

**MINUTES  
CITY-COUNTY COMMON MEETING  
NOVEMBER 6, 2012**

**Present:** Adam Hornung, Chair, City Council; Jane Raybould, Vice Chair, County Commissioner; City Council Members: Doug Emery; Gene Carroll; Carl Eskridge; Jon Camp (8:22 a.m.); County Commissioners: Bernie Heier; Deb Schorr; Brent Smoyer

**Others:** Rick Hoppe, Chief of Staff; Kit Boesch, Human Services Administrator; Dwight Fuhrer, City Accountant; Mary Meyer, City Council Secretary

**Absent:** Mayor Chris Beutler; City Council Members: Jonathan Cook and DiAnna Schimek; County Commissioner Larry Hudkins

Chair Hornung opened the meeting at 8:16 a.m. and announced the location of the Open Meetings Act.

**1. Approval of Common Meeting Minutes of August 6, 2012**

**MOTION:** Raybould made the motion to accept the Common Meeting Minutes of August 6, 2012, Heier seconded. **VOTE:** Hornung, Raybould, Camp, Emery, Carroll, Eskridge, Heier, Schorr, Smoyer.

Approved 9-0.

**2. KENO Reserve Funding - Kit Boesch, Human Services Director; Dwight Fuhrer, Accountant**  
(Handout: \$1 Million Keno Restricted Fund - Final Recommendations from JBC)

Boesch stated today's discussion on 1) JBC recommendations; and 2) investments. Started receiving Keno money 18 years ago. Council and Board agreed 5% of money received would go to prevention services, through the Keno Prevention Advisory Board. Sixty percent of money received given to agencies, approximately \$80,000 a year. The Mayor signed an interlocal agreement with the County stating we wouldn't touch the investment money, 40%, until it reached \$1 million. Now at a million dollars. Estimated at year's end will have \$1,026,000. Now, what should be done with this money?

Boesch stated the JBC recommended to keep the million in a consolidated investment fund. Schorr asked Boesch to name the JBC members. Boesch stated JBC representatives are, Rick Hoppe/Mayor Beutler; Doug Emery/Carl Eskridge, City Council; Jane Raybould/Deb Schorr, County Board; and Kerry Eagan, Chief Administrative Officer. Others join in Human Services discussions, who do not vote.

Boesch stated one recommendation was to maintain, instead of growing at 40% each time. Re-evaluate at \$1.5 million. Heard to keep at 100%, split and distribute as Keno revenue. Instead of 60% use 100%. Another, place \$10,000 a year in an emergency fund. If not used leave at \$10,000/year. If money used replace the next year. An emergency fund would be useful. An example: different cultures sometimes arrive with different parenting concepts. Lincoln had thefts/burglaries, the result of particular cultures. With help we found money to provide a Salvation Army program, involving children, and conducting parenting classes. Fathers now participate. The number of juveniles turned in to police significantly dropped. An emergency fund would have made this easier.

Boesch said the remaining money would be put in a fund and allocated each round, with the Keno Advisory Board, who probably would re-evaluate the guidelines. Now, have a \$7,500 cap. We would have the chance to do something more significant.

These are the initial recommendations. Keep the million in the fund, re-evaluate when restricted funds reach \$1.5 million. Or, enable the JBC to give 100% of money for prevention. Eskridge stated if only new money is put in the fund, it will be a long time growing at the current interest rate.

Boesch said possibly this Board could give the JBC an indication of being for, or against. Heier asked for the average input a year for the Keno fund? How long to reach \$1 million? Boesch replied 18 years. Basically \$80,000 a year, representing 60%. And the 40% invested.

Camp asked for the 18 year trend. Fuhrer replied with interest rates down the average since 2006 has been \$60,000 to \$80,000 a year. Camp asked if including distribution and money set aside? Yes. Emery added now giving approximately \$40,000, twice a year. Camp asked for gross amount set aside. Fuhrer answered representing 40%, \$139,000/\$140,000 a year. Camp asked if changing the ratio discussed? Schorr stated the strongest point was community need. Allowing the million to grow with interest discussed, but we could allocate 100% now. Each cycle we receive 2/3 times more requests, and turn down programs. Programs which would make a difference in community focuses. Raybould added reasoning includes community giving trends to some non-profits. Fund raising has decreased, County contributions decreased, despite increasing community need. Some non-profits folded as the private sector no longer funds. Realized we should put money into the community, and try to keep a safety reserve amount.

Boesch stated second is investing the fund. Attended a Funders Group meeting at which the Community Health Endowment reported their investments receive 13%. Discussed with CHE how they get 13% and we get 2 ½ %. CHE said we invest with the City, and their restricted funds, on what they're allowed to do. Boesch asked if there is value in taking Keno funds, a million dollars, and look into reinvesting as CHE does, possibly with their funds? Investigate if something outside the City will give us 10% to 13% interest? Hornung commented to get 10% to 13% interest they're probably investing in very risky investments, which I wouldn't recommend here. But, 2 ½ % from investments probably not appropriate. Some people move cash, and cash equivalents, not for growth but preservation. Are people more interested in getting an extra 2, 3, or 4% with the risk of a zero, or a loss of 1 or 2%? Or, keep and generate a small amount?

Raybould stated she was on the CHE Board of Trustees and can say they have some of the brightest and most financial minds. They're prudent about investing. Historically return on their investment are around 7%, for the last 10 years, despite economic ups/downs. She stated it could be a financial alternate. We need to be serious in preserving funds but also grow faster than 2.5% or even zero. We should give careful consideration.

Hornung asked if CHE would let us invest along side them? Boesch replied it's a discussion and did bring up CHE because of their return. Hornung stated very good and dedicated personnel look at investments. Could piggyback on someone else or spend and hire these people. Boesch thought intent was to piggyback. Putting our money with theirs, and invest all. Hornung stated we need to understand those people turn over, and experience loss. Want you to know the risks. Think it's a good idea, and don't think you should chug along with 1.5% but it does mean you're going to sacrifice some risks. Boesch thinks ultimately it is up to the City Council and County Board to make those decisions. So, the discussion is here.

Heier asked if control of the principle would be lost? Whatever foundation you put in. Boesch replied is a question to ask, and the answer has to be no. Hornung added some investment have to be tied up for a longer time period. Heier said we would have to give investors some discretion. Camp stated he knows CHE historically had people who did well, even in bonds. If there was 13% it would be a period of change, possibly is an average. Did see on legislation consider doing more, but first you're getting into equity investments so don't do it in a cautious way. Appreciate what Raybould and Schorr said about community needs. Camp

stated personally he would lean to trying to come up with a different approach. What would you piggyback? With a million dollars we can't be foolish. But, also like the JBC considering trying 08 - 20 percent instead of the 60-40, to put one foot at a time in. Be a little cautious. There are always emerging needs, and a lot of great organizations out there. Camp stated he's very cautious.

Schorr respectfully disagreed. She has been on the JBC for 10 years and on Keno Prevention Committee. One program, Golden Warriors, for at risk youth is run through Channel 10 or the Malone Center. Every year we say no to kids who want to participate because we can't fund enough spots. These kids want to make a difference in their lives, are committed to school, and mentoring, but we only have \$7,500 and that will only pay for this many slots. So, I can't reasonably sit here for years and watch the reserve continue to grow when we have to say no to kids every single time. And no to women because we can't fund another support group for domestic violence. To say no because we can't fund the Friendship Home, or pay for a kitchen renovation to hold group meetings. Boesch added, Initiative Dad, to reunite families. Schorr stated the need is so great.

Eskridge thinks the largest funded recipient is CenterPointe and example with CenterPointe in a plus way is where an individual was causing problems in the street, and they talked to the police and city about what do we do to try and resolve some disruptive homelessness. CenterPointe got involved with a social /case worker. An example of having services available is a plus.

Emery stated requests for the money is usually around \$120,000 and we have \$40,000. So, clearly is a need now and as Schorr said it's tough to turn some organizations down. Think we're reached the goal we went for, and we want to leave the interest there to make sure we're trying at least not lose the value, or lessen the value and still have more money to deal with as we have more needs.

Heier stated we're putting in \$50,000 or \$60,000 a year, and funded \$40,000 the last 14 years. Boesch asked, funded, the restricted fund? Heier said the \$40,000. Where do you get the \$40,000? Boesch replied they restrict \$40,000. Heier said you've reached the million dollar goal, so that's \$50,000 you're going to be putting into the million dollar fund. Go back and add to the restricted fund? Wouldn't that make it \$100,000? Emery replied he thinks what is being said is it would give us an extra \$25,000 every cycle, two cycles a year, to utilize. And puts the question on whether we continue to fund at this level or a lesser level. He added he doesn't think there's a right answer. The question is, do you want to have the money now to spend, or want to grow to \$1.5 million more quickly? No right answer and think that's what we're here. What's this body want to do? This is our recommendation, and we can discuss.

Carroll stated this would change investment strategy and will add income to the million dollars, could change 2%, and go a high as 7%, adding value to the one million dollars. And follow JBC recommendation of putting the rest of the money, and spending where it's needed today, in the community.

Emery added also our grant is topped out at \$5,000, and we're looking at maybe some cases where \$5,000 isn't enough. It's an unique fund as it helps the smaller organizations which may be get lost when they're up against groups asking for \$50,000 and \$75,000 in the cycle. There's great value here and it will give us a chance to possibility take to \$7,500, or an amount around there. Some youth organizations are extremely valuable and fill a niche.

Schorr stated intervention is a vague term. Every person at this table has a different view of what intervention is, and the impact it makes in different ways. Don't know if appropriate but would like to make a motion. MOTION: Schorr made the motion to have Kit Boesch prepare document for each body outlining the changes on the first page, as well as investigate partnering with a non-profit foundation in this community and bring

her research back for review. Carroll seconded.

Hornung called for discussion. He stated a good idea and appreciate spending time on these recommendations. Was on the JBC Board and felt the same way, now want to make sure we have the same conversation about the amount of money twenty years from now. Emery agreed. Hornung added we don't have opportunities like this all the time. It's hard to anticipate the market. Everybody wants the 5%. Obviously you've got good people to partner with but be cautious.

Vote: Hornung, Raybould, Camp, Emery, Carroll, Eskridge, Heier, Schorr, Smoyer voted yes. Mayor Beutler, Cook, and Schimek absent. Passed: 9-0

### **3. Government Consolidation**

Raybould stated she brought up this subject as she has heard concerns if we really are looking at opportunities to create a more efficient government. In defense of Lincoln and Lancaster County think we have been doing a phenomenal job. There are over 43 inter-local agreements, and 6 joint County-City Departments. Can we find ways of improvement? Yes. Think every municipality is looking for efficiencies and being very careful reviewing, assessing, and evaluating if this is a savings to taxpayers.

Raybould said a committee was set up in 1996, comprised of City, County members, and the community to look at opportunities. There was a tremendous amount of community input, lots of discussions, working with the finance department making sure of taxpayers savings. Some 1996 recommendations were to merge County Assessor and Register of Deeds, which was done successfully. Numbers support substantial savings to the taxpayers with the consolidation. The total salaries savings were about \$144,000 on an annual basis. Then, for the 2 departments they reduced the cost of a document from \$5.65 to \$4.14. Not only have the savings in wages, salaries, but going forward have the efficiencies created.

Raybould asked will this be a home run in every department, every avenue, we look at? Not so sure, as we need manpower and financial research to make sure there is a good determination there would be savings.

Raybould said secondly hoping to have a discussion and receive input. Second recommendation was merging the County Engineer's office with City Public Works. Another opportunity to combine two departments. Basically they maintain our roads, and streets, throughout the community, county.

Third recommendation was to have District Clerk functions assumed by the State, which may be difficult. Fourth recommendation is for all County Records Management functions to be identified and consolidated in one central location and authority.

Raybould stated now presenting for discussion, ideas, and input. Some here have probably been down this road before. There hasn't been a lot of interest, or input, but if there may be an opportunity to create efficiencies should initiate. Talked about looking at the County Sheriff's and Law Enforcement, and combining/consolidating under Public Safety. Open for discussion.

Carroll stated for background, the committee spend almost a year reviewing each City, and County, department. A cost analysis done on each department to see if feasible to combine departments. The first one turned out well for both the City and County. The next logical is County Engineers. Before it was very good and it would appear now as probably even better to save money, both on County and City sides. Think we would need to establish another committee to do a cost analysis, and go through the same process, making sure it saves money. Less salary, less duplication and work, etc. A venture to look at, money is tight.

Camp stated he heard a Omaha radio ad talk about consolidation, and they cited Lancaster County, saying it wasn't successful, referring to the Register of Deeds. Raybould presented figures. Camp said he was alarmed as they said it was \$300,000 more expensive with consolidation. Talked of higher salaries. Don't know where they got the information. Raybould replied, that's impossible. One hears a lot of misinformation. Believe it's important to share the actual dollar savings. Camp added, he's not disputing. Anyone who has input with Omaha let them know we have been successful.

Camp asked why not look at City and County? Raybould stated we have to go by statute. Some statutory changes to investigate. What direction we should go as a City and County? Douglas County is looking at eliminating some elected positions, moving them from elected to appointed. Looking at the County Engineer and County Assessor. They examined ways to have more financial and fiscal control over some elected officials. Budgets are tight and different elected positions, with different agendas, becomes a challenge.

Heier stated about ten years ago we tried to merge the City Clerk and the County Clerk. The City Clerk has passed away and we saw opportunity to merge the two offices, but declined by the City. The County Board made the offer. Not sure how long that would work out.

Schorr stated we've had preliminary conversations with the Mayor's office during our monthly meeting and find they're open to this. Preliminary conversations will occur with the County Clerk. Some challenges will be salaries, different computer systems. These discussions are now occurring.

Heier stated not sure whether we should put part of this to the people's vote on Public Works and the County Engineer, the Sheriff's Department and Police Department with Public Safety. A long road.

Eskridge thinks it's something we need to consider. Lincoln, and Lancaster County, have grown and becoming more a metropolitan area. Many cities, communities, and counties are doing this nationwide. We need to seriously look at and figure out where we can officially work together and save taxpayers money.

Schorr added another area brought forward in the Mayor's discussions is with City misdemeanors. Heier said prosecution. Schorr said City Prosecution with the County Attorney are doing the misdemeanor portion. There are certain places where people could be charged under State statutes and eliminate the need for the City Prosecution. A possibility for a merger of similar functions.

Emery said there's no question we should look at, and would be worthy of a committee. The fact is, if you can't do in Lincoln, where 90% of the County is inside the City then realistically where would you be able to do? People will look out of the box and view differently than before. We all build our own areas, but can't see why not at least investigate, say to the public here's the opportunities, should we go forward?

Hornung stated first, we do an excellent job and we're like 90%, or more, of the way there. We have very good agreements between the City and County. Do believe there are chances, opportunities, to do additional. Everyone recognizes the more drastic change, the more process they need to go through, with more people involved. A department like the Sheriff's, or Police, is large and probably will require more investigation.

Hornung stated we want to be careful, and obviously will go through analysis for the cost savings. Would be careful as City attorneys make significantly more than County attorneys. The consolidation of the City and County legal departments could end up costing a lot of money. Schorr said to clarify, not talking complete

consolidation of both. Hornung added a good opportunity to do in a few areas but among the issues facing the City and County feel as if we have this issue solved a good percentage already.

Smoyer commented we're fortunate compared to colleagues like Douglas County. We have a sense of cooperation, lack of dislike among the two bodies. We're on the right track but should be cautious as historically some consolidations end up losers where there were winners. Recommend if we do a committee, we seek all legislators and get some involved. Some of this will take an intense amount of state action. In some cases across the country it's been State and State Legislature forcing the City and County to consolidate offices. Hope we don't come to that point. But get everyone involved and make sure we do it right.

Raybould added the road is kind of tough and it does take courage to say we'll expend some of our time and resources to investigate and make sure of a cross benefit. I know we typically align Douglas County and Texas. But, in looking at El Paso, TX they are investigating combining law enforcement with the County Sheriff's Department. They're proceeding even though it's painful with different pension plans, different unions that you're trying to consolidate. Challenging. Of course we will need some statutory authority to execute. Also agree we have to ask our constituents to see if this is the direction they want us to move. Do strongly feel that if there are no demonstrated cost benefits than we've hit a road block and we should look at other internal alternatives in departments, making sure we're on the right and progressive track.

Raybould stated she doesn't know if appropriate at this time to move that we form a task force and committee to look at, to investigate? Hornung asked if anyone wants to make this motion?

MOTION: Raybould made the motion to form a Task Force to investigate consolidating, first and foremost, the City Engineers Office and the County Engineers. City Public Works and County Engineer's Office, and other offices to other departments. Eskridge seconded.

Hornung asked for discussion. Camp stated he appreciates listening to one idea, why not make this broad to re-evaluate wages? You said all, take out the first part. Raybould agreed.

VOTE: Hornung, Raybould, Camp, Emery, Carroll, Eskridge, Heier, Schorr, Smoyer. Passed 9-0.

Raybould asked if anyone wanted to volunteer at this time? Hornung stated this type of effort requires speaking to involved parties.

Heier moved to adjourn the meeting, seconded by Camp.

VOTE: Hornung, Raybould, Camp, Emery, Carroll, Eskridge, Heier, Schorr, Smoyer. Passed 9-0.

Chair Hornung adjourned the meeting at 2:10 p.m.