56th & W. Adams
99002	Vavrina Meadows	S. 14th St. & Yankee Hill Road.
99005	Vintage Heights	S. 98th & Pine Lake Rd.
99007	Eagle Crest	N. 84th & Holdrege
99018	Landmark Center	N. 33 rd & Folkway Blvd.
99019	Fallbrook	N. 1st & Highway 34
99022	Event Center / UNL owned fields	N. 84th & Havelock
99023	Fleming/ Schroeder	S. 14th & Yankee Hill
00001	Ashley Heights	N. W. 48th & West Adams
00002	North Creek Trade Center	N. 22 nd & Fletcher Ave.
00003	Stone Bridge Creek	N. 20 th & I-80
00005	Willowbrook	S. 70th & Highway 2
00006	Morning Glory Estates	N. 84th & Holdrege
00007	Kawasaki	N.W. 27th & Highway 34
01003	S.W. 56th & W "O"	S.W. 56th & West O
01006	Andermatt/ Heritage Lakes	S. 84th & Highway 2
Total		

Potential Development in Annexation Agreements

September 18, 2002

Estimated Unbuilt Development as of May 2002

Residential Subdivision Examples

The Ridge	S. 27th & Pine Lake Rd.
Skyline Rolling Hills	S. 20 th north of Pine Lake
Porter Ridge West	S. 27th & Pine Lake Rd.
Regent Heights	N. 84th & Holdrege
Northern Lights	N. 84th & Holdrege
The Preserve	S. 80 th & Pioneers Blvd.
Edenton	S. 77 th & Pioneers Blvd.
Hartland Homes East	S. 84th & Old Cheney Rd.
Northridge Heights	N. 33 rd & Fletcher
Pine Lake Heights South	S. 27th & Yankee Hill Road
Wilderness Ridge	S. 27 th & Yankee Hill Road
View Pointe West	N. W. 56th & W. Adams
Vavrina Meadows	S. 14th St. & Yankee Hill
Vintage Heights	S. 98th & Pine Lake Rd.
Eagle Crest	N. 84th & Holdrege
Fallbrook	N. 1st & Highway 34
Ashley Heights	N. W. 48 th & West Adams
Stone Bridge Creek	N. 20 th & I-80
Morning Glory Estates	N. 84th & Holdrege
Heritage Lakes	S. 84th & Highway 2
Approximate Total	8,000 Dwelling Units

Commercial/ Industrial Examples

Southpointe Pavilions	S. 27 th & Pine Lake Road
South Ridge Village	S. 27 th & Pine Lake Road
Pine Ridge	S. 14 th & Pine Lake Rd.
Rogge Industrial	N. 70 th & Arbor Road
Regent Heights Center	N. 84th & Holdrege
Northwoods	N. 84th & Holdrege
The Preserve	S. 80 th & Pioneers Blvd.
King Ridge	N. 27th & Folkway
Horizon Business Park	S. 14th & Pine Lake Rd.
Vacant Land Zoned H-4	S.W 27th & West A
Auto Dealer Area	N. 27th & I-80
Wilderness Woods Office Pk	S. 14 th & Yankee Hill Road
Pine Lake Hts (West)	S. 27 th & Yankee Hill Road
Pine Lake Hts (East)	S. 40 th & Yankee Hill Road
State Farm Future Expansion	S. 84th & O Street
Vavrina Meadows	S. 14th St. & Yankee Hill
Eagle Crest	N. 84th & Holdrege
Landmark Center	N. 33 rd & Folkway Blvd.
Fallbrook	N. 1st & Highway 34
Ashley Heights	N. W. 48th & West Adams
North Creek Center	N. 22 nd & Fletcher Ave.
Stone Bridge Creek	N. 20 th & I-80
Willowbrook	S. 70th & Highway 2
Morning Glory Estates	N. 84th & Holdrege
Kawasaki	N.W. 27th & Highway 34
Andermatt	S. 84th & Highway 2
Approximate Total	Over 10 million sq. ft.

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



LTBPROSHOP@aol.c
om

To: plan@ci.lincoln.ne.us
cc:
Subject: Impact Fees

09/18/2002 05:33 PM

I am a citizen in Lancaster Co., a taxpayer, and a voter.

I am against imposing any more "Fees" or "Taxes" on the residents in this county.

Homeowners are already overtaxed. There must be a problem in our city-county budget if the needs of the community can not be met by all of the current fees and tax dollars paid by all of us. Let's cut waste and unreasonable costs as well as unnecessary expenditures to find a solution to this problem or shortfall.

Please share my view with our elected Mayor as well.

Marta Boyte

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



"Dan Klein"
<danklein@regalbuildi
ngsystems.com>

09/18/2002 12:40 PM

To: "Mr. or Mrs. Planning Commissioner" <plan@ci.lincoln.ne.us>
cc:
Subject: Opposition to Impact Fees

Dear Mr. or Mrs. Commissioner:

As a business owner in the construction industry, I AM VERY OPPOSED TO THE IMPACT FEES. It is being used primarily as a means to fix infra-structure problems that the city should be doing a better job of long range planning and upgrading with current revenues or a bond issue. This impact fee is going to handicap the home owners and prospective owners in the future along with commerical business who would otherwise come to town.

More and more costs in the development of lots has been born by the builder & developers and therefore the final home owner, instead of shared costs that used to be covered by the community. With the city receiving the benefit of all the taxes over the life of the property, better budgeting and planning should be in place to reduce or eliminate this kind of taxation.

This is also an UNFAIR TAXATION. This proposal is a non-voted and non-recourse tax on all of us in the community if we own any land, residential, commerical or industrial. WRONG! WRONG! WRONG!

Government is to be the servant of the community and not the money hungry, undisciplined and short sighted process we now have in place.

Dan A. Klein

Sincerely,

Dan Klein
Owner
Regal Building Systems
2610 Park Blvd
Lincoln, NE 68502

cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

Lincoln-Lancaster County Planning Commission
555 S. 10th Street
Lincoln, NE 68508

8-19-2002

Dear Planning Commissioners,

During our July meeting, The board of directors of the Everett Neighborhood Association passed a resolution to endorse the concept of instituting a system of infrastructure finance to recover the costs involved with new development in and around the fringes of Lincoln, Nebraska. The Everett Neighborhood Association Board supports the adoption of city ordinances and the necessary regulations to implement infrastructure impact fees to cover the costs incurred with new arterial streets; water and sewer service and other necessary city services.

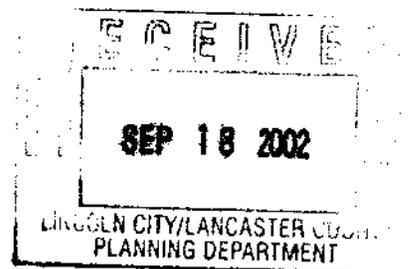
The system of impact fees will be fairer for the community and a crucial tool in bridging the future infrastructure-financing gap. The Board of the Everett Neighborhood Association urges the adoption of the proposal outlined in the City of Lincoln Infrastructure Financing Strategy, March 19, 2002 Draft Report.

Sincerely yours,

Sue Landholm

President, Everett Neighborhood

Association





Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

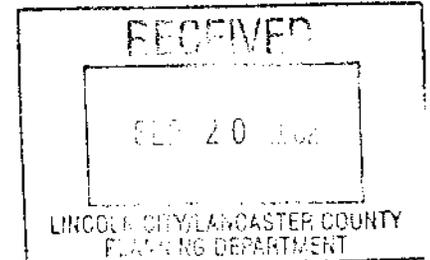
CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

938 North 70th, Suite 108 → Lincoln, Nebraska 68505 → 402•434•2456 • FAX: 402•434•2458

September 19, 2002

Planning Commission Members
Lincoln City Planning
555 S 10th Street
Lincoln, NE 68508

Re: Impact fees



Dear Gentlepeople:

I came to Lincoln 10-years ago as an impact-fee refugee from Val Verde, California. My once-thriving-California hometown enacted "moderate" impact fees in very much the same way the Lincoln Planning Commission proposes. Nobody thought the fees would blunt growth or increase beyond their proposed cap of \$6,500. Unfortunately, we thought wrong. The fees grew and become monstrous seizures of real estate as various city interest groups—such as the fire departments, schools, libraries and parks—discovered that impact fees could be levied with impunity. You see, it's always easier to tax a non-existing voter block, like homeowners-to-be, than to raise taxes on the citizenry at large. A few hundred dollars at a time, the total fee-package ballooned to \$26,000 within a decade. I left to live among more reasonable people, I thought.

Nowadays I read that certain California communities charge upwards of \$100,000 in impact fees. There's certainly no affordable housing in these communities. No matter what the lobbyists from Duncan & Associates claim, any dramatic increase in building costs erodes affordability, and hence the economy at large. I've watched it happen: Over the last 10-years, my once bustling hometown in California has barely grown. Only the affluent areas around Val Verde were able to absorb the fees and keep building. If your aim is to push the working class out of Lincoln and slow growth, you're on the right track. But if you want to keep Lincoln a thriving, progressive city, pay heed to those of use who've been down the impact-fee road: We're waving our hands signaling, "Turn around, the bridge is out!" Impact fees don't work because the amount charged a select, unfortunate few is too steep to endure.

Our tax system is based on the idea of spreading the costs of common expenses so that no individual citizen has to bear an unreasonable burden for the common good. To wit, we tax everyone for schools, even if they don't have children. A fee represents a charge for services. Impact fees are just a euphemism for a steep and unfair newcomer's tax. What makes you think they'll keep coming if we greet them with big fat bill?

Since new development already pays the total expense of its direct and sometimes even abutting infrastructure, the cost of city growth should be born entirely by the population at large, not the individual homebuyer. After all, tax revenue brought by development is consumed by the community at large, as is the general prosperity and job development that growth engenders.

The idea that one flat fee accommodates all development seems simple, but in reality, this fee acts as an overburdening, regressive tax on first-time buyers and the working poor. I know you plan to create some special exemptions, but how would this work in practice? Am I to advertise a house saying: \$100,000 if you're poor enough, otherwise you'll have to pay the Mayor's special of \$105,000! Am I going to get a buyer's financial statement and present it to Building and Safety after closing for a refund? Or are you going to create certain economic zones from time-to-time, like Olympic Heights and Cyrilla Court, where the City offers token exemptions?

Affordable housing will be hit hard by your new tax. And eventually the entire city will suffer, since the high-end buyer depends on the low-end buyer to crank the wheel of economic growth. New apartment complexes will have to charge higher rates to cover the additional expense—ominous at over 1,000 per unit—and pass it on to renters, who will have to fork over an even larger share of their income to landlords. Our City has a very high housing-cost-to-income ratio

already. As the building tax grows each year, hundreds, or perhaps thousands of first-time buyers will have to continue squirreling away their pennies and put off buying a home for the future: Hit by the double-whammy of higher rents and higher purchase costs. There's a tremendous need for low cost housing in Lincoln, and you're about to exacerbate that need.

Just like an educated population benefits the City enough to justify a general tax, city growth and homeownership benefits the City enough to spread the investment among taxpayers at large.

Though the fortunes of the local homebuilding community may not influence your decision, I have no illusion that developers or homeowners will feel the brunt of impact fees. Homebuilders like me will be hit the hardest. We're the one's who will have to finance city growth in cash, out-of-pocket. I'm sure that I speak for the majority of homebuilders when I say: we can't afford it! Though there's a prevailing myth about how much money builders earn, anyone close to the construction business knows our margins are laughably meager. Today, I can buy five to ten building permits in an afternoon and start construction the next day because permits only cost about \$500. Increase that fivefold in June and suddenly I can't afford more than one! Banks don't front money for fees; they only reimburse a builder's expenses after the fact. Since I won't be able to write a check for multiple building permits including impact fees, I'll have to slow my production dramatically. My subs and material suppliers will suffer, too. Not to speak of Building & Safety, which won't collect its usual kitty. If you think I exaggerate, ask business like Millard Lumber if their expansion plans are being revised to reflect an impact-fee induced reduction in construction. I think you'll find they corroborate my representation.

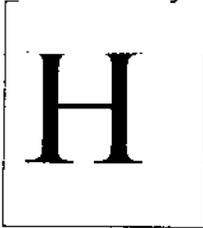
Please do not vote to increase permitting fees tenfold. Keep our city affordable, and our public-private relations friendly. I've lived where City Hall and the building community were archrivals, I'd rather not see this poisoned atmosphere settle here in Lincoln.

With grave concern,

Fernando Pagés

Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



Hartland Homes

P.O. Box 22787, Lincoln, NE 68542
Phone 402 477-6668 Fax 402 477-6746

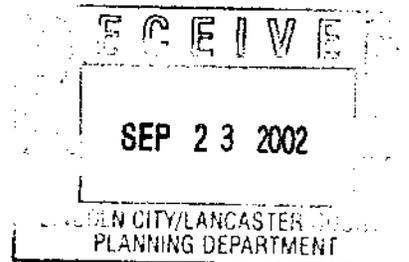
To Whom It May Concern:

A Market Based Alternative to Impact Fees:

One of the major reasons for increased land costs in Lincoln over the last decade has been the rapid increase in the cost of raw land. Over the last ten years the price paid for raw land has increased from approximately \$5,000 / \$7,000 per acre to \$20,000 / \$30,000 per acre. This price increase is directly related to a limited supply of land that can be sewered by existing infrastructure and by City policies that do not annex, extend or assess utilities through and across existing properties to reach more willing sellers.

A change in this City policy would dramatically increase the supply of land available for development, decrease its price, and enable the market to make greater contributions for infrastructure development without any disruption to the market. The "cost" would be borne by landowners adjoining the perimeter of the City. The City would have the benefit of a larger tax base as well.

An illustration of how this policy change would work follows:



I believe I have a way to finance infrastructure and not have impact fees or additional costs to Lincoln taxpayers in general.

Assumptions:

1. 640 acres in 1 square mile
2. 4 miles of road to pave arterials around it
3. $\frac{1}{2}$ of road abuts this 1 square mile (2 miles) other $\frac{1}{2}$ abuts other square miles
4. 2 miles X 5200 ft = 10,560 linear ft or street
5. Cost of 5 lane road about \$617.73 linear foot, per Allan Abbott
6. The City feels that 3 lanes (1 $\frac{1}{2}$ on each side of arterial street) should be the developers fair share, thus if 5 lanes = \$617.73 / lf. Then 1 lane = \$123.54/lf and 3 lanes = \$370.62 / lf.
7. 80 acres = $\frac{1}{8}$ of section so responsible for $\frac{1}{8}$ of abutting arterial road = 1,320 linear ft.
8. 80 acres road cost for 3 lane road = (1,320 linear ft X \$370.62 per linear foot = \$489,218.00).
9. 80 acres @ 3 lots / acre = 240 lots. ($\$489,128.00 \div 240 = \$2,038$ / lot).

If a developer buys 80 acres abutting the city and with sewer and water present, it will cost say \$25,000.00 per acre. For 80 acres that is \$2,000,000.00

If a developer buys 80 acres $\frac{1}{2}$ mile or more from the edge of the city and has to pay \$15,000 per acre, $\$15,000 \times 80 = \$1,200,000$.

If a developer paid the city for 1,320 of 3 lane arterials = 489,218.00, the city would have \$489,200 to pay toward infrastructure any place in town they needed it, instead of near this 80 where improvements may not be needed for 10 years. This money could be used for an income stream to pay off bonds so you could get money now for past due improvements. Further, the developer would pay \$1,200,000 (purchase price) plus \$489,200 (to the city) = \$1,689,200 saving \$310,000 so lots could be made more affordable. (-\$1,300 / lot)

Advantages:

1. no impact fees and no increase in new construction costs to buyers. (maybe decrease)
2. City has revenue for improvements to use at their discretion
3. Revenue stream to pay for bonds to get money now for past due projects.

Where is the money coming from?

Farmers who paid very little for the ground and make millions because developers bring the city to them.

What would the city have to do?

1. Annex a property owner next to the sewer who wants too much for his ground so development can happen past him.
2. Extend sewer and water past this land owner and assess him.
3. Be able to do this process in a reasonable time frame so the developers interest bill is not so large. eg \$1,200,000 @ 8% int. = \$96,000/year

The money to be paid to the city may not be where the city and developers can agree, but it's a place to start. This makes more sense for the city, developer and homebuyer. It does not make sense to let the farmers on the edge of the city get rich on the backs of the city and developers who made their \$2,000/acre ground worth \$25,000/acre by bringing the city to their door steps while they pay practically no taxes on the ground. By allowing the **FREE MARKET SYSTEM** to work, we would have cheaper ground, cheaper affordable housing, and money for city infrastructures.

The city would also collect more taxes by annexing and assessing the land owner who is asking too much for their land.

Sincerely,

Duane Hartman
President
Hartland Homes, Inc.

Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



"Carol B"
<carolserv@hotmail.com>
m>
09/23/2002 10:15 PM

To: GSCHWINN@ci.lincoln.ne.us, CSTEWARD@ci.lincoln.ne.us,
TTAYLOR@ci.lincoln.ne.us, GKRIESER@ci.lincoln.ne.us,
PNEWMAN@ci.lincoln.ne.us, MBILLS-STRAND@ci.lincoln.ne.us,
SDUVALL@ci.lincoln.ne.us, JCARLSON@ci.lincoln.ne.us,
RLARSON@ci.lincoln.ne.us

cc:
Subject: Impact Fees response from Cary N.C. and Ft. Collins

Commissioners,

I received these two responses from Fort Collins and Cary N.C. You may have seen the one from Ft. Collins but I wanted to be sure this information was passed on to you.

Carol Brown
Landons Neighborhood
Board member Fair Share Alliance

SEP 24 2002

CARY NORTH CAROLINA
PLANNING DEPARTMENT

Cary North Carolina-

Our initial low impact fees in the 1980's had little impact in my opinion on rate of growth or housing price.

The recent movement in fee changes and increases first starting in 1998 have not been in effect long enough to analyze the effect of changes. The fees became stable and predictable in the summer of 2000. Growth has been slowing for many reasons like slowing economy (especially high tech), office market over building, and sharply rising urban land costs in the region during the same time period. Certainly some statements are made in the letter without facts that I would disagree with unless more data is provided. In fact I doubt the data is conclusive at this point.

This is a topic we are interested in as certainly some ideal balance exists between cost of growth and rate of growth for each community. The result of impact fees on these things is directly related to what neighboring communities are doing and how close they are in proximity, philosophy and dependency.

Cary continues to be a great place to like, work and play with low taxes at higher service levels than adjacent communities.

From:
carolserv@HOTMAIL.COM
To: <tbailey@ci.cary.nc.us>
cc:
09/16/02 11:58 PM
Subject: Impact Fees

Mr.

Bailey,

Lincoln Nebraska is talking about implementing Impact Fees for housing and commercial development. In our daily newspaper this morning there was the following letter to the editor against impact fees for what destruction it did to your city. Could you give me some insight into how impact fees affected your city? Did impact fees squelch growth? Have homes out-priced themselves? I would like your take on if Impact Fees caused harm or good. The following is the letter to the editor:

Fees have hidden price

Having moved to Lincoln from Cary, N.C., in the fall of 1999, I have a unique perspective on our impact fee debate. Lincoln city officials point to Cary as an impact fee success. While the data offered by Allan Abbott of Public Works appears to show no effect on growth because of impact fees, the numbers as presented don't tell the whole story, insofar as Cary is concerned.

During the 1990s the Research Triangle Park, the East Coast's equivalent of Silicon Valley, exploded with the Internet boom. High-paying, high-tech jobs were in abundance. A tremendous influx of residents resulted. Impact fees seemed a reasonable way to ensure these newly arrived, somewhat unwelcome Yankees pay their "fair share" of city infrastructure costs.

This approach had the unintended effect of displacing affordable housing to outlying communities: Holly Springs, Wake Forest and Rolesville. These communities grew even more explosively than Cary. Families priced out of Cary's residential market still used the roads and services in Cary, but did so without fully supporting them as tax-paying residents; they paid no property tax, wheel tax and less sales taxes living elsewhere. Is this paying one's "fair share"? Would it not have been better to focus city spending upon basic services, rather than pilfering infrastructure funding to provide other programs while driving up the cost of housing through impact fees?

I urge my fellow citizens of Lincoln and our representatives to carefully consider the true cost of impact fees to the community as a whole.

E. Arthur Robertson, Lincoln

.....
Our Planning Commission hearing is this Wednesday. If it would be possible I would love to have a reply for these statements when I get up to testify.

Thank You,

Carol Brown

Fair Share Alliance

Lincoln, Nebraska

Carol Brown -

Let me try to respond to Mr. Walker's allegation:

"Impact Fees had a devastating affect on Fort Collins."

Response: The situation is quite the opposite. The citizens of Fort Collins have set high standards and expectations of new growth. And, due to the collection of impact fees over time, the City has been able to financially meet

these high standards with regard to purchase of new park lands, construction and

widening of streets, and expansion of sewer and water plant facilities. The alternatives to impact fees are slim in number: sales tax collections alone are

not sufficient to meet these needs; and, property tax increases are not popular

by our citizens (they have remained virtually unchanged for the past 20 years).

"the city had taken full advantage of their license to adjust fees at the whims of the city council...."

Response: The fees are adjusted annually in response to detailed studies prepared by staff, typically involving the development industry in their calculation. Fee increases result from higher costs or higher community standards. There is always a lot of grumbling about increasing fees, but we rarely hear anyone effectively question their legal foundation or calculation.

"the Impact Fee on a single family home in Fort Collins is nearly \$12,000. The fees on commercial and business operations are beyond belief."

A recent fee estimates for a single family home in Fort Collins is \$20,535 (this includes a variety of impact fees, building permit fees, and administrative fees). A January , 2002 survey of 28 Northern Colorado communities indicate that 14 communities have higher fees than Fort Collins.

There are similiar fees for commercial development, although they vary tremendously depending upon use. There is no similar survey of other communities; although anecdotally, we have heard that we are toward the upper end of the communities with the highest commercial fees generally.

"As the costs of building new multi-family apartments went up (due to impact fees), the owners had to recover their costs somehow. The answer, of course, was higher rents."

Response: As costs go up, it has to be shared somewhere, although it is questionable whether all of this cost will be passed solely on to the consumer (renter). We have told that a part (maybe a big) part of the adjustment for higher costs comes in the form of lowering land costs. However, we do have good information on single family homes and our data indicates that the proportion of impact fees to average sales price has remained about the same over the past ten years of data collection. That is, in 1990, we estimate our fees to be approximately 7.8% of the total sales price; in 2001 it was estimate to be

7.9%,
although during that time the average price of a home went from \$118,000 to \$250,000.

*The development community*s solidarity was shattered because of resentment of some builders getting a better deal from the city than others. Nearly always, this was the larger builders. They had the resources to lobby the city, go through the lengthy process for approval, and negotiate adjustments to their fees. *

Response: Mr. Walker seems to be confusing developers with builders, and plan review fees with impact fees. A developer buy tracts of large land, get a plan approved, installs infrastructure, and then sells buildable lots to builders.

The City*s previous (pre-1996) Planned Unit Development (PUD) review and approval process was considered by some developers to be lengthy and expensive, and to therefore favor larger developers over smaller ones. The PUD process includes a relatively modest fee to cover staff time to review of the development. These review fees are sometimes negotiated. However, impact fees are charged on a per unit basis at the building permit stage, not the subdivision review stage. All builders, large or small, have always paid the same per unit impact fees.

The smaller builders were already in serious trouble because they had learned early that all these Impact Fees could not be financed in a construction loan. It had to come directly from their pockets.

Response: If a builder has enough notice of the impact fee going into effect or changing, they should not be personally affected by the fee. Regardless of their size, they should be able to take the fee into account as they negotiate the price they pay for lots from the developer as well as the sales price of the house to the homebuyer. For instance, they can chose to pay less for the lot from the developer to off-set the cost of the fee, or increase the cost to the home buyer. Market conditions will determine which way it goes. The only time a builder could get caught is if the fee went into effect with no notice after they have purchased a lot and had negotiated the sales contract with the home buyer, but they had not yet pulled a permit. To avoid this problem, the City typically provides a long lead time and lots of public notice after a new fee has been approved before it goes into effect.

* Smaller builders began to go under or look for greener pastures. There were

other places to build homes. On the margins of Fort Collins were half a dozen smaller towns with no impact fees and a hunger for the prosperity that growth would bring. They welcomed the Fort Collins builders with open arms. The first of these towns to receive the benefits of the flight of developers was Windsor. It was a small town of barely 3,000 people just ten miles from Fort Collins. Windsor had been largely unchanged for 50 years. Suddenly a building boom was underway. *

Response: Windsor has experienced recent growth for a variety of reasons. Land is less expensive, it has great access to I-25, it is centrally located between Fort Collins, Loveland and Greeley, and it has more relaxed engineering and design standards than Fort Collins and Loveland.

New businesses, particularly the bigger employers are not coming to town in the same numbers as before. Fort Collins sales tax base is eroding because less money is being spent in the community, and more is being spent in the outlying areas. Fort Collins finds itself on the verge of the most serious economic crisis since the grasshopper plagues in 1876

Response: Fort Collins* economy has finally begun to slow down, consistent with the national economic slowdown and the HP-Compaq merger related layoffs. However, our building boom continues, and our year to date permitting levels project a record number of permits to be issued this year, despite the recession. For additional information regarding Fort Collins* economic condition and it*s relative attractiveness to employers, I refer you to the attached article from the Wall Street Journal published June 6, 2001.

Hope you find this information helpful.

Tom Vosburg, CPES Policy and Budget Manager
CPES Administration
281 N. College Ave
Fort Collins CO 80522
970 221 6224
tvosburg@fcgov.com

>>><carolserv@hotmail.com> 09/15/02 11:33AM >>>

Lincoln is talking about implementing Impact Fees for housing and commercial development. A speaker that comes from Fort Collins and now lives in Lincoln gave a speech to the Homebuilders this week at their general meeting that Impact

Fees had a devistating affect on Fort Collins. I would like your take on if Impact Fees caused harm or good. I am including some of the staements by Mr. Phil Walker. \"But the true costs and the down side of the Impact Fees were beginning to add up. First, the city had taken full advantage of their license

to adjust fees at the whims of the city council. The original neighborhood groups and organizations that had pushed the impact fees in the name of preserving the environment and our quality of life made sure their candidates

got elected to the council. The Impact Fees went up and up. Today, the Impact Fee on a single family home in Fort Collins is nearly \$12,000. The fees on commercial and business operations are beyond belief. They fail to mention the unfortunate fact that a single family home in Boulder now costs \$350,000.

Another outcome of the Impact Fees that were artificially accelerating the value of real estate, was the effect it was having on the rental market. Fort Collins is a college town, just like Lincoln, with a student population of about 25,000. 80% of those students live in rental properties off campus. As the costs of building new multi-family apartments went up, the owners had to recover their costs somehow. The answer, of course, was higher rents. In Fort Collins today, an average twobedroom unit costs at least \$750.00. It's not at all uncommon for a three-bedroom house to rent to three students for \$500 a month each. Now builders were pitted against other builders. The development community's solidarity was shattered because of resentment of some builders getting a better deal from the city than others. Nearly always, this was the larger builders. They had the resources to lobby the city, go through the lengthy process for approval, and negotiate adjustments to their fees. !

The smaller builders were already in serious trouble because they had learned early that all these Impact Fees could not be financed in a construction loan. It had to come directly from their pockets. Smaller builders began to go under or look for greener pastures. There were other places to build homes. On the margins of Fort Collins were half a dozen smaller towns with no impact fees and a hunger for the prosperity that growth would bring. They welcomed the Fort Collins builders with open arms. The first of these towns to receive the benefits of the flight of developers was Windsor. It was a small town of barely 3,000 people just ten miles from Fort Collins. Windsor had been largely unchanged for 50 years. Suddenly a building boom was underway. The first people to move to Windsor were the low-income families who could afford the rents in Windsor. This then is the actual situation in northern Colorado and Fort Collins today. The price of a single family home has doubled in 20 years. New businesses, particularly the bigger employers are not coming to town in the same numbers as before. Fort Collins sales tax base is eroding because less money is being spent in the community, and more is being spent in the outlying areas. Fort Collins finds itself on the verge of the most serious economic crisis since the grasshopper plagues in 1876. But this crisis did not come from outside, rather Fort Collins has committed social and economic suicide on itself."

These are just a few of the comments from his speech. We pose this issue to the Planning Commission hearing on Wednesday if it is possible we would welcome a response before then.
Thank You,
Carol Brown
Fair Share Alliance

Send and receive Hotmail on your mobile device: <http://mobile.msn.com>

FORT COLLINS SPOTLIGHTED ON THE COVER OF THE WALL STREET JOURNAL. Read the article...

The Rockies emerge as a pocket of prosperity in slowing economy

The Wall Street Journal

by Robert Gavin

June 6, 2001

IN MARCH 1999, just two months after it was founded in Davenport, Iowa, Limelight Technologies Inc. packed up and moved to Fort Collins. "We saw it as a place where we could retain software engineers," says Limelight Chief Executive John Brady. "It's sunny almost every day, there's not much traffic, and the mountains are close enough that I go up to Aspen all the time."

And when San Diego-based Applied Micro Circuits Corp. acquired Fort Collins telecommunications and data storage start-up Silutia Inc. last fall, Silutia executives made sure any talk of leaving Fort Collins was off the table. That "would have been a deal-breaker," says Randy Zwetzig, Silutia's former chief executive. "We have beautiful summers, fairly mild winters, a strong education system, parks and safe neighborhoods."

WINNING THE TROPHIES

What's remarkable about Fort Collins is not all it has done to lure companies; it's all it hasn't done. The city has sat out pricey bidding wars for corporate trophies, instead spending its money on schools, parks and other local services. The result: Fort Collins has landed plenty of corporate trophies anyway — and is in the middle of an uncharacteristic American boom.

During a time of economic slowdown across the country, the Rocky Mountain region is emerging as an island of surprising prosperity and growth. When companies and workers fled California during its deep recession of the early 1990s, Rocky Mountain communities offered low costs, an emerging technology sector and an alluring lifestyle. Since then, highly skilled and educated people have been flocking to emerging tech centers such as Boulder, Boise, and Provo, Utah, making Colorado, Idaho and Utah among the five fastest-growing states in the country.

Economy.Com, a West Chester, Pa., forecasting firm, predicts employment in the eight-state region will grow at four times the national average this year, and significantly faster than almost every other part of the country. Only the West South Central region, which is forecast to add jobs at a 2% rate, is expected to approach the Rockies' projected 2.3% growth.

Fort Collins, a midsize city of 118,000 tucked into the foothills, is the perfect poster child for why this Rocky Mountain high is expected to continue.

While manufacturing layoffs and office vacancies climb elsewhere in the country, unemployment in Fort Collins recently dipped to 2.5%. Home sales are running at a near record pace. Retail sales were up 11.3% in the first quarter, compared with 1.3% nationally. Building permits for single-family homes rose 55%, compared with 3.1% nationally.

The growth is bringing some strain: Residents now complain that housing prices are edging up, chain stores are sprouting along once picturesque roads and commutes are getting longer. But these growing pains have yet to stop the flow of people into Fort Collins. For the past decade, cities across the country pursued an expensive strategy to lure big companies: lavish tax breaks. Now, many of these communities face a double hit: Their corporate trophies, while continuing to pay heavily slashed tax bills, are also laying off workers to cut costs.

Fort Collins offers a different story. The city has steered clear of costly financial incentives to lure new companies. Instead, it spent money on the infrastructure that business needs to grow and the amenities that make the city an attractive place to come, stay and invest. "It's the people who want to live here who drive the economy," says Frank Bruno, assistant city manager for economic development.

Adds Ann Azari, the city's former mayor: "The whole idea is we want to help companies that have chosen to come to us, instead of going smokestack chasing." In 1995, Hyundai Electronics Industries Co., the South Korean company that recently changed its name to Hynix Semiconductor Inc., sought \$30 million in tax breaks in return for building a \$1.3 billion semiconductor plant that would employ 1,000. That request represented 10% of the city's annual budget.

meeting that lasted until 3 a.m. Had the city acquiesced to Hyundai, Mr. Bruno says in retrospect, it would not have had the money to meet the service demands of a population that grew 35% in the '90s. That, he adds, would have undermined one of Fort Collins' economic pillars: "Keeping everything in balance."

"It was tempting, but it would have been wrong as heck," says Ms. Azari, a tax-break supporter who says she later saw the error of her ways. Hyundai built its plant in Eugene, Ore., where it received about \$40 million in tax breaks and employs about 850.

In Fort Collins, few people are mourning Hyundai. They don't need to: Hewlett-Packard Co. and Anheuser-Busch Cos. still are moving ahead with planned expansions in Fort Collins. The federal government is building a \$65 million campus where it will consolidate eight environmental and agricultural research agencies. Colorado State University, the city's biggest employer, is spinning off start-ups, while a locally based venture capital firm, Vista Ventures LLP, just put together a \$20 million fund to help them.

Denver International Airport, while cursed by travelers because of its early baggage-handling snafus, was cheered in Fort Collins when it opened in 1995 because it provided world-wide airline connections an hour's drive south. The state-funded Colorado State University, founded as an agricultural college, got a makeover to give itself a high-tech twist, luring away from Purdue University three electrical and computer engineers to set up a research lab. The university recently spun off companies such as biotech firm XY Inc., which has found a way for breeders to select the sex of livestock, and Optibrand LLC, which is developing a computerized livestock identification program.

The outbreak of foot-and-mouth disease in Europe has now brought Optibrand to the attention of investors, who see the livestock-tracking system as a way to prevent spread of the disease.

WATER DRAW

Even the city's water seems blessed. The pure run-off from mountain snows has been a boon to a half-dozen breweries and microbreweries that employ about 1,000. They range from Anheuser-Busch to New Belgium Brewing Co., which makes Belgian-style beer, to Odell Brewing Co., maker of English-style ales.

In 1989, the City Council decided to try to build on the city's natural appeal by adopting an economic-development plan that formally put in place its "balanced growth" policies. Ms. Azari, who was elected to the council that year, was one of the leaders in the effort to formulate and adopt the plan. The policy, in a nutshell: Fort Collins should rely on lifestyle issues to attract companies, not big incentives. "Our first interest is in the people and companies that want to come and stay here," Ms. Azari says.

City planners wanted to make sure Fort Collins wouldn't lose its open space, one of the town's big selling points. So in 1996, they adopted a master plan that calls for adding seven acres of parkland for every 1,000 new residents, and the City Council approved new development fees to pay for it.

Since 1992, the city has combined with the county to spend \$46 million to acquire and preserve open space. It has invested millions more in revitalizing its historic downtown, which served as a model for Disneyland's "Main Street U.S.A." Today, the Fort Collins version of main street bustles with shops, restaurants and art galleries.

Because Fort Collins devotes so few tax dollars to corporate tax breaks, it is easier for city officials to go to voters for money for schools. Voters consistently approve more money for teachers, programs and facilities, including a \$175 million bond issue passed last fall. The city's school-tax rate is the ninth highest in Colorado. Fort Collins's schools are among the best in the state, with students consistently scoring above state and national averages on the SATs. In 2000, the city's students averaged 1102 on their SAT scores, while Colorado students averaged 1071 and students nationwide averaged 1019.

Managing the growth is getting hard. Gas stations, fast-food restaurants and chain stores sprawl along wide boulevards. Traffic is getting worse. Larry Kendall, who moved here from Kansas in 1973 and is chairman of Group Inc., a local real-estate brokerage, says Fort Collins has quickly changed from a "five- or 10-minute town" — that is, you could get to almost anywhere in five to 10 minutes — to a "15-minute town."

Housing prices, long a major attraction, have more than doubled in a decade, to a median of more than \$180,000. The National Association of Homebuilders recently ranked housing in the Fort Collins area among the nation's least affordable, 149th out of 180 metropolitan areas. A decade ago, the community ranked 40th in affordability.

REGIONAL SLOWDOWN

Overall, the Rocky Mountain region is seeing a slowdown. The region's projected job-growth rate, at 2.3% this year, represents a significant slowing from last year's 3.6% rate. Telecommunications and technology companies have cut thousands of jobs in recent months. In April, Fort Collins-based Advanced Energy Industries Inc., which manufactures components for computer chipmakers, said it would cut about 150 jobs, or 10% of its work force.

But people keep coming. Cathy Kawakami is among the latest wave of Californians. Ms. Kawakami, director of investor relations at Advanced Energy Industries, says the traffic and cost of living in the San Francisco Bay area had become too much. She faced 2 1/2-hour commutes. What's more, she says, the 1,000-square-foot home she shared with her husband in Walnut Creek, Calif., sucked up every cent they had. The Kawakamis moved to Fort Collins last July. Ms. Kawakami remembers the glee she felt when a real-estate agent showed her houses. At every stop, she thought, "We can afford it, it's three times bigger than what we have, and there's no traffic."

Carol Brown -

Let me try to respond to Mr. Walker's allegation:

"Impact Fees had a devastating affect on Fort Collins."

Response: The situation is quite the opposite. The citizens of Fort Collins have set high standards and expectations of new growth. And, due to the collection of impact fees over time, the City has been able to financially meet

these high standards with regard to purchase of new park lands, construction and

widening of streets, and expansion of sewer and water plant facilities. The alternatives to impact fees are slim in number: sales tax collections alone are

not sufficient to meet these needs; and, property tax increases are not popular

by our citizens (they have remained virtually unchanged for the past 20 years).

"the city had taken full advantage of their license to adjust fees at the whims of the city council...."

Response: The fees are adjusted annually in response to detailed studies prepared by staff, typically involving the development industry in their calculation. Fee increases result from higher costs or higher community standards. There is always a lot of grumbling about increasing fees, but we rarely hear anyone effectively question their legal foundation or calculation.

"the Impact Fee on a single family home in Fort Collins is nearly \$12,000. The fees on commercial and business operations are beyond belief."

A recent fee estimates for a single family home in Fort Collins is \$20,535 (this includes a variety of impact fees, building permit fees, and administrative fees). A January , 2002 survey of 28 Northern Colorado communities indicate that 14 communities have higher fees than Fort Collins.

There are similar fees for commercial development, although they vary tremendously depending upon use. There is no similar survey of other communities; although anecdotally, we have heard that we are toward the upper end of the communities with the highest commercial fees generally.

"As the costs of building new multi-family apartments went up (due to impact fees), the owners had to recover their costs somehow. The answer, of course, was higher rents."

Response: As costs go up, it has to be shared somewhere, although it is questionable whether all of this cost will be passed solely on to the consumer (renter). We have told that a part (maybe a big) part of the adjustment for higher costs comes in the form of lowering land costs. However, we do have good information on single family homes and our data indicates that the proportion of impact fees to average sales price has remained about the same over the past ten years of data collection. That is, in 1990, we estimate our fees to be approximately 7.8% of the total sales price; in 2001 it was estimate to be 7.9%, although during that time the average price of a home went from \$118,000 to \$250,000.

*The development community's solidarity was shattered because of resentment of some builders getting a better deal from the city than others. Nearly always, this was the larger builders. They had the resources to lobby the city, go through the lengthy process for approval, and negotiate adjustments to their fees. *

Response: Mr. Walker seems to be confusing developers with builders, and plan review fees with impact fees. A developer buy tracts of large land, get a plan approved, install infrastructure, and then sells buildable lots to builders. The City's previous (pre-1996) Planned Unit Development (PUD) review and approval process was considered by some developers to be lengthy and expensive, and to therefore favor larger developers over smaller ones. The PUD process includes a relatively modest fee to cover staff time to review of the development. These review fees are sometimes negotiated. However, impact fees are charged on a per unit basis at the building permit stage, not the subdivision review stage. All builders, large or small, have always paid the same per unit impact fees.

The smaller builders were already in serious trouble because they had learned early that all these Impact Fees could not be financed in a construction loan. It had to come directly from their pockets.

Response: If a builder has enough notice of the impact fee going into effect or changing, they should not be personally affected by the fee. Regardless of their size, they should be able to take the fee into account as they negotiate the price they pay for lots from the developer as well as the sales price of the house to the homebuyer. For instance, they can chose to pay less for the lot from the developer to off-set the cost of the fee, or increase the cost to the home buyer. Market conditions will determine which way it goes. The only time a builder could get caught is if the fee went into effect with no notice after they have purchased a lot and had negotiated the sales contract with the home buyer, but they had not yet pulled a permit. To avoid this problem, the City typically provides a long lead time and lots of public notice after a new fee has been approved before it goes into effect.

* Smaller builders began to go under or look for greener pastures. There were other places to build homes. On the margins of Fort Collins were half a dozen smaller towns with no impact fees and a hunger for the prosperity that growth would bring. They welcomed the Fort Collins builders with open arms. The first of these towns to receive the benefits of the flight of developers was Windsor.

It was a small town of barely 3,000 people just ten miles from Fort Collins. Windsor had been largely unchanged for 50 years. Suddenly a building boom was underway. *

Response: Windsor has experienced recent growth for a variety of reasons. Land is less expensive, it has great access to I-25, it is centrally located between Fort Collins, Loveland and Greeley, and it has more relaxed engineering and design standards than Fort Collins and Loveland.

New businesses, particularly the bigger employers are not coming to town in the same numbers as before. Fort Collins sales tax base is eroding because less money is being spent in the community, and more is being spent in the outlying areas. Fort Collins finds itself on the verge of the most serious economic crisis since the grasshopper plagues in 1876

Response: Fort Collins* economy has finally begun to slow down, consistent with the national economic slowdown and the HP-Compaq merger related layoffs. However, our building boom continues, and our year to date permitting levels project a record number of permits to be issued this year, despite the recession. For additional information regarding Fort Collins* economic condition and it*s relative attractiveness to employers, I refer you to the attached article from the Wall Street Journal published June 6, 2001.

Hope you find this information helpful.

Tom Vosburg, CPES Policy and Budget Manager
CPES Administration
281 N. College Ave
Fort Collins CO 80522
970 221 6224
tvosburg@fcgov.com

>>> <carolserv@hotmail.com> 09/15/02 11:33AM >>>

Lincoln is talking about implementing Impact Fees for housing and commercial development. A speaker that comes from Fort Collins and now lives in Lincoln gave a speech to the Homebuilders this week at their general meeting that

Impact Fees had a devastating affect on Fort Collins. I would like your take on if Impact Fees caused harm or good. I am including some of the staements by Mr. Phil Walker. \ "But the true costs and the down side of the Impact Fees were beginning to add up. First, the city had taken full advantage of their license to adjust fees at the whims of the city council. The original neighborhood groups and organizations that had pushed the impact fees in the name of preserving the environment and our quality of life made'sure their candidates got elected to the council. The Impact Fees went up and up. Today, the Impact Fee on a single family home in Fort Collins is nearly \$12,000. The fees on commercial and business operations are beyond belief. They fail to men-

tion the unfortunate fact that a single family home in Boulder now costs \$350,000.

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of real estate, was the effect it was having on the rental market. Fort Collins

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80% of those students live in rental properties off campus. As the costs of building new multi-family apartments went up, the owners had to recover their costs somehow. The answer, of course, was higher rents. In Fort Collins today, an average twobedroom unit costs at least \$750.00. It's not at all uncommon for

a three-bedroom house to rent to three students for \$500 a month each. Now builders were pitted against other builders. The development community's solidarity was shattered because of resentment of some builders getting a better

deal from the city than others. Nearly always, this was the larger builders. They had the resources to lobby the city, go through the lengthy process for approval, and negotiate adjustments to their fees. !

The smaller builders were already in serious trouble because they had learned early that all these Impact Fees could not be financed in a construction loan. It had to come directly from their pockets. Smaller builders began to go under or look for greener pastures. There were other places to build homes. On the margins of Fort Collins were half a dozen smaller towns with no impact fees and

a hunger for the prosperity that growth would bring. They welcomed the Fort Collins builders with open arms. The first of these towns to receive the benefits of the flight of developers was Windsor. It was a small town of barely

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in the same numbers as before. Fort Collins sales tax base is eroding because less money is being spent in the community, and more is being spent in the outlying areas. Fort Collins finds itself on the verge of the most serious

economic crisis since the grasshopper plagues in 1876. But this crisis did not come from outside, rather Fort Collins has committed social and economic suicide on itself.\"

These are just a few of the comments from his speech. We pose this issue to the Planning Commission hearing on Wednesday if it is possible we would welcome a response before then.

Thank You,

Carol Brown

Fair Share Alliance



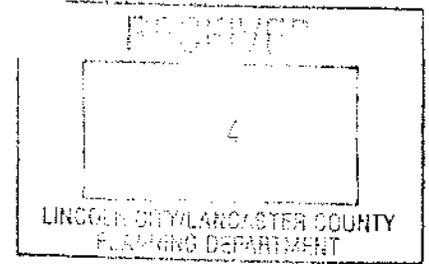
Home Builders Association of Lincoln

Lincoln Trade Center • 6100 S. 58th Street, Suite C • Lincoln, NE 68516
Telephone: 402.423.4225 • Fax: 402.423.4251 • Web Site: www.hbal.org

**CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)**

September 23, 2002

W. Cecil Steward
Planning Commission
DLA Board Member
555 S. 10th Street
Lincoln NE 68508



Open Letter to Lincoln:

The Home Builders Association of Lincoln presented its case on September 18 that Impact Fees will devastate Lincoln's growth and economy and put the American dream of homeownership out of reach for those near the bottom of the economic ladder.

Two other Lincoln business organizations, the Chamber of Commerce and the Downtown Lincoln Association decided to support the implementation of impact fees as a "first step" in a comprehensive plan of funding new infrastructure.

Over the past several weeks, Ron Ecklund, CPA, CFP, Hanigan Bjorkman Ecklund LLP, has extensively reviewed the city's financial situation in preparation for his testimony before the Planning Commission. In Mr. Ecklund's professional opinion, Lincoln, Nebraska does not need to risk implementing impact fees to meet the City's obligations to provide necessary infrastructure for Lincoln's current and future citizens. We encourage our fellow business leaders to listen to and learn from the proposal presented by Ron Ecklund and then reconsider their position in light of this new information.

The Home Builders Association of Lincoln further respectfully requests that the city delay the current impact fee ordinance from further consideration until the proposal presented by Ron Ecklund is thoroughly studied and critiqued. If his opinion is even partially correct, it offers our community a win-win alternative to finding the necessary funding sources to move Lincoln successfully forward as one community.

We also believe Ron Ecklund's proposal meets the needs and concerns of the Fair Share Alliance, eliminates the possibility of moving forward with an impact fee plan which is on shaky legal ground and achieves the city's goal of a progressive community which takes care of all its citizens.

Sincerely,

Marty Fortney
President

cc: **Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely**

127

- President**
Marty Fortney
- Senior Vice President**
Steve Fulton
- 1st Vice President**
Brian Carstens
- 2nd Vice President**
Jo Lewis
- Secretary**
Dan Walker
- Treasurer**
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Dick Robison
Don Rowe
Greg Shinaut
- NAHB Area 11 Vice President**
J. Greg Schwinn

David Pauley
8001 Eastwood Court
Lincoln, Nebraska 68506
(402) 489-4904, Fax: (402) 489-4909

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

September 27, 2002

Lincoln Journal Star

Re: Impact Fees and who pays for infrastructure replacements?

Dear Editors,

While I appreciate the position set forth by proponents of impact fees, I think organizations such as the Fair Share Alliance are attempting to argue out of "both sides of their mouths." As I understand their argument, it goes something like this: New homeowners and developers should bear the brunt of the infrastructure costs in a new development because they are the ones that are going to be using the new areas and the rest of us in "established neighborhoods" should not have to pay for this "new growth." In taking that argument to its logical conclusion, then, those same people in the "established neighborhoods" should have no qualms about paying for all the infrastructure costs incurred when the original infrastructure needs to be replaced because of age and deterioration. I have yet to see the Fair Share Alliance or any other proponent of impact fees advocate that their constituents in the established neighborhoods should be obligated to pay their "fair share" for **infrastructure replacements.**

Since these replacements would be done in established neighborhoods with existing streets, sidewalks and mature landscaping, it is my understanding that the price tag to replace existing infrastructure would **cost three to four times** the amount it would be to put such infrastructure in a new development. Would it be equitable to burden the homeowner with such an assessment if he happens to be the unlucky one that is living there when the original infrastructure has worn out? What if a family moves out of this "established neighborhood" after having lived there for 25 to 30 years, and the family that just moves in gets a "Welcome Wagon" gift in the form of a \$15,000 bill from the city for the newly replaced storm sewer and newly paved street? Would that be fair or equitable?

While we are on the subject of having those that directly benefit from a public expenditure pay for the bulk of such costs, how about those that would argue that since I don't have any kids in school, I don't want to pay any taxes to the school district? Or those that don't use the city libraries, should they get a tax credit? Maybe the park system should be completely underwritten through the use of entrance fees, so those that don't go to the parks don't have to pay for them. The same argument could be made for fire and police protection. What about replacement of deteriorating sidewalks? I hope none of the people that are in favor of impact fees are the same ones that want the city to repair sidewalks through the advancement of a bond issue; that would be rather hypocritical wouldn't it?

Another point that those who advocate impact fees seem to gloss over is just how much the new homeowner and developer already pay for the construction of infrastructure. The following interior improvements within a new housing development are already paid for by the homebuyer and developer: street and curb paving, water, sanitary sewer, storm sewer and detention, street lights, street trees, street signs and sidewalks. In addition, it is often "strongly suggested" that the

developer "donate" land to the city for the use as a city park. Plus the city at large gets the benefit of a broadened property tax base, increased sales taxes generated by people moving here and the salaries and wages paid to those directly affected by the housing industry. In addition, do we want to be more or less attractive to any light industry or businesses that might be considering locating in Lincoln? Impact fees, along with some of the country's most onerous property tax burdens, do not end up on the plus side of the ledger when corporations consider where to locate.

What about the "fairness" of the people living in established neighborhoods not having to pay any "impact fees" when their neighborhood was being developed versus those unlucky people who might want to build a new house in a new development after the creation of an impact fee? The Fair Share Alliance attitude seems to be "I got what I need (i.e., the entire community helped to pay for the incremental costs of the infrastructure in my neighborhood), now, for any of those that follow, I want you to pay for the bulk of incremental development costs yourself—I don't want to be bothered (or more importantly, taxed)." This seems analogous to people's attitudes about income taxes, i.e., anyone who makes more than me is "rich" and we should raise taxes on "the rich" and give us hard-working middle incomers a tax break.

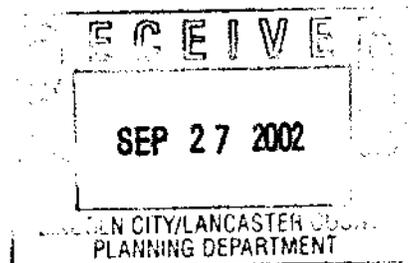
Do development impact fees reduce the rate of residential development? A study conducted by Mark Skidmore of the University of Wisconsin and Michael Peddle of Northern Illinois University to examine the effect impact fees had on development in DuPage County, Illinois from 1977 through 1992. Their study concluded with the statement "...(O)ur empirical results show that **impact fees reduce rates of residential development by more than 25 percent.**" I would guess that members of the Fair Share Alliance might cheer those results and actually hope for a higher negative impact. But for the thousands of Lincolinites that depend on a vibrant housing and commercial building industry for their livelihood, they probably aren't quite so encouraged by such a negative impact.

I think it would be much more productive for this community to get a grasp of all the benefits associated with steady, controlled growth. Everybody gains from a healthy, thriving economy in our city, and development of new neighborhoods and commercial/industrial centers is a vital element of such an economy.

Sincerely,

David Pauley

cc: Lincoln City Council Members
Lancaster County Planning Commission



cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



pstruwe@unlnotes01.u
nl.edu

to: plan@ci.lincoln.ne.us
cc:

09/30/2002 08:17 AM

Subject: Impact Fees

Dear Planning Commissioner,

I live at 530 North 25th Street and support impact fees. The water department is increasing fees in the next few years until fees are almost 50% higher than they are now. If we don't have impact fees the water department will be charging alot more than 100% increase in fees. The older parts of the city need infrastructuré maintenance. If the city doesn't have the money to do both fixing infrastructure and new development, fixing what is already here has to be a priority, so new housing has to wait until the city can install new lines. Impact fees will guarantee that new housing developments can continue to become part of Lincoln in a timely fashion.

Peggy Struwe
Past President of Hawley Area Neighborhood Association and current secretary.

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



"SUSAN BURBACH"
<sburbach@email.msn
.com>

To: <plan@ci.lincoln.ne.us>
cc:
Subject: VOTE FOR IMPACT FEES

10/03/2002 03:31 PM

October 3, 2002

Dear Planning Commissioner;

I wish to simply state that I would want you to vote for impact fees. I live in the Belmont area. A lot of this area is older homes, streets that get ignored and one single park that could use some updating. Taxes on my home last year were over \$2800.00. Taxes are too high and I cannot afford to pay higher utility rates or taxes. Please consider this at your meeting when you vote on adopting impact fees.

Sincerely,

Sue Burbach
Belmont Resident

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

Sharon Doll 10-2-02

Dear Mr. Taylor,

I am writing in support
of Impact Fees and I
urge you to vote for them.

We have both heard
the arguments pro and
con on the issue.

The new Comp. Plan
calls for them & Lincoln
needs them as part of
a balanced strategy to
pay for future growth in
Lincoln.

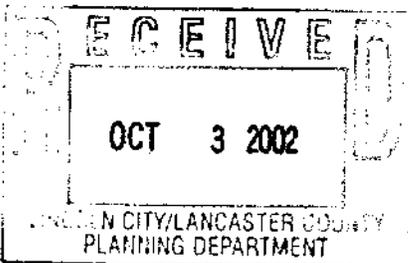
Please vote for Impact Fees!

Sincerely,

Sharon Doll



Mrs. Sharon Doll
2909 N. 56th St.
Lincoln, NE 68504



cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

Lincoln/Lancaster County Planning Commission
555 South 10th Street
Lincoln, Nebraska 68508

10-5-2002

Dear Planning Commissioners

I am writing the Commission today to ask each of you to support the proposed impact fee ordinance.

I have made the largest investment of my life by buying a house in the southern end of the Everett neighborhood. I am financing the major investment with my work as a librarian at a small local college. As a professional in higher education, my monthly income is not as high as it could be outside the education field. I am getting by and saving a few dollars each month but if utility rates and taxes go up to subsidize the infrastructure needs of new development in Lincoln, I am afraid that my future in Lincoln is rather bleak. I have turned down opportunities to remain in Lincoln but I fear that I may be priced out of the "good life" in my hometown.

I am happy to pay my fair share of taxes and fees to support the city that I love. What I object to is subsidizing those who take great efforts to avoid paying their fair share of the taxes and fees that they can easily afford, thereby shifting the costs to others and those less fortunate than ourselves.

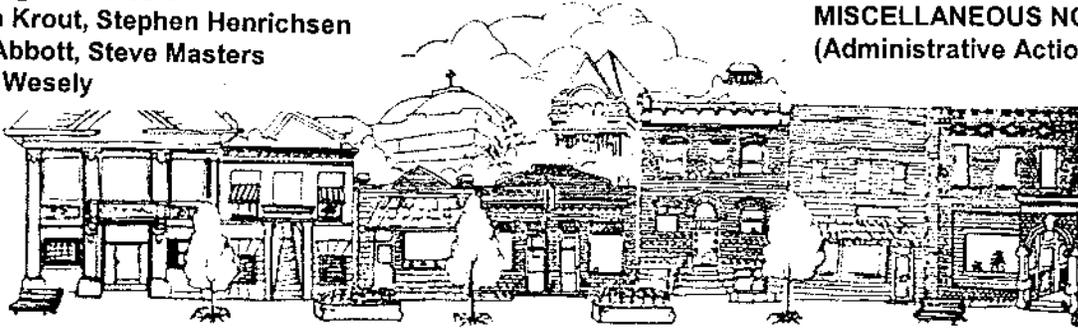
I urge every Commissioner to vote in favor of the impact fee ordinance.

Sincerely yours,

Jeffrey Tangeman
1144 Peach St.
Lincoln, NE 68502

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



University Place Community Organization, 2723 N. 50th St., Lincoln, NE 68504

October 5, 2002

Lincoln City/Lancaster County Planning Commission
City County Bldg.
555 S. 10th
Lincoln NE 68508

Dear Planning Commissioner Members:

I am writing as a long-time homeowner in Lincoln and as the current President of the University Place Community Organization to urge your vote in support of the Planning Commission's determination that the proposed impact fee ordinance is consistent with the Comprehensive Plan.

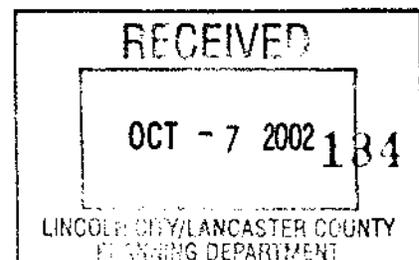
Impact fees are explicitly discussed in the Comprehensive Plan as one of the possible financing tools that may be needed to close the infrastructure financing gap. Given this explicit discussion, it appears to this citizen that the appropriate public policy response from the Planning Commission is yes, impact fees are clearly consistent with the Comprehensive Plan.

I am also writing to urge your affirmative vote on this matter in my new role as a member of the newly created Mayor's Infrastructure Finance Committee. This committee has the daunting task of developing an overall package of public financing mechanisms to close the tremendous budget gap to finance the public infrastructure necessary to support the development allowed in the Comprehensive Plan. To be successful, this overall financing package must be perceived by the citizens of Lincoln as being fair. If Lincoln citizens are to be expected to support an overall financing package that raises their utility rates and requires them to vote for increased bonding, impact fees will need to be part of that overall package.

To leave unanswered the question as to whether or not the city will have the authority to levy impact fees, while this new Infrastructure Finance Committee struggles with this huge problem, will make an already tremendously difficult situation almost impossible. I urge you to promptly vote to move the impact fee authority forward in public policy process and to give this new Infrastructure Finance Committee the tools it needs to have at least a reasonable chance of success.

Sincerely,

Larry K. Zink
President
University Place Community Organization



cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

Memo

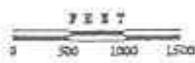
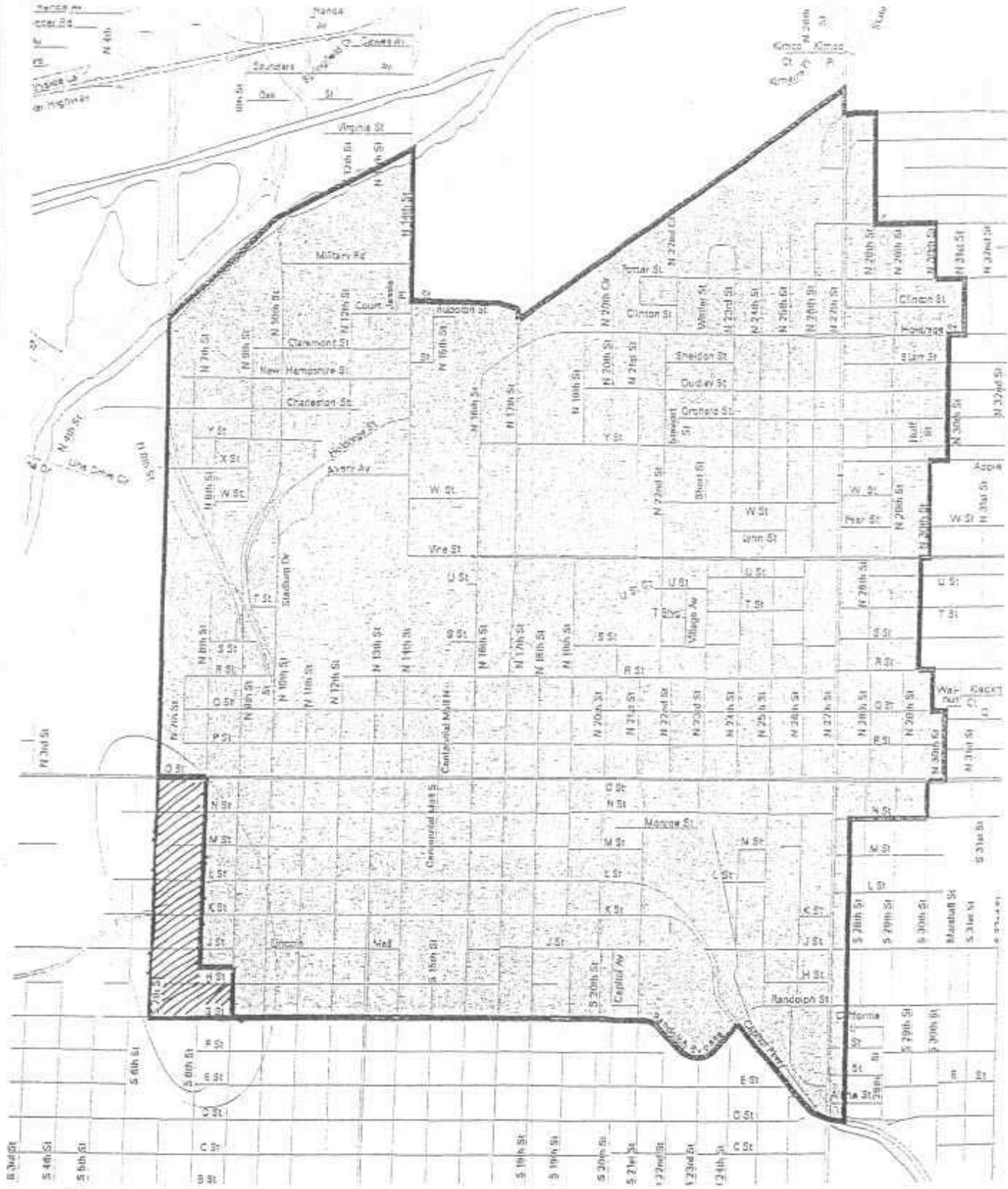
To: Kent Morgan, Mayor's Office
From: Marc Wullschleger, UDD *MW*
Date: October 9, 2002
Subject: Arterial Street Fee Exclusion Area

The Urban Development Department has reviewed the proposed arterial street fee exclusion area included with the proposed impact fee ordinance and supports the exclusion area with one small exception. We recommend the southwestern edge of the area be extended to include property as shown on the attached map. This will generally include property located between 7th and 8th Streets from O Street south to G Street.

That portion of Downtown is what we refer to as South Haymarket and has abundant opportunities for redevelopment. Today, it is a mixed use area of auto service, warehouse, distribution and parking. The property between 7th and 8th is of the same general use and character as the area in the exclusion zone between 8th and 9th. This area has relatively low cost land which could be redeveloped.

In 1998, the *Investment Strategy for a Competitive Downtown* recognized this area as part of a transitional district and the report states that "to effectively infill an urban neighborhood live/work uses such as housing over commercial, flex office/industrial condominiums, and studio/lofts must be encouraged." The *Investment Strategy for a Competitive Downtown* was formally amended into the City's Comprehensive Plan.

DOWNTOWN / ANTELOPE VALLEY ARTERIAL STREET FEE EXCLUSION AREA MAP



October 8, 2002

136

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

Memo

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cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



Joan V Ray

10/10/2002 09:13 AM

To: "Richard Stowell" <rstowell@neb.rr.com>
cc:
Subject: Re: Infrastructure financing

Dear Mr. & Ms. Stowell: Your message has been received in the Council Office and will be forwarded to the Council Members for their consideration. Thank you for your input on this issue.

Joan V. Ray
City Council Office
555 South 10th Street
Lincoln, NE - 68508
Phone: 402-441-7515
Fax: 402-441-6533
e-mail: jray@ci.lincoln.ne.us
"Richard Stowell" <rstowell@neb.rr.com>

RECEIVED
OCT 10 2002
CITY COUNCIL
OFFICE



"Richard Stowell"
<rstowell@neb.rr.com>

10/09/2002 11:29 PM

To: <council@ci.lincoln.ne.us>
cc:
Subject: Infrastructure financing

Dear members of the Lincoln City Council:

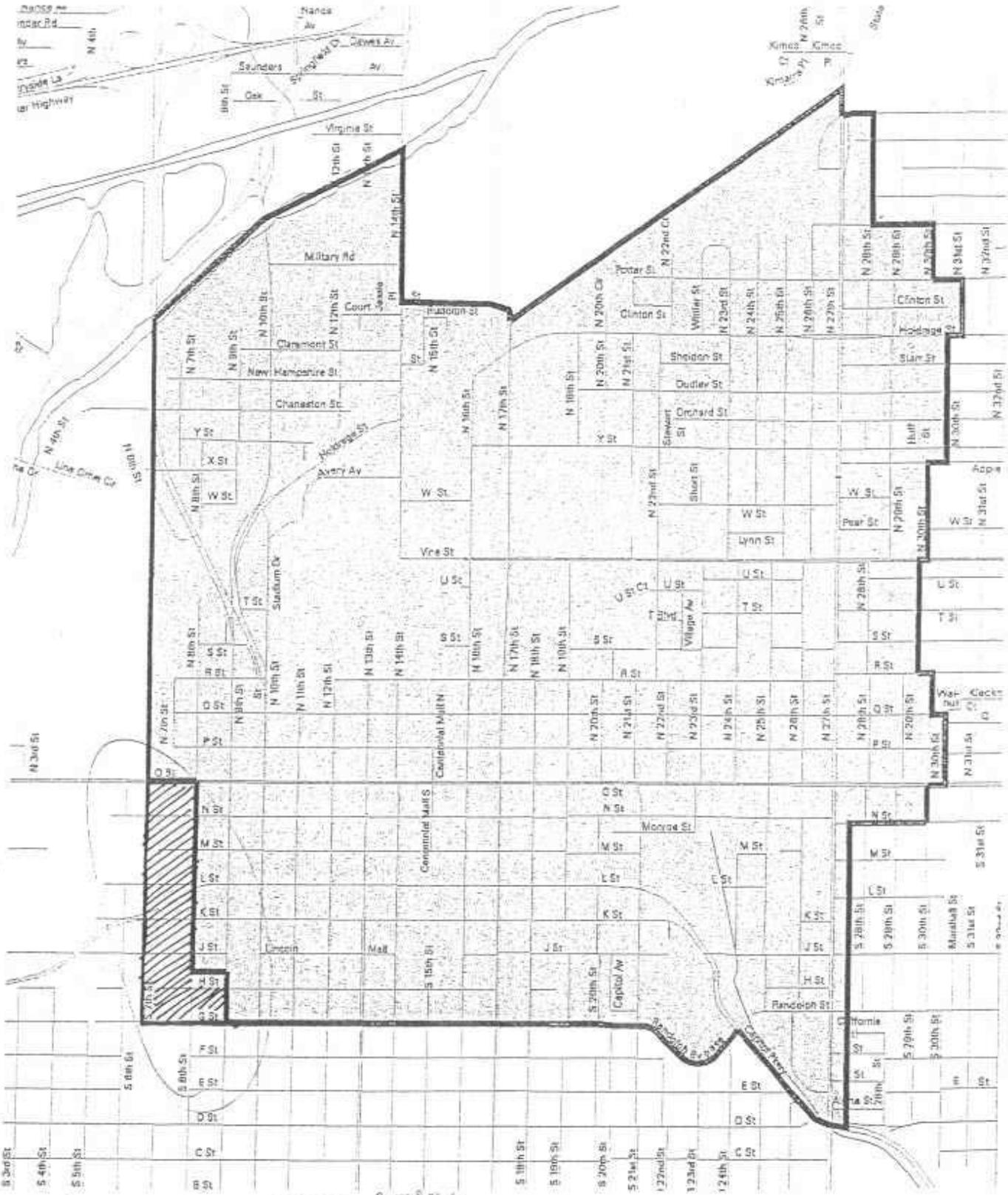
As a resident of an established Lincoln neighborhood, I encourage you to move forward with the development of some variant of infrastructure financing. While I am mindful that unduly high 'impact fees' could have an undesirable effect on growth around the perimeter of Lincoln and on the businesses that depend on such growth, I believe that steady growth in these areas will continue if a responsible infrastructure financing plan is implemented. As I travel around the U.S., it is evident to me that growth along the outskirts of cities is so prevalent that it would take an extremely high financial shock to stunt this growth (obviously not our goal). This seems especially applicable to Nebraska, where demographic trends clearly suggest that Lincoln and Omaha will continue to gain population. I maintain that a plan that encourages controlled growth with more emphasis placed on long-term planning of new developments is in the best interests of the greater community.

Continuation of the current policies places a disproportionate share of the tax burden for new service infrastructure on other residents who receive little benefit. If the beneficiaries were disadvantaged segments of our community, this would be somewhat more palatable than is the reality. Shifting of tax allocations (via TIFs or related policies) places current residents in a situation where potential increased tax revenues from new development are largely consumed to expand and maintain the required new infrastructure services. So, tax benefits to the rest of the community often fall far short of those promoted by developers.

The organizations representing realtors and developers likely have some good ideas for enhancing the proposed financing plan or for using alternative means of financing infrastructure improvements. These deserve your attention and consideration. But, do not be swayed into allowing the costs of these improvements to continue to be carried largely by the city's base of tax-paying residents/voters.

Thank you for your attention in this matter and for your efforts on our behalf.
Rick (& Amy) Stowell

DOWNTOWN / ANTELOPE VALLEY ARTERIAL STREET FEE EXCLUSION AREA MAP



156739 200836
147555 214690

Revised October 8, 2002

line-code = 1

139

450 avoid with lot lines

cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

October 14, 2001

Planning Commission
555 S. 10th
Lincoln, NE 68508

Commissioners,

This letter is in support of the Impact Fees Ordinance (with October 8 amendments) that you will be voting on October 16th.

The amended Impact Fees Ordinance is a reasonable compromise that presents a workable middle ground from which to proceed from. It is important to note that most of the proposed amendments to the ordinance have come from opponents of the ordinance. By adopting the amended ordinance, you can help to bridge a serious gap in our community and take that all important first step towards consensus.

The Infrastructure Finance Committee initiated by the Mayor is the second step in the right direction. I am sure that you are receiving requests to defer action on impact fees pending completion of their work. That would be a serious mistake. The Infrastructure Finance Committee has a significant amount of work to do, and without a baseline to start with, they will be forced to spend an inordinate amount of time doing what you can do now.

Do the right thing. Take the first step and provide the Infrastructure Finance Committee with a baseline plan that is acceptable to all parties.

Sincerely,

Michael J. Carlin
Board of Directors, Friends of Wilderness Park
President, Hitching Post Hills Neighborhood Association
2700 West Paddock Rd
Lincoln, NE 68523
420-9092
mcarlin@neb.rr.com

cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely



"Art Knox"
<alk.lnk@ispi.net>
10/14/2002 10:19 AM

To: "Planning Commission" <plan@ci.lincoln.ne.us>
cc:
Subject: Impact Fees

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

October 14, 2002

Planning Commission

555 S. 10th

Lincoln NE 68508

Dear Planning Commissioner,

The issue of impact fees will be before you in two weeks. I urge you to oppose this measure. Having served on the Economic Development Commission for a number of years dealing with issues of attracting business and industry to our state, I consider impact fees as a major deterrent to economic development and the long term growth and vitality of the city. Whereas we offer incentives at the state level to attract new business, impact fees would be a disincentive and would bite the hand that feeds the city. There are other ways to finance the growth of the city. Lets not go down the road of unfair taxation. Again, I urge you to vote in opposition to impact fees or to put it on hold until a better and more equitable plan can be developed.

Sincerely,

Arthur L. Knox

920 Pine Tree Lane

Lincoln NE 68521

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



"Carol B"
<carolserv@hotmail.co
m>

To: ttaylor@ci.lincoln.ne.us
cc:
Subject: Landon's Neighborhood Association

10/13/2002 10:39 PM

Dear Commissioner Taylor,

Now that you are heading down to the final vote on Impact Fees we would like to ask you one more time to please consider voting yes on the Impact Fee Ordinance. We appreciated you coming to our home to discuss your views with the Fair Share Alliance.

The Infrastructure Finance Committee met for the first time this past week to start to put together the other pieces of the Infrastructure Financing 'puzzle'. It was so great to see representatives from all venues coming together to solve the rest of this tremendous deficit in our budget. Now we need to forward the Impact Fee Ordinance so we can lay all the pieces on the table and begin our work.

Thank You for your time.
Sincerely,

John

and Carol Brown
Association

Landon's Neighborhood

Send and receive Hotmail on your mobile device: <http://mobile.msn.com>

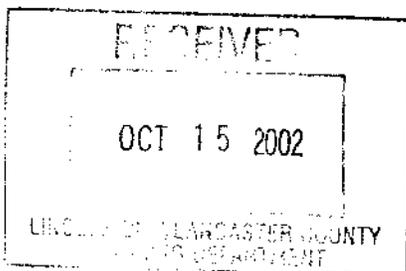
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

10/12/02

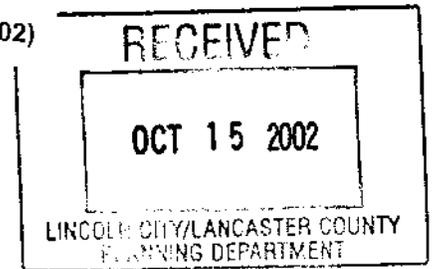
To Lincoln/Lancaster-Planning Commission
I am a Home owner & I support
the Impact Fee. I am retirement
age & will be low income. I
feel it is very important to
consider the many of us when
you are looking at our city's

growth - Sincerely, Kathryn L. Glastny
1730 So 37th
Lincoln, NE 68510



cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



October 15, 2002

Lincoln/Lancaster Planning Commission
555 South 10th Street
Lincoln, NE 68508

Dear Planning Commissioners:

It is my understanding that a vote was taken to increase the amount of land available for new development in and around Lincoln, resulting in a revised Comprehensive Plan. Such a plan results in a the need for a significant amount of money to pay for a new infrastructure to sustain such new developments.

I hope you strongly consider, and I urge you to support IMPACT FEES to help finance such new infrastructures.

As a member of the Lincoln community, I understand I need to play a part in addressing an overall budget gap by paying increased taxes or fees, BUT in cases of new development, I believe developers need to pay a fair share of the costs associated with such.

Thank you.

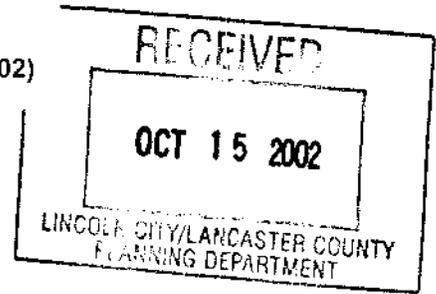
Cordially,

A handwritten signature in black ink, appearing to read "Julie L. Rogers". The signature is fluid and cursive, with a large loop at the end.

Julie L. Rogers
910 E Street
Lincoln, NE 68508

cc: Planning Commission
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



Dear Lincoln/Lancaster-Planning Commission,

Impact Fees should be paid for by those who create the impact, developers.

As a Lincoln City resident, I do not think my taxes should go up to cover new, expensive development in or around the City.

It is bad public policy to raise taxes on everyone, to cover the impact costs caused by the few, rich home developers/purchasers. They will receive the benefit of new schools, roads and public utilities. Therefore, they should cover the additional impact costs of those benefits.

Thank you for your time and consideration in these matters.

Regards,

A handwritten signature in cursive script that reads "Russell Bartholow".

Russell Bartholow
910 E Street
Lincoln, Nebraska 68508

COPY

PIERSON, FITCHETT, HUNZEKER, BLAKE & KATT
Law Firm

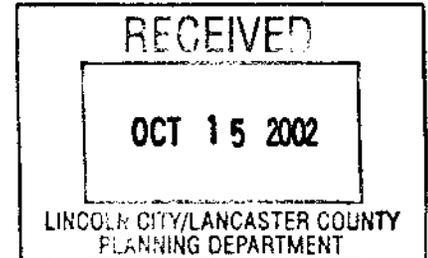
CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)

Gary L. Aksamit
William G. Blake
Thomas J. Fitchett
Mark A. Hunzeker
Peter W. Katt
William C. Nelson
David P. Thompson
Patrick D. Timmer
Randy R. Ewing
Shanna L. Cole
Jason Scott

1045 Lincoln Mall, Suite 200
P.O. Box 95109
Lincoln, Nebraska 68509

Telephone (402) 476-7621

October 15, 2002



Greg Schwinn, Chair
Lincoln/Lancaster County Planning Commission
555 S. 10th Street
Lincoln, NE 68508

Re: Request to Reopen the Public Hearing on Infrastructure Financing

Dear Greg:

Ron Ecklund, C.P.A., compared the water/sewer/street construction funds with the LES model and showed that better money management would go a long way toward funding the City's infrastructure needs. The City disputed our assumptions. They said, in effect, "that's too good to be true. It won't work when you run the Capital Improvements Program numbers."

Well, Ron took that challenge . . . and even he was shocked at what he found. Using only information supplied by the City in its annual financial report, and the newly adopted Capital Improvements Program ("C.I.P."), he discovered that the revenue projections upon which the supposed "gap" is based are significantly understated. In fact, they are clearly "forced" or "plugged" numbers – arrived at by computing the amount necessary to balance planned expenditures, less revenue from special sources such as bond proceeds.

A simple example from the Lincoln Water System C.I.P. will illustrate the technique: in 2003, capital improvements are expended to cost \$10,015,000. To pay that sum, the C.I.P. anticipates issuing revenue bonds of \$4,110,000, developer contributions of \$1,009,000; and state/federal funds of \$530,000. So it adds up like this:

Bond proceeds	\$4,110,000
Developer contributions	1,009,000
State/Federal funds	<u>530,000</u>
	\$5,649,000

Greg Schwinn, Chair
October 14, 2002
Page 2

Clearly, \$5,649,000 is less than the \$10,015,000 to be spent, BUT, we haven't accounted for the funds generated by users paying their bills yet! So, neatly, the "Net Utility Receipts" are shown as totaling \$4,366,000 and like MAGIC, it balances!

The problem is that for the past three years, Net Utility Receipts for the water system have averaged \$10,639,333, or more than 2.4 times the revenue "projected" in the C.I.P. Over the six year C.I.P., the average "projected" water system Net Utility Receipts are \$4,331,000 per year. Even if there is no growth in the customer base, and revenue remains at the past three years' average, this understates likely receipts by nearly \$38 million!!

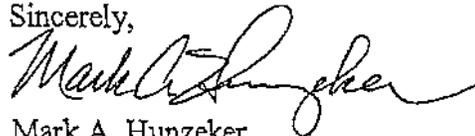
The same flawed methodology is used in both the wastewater and street construction C.I.P.'s as well. Note the huge increase in projected wastewater revenues (47% over the '99 - '01 average) for 2003, while water revenues are projected to decline by 59%. **That is not possible.**

Discrepancies of this magnitude are astounding! What is the explanation of City staff? We have tried for over a week to schedule a meeting with City staff, but to no avail. The citizens of this community deserve better. They deserve factual information. At this time they deserve independent verification of revenue projections. If the effective date of the impact fee ordinance can wait until after the May elections, then put the whole ordinance on hold until we have decent information upon which to base a decision.

The Planning Commission should reopen the public hearing to take testimony on this specific issue. All the divisive political rhetoric about making new development pay its fair share" possibly could have been avoided by hiring financial consultants rather than "impact fee" consultants.

We urge that the impact fee ordinance be rescheduled for public hearing to address these issues and the last minute proposed amendments.

Sincerely,



Mark A. Hunzeker
For the Firm

MAH:la

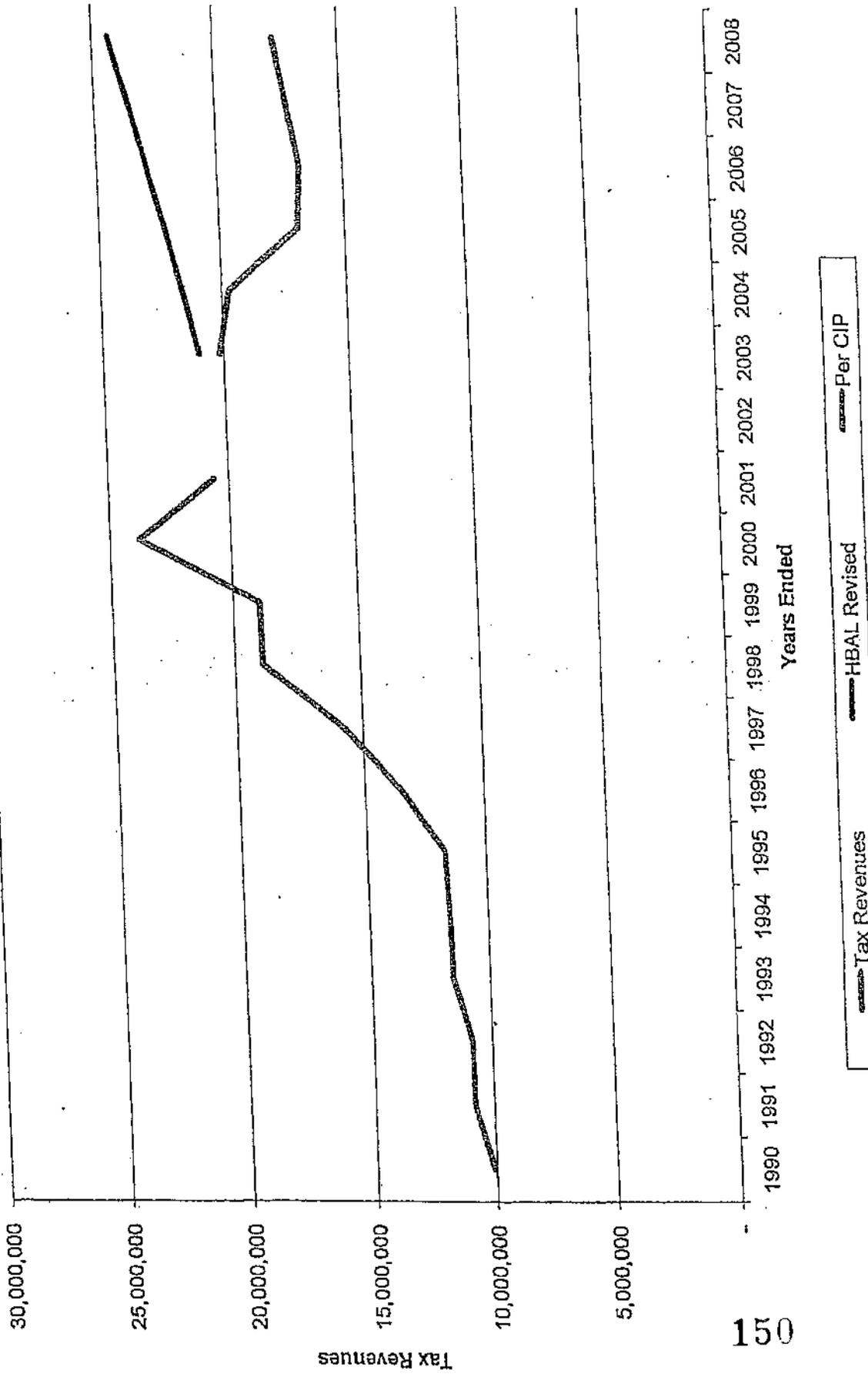
cc: Mayor Don Wesely
Marvin Krout
Alan Abbott

**City of Lincoln
Street Construction Financing
(Numbers in '000 Dollars)**

Per 2002-2008 Capital Improvement Program
ACTUAL

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Short-Term Borrowings	-	-	-	-	-	-
Long-Term Bond Proceeds	3,000	-	-	-	-	-
Other Governmental Funds	27,857	45,402	51,708	40,651	36,753	66,000
Tax Revenues	20,177	19,694	16,833	16,705	17,137	17,500
Total Receipts	51,034	65,096	68,541	57,356	53,890	83,500
Construction	51,034	65,096	68,541	57,356	53,890	83,500
Debt Retirement	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Total Disbursements	51,034	65,096	68,541	57,356	53,890	83,500
Net Receipts	-	-	-	-	-	-
Cash	26,000	26,000	26,000	26,000	26,000	26,000
Streets	-	51,034	116,130	184,671	242,027	295,917
Total Assets	26,000	77,034	142,130	210,671	268,027	408,917
Short-Term Borrowings	-	-	-	-	-	-
Long-Term Bonds	-	3,000	3,000	3,000	3,000	3,000
Total Debt	-	3,000	3,000	3,000	3,000	3,000
Equity	26,000	74,034	139,130	207,671	265,027	405,917
Total Debt & Equity	26,000	77,034	142,130	210,671	268,027	408,917

Street Tax Revenue



**City of Lincoln
Street Construction Financing
(Numbers in '000 Dollars)**

**Per 2002-2008 Capital Improvement Program
REVISED**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Short-Term Borrowings	-	-	-	-	-	-
Long-Term Bond Proceeds	3,000	87,000	-	-	-	-
Other Governmental Funds	27,857	45,402	51,708	40,651	36,753	66,0
Tax Revenues	21,000	21,630	22,279	22,947	23,636	24,3
Total Receipts	51,857	154,032	73,987	63,598	60,389	90,3
Construction	51,034	152,096	68,541	57,356	53,890	83,6
Debt Retirement	-	150	4,493	4,268	4,054	3,8
Interest Expense	-	120	3,594	3,414	3,244	3,0
Total Disbursements	51,034	152,366	76,628	65,038	61,188	90,
Net Receipts	823	1,666	(2,641)	(1,440)	(799)	(
Cash	26,000	26,823	28,489	25,848	24,408	23
Streets	-	51,034	203,130	271,671	329,027	466
Total Assets	26,000	77,857	231,619	297,519	406,526	489
Short-Term Borrowings	-	-	-	-	-	-
Long-Term Bonds	-	3,000	89,850	85,358	81,090	77,035
Total Debt	-	3,000	89,850	85,358	81,090	77,035
Equity	26,000	74,857	141,769	212,161	272,345	329,490
Total Debt & Equity	26,000	77,857	231,619	297,519	406,526	489

City of Lincoln
Wastewater System Construction Financing
(Numbers in '000 Dollars)

Cash Flows	ACTUAL			PROJECTED (With CIP)					
	1999	2000	2001	2003	2004	2005	2006	2007	2008
Short-Term Borrowings	-	-	-	-	-	-	-	-	-
Long-Term Bond Proceeds	-	-	-	3,000	11,000	12,809	8,622	5,531	3,000
Developer Contributions	730	2,699	2,166	140	-	40	-	-	-
Net Utility Receipts	7,189	7,369	5,782	9,990	3,059	1,433	1,473	2,398	2,000
Net Investment Proceeds	3,965	229	(1,545)	-	-	-	-	-	-
Interest Income	1,719	1,521	1,603	-	-	-	-	-	-
Total Receipts	13,603	11,818	8,006	13,130	14,059	14,282	10,095	7,929	6,000
Constr. & Developer Contrib.	7,987	14,689	7,626	13,130	14,059	14,282	10,095	7,929	6,000
Debt Retirement	1,255	918	953	-	-	-	-	-	-
Interest Expense	501	10	10	-	-	-	-	-	-
Total Disbursements	9,743	15,617	8,589	13,130	14,059	14,282	10,095	7,929	6,000
Net Cash Flow	3,860	(3,799)	(583)	-	-	-	-	-	-

Condensed Balance Sheet

Cash	9,173	5,374	4,791	4,791	4,791	4,791	4,791	4,791	4,791
Investments	24,382	24,153	25,723	25,723	25,723	25,723	25,723	25,723	25,723
Other Current Assets	2,659	3,557	3,461	3,461	3,461	3,461	3,461	3,461	3,461
Net Prop, Plant & Equip	99,354	111,443	115,685	115,685	128,815	142,874	157,155	167,250	175,179
Total Assets	135,568	144,527	149,660	149,660	162,790	176,849	191,130	201,225	209,154
Short-Term Borrowings	-	-	-	-	-	-	-	-	-
Other Current Liabilities	1,938	2,376	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Long-Term Bonds	8,455	7,538	6,585	6,585	9,585	20,585	33,394	42,016	47,547
Total Debt	10,393	9,914	7,664	7,664	10,664	21,664	34,473	43,095	48,626
Equity	125,175	134,613	141,996	141,996	152,126	155,185	156,657	158,130	160,528
Total Debt & Equity	135,568	144,527	149,660	149,660	162,790	176,849	191,130	201,225	209,154

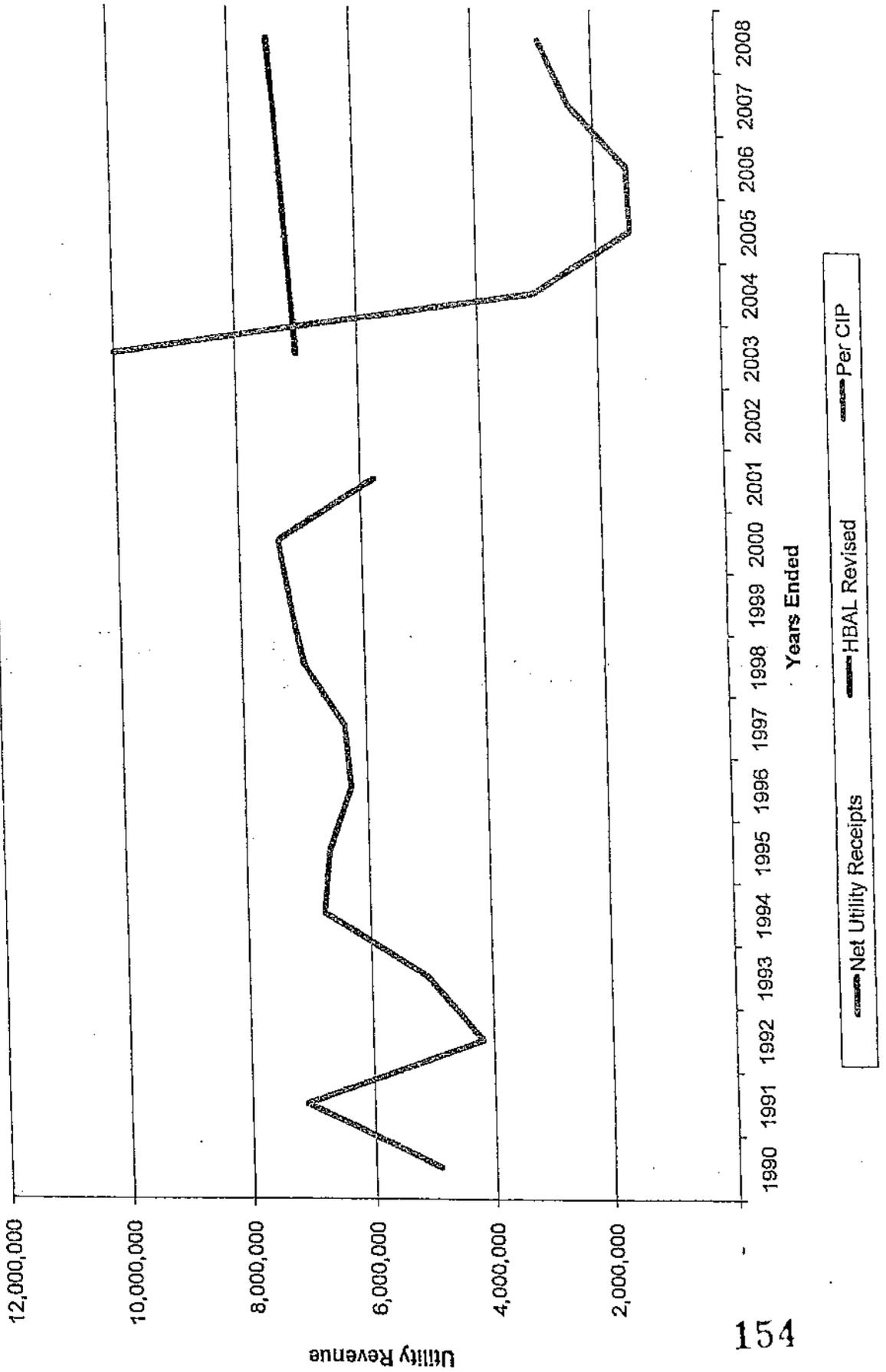
City of Lincoln
Wastewater System Construction Financing
(Numbers in '000 Dollars)

	ACTUAL			PROJECTED (With CIP)					
	1999	2000	2001	2003	2004	2005	2006	2007	2008
Condensed Profit & Loss									
Utility Revenues	14,347	14,987	14,945						
Operating Expenses:									
Operation & Maintenance	6,634	6,676	6,951						
Administrative Costs	958	1,031	1,136						
Depreciation	2,487	3,075	3,358						
Total Oper. Expenses	10,079	10,782	11,445						
Non Operating Rev. (Exp):									
Investment Income	1,632	1,754	1,718						
Interest Expense	(475)	-	-						
Amortization	(5)	(3)	-						
Total Non-Oper Rev. (Exp.)	1,152	1,751	1,718						
Net Income	5,420	5,956	5,218						

Assumptions:

Actual numbers as of August 31, 1999-2001 and for the years then ended
are from the Comprehensive Annual Financial Report
Projected numbers for Bond Proceeds, Revenues and Construction are
from the Capital Improvement Program

Wastewater System Utility Revenue



City of Lincoln
Wastewater System Construction Financing
(Numbers in '000 Dollars)

Cash Flows	ACTUAL			PROJECTED (With Revised Revenues)						
	1999	2000	2001	2003	2004	2005	2006	2007	2008	
Short-Term Borrowings	-	-	-	-	-	-	-	-	-	
Long-Term Bond Proceeds	-	-	-	3,000	11,000	12,809	8,622	5,531	3	
Developer Contributions	730	2,699	2,166	140	-	40	-	-	-	
Net Utility Receipts	7,189	7,369	5,782	7,000	7,070	7,141	7,212	7,284	7	
Net Investment Proceeds	3,965	229	(1,545)	-	-	-	-	-	-	
Interest Income	1,719	1,521	1,603	458	411	465	531	582	-	
Total Receipts	13,603	11,818	8,006	10,598	18,481	20,454	16,365	13,397	11	
Constr. & Developer Contrib.	7,987	14,689	7,626	13,130	14,059	14,282	10,095	7,929	6	
Debt Retirement	1,255	918	953	329	463	990	1,581	1,933	2	
Interest Expense	501	10	10	263	370	792	1,264	1,546	-	
Total Disbursements	9,743	15,617	8,589	13,722	14,892	16,063	12,940	11,408	10	
Net Cash Flow	3,860	(3,799)	(583)	(3,125)	3,589	4,392	3,425	1,989	1	
Condensed Balance Sheet										
Cash	9,173	5,374	4,791	4,791	1,666	5,255	9,647	13,071	15,060	1
Investments	24,382	24,153	25,723	25,723	25,723	25,723	25,723	25,723	25,723	2
Other Current Assets	2,659	3,557	3,461	3,461	3,461	3,461	3,461	3,461	3,461	-
Net Prop, Plant & Equip	99,354	111,443	115,685	115,685	128,815	142,874	157,155	167,250	175,179	11
Total Assets	135,568	144,527	149,660	149,660	159,665	177,313	195,986	209,505	219,424	21
Short-Term Borrowings	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	1,938	2,376	1,079	1,079	1,079	1,079	1,079	1,079	1,079	-
Long-Term Bonds	8,455	7,538	6,585	6,585	9,256	19,793	31,612	38,654	42,252	-
Total Debt	10,393	9,914	7,664	7,664	10,335	20,872	32,691	39,733	43,331	-
Equity	125,175	134,613	141,996	141,996	149,330	156,441	163,295	169,773	176,093	1
Total Debt & Equity	135,568	144,527	149,660	149,660	159,665	177,313	195,986	209,505	219,424	21

City of Lincoln
Wastewater System Construction Financing
(Numbers in '000 Dollars)

	ACTUAL			PROJECTED (With Revised Revenues)					
	1999	2000	2001	2003	2004	2005	2006	2007	2
Condensed Profit & Loss									
Utility Revenues	14,347	14,987	14,945						
Operating Expenses:									
Operation & Maintenance	6,634	6,676	6,951						
Administrative Costs	958	1,031	1,136						
Depreciation	2,487	3,075	3,358						
Total Oper. Expenses	10,079	10,782	11,445						
Non Operating Rev. (Exp):									
Investment Income	1,632	1,754	1,718						
Interest Expense	(475)	-	-						
Amortization	(5)	(3)	-						
Total Non-Oper Rev. (Exp.)	1,152	1,751	1,718						
Net Income	5,420	5,956	5,218						

Assumptions:

- Actual numbers as of August 31, 1999-2001 and for the years then ended are from the Comprehensive Annual Financial Report
- Projected numbers for Bond Proceeds and Construction are from the Capital Improvement Program
- Projected numbers for Net Utility Receipts are an estimate and are shown to increase at 1% per year
- Projected Interest Income is 1.5% of prior end of year Cash and Investment balances
- Projected Debt Retirement is 5.0% of prior end of year Long-Term Bonds
- Projected Interest Expense is 4.0% of prior end of year Long-Term Bonds

City of Lincoln
Water System Construction Financing
(Numbers in '000 Dollars)

	ACTUAL			PROJECTED (With CIP)					
	1999	2000	2001	2003	2004	2005	2006	2007	2008
Cash Flows									
Short-Term Borrowings	-	-	-	-	-	-	-	-	-
Long-Term Bond Proceeds	-	-	-	4,110	2,000	4,100	2,000	7,790	10,000
Developer Contributions	1,147	4,128	2,021	1,009	50	285	-	159	-
State/Federal Funds	-	-	-	530	-	-	-	-	-
Net Utility Receipts	10,905	11,062	9,951	4,365	2,430	4,110	4,330	4,320	6,430
Net Investment Proceeds	1,630	1,361	2,454	-	-	-	-	-	-
Interest Income	1,536	1,628	1,474	-	-	-	-	-	-
Total Receipts	15,218	18,179	15,900	10,015	4,480	8,495	6,330	12,269	16,430
Constr. & Developer Contrib.	8,987	14,463	13,411	10,015	4,480	8,495	6,330	12,269	16,430
Debt Retirement	2,530	2,640	2,755	-	-	-	-	-	-
Interest Expense	2,503	1,788	1,538	-	-	-	-	-	-
Total Disbursements	14,020	18,891	17,704	10,015	4,480	8,495	6,330	12,269	16,430
Net Cash Flow	1,198	(712)	(1,804)	-	-	-	-	-	-

Condensed Balance Sheet

Cash	8,221	7,509	5,705	5,705	5,705	5,705	5,705	5,705	5,705	5,705
Investments	19,930	18,568	16,176	16,176	16,176	16,176	16,176	16,176	16,176	16,176
Other Current Assets	5,570	7,006	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833
Net Prop, Plant & Equip	181,029	191,800	200,931	200,931	210,946	216,426	223,921	230,251	242,520	258,950
Total Assets	214,750	224,883	229,645	229,645	239,660	244,140	252,635	258,965	271,234	287,664
Short-Term Borrowings	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	3,209	2,977	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993
Long-Term Bonds	46,085	43,445	40,690	40,690	44,800	46,800	50,900	52,900	60,690	70,690
Total Debt	49,294	46,422	43,683	43,683	47,793	49,793	53,893	55,893	63,683	73,683
Equity	165,456	178,461	185,962	185,962	191,867	194,347	198,742	203,072	207,551	213,981
Total Debt & Equity	214,750	224,883	229,645	229,645	239,660	244,140	252,635	258,965	271,234	287,664

City of Lincoln
Water System Construction Financing
(Numbers in '000 Dollars)

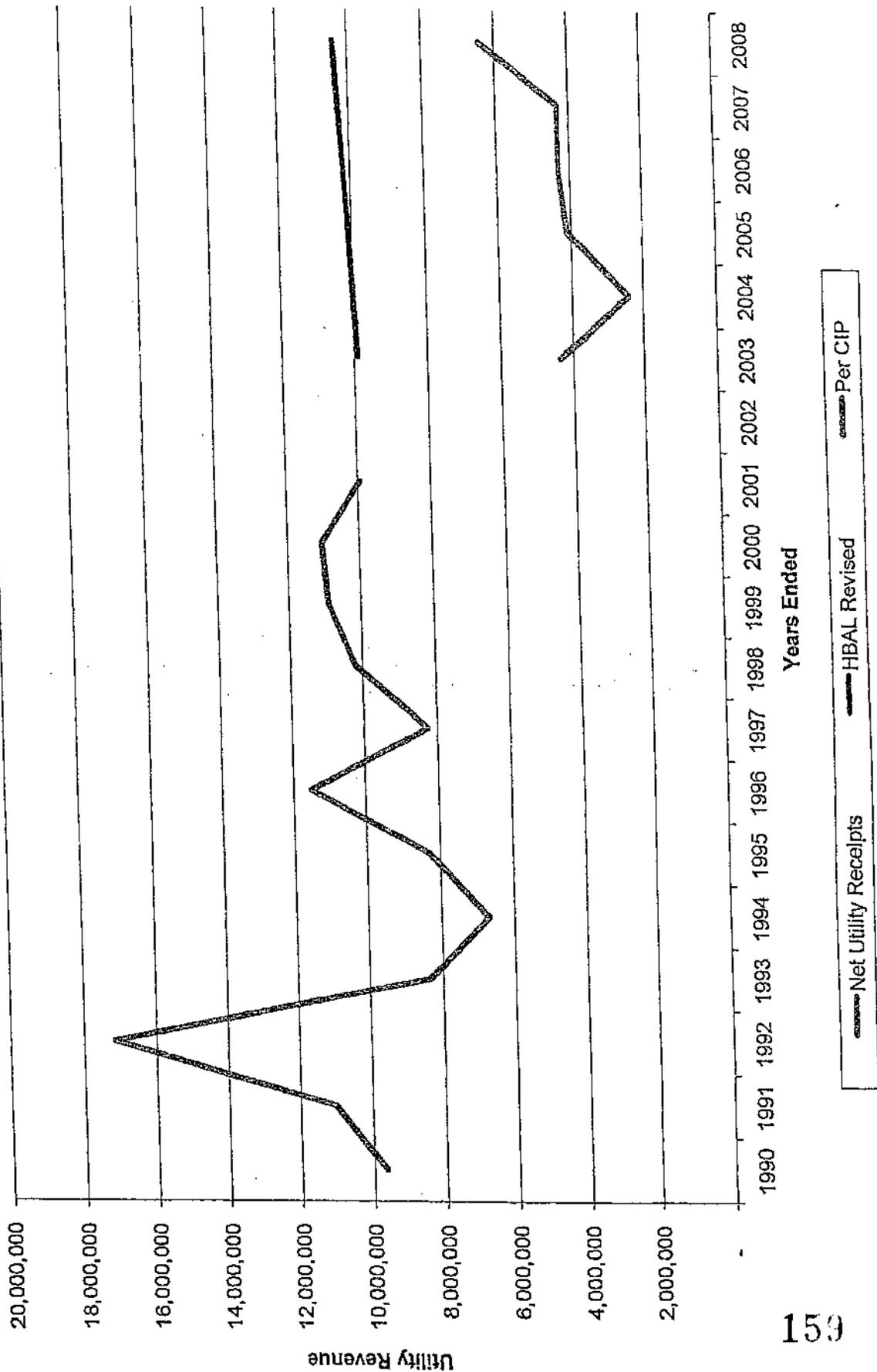
	<u>ACTUAL</u>			<u>PROJECTED (With CIP)</u>					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Condensed Profit & Loss									
Utility Revenues	18,820	22,220	20,869						
Operating Expenses:									
Operation & Maintenance	7,694	8,340	9,341						
Administrative Costs	1,373	1,473	1,619						
Depreciation	3,761	4,055	4,421						
Total Oper. Expenses	12,828	13,868	15,381						
Non Operating Rev. (Exp):									
Investment Income	1,552	1,604	1,418						
Interest Expense	(2,514)	(1,824)	(1,596)						
Amortization	(33)	(33)	(33)						
Total Non-Oper Rev. (Exp.)	(995)	(253)	(211)						
Net Income	4,997	8,099	5,277						

Assumptions:

Actual numbers as of August 31, 1999-2001 and for the years then ended
are from the Comprehensive Annual Financial Report
Projected numbers for Bond Proceeds, Revenues and Construction are
from the Capital Improvement Program

1994 1996 1988 1986 1984 1983 1982 1981 1980

Water System Utility Revenue



City of Lincoln
Water System Construction Financing
(Numbers in '000 Dollars)

Cash Flows	ACTUAL			PROJECTED (With Revised Revenues)					
	1999	2000	2001	2003	2004	2005	2006	2007	2008
Short-Term Borrowings	-	-	-	-	-	-	-	-	-
Long-Term Bond Proceeds	-	-	-	4,110	2,000	4,100	2,000	7,790	10,000
Developer Contributions	1,147	4,128	2,021	1,009	50	285	-	159	-
State/Federal Funds	-	-	-	530	-	-	-	-	-
Net Utility Receipts	10,905	11,062	9,951	9,900	9,999	10,099	10,200	10,302	10,405
Net Investment Proceeds	1,630	1,361	2,454	-	-	-	-	-	-
Interest Income	1,536	1,628	1,474	328	361	422	461	496	533
Total Receipts	15,218	18,179	15,900	15,877	12,410	14,905	12,661	18,747	20,938
Constr. & Developer Contrib.	8,987	14,463	13,411	10,015	4,480	8,495	6,330	12,269	16,430
Debt Retirement	2,530	2,640	2,755	2,035	2,138	2,131	2,230	2,218	2,497
Interest Expense	2,503	1,788	1,538	1,628	1,711	1,705	1,784	1,775	1,998
Total Disbursements	14,020	18,891	17,704	13,677	8,329	12,331	10,344	16,262	20,924
Net Cash Flow	1,198	(712)	(1,804)	2,200	4,081	2,575	2,317	2,485	14

Condensed Balance Sheet

Cash	8,221	7,509	5,705	5,705	7,905	11,986	14,561	16,879	19,364	19,377
Investments	19,930	18,568	16,176	16,176	16,176	16,176	16,176	16,176	16,176	16,176
Other Current Assets	5,570	7,006	6,833	6,833	6,833	6,833	6,833	6,833	6,833	6,833
Net Prop, Plant & Equip	181,029	191,800	200,931	200,931	210,946	215,426	223,921	230,251	242,520	258,950
Total Assets	214,750	224,883	229,545	229,645	241,860	250,421	261,491	270,139	284,893	301,336
Short-Term Borrowings	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	3,209	2,977	2,993	2,993	2,993	2,993	2,993	2,993	2,993	2,993
Long-Term Bonds	46,085	43,445	40,690	40,690	42,766	42,627	44,598	44,366	49,938	57,441
Total Debt	49,294	46,422	43,683	43,683	45,759	45,620	47,589	47,359	52,931	60,434
Equity	165,456	178,461	185,962	185,962	196,102	204,801	213,903	222,780	231,962	240,902
Total Debt & Equity	214,750	224,883	229,645	229,645	241,860	250,421	261,491	270,139	284,893	301,336

**City of Lincoln
Water System Construction Financing
(Numbers in '000 Dollars)**

	<u>ACTUAL</u>			<u>PROJECTED (With Revised Revenues)</u>					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Condensed Profit & Loss									
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Interest Expense	(2,514)	(1,824)	(1,596)						
Amortization	(33)	(33)	(33)						
Total Non-Oper Rev. (Exp.)	(995)	(253)	(211)						
Net Income	4,997	8,099	5,277						

Assumptions:

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 Projected numbers for Net Utility Receipts are an estimate and are shown to increase at 1% per year
 Projected Interest Income is 1.5% of prior end of year Cash and Investment balances
 Projected Debt Retirement is 5.0% of prior end of year Long-Term Bonds
 Projected Interest Expense is 4.0% of prior end of year Long-Term Bonds

CZ.33610

4/3/02



REALTORS® ASSOCIATION OF LINCOLN

October 14, 2002

RECEIVED
OCT 15 2002
CITY COUNCIL
OFFICE

Mr. Greg Schwinn, Chair
Planning Commission
555 South 10th Street
Lincoln, NE 68508

Dear Greg:

This morning, new information regarding the city's revenue projections in the Capital Improvement Plan was reviewed by our Board of Directors. As a result, the Board has amended its position with the following statement:

The REALTORS® Association of Lincoln is opposed to the Planning Commission voting on the proposed Impact Fee Ordinance, or the amendments to the ordinance dated October 8, 2002, until such time that the Planning Commission reopens the Public Hearing and evaluates apparent discrepancies in the Capital Improvement Plan revenue projections.

As always, we want to thank you and the entire Planning Commission for your commitment of time and energy to study this important issue. Please contact the association if you have any questions.

Best regards,

REALTORS® Association of Lincoln
Darlene Starman
2003 President

c: Planning Commission Members
Lincoln City Council
Mayor Don Wesely

cc: **Planning Commission**
Marvin Krout, Stephen Henrichsen
Allan Abbott, Steve Masters
Mayor Wesely

CHANGE OF ZONE NO. 3366
MISCELLANEOUS NO. 02005
(Administrative Action: 10/16/02)



Stephen S Henrichsen
10/16/2002 09:57 AM

To: Jean L Walker/Notes@Notes
cc:
Subject: HBAL influence & impact fee proposal

----- Forwarded by Stephen S Henrichsen/Notes on 10/16/2002 09:57 AM -----



VKWFeline@aol.com
10/16/2002 09:56 AM

To: SHenrichsen@ci.lincoln.ne.us
cc:
Subject: HBAL influence & impact fee proposal

Steve - please see that the Commissioners get my message today. Thanks. Ginny Wright

Dear Commissioners,

I read the quotations in this morning's paper attributed to Mark Hunzeker & HBAL re: the impact fees. I am of the opinion that the influence of HBLA & Mr. Hunzeker is highly inflated & not in the best interest of the community now or in the future.

They have a long history & practice of obfuscation, red herrings & other tactics to get their way through whatever means, games, delays, misrepresentation, partial truths, threats, money & status rather than real research for a sustainable quality of life for the entire community. Their personal fortunes are what drives their railroad.

I am appalled by their threats, war chest for litigation, & disingenuous claims dressed up to look like they are looking out for the regular homebuyer. They have no concept of governance in a democracy or equity or sharing responsibility based on ability.

I urge you to stand up against their self-serving campaign to continue to mine the economy of Lincoln, leaving the majority to try to pick up pieces.

Send the impact fee concept forward.

Sincerely,
Virginia K. Wright



October 16, 2002

Greg Schwinn, Chairman
Lincoln-Lancaster County Planning Commission
555 S. 10th Street
Lincoln, NE 68508

Dear Mr. Schwinn:

We are responding to the October 15, 2002, letter from Mark Hunzeker, which presents yet another twisted misrepresentation of facts about water, wastewater and street funds.

As before, this sleight of hand comes from Mr. Ron Ecklund, C.P.A. In his latest analysis, he alleges that the City deliberately underestimates the amount of utility and tax revenues available in the Capital Improvements Project (CIP) budget. Thus, he leaps to the conclusion that there is no need for additional funding sources to meet the City's long-term construction programs in the six-year CIP and the 25-year Lincoln-Lancaster County Comprehensive Plan.

Mr. Ecklund's new "findings" are a gimmick. Here are the facts:

1. First, the amount of utility and street construction revenues available for all purposes is estimated using prior historical receipts. The amount is adjusted to reflect any rate changes that have occurred and to reflect customer growth.
2. The revenues are applied first to the Operations and Maintenance (O&M) budget. This budget includes administrative costs, as well as any capital costs such as equipment purchases that do not get funded in the CIP.
3. The second application of revenues (in the case of Water and Wastewater) is to the Debt Service budget. It should be obvious that we have to pay off our debt before we can build anything new in the CIP.
4. Anything left after that is applied to the CIP. If there are any unobligated cash balances, these also go to fund projects in the CIP.
5. For Water and Wastewater, any remaining gap between revenues and the amount needed to fund the CIP budget then is filled by proceeds from the sale of revenue bonds.

With this letter, we are supplying two graphs for Water and Wastewater showing the correct representation of the revenue streams and how they are allocated.

This formula used to fund the CIP is simple and straightforward. Unfortunately, Mr. Ecklund has ignored both the O&M and the Debt Service elements of the City budget, which must be funded before the capital (CIP) projects.

It is difficult to understand how someone with Mr. Ecklund's accounting background could be so

confused about the process described above. The only conclusion that can be drawn is that Mr. Ecklund's flawed analysis clearly is intended to mislead for the sake of the special interests he and Mr. Hunzeker represent.

Finally, Mr. Hunzeker's assertion that he has tried for over a week to schedule a meeting with city staff to discuss this is not true. Mr. Ecklund and Mr. Herz have traded calls a few times, but there was no request for a meeting.

Rather, the focus apparently has been on using Mr. Ecklund's assurances that we can have something for nothing to try to persuade local business associations that their stances in support of the impact fee proposal should be changed.

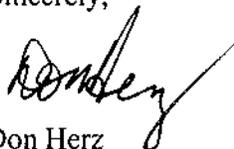
Do not mistake our condemnation of Mr. Ecklund's erroneous ideas as a blanket rejection of a more enterprising financial posture on the part of the City of Lincoln. The City is working to issue new bonds and to restructure its present bond portfolio to take full advantage of lower interest rates. At Mayor Wesely's direction, the City also is changing the way it handles its cash flow to aggressively maximize the use of fund balances and investments. No money sits idle.

Mayor Wesely also has appointed an Infrastructure Finance Committee of community leaders to seek consensus on a realistic package for financing water, sewers, parks and streets in existing and new areas of Lincoln. That report is due in June 2003. The committee has been instructed to expect that revenue from impact fees will be part of our future. The committee will look at all other revenue sources as well. It will have to, because impact fees alone will not solve the problem.

In conclusion, we say again that there is no secret source of funds that can miraculously solve our funding shortfalls. This latest salvo from Mr. Ecklund and his associates, just like the first, is meant to create a smoke screen of doubt around a thoughtful, deliberate and far-reaching process. We urge you to approve the impact fee proposal today and forward it to the City Council.

We would all love to have something for nothing. Unfortunately, if something sounds too good to be true, it probably is.

Sincerely,



Don Herz
Finance Director



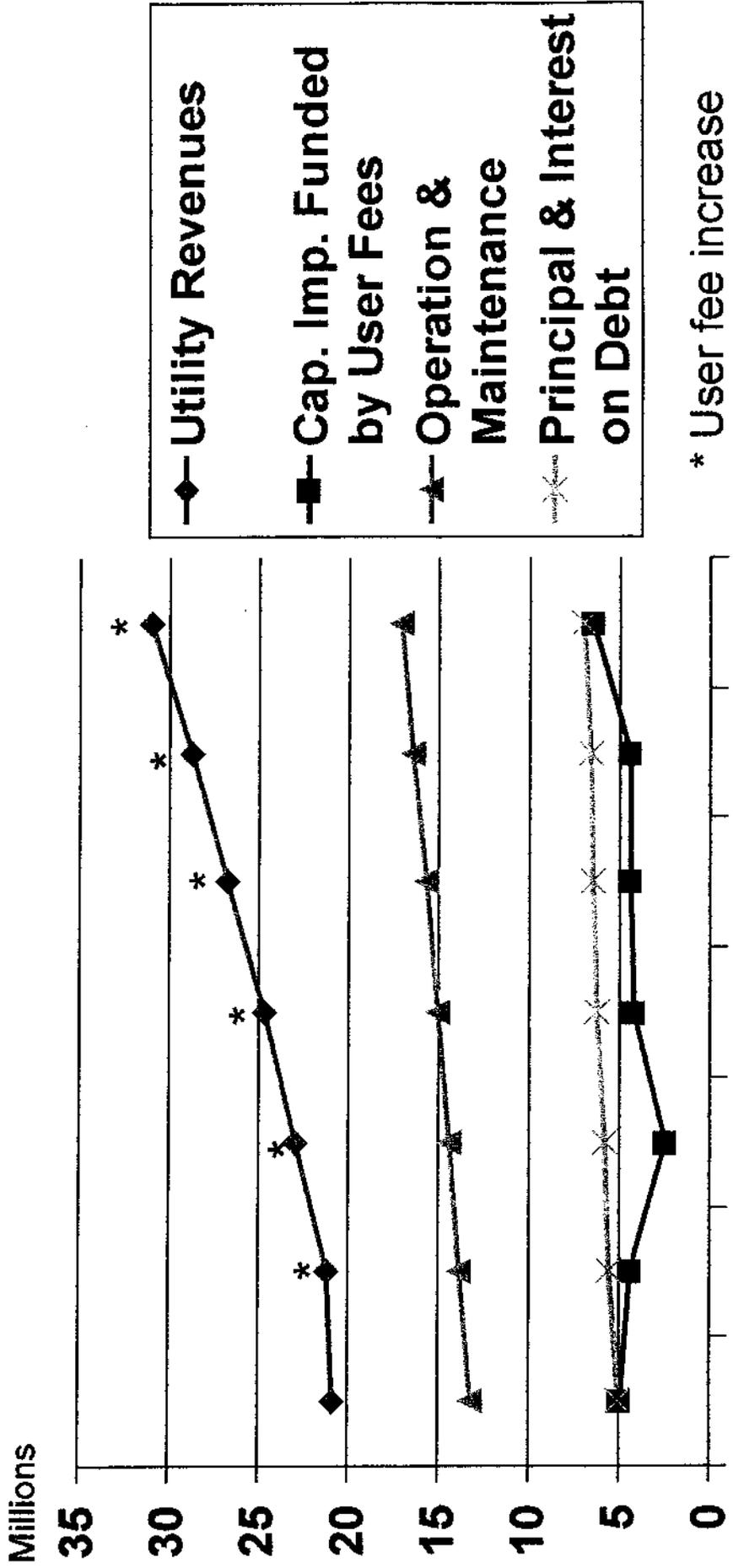
Allan Abbott
Public Works and Utilities Director

cc: Mayor Don Wesely
Marvin Krout
Lincoln City Council

enclosures

Lincoln Water System

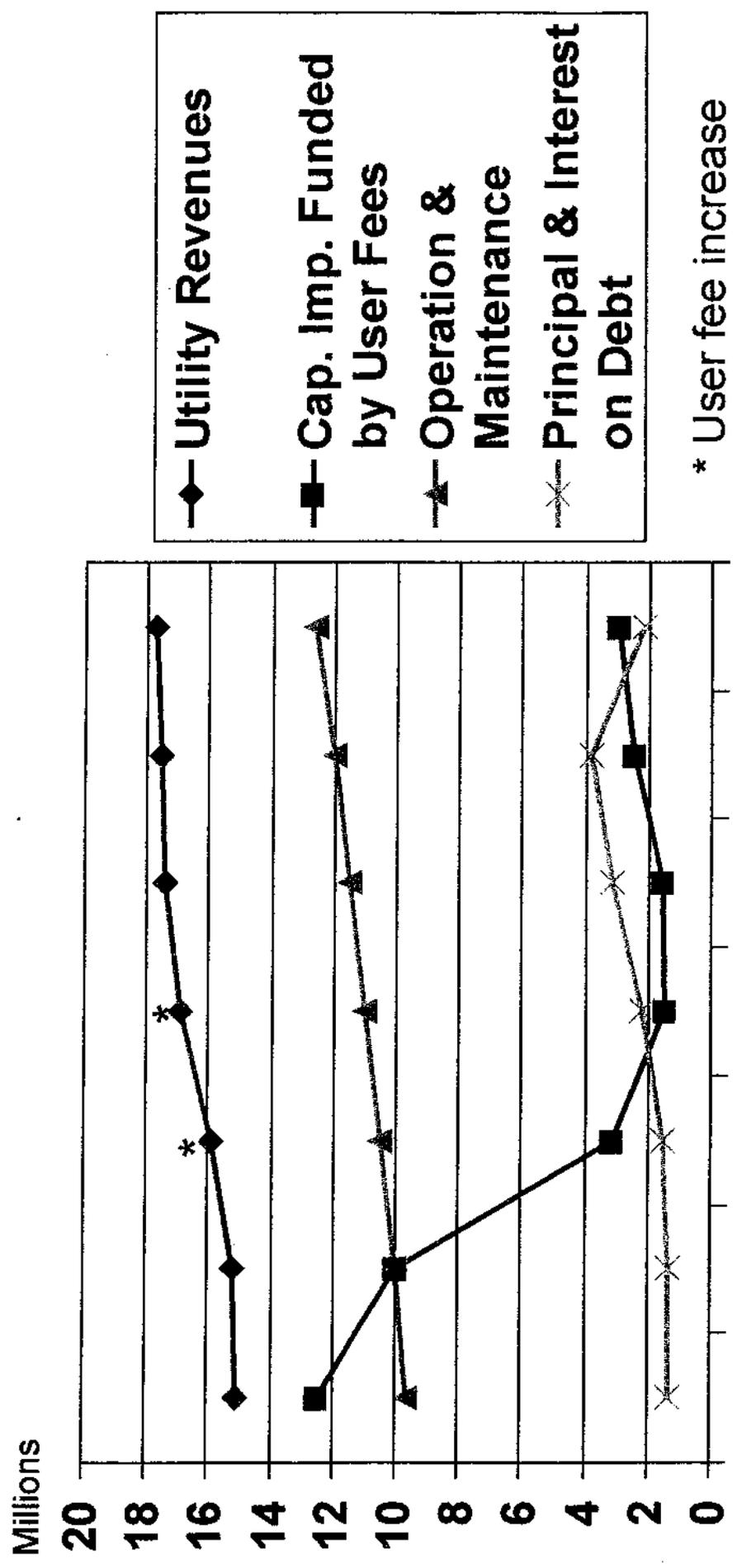
Revenue/Expense Projections as of 1/23/02



2002 2003 2004 2005 2006 2007 2008

Lincoln Wastewater System

Revenue/Expense Projections as of 1/23/02



2002 2003 2004 2005 2006 2007 2008